

Kautskyism past and present

In three volumes

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**Volume 1:
Modern-day Kautskyism**

**Volume 2:
Kautsky's theory of 'ultra-imperialism'**

**Volume 3:
The revolutionary Marxist theory of
imperialism**

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Preface

'They are not internationalists who vow and swear by internationalism. Only they are internationalists who in a really international way combat their **own** bourgeoisie, their **own** social-chauvinists, their **own** Kautskyites.' (Lenin, 23\209)¹

Ever since Bush and Blair embarked on their predatory rampage in the Middle-East and beyond, the notion of imperialism has become a subject of intense debate among socialists. Hardly a day passes without someone, somewhere, publishing an article on imperialism. The term imperialism, to borrow from Lenin, is now 'all the rage', just as it was during the early part of the last century, when the imperialist powers made preparations for World War I. British socialists who a few years ago had ignored the issue of imperialism – who had even denied the imperialist character of Britain - are now falling over themselves to demonstrate their anti-imperialist credentials.

Throughout the world, socialists are seeking earnestly to make sense of the welter of present day theories about the nature of contemporary imperialism. Their task is a daunting one, made all the more difficult by the pretentious nonsense that is being written on the subject. Typical is the following:

'... to think of imperialism in Lenin's terms ... is to start from a statist point of view. Lenin's notion of imperialism has little in common with Marx, but Leninism in its various forms so dominated the notion of imperialism and nation states that little else is understood by these terms. This has impoverished us deeply. So we have to start from other dynamics ... I think that imperialism has a place if we understand it as the appearance, the phenomenal form, of an essential reality (the unevenness of development of the real vs. formal subsumption, of hierarchies of class compositions, as part and parcel of the fragmentation of the political, but as a fragmentation which leads to hierarchies, to uneven power relations, etc.).²

In this work, I show that the recent contributions to the debate on imperialism are essentially of two types: those that seek to uphold the Kautskyite standpoint and those that seek to refute it. The authors who fall into the first category are drawn

¹ I have modified Lenin's statement in accordance with modern usage. The original reads: 'He is not an internationalist ...', and so forth. This substitution of pronouns does not in any way affect the main thrust of Lenin's message.

² 'Empire and Oil', by Chris Wright, October 2001. [<http://archives.econ.utah.edu/archives/aut-opsy/2001m11/msg00000.htm>] The above passage comes from one of the many 'Marxist' email lists that now adorn the internet. The way in which our modern-day opportunists express themselves on them brings to mind the writings of the 'Critical Critics', those petty-bourgeois babblers against whom the young Marx and Engels directed their ideological fire.

from a variety of organisations and editorial boards and include such luminaries as Alex Callinicos, Leo Panitch, Perry Anderson, Martin Thomas, Robert Brenner, David Harvey and a good many others besides. On the face of it, they constitute a disparate collection of individuals. Some reject Lenin's analysis of imperialism altogether, preferring instead Bukharin's or Rosa Luxemburg's approach to the subject (while conveniently forgetting what all three revolutionaries had in common). Others are critical of the classical Marxist texts, arguing that the post-1945 order has produced a 'new' type of imperialism, a 'super-imperialism', about which the Marxists of old had little or nothing to say. Still others purport to uphold the Leninist standpoint, but only after having 'amended' Lenin in accordance with 'modern-day' realities. Then there are those who maintain that Lenin, in contrast to Kautsky, was correct for *his* times, but that Kautsky, as opposed to Lenin, is correct for *ours*.

All in all, our authors are a mixed bunch, each upholding a standpoint that seems at odds with the others. However, rather than deal with the minutia of their twists and turns, I demonstrate that their ideas represent an entire opportunist *trend* of thought in the international socialist movement, a trend based on a definite social stratum within advanced capitalist societies. My aim is to draw 'firm and definite lines of demarcation' between the Marxist and opportunist approaches to the question of contemporary imperialism.³

In addition to exposing the essentially Kautskyite character of the above authors, I engage comrades (as distinct from ideological opponents) in 'open polemics', an activity all too rarely practised in the international socialist movement nowadays. A wide variety of organisations, some of which are barely on speaking terms with one another, are genuinely seeking to apply Lenin's writings to the current situation. I share many of their views, though am critical of what I consider to be a number of their theoretical shortcomings. While they have correctly drawn parallels between today's conditions and those that prevailed at the time of the build-up to WWI, they have not fully grasped the nature of the post-1945 accord (what I term 'the long truce') among the imperialist powers. Nor have they reached a position of clarity on the question of the inevitability of an inter-imperialist war between the United States of America (USA) and the

³ In announcing the publication of *Iskra*, Lenin wrote: 'Before we can unite, and in order that we may unite, we must first of all draw firm and definite lines of demarcation. Otherwise, our unity will be purely fictitious, it will conceal the prevailing confusion and hinder its radical elimination. It is understandable, therefore, that we do not intend to make our publication a mere storehouse of various views.' (4\354-5) A perfect example of a modern-day 'storehouse' publication is OPE-L, a 'Marxist' email list whose members are shielded against public censure. As the editors of OPE-L proudly announced: 'We decided ... to make our archives available to the public subject to the following condition: **you may not indicate the authors of any posts that you cite.**' [ricardo.ecn.wfu.edu/~cottrell/ope/archive] Thanks to this protective policy, OPE-L can 'let people see what is being said', while at the same time ensuring that 'no member of the list has to defend every word that he or she posts.' [...archive/9809/0052.html] Our modern-day 'Critical Critics' can now babble away to their heart's content, without regard to clarity of thought or expression, and without having to engage in the unsettling business of drawing lines of demarcation.

United States of Europe (USE). In criticising these writers, my aim is not to draw lines of demarcation but rather to stimulate debate among comrades.⁴

This work is made up of three distinct but closely related volumes. In the first, I examine modern-day Kautskyism in all its guises and manifestations. Although at times I consider Kautsky's writings, I do so only briefly, in order to clarify various points of contention arising from the opportunists' self-serving interpretations. My main aim in this volume is to prepare readers for a detailed examination of Kautsky's standpoint, but in a way that is relevant to current struggles and debates. Once readers have understood the essentials of contemporary opportunism, they will have little difficulty in grasping the importance of a study of Kautskyism.

In Volume 2, I take a close look at Kautsky's theory of ultra-imperialism'. Many modern-day opportunists insist that only a handful of mavericks are proponents of that theory. As readers progress from one volume to the next, they will be struck by the extent to which the theory of 'ultra-imperialism' enjoys widespread support in the socialist movement, even among those who 'disavow' Kautskyism.

In Volume 3, I examine the three classical schools of socialist thought (the right, centrist and revolutionary Marxist) on imperialism. I show that the revolutionary Marxists not only belonged to a definite *trend* within the Second International, but also based their analyses on a set of core, anti-imperialist principles. Although important differences existed within the revolutionary camp, I leave it to others to identify and examine them. An all-round analysis of revolutionary Marxism will serve a useful purpose only when based on an understanding of what the likes of Lenin and Rosa Luxemburg (henceforth Rosa) had in common.

In addition, I show that the two main opportunist currents, the social-chauvinists and centrists, shared the same opportunist goals. This does not mean that they

⁴ After explaining that Iskra's editorial board would be drawing lines of demarcation with a firm and purposeful hand, Lenin went on to write: '...although we shall discuss all questions from our own definite point of view, we shall give space in our columns to polemics between comrades. Open polemics, conducted in full view of all Russian Social-Democrats and class-conscious workers, are necessary and desirable in order to clarify the depth of existing differences, in order to afford discussion of disputed questions from all angles... Indeed...we regard one of the drawbacks of the present-day movement to be the absence of open polemics...' (4\355) This advocacy of 'open polemics among comrades' was one of the hallmarks of the Bolshevik's ideological practice throughout the party's formative years. Thus, at the 11th Congress of the RCP(B), Lenin could state, without a single member of his audience batting an eyelid: 'It is a pity Comrade Bukharin is not at the Congress. I should have liked to argue with him a little, but that had better be postponed to the next Congress.' (33\277) It must be remembered, however, that the Bolsheviks were able to uphold the principle of 'open polemics among comrades' only because they had drawn, with great clarity and vigour, the distinction between revolutionary Marxism and opportunism. By engaging one another in comradely debate, while at the same time waging an ideological war against their opponents, the Bolsheviks were well placed both to enrich Marxist theory and to defend it against petty-bourgeois deformations. Ideological warfare and comradely polemics were the two reinforcing sides of the Bolsheviks' theoretical endeavours.

advanced similar arguments or that relations between them were always amicable. Far from it! Whenever the class struggle became particularly acute, as it did at the time of the close of WWI, sharp divisions arose between them over the question of how to preserve imperialism. (When, for example, the social-chauvinists gained control of the SDP in 1917, they expelled both the revolutionary Marxists and the centrists.) Although contemporary struggles have yet to reach such levels of intensity, the world-wide opposition to imperialism, together with the re-emergence of inter-imperialist rivalry, makes an analysis of the three main socialist currents both timely and necessary.⁵

In these volumes, I pay close attention to the US and Britain, but only because they reveal, in the starkest of forms, the parasitic nature of contemporary imperialism. (Britain in particular, I show, is a country which is now engaged primarily in the global recycling of other people's wealth, a position which is unsustainable in the context of growing inter-imperialist rivalry.) Once comrades have read the three volumes, they should have little difficulty in grasping a) the continuities of opportunist thought over the decades and b) the many different ways in which our modern-day Kautskyites have reproduced their master's views.

Taken together, the three volumes make for a lengthy read. Compact in details and extensive in scope, they cover a period spanning approximately one hundred and fifty years, from about the middle of the 19th century to the present. They also deal with a wide variety of theories and struggles, some of which may be unfamiliar to readers. Throughout this work, therefore, I include numerous explanatory footnotes, some of which are unavoidably lengthy. As disruptive as these 'interjections' may seem, they will help readers to keep on track as they wind their way through the thicket of ideas contained in an analysis of Kautskyism.

Alec Abbott – July, 2007 ⁶

⁵ The more the crisis of imperialism deepens, the more the social-chauvinists and centrists will turn on each other, but in a mindless and unprincipled manner. The centrists themselves are likely to undergo major convulsions, as they find themselves torn between the forces of the left and the right. Whether or not revolutionary Marxists will succeed in taking advantage of the opportunists' loss of cohesion remains to be seen.

⁶ I completed Volume 1 in July 2007 and posted it on the internet in May 2010. In between, I revised the work on a number of occasions, but without departing substantively from the original text. In the course of these revisions, however, I may have inadvertently referred to post-2007 developments. If this proves to be case, I apologise for any confusion it may cause. Volume 2 is in the process of completion and should be available later this year, in August 2010. Volume 3, which is still in the rough draft stage, is likely to appear early next year.

Volume 1

Modern-day Kautskyism

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Chapter 1

Identifying the Kautskyites

As indicated in the preface, Volume 2 focuses exclusively on Kautsky's theory of 'ultra-imperialism'. Some readers may wonder why I have devoted an entire book to this topic. Surely the question of how Kautsky formulated his theory of 'ultra-imperialism' is not a contentious issue? Socialists certainly remain deeply divided over the question of the **validity** of that theory, but should they expend time and energy considering what Kautsky **meant** by it? We shall see.

1. One capital, many capitals

The SWP's seemingly plausible analysis

As most socialists know, Kautsky, upon the outbreak of WWI, both supported the Kaiser's war effort and depicted capitalism's future in bright colours. His argument, at once self-seeking and reactionary, ran as follows: Despite the carnage unleashed by the war, the workers could look forward to the emergence of an 'ultra-imperialist' stage of capitalism, a stage in which the finance capitalists of the world would set aside their differences and unite in a gigantic, all-embracing trust. As brutal and harsh as such a trust would be, it would nonetheless usher in a war-free epoch under capitalism. The advent of 'ultra-imperialism', therefore, would be in the interests of all classes and not just the bourgeoisie. Never again would the workers need to undertake the dangerous and arduous task of destroying capitalism to achieve world peace. Rather they would be able to concentrate their efforts on improving their living standards and winning a socialist majority in parliament, the surest and most civilised method of ending exploitation. In the meantime, while the war was in progress, the workers had no choice but to rally in defence of their fatherland. The pursuit of revolutionary objectives at a time of hostilities was the way of madness and anarchy. So argued Kautsky in 1914, as the great powers slid into the abyss of WWI.

Although revolutionary Marxists are dismissive of Kautsky's notion of a single world trust, they have never denied he advocated it. It would seem, therefore, that what we require is not a book that elaborates on well known truths, but a simple statement of refutation, a paragraph or two contrasting the revolutionary Marxist standpoint with Kautsky's. Consider for a moment the following:

'Lenin's *Imperialism – the Highest Stage of Capitalism* was written to provide an easily understood explanation of why the First World War was no accident, caused by the intrigues of rival court circles or the

machinations of arms manufacturers, but how it flowed from the dynamic of capitalism. ...

'Lenin's stress on the instability and conflict built into the system was in sharp contrast to the leading "Marxist" of the day, the Austro-German Karl Kautsky. Kautsky argued that the development of monopoly capitalism had opened a new era of ultra-imperialism in which these giants would unite to form a single world trust, abolishing competition. The war was therefore an aberration which was not in the interests of monopoly capital.'⁷

The above was written by Chris Bambery, a leading theorist of the Socialist Workers Party (SWP). His comment about Kautsky's theory of 'ultra-imperialism' appears to be in line with the way in which revolutionary Marxists have dealt with this subject.

In addition to giving a clear and straightforward definition of the theory of 'ultra-imperialism', the SWP theorists set out to identify **who** the modern-day Kautskyites are, a most worthy exercise, unquestionably. Thus, when Negri and Hardt produced their work 'Empire', the SWP had little difficulty in denouncing its Kautskyite content. As Alex Callinicos, another of the SWP's leading theoreticians wrote, in a rejoinder to one of Hardt's follow up articles to 'Empire':

'This is not the first time that people on the left have argued that growing global economic integration is overcoming national conflicts. At the start of the First World War Karl Kautsky, the leading theoretician of the socialist Second International, came up with the idea of "ultra-imperialism". He wrote, "There is no economic necessity for continuing the arms race after the world war, even from the standpoint of the capitalist class itself. ... Every far-sighted capitalist today must call on his fellow-capitalists of all countries, unite!"

'The error that both Hardt and Kautsky make is to conclude from the fact that international trade and investment are growing that conflicts among capitalists are becoming less intense. This reasoning was mistaken in 1914 **and it is no less so today**. Economic globalisation actually intensifies capitalist rivalries.'⁸

And it is no less so today! These are very true and good words and we would be perfectly happy if the SWP understood them instead of saying things elsewhere that contradicted them. But we shall consider the hollowness of the SWP's anti-Kautskyite stand shortly. For the present, we need to consider, if only

⁷ 'Imperialism', by Chris Bambery, in *Education for Socialists*, No 1, March 1986. [www.marxists.de/imperial/modworld/imperial.htm]

⁸ 'War at the heart of the system', by Alex Callinicos, in *Socialist Worker*, 11 January 2003; emphasis added.

briefly, Negri and Hardt's 'Empire'. Although their work was widely commented upon by socialists throughout the world, a few words about its principle thrust will not be out of place here.

The 'single world trust' idea

According to Negri and Hardt, 1945 marked a decisive turning point in the history of capitalism. In that year, the old imperialism, together with the inter-imperialist rivalries it engendered, made way for a new world order, one in which the global bourgeoisie emerged as an indivisible and unitary force (Kautsky's 'single world trust' idea). Capitalism, in Negri and Hardt's estimation, had at long last attained the **pinnacle** of its development, having undergone the tumultuous transition from imperialism to 'ultra-imperialism'.

In elaborating on their notion of 'ultra-imperialism', Negri and Hardt drew frequently on Marx's writings, especially those which emphasised capital's globalising and centralising tendencies. In the 'Grundrisse' Marx noted how 'capital drives beyond national barriers' by tearing down 'all the barriers which hem in the development of the forces of production'.⁹ And in 'Capital', he wrote:

'Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many. ... To-day, therefore, the force of attraction, drawing together individual capitals, and the tendency to centralisation are stronger than ever before ... In any given branch of industry centralisation would reach its extreme limit if all the individual capitals invested in it were fused into a single capital. In a given society the limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company.'¹⁰

The 'extreme limit' anticipated by Marx has finally been reached, Negri and Hardt insist. The unification of all the world's capitalists into a single, all-powerful force is now an accomplished fact and no longer a Kautskyite dream. In their words:

'...the conflict and competition among several imperial powers has in important respects been replaced by ... a single power ... that is decidedly postcolonial and postimperialist.'¹¹

Negri and Hardt refer to this new world order – this 'single power' – as 'Empire'. Thanks to its advent, they aver, Marx's comments about capitalism's globalising and centralising tasks have come to fruition. Unencumbered by such archaic

⁹ 'Grundrisse', by Karl Marx, Penguin Books, 1973, p410.

¹⁰ 'Capital', Vol.1, by Karl Marx, Lawrence and Wishart, 1961, pp.626-7. In the Fourth German Edition of 'Capital', 1890, Engels inserted the following note: 'The latest English and American "trusts" are already striving to attain this goal by attempting to unite at least all the large-scale concerns in one branch of industry into one great joint-stock company with a practical monopoly.'

¹¹ 'Empire' by Michael Hardt and Antonio Negri, Harvard University Press, 2000, pp 9-10.

relics as national boundaries, the world bourgeoisie has succeeded in fulfilling its historically progressive mission, that of accumulating capital on a truly global scale. In consequence, the character of the struggle for socialism has undergone a profound change. On one side of the class divide stands a new world entity, 'Empire', compact in its authority and boundless in its sweep; and on the other the 'Multitudes', anyone and everyone who is not a member of the single world trust. Henceforth, socialists must undertake the struggle, not to confront and destroy their own imperialist state (imperialism, after all, has ceased to exist), but rather to overcome 'ultra-imperialism', the power of 'Empire'.

Five consequences follow from this ultra-nonsense:

1. In this new, post-imperialist order, inter-imperialist conflicts have become things of the past, memories of a distant age. A war among members of the global elite would be an act of supreme folly, completely at odds with the interests of Empire.
2. Since inter-imperialist rivalry is bad for business, the anti-war movement should broaden its mobilising activities to include all the sane and sensible capitalists, all those who are in favour of Empire's unifying mission. The reckless, irrational capitalists are the ones who pose a threat to world peace, not the system of monopoly capitalism itself.
3. The struggle for socialism has ceased to have meaning unless it is directed against Empire in its entirety. Any attempt to create socialism in a single country is bound to fail, for only the destruction of Empire as a whole can yield genuinely socialist results. Cuba, by definition, is not a socialist country.
4. The great levelling effect of Empire, by creating a homogeneous mass of exploited souls internationally, has obliterated the distinction between oppressed and oppressor nations. Under these circumstances, national liberation struggles have lost their progressive content. The formation of break-away states, by promoting the fragmentation of Empire, would constitute a historically retrograde step. Socialists are therefore wrong to support the struggles of oppressed nations abroad and super-exploited migrants at home.
5. We are all members of the Multitudes now, irrespective of our geographical location or the position we occupy in the reproduction of Empire. The notion of a labour aristocracy enjoying the crumbs of imperialist plunder has lost its significance entirely, as has the idea of nationally based Communist parties founded on anti-imperialist principles.

So however nasty and brutal 'Empire' is, socialists can embark upon their struggles in good cheer, without the terrible threat of a world war hanging over them; without having to rally in defence of brave little Cuba; without having to support the right of nations to self-determination; without having to identify with migrant workers in their struggle for full social, economic and political rights; without having to expose how the imperialists (especially the imperialists of one's own country) are plundering oppressed nations; without having to concern

themselves with the odious task of transforming inter-imperialist wars into civil wars for the dictatorship of the proletariat. In a word, socialists can hold high the banner of socialism without being Communists. Oh, what joy it is to be a labour aristocrat in the paradisiacal world of Empire!

And how do the SWP's theoreticians expose Negri and Hardt's abandonment of socialist principles, their *right-wing* opportunism? They do so by advancing purely *abstract* arguments about the nature of capital accumulation.

The 'many capitals' argument

The chief criticism the SWP musters against the 'single world trust' idea is contained in the following:

'Capital, according to Marx, can only exist as many capitals; through the interaction between the many capitals the principles of capital-in-general are realised. A single universal capital [i.e., a single world trust] is a contradiction in terms.'¹²

The above idea, formulated by Colin Barker nearly 30 years ago, is the foundation upon which the SWP has built its theoretical case against Kautskyism. It is to this idea that the SWP invariably turns when combating the notion of the single world trust. In his book on Marx's theory of capital accumulation, Callinicos informed us that:

'It is an essential feature of capitalism that no single producer controls the economy. "Capital exists and can only exist as many capitals", writes Marx. The sphere of "many capitals" is that of competition. Individual capitals struggle with each other over markets, seeking to win control of particular sectors.'¹³

So when Negri and Hardt burst on the scene with their work 'Empire', the SWP had a ready made rejoinder, one drawn from Marx himself. The formation of a single world trust under capitalism is impossible, the SWP swaggeringly retorted, because capital can accumulate only in a competitive environment. In Callinicos' words:

'Negri attributes to capitalists no motivation other than an abstract urge to dominate. Marx by contrast conceptualises the bourgeoisie as an internally divided class caught up in competitive struggles among

¹² 'A note on the theory of capitalist states', by Colin Barker, *Capital and Class*, Spring 1978. [www.marxists.do/theory/barker/capstates.htm]

¹³ 'The Revolutionary Ideas of Karl Marx', by Alex Callinicos, Bookmarks, 1983, pp 118-9. See also pp124-5, p127, p128, p130 and p162. Callinicos' reference to Marx can be found in 'Grundrisse', Penguin Books, 1973, p414.

themselves. This is the sphere of what Marx – in the Grundrisse (though Negri ignores these passages) – calls “many capitals”.¹⁴

In other words, even if the capitalists want to unite on a global basis, even if they have an overwhelming urge to gang up on the proletariat globally, they will fail to do so, not because of the fundamentally parasitic and moribund nature of **monopoly** capitalism, but because capitalism is an essentially **competitive** system, a system founded on the interaction of ‘many capitals’.¹⁵

In his analysis of the capitalist mode of production, Marx, it is true, presupposed the existence of ‘many capitals’. The actual number of capitals was not an issue for Marx, for he was concerned with competition in its qualitative aspect. By ‘many capitals’ he meant that firms were sufficient in number to ensure the **equalisation of profit rates**. Competition among ‘many capitals’ would prevent any capitalist or group of capitalists from enjoying **super-profits** on a long-term basis. Only by excluding super-profits from his analysis was Marx able to reveal the essential features of the accumulation process.

Marx made a number of other assumptions about the nature of the competitive struggle as well. He assumed that different countries did not exist at all; in effect, that the whole world was a **single country**. In addition, he assumed a) that bank capital was wholly **subordinate** to industrial capital, playing the purely subsidiary role of managing money transactions between firms, and b) that all the important investment decisions were made by the industrial capitalists. He also assumed that the peasantry had been fully proletarianised and that the factory workers and farm labourers were the **sole source** of profits. He further assumed that the workers were paid ‘a fair day’s wage for a fair day’s labour’, that is, the **full value** of their labour power. Marx made these assumptions (and many others besides) in order to reveal the immanent laws and tendencies of the capitalist mode of production. On the basis of an understanding of these laws, we can explain:

¹⁴ ‘Tony Negri in perspective’, by Alex Callinicos, *International Socialism Journal*, No 92, 2001. [//pubs.socialistreviewindex.org.uk/isj92/callinicos.htm]

¹⁵ So pleased is Callinicos with his ‘many capitals’ argument that he returns to it again and again, whenever the occasion arises. He wrote, in 2004, rebutting the idea of an all-powerful global bourgeoisie:

‘Capitalist relations of production involve, not merely the “vertical” antagonism between capital and labour, but the “horizontal” competitive rivalries among individual capitals. Marx himself argued that “capital exists and can only exist as many capitals”; it was, in other words, through the competitive pressures imposed on each other by rival capitals that the distinctive economic tendencies of capitalism – above all, accumulation and crises – developed and were sustained. It follows that, from a Marxist perspective, “global capital” cannot exist, but only a plurality of competing economic actors.’ (‘Marxism and the International’, by Alex Callinicos, in *The British Journal of Politics and International Relations*, Vol 6, 2004, p432.)

A plurality of competing economic actors! That is how professorial ‘Marxists’ express themselves in prestigious, refereed Journals. Instead of writing about the **real** world - a world in which a few grasping financial oligarchies periodically attack one another over the division of the imperialist booty – our learned ‘Marxist’ holds forth about ‘rivalries among individual capitals’ and ‘a plurality of competing economic actors’.

- why competitive capitalism (the interaction of ‘the many’) necessarily gives rise to monopoly capitalism (the interaction of ‘the few’);
- why the division of the world into super-exploited and super-exploiting nations (the opposite of the ‘one world nation’ ideal) is the fundamental division of international capitalism;
- why enormously concentrated bank capital not only coalesces with big industry to form finance capital, but also occupies a position of pre-eminence in the economy;
- why the finance capitalists, in addition to extracting surplus-value from the proletariat, seek sources of profit outside the direct process of capitalist production (for example, by plundering the peasantry);
- why substantial layers of workers earn wages below the value of labour-power.

In a word, we can explain why a handful of financial oligarchies have come to lord it over the planet, parasitically sucking super-profits out of oppressed peoples abroad and migrant and other workers at home.¹⁶

The financial oligarchies plunder the world ceaselessly and fight among themselves periodically. They are like **beasts of prey**, each faced by the necessity of either devouring the others or being devoured by them. World wars are the inevitable consequence of **this** kind of competition. Although monopoly capitalism does not do away with competition, it raises competition to a new and higher level of intensity than ever before. Under monopoly capitalism, the competitive struggle between ‘individual firms’ ultimately gives way to a fierce battle between a few big robbers – the international banker countries – over the division of the global spoils.¹⁷

The SWP has always felt uncomfortable with the idea of monopoly capitalism. As far back as the early 1970s, Michael Kidron maintained that the revolutionary Marxists of old, especially Lenin, exaggerated both the importance of banks and the degree to which monopolies permeated the economy. Super-profits, he

¹⁶ In his criticism of Proudhon’s analysis of the origins of surplus-value, Marx wrote: ‘It is besides the point here that capital, in practice as well as in general tendency, directly employs **price**, as e.g. in the truck system, to defraud **necessary labour**, and to reduce it below the standard given by nature as well as by a specific state of society. We must always presuppose here that the wage paid is **economically** just, i.e. that it is determined by the general laws of economics. The contradictions have to follow here from the general relations themselves, and not from fraud by individual capitalists.’ (‘Grundrisse’, by Karl Marx, Penguin Books, 1973, p426.) On the basis of an understanding of Marx’s analysis of the relations underlying ‘economic justice’, we can explain why ‘economic injustice’ has become the rule rather than the exception. As will become clear in Volume 3, fraud and theft are as integral to monopoly capitalism as the extraction of surplus-value itself.

¹⁷ In his writings on imperialism, Lenin made frequent use of the expressions ‘international banker countries’, ‘big robbers’ and ‘great beasts of prey’. (See for example 22\240, 22\123 and 29\64.) By contrast, Callinicos and his ilk wax rhapsodic about ‘individual capitals’ and ‘a plurality of competing economic actors’.

asserted, are no longer a significant feature of international capitalism, since competition has brought about the levelling of profit rates globally.¹⁸ Writing nearly a decade later, Nigel Harris went so far as to state that 'the world system today has some resemblance to the hey day of Victorian capitalism with its multiplicity of competitors...'¹⁹ This line of reasoning is still being pursued by SWP theorists. Eagerly ingesting the rhetoric of neo-liberalism, Rees tells us that the international economy is 'a much more competitive environment than before'.²⁰ Such an argument, of course, is a very convenient one for the SWP to uphold, for as Lenin readily acknowledged, if monopoly capitalism were to make way for competitive capitalism, that is, if super-profits were to disappear, Kautsky's standpoint would 'to a certain extent be justified'. (23115)²¹

The 'new mode of production' idea

It needs to be pointed out here that the SWP theoreticians do not deny the possibility of 'Empire'. What they maintain is that the emergence of a single world trust will signify the advent of a new socio-economic formation, a post-capitalist mode of exploitation, something akin to slavery. In his book 'Imperialism and Resistance', John Rees spent much time and effort refuting the Negri-Hardt argument about the existence of a globally united bourgeoisie. If such a bourgeoisie were to come into being, he argued:

'Capital would then no longer exist as many capitals. It would, therefore, no longer be capitalism but **some new form of oppressive society**.'²²

Similarly, Peter Binns wrote:

'If any one capitalist enterprise, say General Motors or IBM, had successfully managed to take over the whole world economy, capitalism would have ceased to exist. Competition between capitals would end, and therefore so too would accumulation for the sake of accumulation. This would not, of course, be socialism, but a new class society – one which Bukharin characterised as an industrial "slave-owning" economy where the slave market is absent.'²³

Binns and Rees have missed the point entirely. When Bukharin and other revolutionary Marxists speculated about what life would be like under a single world trust, they did so as an ideological **riposte**, a means of **ridiculing** Kautsky.

¹⁸ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, p8. Reprinted in *International Socialism*, No 61, Summer 1973.

¹⁹ 'Crisis and the core of the world system', by Nigel Harris, in *International Socialism*, No 10, Winter 1980/81, p49.

²⁰ 'Imperialism and Resistance', by John Rees, Routledge, 2006, p67.

²¹ I return to this point later.

²² 'Imperialism and Resistance', *ibid*, p216; emphasis added. See also p66, p201 and p213.

²³ 'State Capitalism', by Peter Binns, in 'Marxism and the Modern World', No 1, Socialist Workers Party, March 1986. [www.marxists.de/statecap/binns/statecap.htm]

They were able to do so, moreover, because they had **already** explained why capitalism will **never** give way to a 'new class society' other than a socialist one. What for the revolutionary Marxists was an ideological taunt is for the SWP a serious theoretical postulate.

Here is what Bukharin actually wrote:

'Were the commodity character of production to disappear (for instance, through the organisation of all world economy as one gigantic state trust, **the impossibility of which we tried to prove in our chapter on ultra-imperialism**) we would have an entirely new economic form. This would be capitalism no more, for the production of commodities would have disappeared; still less would it be socialism, for the power of one class over the other would have remained (and even grown stronger). Such an economic structure would, most of all, resemble a slave-owning economy where the slave market is absent.'²⁴

Again and again the revolutionary Marxists posed the question: since there is a tendency towards the formation of a single world trust, why will it never come into being? Without exception, they all maintained that capitalism had entered its parasitic phase of development and that the finance capitalists would repeatedly wage war against one another in order to seize hold of the lion's share of the global loot. These wars would grow in such severity, the revolutionary Marxists contended, that humanity would tear itself apart long before a single world trust materialised.

The revolutionary Marxists took the world as it is and not as petty-bourgeois dreamers wished it to be. Their starting point was the world of **monopoly** capitalism, the domination of the entire planet by a few banker countries. This was not the world of 'many capitals' about which Marx had written in 'Capital', not the 'peaceful' capitalism of yore, but a world fractured by giant financial oligarchies, each seeking to enlarge its own sphere of interest at the expense of the others. Any harmony or equilibrium that arose between these oligarchies would be nothing more than a truce, mere preparation for the next world war. As one revolutionary Marxist stated, as early as 1892, when the 'many capitals' were rapidly making way for 'the few':

'The growth of large establishments, the rapid increase of large fortunes, the steady decrease in the number of establishments, the steady concentration of different concerns in one hand – all these make it evident that the tendency of the capitalist system of production is to concentrate in the hands of an ever smaller number the instruments of production, which have become the monopoly of the capitalist class. The final result must be the concentration of all the instruments of production in the hands of one

²⁴ 'Imperialism and World Economy', by N. Bukharin, The Merlin Press, 1972, p157; emphasis added.

person or one stock company, to be used as private property and be disposed of at will; the whole machinery of production will be turned into a gigantic concern subject to a single master. ...

'In point of fact, a state of things such as here outlined would be as preposterous as it would be impossible. It will not, and cannot, come to that. The mere approach to such conditions would increase to such an extent the sufferings, antagonisms and contradictions in society that they would become unbearable and society would fall to pieces... But although such a condition of things will never be completely reached, we are rapidly steering in that direction.'

The revolutionary Marxist in question was Karl Kautsky.²⁵

Consensus among the revolutionary Marxists

Kautsky did not hesitate to draw the logical conclusion from his analysis. Anticipating the standpoint of Rosa, Lenin, Bukharin and others, he stated a) that the capitalist system had outlived its historically progressive role, and b) that inter-imperialist wars were **inevitable** under monopoly capitalism. The division of the world by a handful of parasitic powers was virtually complete, he wrote in 1901, bringing nearer the day when

'...there will be only **one** single way left to extend the area of monopoly further: no longer conflict between industrial state and agrarian state, but the bloody conflict of the great industrial states with one another: world war.'²⁶

That was how Kautsky wrote in the first decade of the previous century, before he forsook the ideals of his revolutionary youth. Subsequently, Lenin stated:

'There is no doubt that the trend of development is **towards** a single world trust absorbing all enterprises without exception and all states without exception. But this development proceeds in such circumstances, at such a pace, through such contradictions, conflicts and upheavals – not only economic but political, national, etc. – that inevitably imperialism will burst and capitalism will be transformed into its opposite **long before** one world trust materialises, before the “ultra-imperialist”, world-wide amalgamation of national finance capitals takes place.' (22\107)

²⁵ 'The Erfurt programme', by Karl Kautsky, Charles H. Kerr, 1910; emphasis added. [www.marxists.org/archive/kautsky/1892erfurt/ch03.htm]

²⁶ 'Handelspolitik und Socialdemokratie', by Karl Kautsky, Berlin, 1901, p91, quoted in 'Karl Kautsky', by Dick Geary, Manchester University Press, 1987, p53.

With these words Bukharin whole-heartedly agreed.²⁷ Like Lenin, he posed the question:

‘But is not the epoch of “ultra-imperialism” a real possibility after all, can it not be affected by the centralisation process? Will not the state capitalist trusts devour one another gradually until there comes into existence an all-embracing power which has conquered all the others?’

His answer was as forthright as it was compelling. Long before a single world trust takes shape ‘the wars that will follow each other on an ever larger scale’ must inevitably result in complete ‘collapse’. For this reason, Bukharin concluded, ‘Kautsky’s theory is by no means realisable.’²⁸

Rosa adopted a similar approach. She acknowledged that the development of capitalism was proceeding in the direction of the complete eradication of all national barriers, but hastened to add that such a situation would *never* come to pass. Rivalry among the monopoly capitalists over the imperialist booty would ultimately ‘turn into a string of economic and political catastrophes: world crises, wars, revolutions.’ As a result, ‘the ruling system’ would ‘collapse’, long before capitalism’s globalising tendencies came into full play.²⁹ In Rosa’s estimation, a single world trust was nothing but a theoretically limiting case, a practical *impossibility*.

At no time did Lenin or any of the other revolutionary Marxists have recourse to the ‘many capitals’ argument when refuting the single world trust fallacy. Instead, they insisted that the ‘many capitals’ phase of capitalism had ceased to exist, had been irretrievably superseded by monopoly capitalism. The competition to which the revolutionary Marxists referred was the competition of an exceedingly small number of predatory behemoths, each nationally based, each parasitic to the core. Parasitism, as we shall learn later, was central to all their explanations of why capitalism had entered its *dying* and hence most *bellicose* phase.

The SWP seeks to achieve in thought what the petty-bourgeoisie hankers after in practice, namely the restoration of competitive capitalism. The petty-bourgeoisie longs for a return to capitalism’s vibrant youth, to the period in which competition among ‘many capitals’ prevailed. Those were the good old days, a time when civilised countries waged wars, not among themselves (God forbid!) but against ‘backward’ peoples, far removed from the capitalist heartlands. This yearning for an irrecoverable past finds its theoretical expression in the SWP’s repeated references to Marx’s statements about ‘many capitals’. The SWP draws our attention to Marx’s valid methodological procedures solely for the purpose of denying imperialist realities. Instead of explaining a) why competitive capitalism

²⁷ ‘Imperialism and World Economy’, by N. Bukharin, The Merlin Press, 1972, p15.

²⁸ Ibid, p142; see also pp135-6.

²⁹ ‘Anti-Kritik’, by Rosa Luxemburg, published by the ‘National Caucus of Labour Committees’, 1971, p52, p60.

made way for monopoly capitalism, and b) why 'the few' will never resolve itself into 'the one' (the single world trust), Callinicos and friends prattle on about the existence of 'many capitals', quoting enough passages from Marx's writings to garner a superficial plausibility.

As opportunists who have persistently denied the parasitic nature of modern capitalism, the SWP theoreticians are incapable of explaining why a single world trust will never come into being. Instead of criticising Negri and Hardt for glossing over imperialism's inherent contradictions, they take a giant step backwards and attempt to refute the existence of monopoly capitalism altogether.

For Negri and Hardt, capital in its fully developed form can only exist as 'the one', whereas for the SWP it can only exist as 'the many'. The SWP 'Marxists' are Negriites turned inside out, having gone to the opposite and equally absurd extreme. In Negri and Hardt's estimation, there is nothing for the great powers to fight about, for the simple reason that the world's big capitalists are all the **joint owners** of the imperialist loot. In the SWP's estimation, a war among the great powers is unlikely, but only because the interaction of 'the many' has **eliminated** super-profits. Both sets of opportunists ignore or slur over imperialist realities, the parasitic and moribund character of modern capitalism.

'Hold on there', the weary but astute reader will say, 'what has all of this to do with the question you raised at the beginning of your introduction? Even if it is agreed that the SWP's rejection of Kautsky's theory of "ultra-imperialism" is founded on a false argument, you have yet to make clear why you have devoted an entire volume to an account of that theory. If the SWP's actual characterisation of Kautsky's theory of "ultra-imperialism" is sound (which you seem to indicate it is), then surely you should proceed to a criticism of the SWP's analysis, rather than delve into the details of a theory with which everyone is familiar? To repeat the question you posed earlier: why have you spent so much time and energy acquainting readers with a theory whose existence nobody, not even Mr Callinicos, denies?'

I have reopened the debate about the nature of Kautsky's theory of 'ultra-imperialism' because both sets of opportunists – the 'single world trust' opportunists and the 'many capitals' opportunists – draw on Kautsky's theory of 'ultra-imperialism' for ideological support. The truth of the matter is that Kautsky developed (and this is something that **all** opportunists resolutely deny) a **variety** of theories of 'ultra-imperialism', including the 'many capitals' and 'single world trust' varieties. So while Callinicos provides us with a more or less accurate account of one of the theories of 'ultra-imperialism', he cleverly and conveniently keeps quiet about the other variants. There is method in his silence, for the notion of 'many capitals' was as much a part of Kautsky's opportunist outlook as the notion of a 'single world trust'. To proceed to a criticism of the SWP's analysis without first clarifying what Kautsky meant by the theory of 'ultra-imperialism'

would be to play into the SWP's hands, would be to ignore the organisation's **centrist** character.

To show how elastic Kautsky was in the pursuit of his opportunist goals, I shall give a brief overview of some of the main features of his theories of 'ultra-imperialism', reserving a more detailed explanation for Volume 2. At this point in our analysis, a short account of Kautsky's twists and turns will help readers to grasp why a re-examination of Kautskyism is so essential in the current period.

2. The variability of Kautsky's theory of 'ultra-imperialism'

The many faces of Kautsky

(i) *Kautsky the centrist*

In the years leading up to the outbreak of WWI, from about 1911 to 1914, Kautsky was a leading centrist. In opposition to the right-wing Social Democrats, he supported the massive and rapidly growing anti-war movement, as well as poured scorn on the finance capitalists, whom he looked upon as an evil, war-mongering set. At the same time, in an attempt to distance himself from the revolutionary Marxists, he maintained that the anti-war movement should embrace a broad range of classes, including the industrial capitalists. The latter, he contended, were the producers of real wealth and therefore had a positive role to play in the struggle against the war-mongering financiers.

In Kautsky's estimation, the industrial capitalists' urge to expand could best be promoted, not by the violent methods of finance capital, but by peaceful democracy, through the operation of competitive (but regulated) market forces. On the basis of an anti-monopoly alliance, the workers and 'progressive' capitalists would usher in a **post**-imperialist phase of capitalist development, banishing wars for all times. With peace assured and the SDP's prestige enhanced, the proletariat could then press on towards the establishment of a socialist society. Such, in brief, was Kautsky's theory of 'ultra-imperialism' in the pre-war period.³⁰

³⁰ There was nothing novel about Kautsky's pre-war utterances. Long before Kautsky emerged on the scene as a centrist, J.A. Hobson and other liberals had drawn a false and superficial dichotomy between reckless financiers and dependable industrialists.

Whenever the global economy is in the grip of a financial crisis, bourgeois ideologues always attribute capitalism's woes to a lack of financial regulation. This point was well made by Jack Barnes in his article 'Capitalism's Long Hot Winter Has Begun'. (*New Internationalist*, No 12, Pathfinder Press, 2005) In it, he explained how the crisis of the over-accumulation of capital had prompted the big financial institutions to engage in speculative ventures on an unprecedented scale. 'Banks and other lenders slice up mortgages they've issued, package them according to risk, and then sell them to big, government-backed financial institutions such as ... Fannie Mae and Freddie Mac.' (p139) Barnes then went on to predict both the collapse of these quaintly named financial institutions and the bursting of the housing bubble that hangs over the

(ii) Kautsky the social-chauvinist

Kautsky's dalliance with Germany's 'progressive' bourgeoisie was short lived. The moment the slaughter began, he abandoned his centrist perspective and joined forces with the right-wing Social Democrats, who supported the finance capitalists all along the line. Instead of calling for a restoration of free competition, he presented monopoly capitalism in glowing terms, claiming that world peace was possible on the basis of a union of the world's financial oligarchs, the very predators on whom he had heaped so much derision a few months earlier. Not competition among many capitals but monopoly in its pure form would lead to an everlasting peace, Kautsky now proclaimed, as he unveiled his 'single world trust' theory of 'ultra-imperialism' (henceforth his 1914 theory).

Kautsky's cheery predictions about a war-free world did not stop him from calling on the workers to slit one another's throats. By now he had revealed an infinite capacity for rationalising reality to fit his anti-revolutionary standpoint. This time, however, his arguments were so convoluted and outrageous that he began to lose credibility among the workers. As 1914 drew to a close and the harsh realities of war struck home, he stood in danger of becoming an utter irrelevancy in the struggle for socialism. Accordingly (and characteristically), he underwent another 'change of mind', without explaining why or even acknowledging that he had done so.

(iii) Kautsky the born-again centrist

Early in 1915, when the anti-war movement began to revive, Kautsky reverted to his centrist position. As in pre-war days, he sang the virtues of an 'anti-monopoly alliance', enthusiastically advocating the establishment of free trade among free

international banking system. He also predicted that petty-bourgeois elements in the socialist movement would attribute the financial crash to irresponsible and greedy financiers. 'So-called populist "theories" will spread, seeking to distinguish the "productive" working and entrepreneurial classes from the "usurers" and "speculators" (the simpler and quieter terms soon to be replaced by "the Jews"). And these nostrums will often come dressed up in anti-imperialist, antiwar, and even anti-capitalist rhetoric. ... We will explain to the toilers: No! There need be no conspiracy. For at least a century, the monopolized banking, industrial, and commercial capitalists have been fused in the United States and other imperialist countries under the ownership and control of a handful of parasitic propertied ruling families, the families of finance capital.' (p191)

For Barnes, as for all revolutionary Marxists, the impending crash should be seen, not in the context of 'capital in general', but in the context of **monopoly capitalism**. In his words: 'Lenin's "theoretical" contribution to "economics" is one no bourgeois economist will admit to and that petty bourgeois radicals recoil from. Lenin's main point, more true today than when he wrote it eighty-five years ago, is that this monopoly stage of capitalism is one in which state-organized violence, imperialist wars, national rebellions, civil wars, and proletarian revolutions are just as much an inevitable, lawful consequence of that mode of production as business cycles, inflation, and depressions. All these social and political phenomena are built into the laws of capital in the imperialist epoch.' (p142)

and equal nations. To expunge his pro-war stand from the popular mind, he urged the workers to adopt a 'forgive and forget' attitude towards the Reichstag's socialist faction.³¹ In the interests of peace, Kautsky intoned, SDP members should put aside their differences and build a united and powerful anti-war movement, one that included all those who had come to 'regret' their decision to support Germany's war effort. As always, Kautsky looked forward to a post-imperialist phase of capitalist development, that is, to the establishment of world peace within an 'ultra-imperialist' framework. Not surprisingly, Lenin dubbed Kautsky's swing as 'the swing of shit'.³²

After the war, Kautsky set about refining his theory of 'ultra-imperialism', a task to which he devoted himself with untiring energy. With the defeat of the German revolution, the encirclement of the Soviet Union and the imposition of an imperialist brokered 'peace', Kautsky's cup was almost full.

As the years passed, Kautsky became increasingly convinced that competitive capitalism was the antidote to monopoly capitalism. He was particularly heartened by the formation of the League of Nations, which he looked upon as an important vehicle for promoting free trade globally. There were still occasions – rare occasions – when he attempted to revive his 'single world trust' theory of 'ultra-imperialism', but he no longer had his heart in the project. His sporadic references to a globally united bourgeoisie lacked conviction, even by his own standards. By the time of his death in 1938, he had set his face against all forms of monopoly, calling instead for a restoration of competitive capitalism, for a return to what he termed 'the good old days', when the likes of Cobden and Bright, Britain's leading industrialists, ruled the roost. But the details of Kautsky's twists and turns need not concern us here. We shall have ample opportunity to review them in Volume 2, where we examine Kautsky's theory of 'ultra-imperialism' in detail. For the present, we must turn our attention to the SWP's supposedly anti-Kautskyite stand.

3. Peas in a pod

The SWP's anti-war reformism

It is not surprising that the SWP's ideologues should keep quiet about Kautsky's role as a centrist. Addressing the issue of 'sectarianism' in the anti-war

³¹ This was the faction that had voted unanimously for war credits on August 4.

³² 'My opinion is that the "swing" by Kautsky [and others] ... is a swing of shit (= Dreck), who have sensed that the masses won't stand for it any longer, that it's "necessary" to make a turn to the left, in order to continue *swindling* the masses. ... These shit-heads will get together and say that they are "against the August 4 policy", that they are "for peace", "against annexations" and... and ... [Lenin's breaks] thereby *will help* the bourgeoisie to damp down the incipient revolutionary mood.' (Lenin to Karl Radek, June 15, 1915, 36\330)

movement, Rees wrote (in the same work in which he prattled on about ‘many capitals’):

‘The Stop the War Coalition committed itself to the central issue of opposing the attacks on Afghanistan and Iraq and, by extension, the ‘war on terror’ of which they were a part. ... Around these aims traditional peace campaigners, Labour, Liberal and Green party members, trade unionists, Muslims, socialists, anti-globalisation activists and many others with no previous organisational affiliations could all agree to organise. Attempts to narrow the campaign so that it adopted specifically anti-imperialist objectives, thus potentially excluding pacifists or those simply opposed to this war for particular reasons’ [**because Britain should conserve its strength for other predatory wars, perhaps?**] ‘or, most importantly, those just coming into the movement who had not had the opportunity to become anti-imperialists on principle were rejected.’³³

To say that people in **imperialist** Britain have not had the opportunity to confront issues relating to **imperialism** is to speak without thinking. There is not a single person in Britain who is unaffected by imperialism, who is not a **victim** or a **beneficiary** of this country’s predatory exploits abroad. People might not know – rather, might **choose** not to know – that the British ruling classes live on the backs of millions upon millions of oppressed and super-exploited peoples in the Third World. Instead of dealing with their ‘ignorance’, the SWP panders to it, raises it to a special level of acceptability. Yes, there are socialists who adopt a sectarian approach to anti-imperialist struggles, and we should certainly deal with their mistaken views, should show them, both in words and in deeds, how to mobilise the masses on the basis of an **anti-imperialist** but **non-sectarian** programme. But to argue that the anti-war movement should seek to attract, even welcome, individuals who turn a blind eye to Britain’s parasitic ventures abroad is to **subordinate** the anti-war movement to finance capital, the wellspring of all wars of aggression. An anti-war movement worthy of that name cannot be anything other than an anti-imperialist movement.

No sooner had Rees issued the call for a reformist anti-war movement than the SWP extended the hand of fraternity to Labour Party warmongers. According to Lindsey German, many of the British MPs who had previously voted in favour of the Anglo-American invasion of Iraq can now ‘stand no more’, so appalled are they by the carnage. The fact that these former warmongers are reconsidering their position, she declared, is ‘a welcome development’, for it will help to swell the ranks of the anti-war movement with ‘a significant number of our elected representatives’, many of whom are ‘likely to influence a wider range of people’.³⁴ Lindsey German is a fool, a supreme fool. The ‘disaffection’ that has broken out among Britain’s murderous MPs is certainly a welcome development, **but only because it reveals the bankruptcy of British imperialism and the strength of**

³³ ‘Imperialism and Resistance’, by John Rees, Routledge, 2006, p225; emphasis added.

³⁴ *Socialist Review*, September 2006, p17.

the resistance against it. Contrary to what the SWP says, the best way for the anti-war movement to take advantage of the disarray in Britain's parliamentary camp is to intensify the struggle against British imperialism and its opportunist backers, including the born-again 'pacifists'. (I return to this issue in Volume 2, where I show how Germany's revolutionary Marxists dealt with the SDP's parliamentary renegades, the supporters of the August 4 policy.)

Swingers true

The SWP, it should be noted, has not always championed the cause of 'pacifism'. This is what Rees wrote in 1967:

"Peace" has ... always been the favourite cry of the politician or union leader who has their back to the wall. Facing defeat, either at home or abroad, the wily warmonger will always try to salvage what they can by becoming a sudden convert to a "just and negotiated peace". [Just like your peace-loving friends in parliament today, eh, Mr Rees?]

'This was just the reaction of many European governments during the First World War, as anti-war sentiment swept through the continent's working classes. ...

'But there is a more fundamental reason why socialists reject the pacifist argument. It is because such a strategy leaves the causes of war untouched. So long as we simply aim at putting a halt to the latest barbarity in which our rulers are engaged ***we will always leave them free to prepare another war.*** We have seen that such a drive to war is inherent in the way capitalism works.'³⁵

In 1967 Rees and other SWP leaders counted for very little in British politics and therefore did not need to face the full consequences of their radical verbiage. They could publish the occasional r-r-revolutionary tract, even make use of fiery Leninist phrases, without arousing anti-imperialist feelings in the working-class. Today, however, SWP ideologues are among the most influential figures in the anti-war movement, striving to shape its character and chart its course along purely reformist lines. This alone explains the shift in Rees' pronouncements on 'pacifism'.

Rees' liberal outbursts should come as no surprise to those familiar with the SWP. This rotten organisation has always denied or played down the imperialist character of Britain. When Rees and his cohorts speak in favour of bringing all and sundry into the anti-war movement, they have in mind a motley assortment of pro-imperialists, ***including those who voted in favour of the invasion of Iraq but have since undergone a 'change of mind'***. The actual reason why our venerable Members of Parliament voted in favour of mass murder is evidently

³⁵ 'Socialism and War', by John Rees, *International Socialism*, Spring 1967; emphasis added.

beside the point, as is the reason why they are now 'pacifists'. In the SWP's current anti-war literature, all is rhetoric and illusion.

The 'pacifists' to whom the SWP now directs its appeals are quite happy for socialists to engage in esoteric debates about 'many capitals' and 'single world trusts', but would think twice about joining a movement that pin-points British parasitism as one of the driving forces behind today's wars. The SWP leaders are tricksters. To accommodate their parliamentary friends, they play down the true character of British imperialism. To forestall the growth of radicalism in their ranks, they present themselves as 'anti-Kautskyites', but in a way that conceals their own centrism, their capitulation to Britain's predatory bourgeoisie.

4. The true nature of Kautskyism

How the SWP muddies the waters

Kautsky was a **renegade**, an erstwhile Marxist who deserted the revolutionary camp for the opportunist one. He was also a **shifty** opportunist, regularly adapting his standpoint to serve reformist goals. However, rather than carry out a thoroughgoing analysis of Kautsky's writings, the SWP leaders tell us a) that Kautsky was always an opportunist and b) that his opportunism found its complete expression in his 1914 theory of 'ultra-imperialism'. These distortions suit the SWP's purposes admirably, for the two-fold character of Kautskyism, its **renegacy** and **shiftiness**, is lost entirely.

Only the foolhardy would deny that Kautsky had once been a revolutionary Marxist. Not a single Marxist of note – not Lenin, Rosa, Clara Zetkin, Franz Mehring, Bukharin, Radek, Trotsky or Zinoviev, to name but a few – ever denied that Kautsky had once held to a revolutionary perspective on imperialism. On the contrary, they all used Kautsky's radical writings against him, in order to highlight the treacherous nature of his conduct. Thus, in July 1920, long **after** he had denounced Kautsky as a renegade, Lenin stated, unequivocally, that Kautsky had once championed the revolutionary principles of Marxism. (22\192) By contrast, Tony Cliff asserted that Kautsky was a false Marxist from the start and therefore was an opportunist pure and simple, never a renegade.³⁶

Later, we shall consider Kautsky's revolutionary writings in detail, showing how he anticipated, and prepared the way for, Lenin's 'Imperialism'. Here it is important to stress that Kautsky was highly inconsistent in his opportunism, continually reformulating his theory of 'ultra-imperialism' to meet the imperialists' ever changing needs. The revolutionary Marxists all drew attention to this aspect of Kautsky's opportunism, to the way in which he flitted back-and-forth between the SDP's right-wing and centrist tendencies.

³⁶ 'Rosa Luxemburg', by Tony Cliff. [www.marxists.org/archive/cliff]

Kautsky's vacillation between the two main opportunist tendencies inevitably found its expression in the way in which he formulated his theory of 'ultra-imperialism'. As a social-chauvinist, he tended to favour the 'single world trust' theory of 'ultra-imperialism', and as a centrist the 'many capitals' one. Yet reading the SWP's commentaries on Kautskyism, one is left with the impression that Kautsky was not only an opportunist all along, but also inflexibly committed to the notion of a 'single world trust'. Thus Gill Hubbard, quoting approvingly from P Le Blanc, could present Kautsky's theory of 'ultra-imperialism' in the following terms:

'Kautsky ... believed that advanced capitalism would establish "ultra-imperialism" which according to him was:

"... a planetary economy controlled by a unified elite of scientifically trained managers who have left the national state behind and merged their separate identities in the formation of a global cartel linking all the industrially advanced centres of the world.'³⁷

Transformed into a caricature (a Negriite, no less), Kautsky ceases to be dangerous. In fact, he becomes the perfect distracter, diverting attention from the SWP's own brand of Kautskyism.

How anyone can have failed to perceive the **dual** nature of Lenin's criticism of Kautsky is difficult to imagine. On the one hand, Lenin rejected Kautsky's view that the finance capitalists would forever banish war by uniting in a single world trust. (22\105) On the other, he dismissed Kautsky's assertion that the restoration of competitive capitalism would lead to world peace. (22\290) Since the existence of a single world trust would absolutely preclude the establishment of competitive conditions, the question arises: On which assumption did Kautsky base his theory of 'ultra-imperialism'; on the assumption that competition among many capitals would prevail, or on the assumption that the finance capitalists would put an end to competition altogether? The answer is not difficult to find. Depending on the character and intensity of the class struggle, Kautsky would peddle now one, now another of his different theories of 'ultra-imperialism'.³⁸

That Kautsky was a centrist during the years leading up to WWI is beyond question. Writing to Shlyapnikov in October 1914, Lenin noted: 'Rosa Luxemburg was right when she wrote, long ago, that Kautsky has the "subservience of a theoretician" – servility, in plainer language, servility to the majority of the Party, to opportunism.' (35\167-8) Although Lenin did not indicate how far back 'long ago' extended, he probably had in mind the 1911-13 period, when the German left took strong issue with Kautsky over his attempts at reconciling the party's left-

³⁷ 'A Guide to Action', by Gill Hubbard, in *International Socialism*, No 76, September 1997. [pubs.socialistreviewindex.org.uk/isj76/hubbard.htm] P Le Blanc's definition of 'ultra-imperialism' can be found in 'From Marx to Gramsci', by P Le Blanc (ed), Humanities Press, 1996, p36.

³⁸ In Volumes 2 and 3, I explain why Kautsky initially adopted a centrist position and then abandoned it in favour of a social-chauvinist one.

and right-wings. Certainly, Lenin was in little doubt that Kautsky was an opportunist during those years, and that Kautsky's subsequent pro-war stand had its origins in his pre-war centrism. As Lenin wrote in 'State and Revolution', with reference to a number of articles that had appeared in *Neue Zeit* in 1912:

'In opposing Kautsky, Pannekoek came out as one of the representatives of the "Left radical" trend which included Rosa Luxemburg, Karl Radek, and others. Advocating revolutionary tactics, they were united in the conviction that Kautsky was going over to the "Centre", which wavered in an unprincipled manner between Marxism and opportunism. This view was proved perfectly correct by the war, when this "Centrist" (wrongly called Marxist) trend, or Kautskyism, revealed itself in all its repulsive wretchedness'. (25\483)

In making these comments, Lenin was not belatedly accepting the truth about Kautsky's pre-war position, as many opportunists, including the SWP, maintain. In 1912, Lenin recognised that Kautsky's views on militarism and imperialism were 'purely opportunistic arguments'. (43\306) And in the following year, Lenin referred to Kautsky's attitude towards the split in Russia's Social-Democratic party as 'monstrous' and 'unpardonable', evidence of his 'complete and deplorable ignorance of Russian affairs'. (19\546-7) This flies in the face of the SWP's assertion that Lenin had failed 'totally' to acknowledge Kautsky's opportunism before the outbreak of war³⁹, and that Lenin had looked upon Kautsky, right up until August 1914, 'as the greatest living Marxist'.⁴⁰

In Volume 3, we shall give a clear account of Lenin's attitude towards the SDP's pre-war debates, as well as what lies behind the SWP's attempts to falsify Lenin's pre-war assessment of Kautsky. For the present, we shall consider where Negri and Hardt stand in relation to the question of Kautsky's renegacy and shiftiness.

Kautsky was always a creative thinker

No one today, not a single socialist anywhere, defends Kautsky's war-time record, his support for the slogan of 'defence of the fatherland'. And yet, despite the despicable role that Kautsky played in 1914, most social-chauvinists champion Kautsky's 1914 theory of 'ultra-imperialism'. The drawback for these opportunists is that the right-wing Kautsky – the Kautsky of 1914 – was hardly an advocate of peace, even from a petty-bourgeois point of view. At the same time as he dreamed his sweet dreams of a single world trust, Kautsky, that inveterate champion of the doctrine of universal bourgeois brotherhood, called on the workers to line up with the bourgeoisie of their own countries and hack one other to pieces. Rarely has a 'Marxist' plummeted the depths of hypocrisy and

³⁹ 'Lenin', Volume 2, by Tony Cliff. [www2.cddc.vt.edu/Marxists]

⁴⁰ 'Rosa Luxemburg', by Tony Cliff. [www.marxists.org/archive/cliff]

deceit in so barefaced a manner as Kautsky. As Lenin wrote, soon after learning of Kautsky's war-time stand:

'I hate and despise Kautsky now more than anyone, with his vile, dirty self-satisfied hypocrisy. Nothing has happened, so he says, principles have not been abandoned, everyone was entitled to defend his fatherland. ***It is internationalism, if you please, for the workers of all countries to shoot one another "in order to defend their fatherland"***.'⁴¹

So how then do our modern-day Kautskyites extricate themselves from this ideological conundrum? How do they defend a theory of 'peace' whose origins can be traced to one the most shameful acts of class treachery ever? They do so by mechanically separating Kautsky ***the theorist*** from Kautsky ***the opportunist***, that is, by holding up the former as wise and prescient and denouncing the latter as foolhardy and misguided, and then by rounding off this monumental piece of eclecticism by turning Lenin himself into a Kautskyite.

Negri and Hardt fit this mould perfectly. In their work 'Empire', they readily conceded that Kautsky's war time stand left much to be desired. They even suggested that Lenin, and not Kautsky, had pursued the correct line of struggle when war broke out. On the other hand, they commended Kautsky for having proposed that capitalism would achieve 'a real political and economic unification of the world market', that is, would usher in 'a new peaceful phase of capitalism, an "ultra-imperialist phase".'⁴²

Having presented Kautsky in a favourable light, Negri and Hardt went on to claim that Lenin himself was not in principal opposed to the doctrine of 'ultra-imperialism'. Lenin, they contended, did not 'fundamentally' disagree with Kautsky's perspective; he simply denied that 'ultra-imperialism' was 'already in effect'. Lenin therefore did not reject the ***theory*** of 'ultra-imperialism'; he merely rejected its ***untimely*** use, its ***application*** to wartime conditions. They continued:

'Lenin agreed with Kautsky's basic thesis that there is a trend in capitalist development toward the international cooperation of the various national finance capitals and possibly toward the construction of a single world trust. What he objected to so strongly was the fact that Kautsky used this vision of a peaceful future to negate the dynamics of the present reality... Thus, while generally adopting [Kautsky's] ***analytical propositions***, Lenin rejected [Kautsky's] political positions.'⁴³

⁴¹ Lenin to A. G. Shlyapnikov, October 27, 1914, 35\167; emphasis added.

⁴² 'Empire', by Michael Hardt and Antonio Negri, Harvard University Press, 2003, p230.

⁴³ Ibid; emphasis added. Negri and Hardt are not alone in their attempt to turn Lenin into a Kautskyite. According to Martin Thomas, Lenin did not challenge the basic assumptions underlying the theory of 'ultra-imperialism'; he merely advanced the idea that Kautsky's doctrine had little relevance in 1914, when the world's leading imperialists were at one another's throats. Lenin therefore ***'never denied that "ultra-imperialism" was theoretically possible.'***

Lenin, it is true, did say that a single world trust is 'theoretically' possible, **but not in the sense that the opportunists would have us believe.**

Of theories and theories

The acknowledgement of the existence of a **trend** is not the same thing as the elaboration of a **scientific theory**. Take, for example, the question of 'time travel', so beloved of science-fiction writers. Nobody would deny that, with the development of new and improved methods of transportation, successive generations of human beings have been able to travel at ever greater speeds. When we compare the time taken by an astronaut to journey around the world with that taken by the explorers of early times, the **trend** is unmistakably clear. Does this mean that human beings will one day be able to travel at the speed of light? Is such a thing imaginable? Yes, it is imaginable, but only as a **pure abstraction**.

Einstein, we know, conducted mind experiments in which he speculated about high speed travel. He showed that astronauts, by travelling at the speed of light, would be able to break the time barrier. When they returned to earth, more years would have passed than they had experienced on their travels. Yet for all the fascinating conclusions Einstein drew from his mind experiments, he made it clear that they were unachievable in the **real** world. Living creatures that approached the speed of light would end up much bigger than their original size, their cells shattered beyond all recognition and repair. The **same forces** that turn mass into energy would inevitably operate in reverse. Only by ignoring the **real** world – in this instance, the interconnectedness of energy and mass – can we arrive at the conclusion that journeys into the future are 'imaginable'.

Abstract speculations about human time travel are harmless enough, at times entertaining. They help to enliven what would otherwise be drab explanations about the world of sub-atomic particles. Yet what would we say of a government minister who, in response to criticisms about the appalling state of public transport, were to reply: '*There is a tendency for human beings to travel at ever faster speeds. Is it not possible that transportation will yet go through a new phase, that of "ultra-transportation", enabling us to arrive at our destinations in the blink of an eye? To help solve our transportation problems, I'm setting up a committee to look into the creation of a time machine.*' We would say that such a politician is a trickster – which brings us back to Kautsky's theory of 'ultra-imperialism'.

('Introduction to Ultra-Imperialism', by Martin Thomas, p69; emphasis added. [www.workersliberty.org.uk/files/ultra.pdf])

The new Proudhonism

The fact that Kautsky's 1914 theory focused narrowly on a single trend in capitalist development attests to the bankruptcy of that theory. In broad terms, imperialism is a contradictory unity of two fundamentally opposed tendencies, one towards the internationalisation of capital and the other towards the entrenchment of the nation state system.⁴⁴ Instead of examining these two tendencies in their mutual interaction, Kautsky not only treated them as wholly *independent* entities, but also (and this is where analogies with the natural sciences end) *counterposed* them as the normal to the abnormal, the desirable to the undesirable, the progressive to the reactionary, and so on. In this way, he sought to prettify imperialism, sought to present it one-sidedly and in a favourable light, the better to instil in the workers a false sense of hope about their future under capitalism. Lenin correctly characterised this method of approach as *the new Proudhonism*. (39\116)⁴⁵

Contrary to Negri and Hardt's assertions, Lenin did not accept Kautsky's 'analytical propositions', for the simple reason that he did not regard them as analytical propositions at all. Rather he dismissed them as '*pseudo-scientific*', mere distortions, espoused for the purpose of 'defending chauvinism "theoretically".' (35\168) If Lenin had accepted Kautsky's analytical propositions, he would not have encased the term *theory* in quotation marks.⁴⁶

For Lenin, abstractions have their place in scientific analysis, provided they are recognised as such and not used as a substitute for an analysis of actual relations and trends. If Kautsky's point of view, he wrote,

'is meant to be a "pure" abstraction, then all that can be said reduces itself to the following proposition: development is proceeding towards monopolies, hence, towards a single world trust. This is indisputable, but it is also as completely meaningless as is the statement that "development is proceeding" towards the manufacture of foodstuffs in laboratories. In this sense the "theory" of ultra-imperialism is no less absurd than a "theory

⁴⁴ As Rosa noted, the contradiction between 'the international character of capitalist world economy and the national character of the state' is integral to imperialism and can only be overcome by the proletarian revolution. ('Reform or Revolution', by Rosa Luxemburg, in 'Rosa Luxemburg Speaks', Edited by Mary-Alice Waters, Pathfinder Press, 1970, p45.) This perspective, as will be seen later, was adopted by the Zimmerwald Left and the Bolsheviks.

⁴⁵ Marx thoroughly exposed the anti-analytical nature of Proudhonism. He showed that the commodity is a contradictory unity of concrete labour and abstract labour and that Proudhon, by counterposing them as the good to the bad, sought to gloss over the crisis prone nature of modern commodity production. In Proudhon's scheme of things, commodity producers could avoid crises of overproduction by abolishing money (the direct expression of abstract labour) on a capitalist foundation.

⁴⁶ Lenin frequently placed the term 'theory' in quotation marks when referring to Kautsky's so-called 'analytical propositions'. He wrote, for example: '...the only objective, i.e., real, social significance of Kautsky's "theory" is this: it is a most reactionary method of consoling the masses with hopes of permanent peace being possible under capitalism...' (22\294)

of ultra-agriculture” [and, we might add, a ‘theory of ultra-transportation’].’ (22\271)⁴⁷

The fact that Kautsky qualified his ‘analytical propositions’ by saying that ‘ultra-imperialism’ was a possibility and not inevitable, did not change matters. Genuine scientific analysis never dwells on what is **possible** to the exclusion of what is **real**. Thus Lenin again:

‘**All kinds** of transformation are possible, even of a fool into a wise man, but such a transformation rarely becomes **actual**. And merely because of the “possibility” of such a transformation I shall not cease to consider the fool to be a fool.’ (35\243)⁴⁸

Lenin, then, did say that ‘ultra-imperialism’ is ‘theoretically possible’, just as we may say that Negri and Hardt, though thoroughly imbued with the spirit of Kautskyism, may one day undergo the transformation – the startling transformation – into revolutionary Marxists.

So whereas Negri and Hardt would have us believe that Kautsky was **always** a creative thinker, the SWP theorists maintain that he was **never** one, not even during the opening years of the 20th century, when he began to develop a revolutionary theory of imperialism. For all the differences between them, both sets of opportunists believe that the 1914 theory of ‘ultra-imperialism’ completely encapsulates what Kautsky always was: either an opportunist who favoured monopoly capitalism in its pure form (the SWP line), or a brilliant theoretician who, despite his momentary lapse from grace, anticipated future developments (Negri and Hardt’s standpoint). In both cases, an all-round and systematic study of Kautsky’s writings on imperialism – especially of his renegacy and shiftiness – is not required.

5. The ‘elasticity’ of our modern-day opportunists

On the face of it, the Negriites and SWP ‘Marxists’ are polar opposites, each group favouring a brand of Kautskyism that sets them apart from the other. In reality, however, both are sufficiently shifty to adopt each other’s standpoint whenever it suits them. A brief look at some of their perspectives will bear this out.

⁴⁷ ‘The abstraction of **matter**, of a **law** of nature, the abstraction of **value**, etc., in short **all** scientific (correct, serious, not absurd) abstractions reflect nature more deeply, truly and **completely**.’ (38\171)

⁴⁸ See also 35\268.

SWP shenanigans

In 1980, when confronted by the question of international solidarity, leading members of the SWP mounted a campaign of vilification against Cuba. In itself, this told us nothing new about the SWP; the organisation was merely giving expression to its perennial hostility towards actually existing socialist societies. In the course of their anti-Cuban diatribe, however, the SWP leaders did something extraordinary: they invoked the spectre of **a globally united bourgeoisie**. As a result of ‘the movement of capital across the globe’, they wrote, ‘**an international economic order has been created which unites the different national sections of the bourgeoisie ...**’ Given the forces arraigned against them, therefore, small and poor countries like Cuba cannot, even with the best will in the world, maintain a socialist momentum. Only on the basis of the overthrow of global capitalism by the international proletariat can Cuban socialism become viable, our SWP sages maintained.⁴⁹

A quarter of a century later, with Cuban socialism having repeatedly demonstrated its heroism and hardiness in the face of US aggression, Callinicos continued to peddle his anti-socialist ideas. How he did so revealed the lengths to which he and the rest of the SWP gang were willing to go in upholding imperialist interests.

Callinicos, it will be remembered, brought down Negri and Hardt with his weighty argument about the necessity of ‘many capitals’. ‘**From a Marxist perspective, “global capital” cannot exist**’, Callinicos thundered in *The British Journal of Politics and International Relations*.⁵⁰ However, having denied the existence of ‘global capital’ in his criticisms of Negri and Hardt, Callinicos went on to conjure it into existence, even to endow it with super-inordinate powers. In a debate with John Holloway, Callinicos revealed the full extent of his ‘elasticity’. Holloway, in defence of Cuba, had argued that a revolution can take place ‘in the interstices of capitalism’, can occupy ‘spaces in the world while capitalism still exists.’⁵¹ This argument troubled Callinicos greatly. A country like Cuba cannot exist as a socialist country, he insisted, because ... [**steel yourselves, dear readers, steel yourselves!**] ... because:

‘**The power of capital is global** and it can concentrate its forces massively to destroy any fissure that threatens it. ... The power of capital is so great that usually they can close the fissures. Usually they do so by overthrowing the revolutionary process and destroying its leaders and activities.’⁵²

⁴⁹ ‘Cuba, Socialism and the third world: a rejoinder to Robin Blackburn’, by P.Binns, A.Callinicos and M. Gonzalez’, in *International Socialism*, No 10, 1980/81, p102.

⁵⁰ Vol 6, 2004, p432; emphasis added.

⁵¹ ‘Can we change the world without taking power? A debate between John Holloway and Alex Callinicos, in *International Socialism*, No 106, Spring 2005, p112.

⁵² *Ibid*, p125; emphasis added.

Callinicos went on to assert that, only when there is ‘a powerful enough global movement to break the power of capital globally’, can countries like Cuba become socialist. If readers substitute the term ‘Empire’ for that of ‘global capital’, they will arrive at Negri and Hardt’s standpoint in all its tawdry beatitude.

When confronted by the reality of imperialism and the super-profits it engenders, the SWP has recourse to the ‘many capitals’ argument, the better to deny the existence of parasitism. When confronted by the reality of a country that has succeeded in overthrowing the parasites in its midst, the SWP pours scorn on its heroic achievements and obsequiously bows down before a non-existent ‘global bourgeoisie’.⁵³

Negri and Hardt exhibit a similar degree of ‘elasticity’.

The folly of fools

Negri and Hardt, it will be recalled, advanced the argument that capital (which had previously existed as ‘many capitals’) now exists as a single world entity, owned and controlled by a single transnational ruling class. In this new Imperial dispensation, nation states have lost their former significance, have in fact ceased to be relevant. Although they still exist, they do so as administrative units only, the mere vehicles for the exploitation of the ‘multitudes’ by the globally united bourgeoisie. On the basis of their shallow analysis, Negri and Hardt are

⁵³ If Callinicos imagined that his self-serving and hypocritical references to ‘global capital’ would pass unnoticed, he was sadly mistaken. Joaquin Bustelo wrote:

‘For Callinicos, a successful revolution is only possible if there is “a powerful enough global movement to break the power of capital globally” and he rejects the idea of revolutions surviving for a time within the framework of a single or a few countries. He thinks, in fact, those revolutions are a diversion ... Callinicos’s argument ... turns the capitalist classes ... into a God ... and imputes to it supernatural strength. The reality ... is otherwise. The idea that Capital can simply make a decision to concentrate all its forces is completely undialectical.

There is not one, but many capitals. Their fundamental relationship of one “capital” to the others is not cooperation, but competition.’ (‘Socialism “from Below”’: On the WSF debate between John Holloway and Alex Callinicos’, by Joaquin Bustelo, 2006.

[//marxsite.com/bustelofrom%20below.htm])

When Bustelo spoke of ‘many capitals’ he had in mind inter-imperialist rivalry, competition among a handful of monopoly-capitalist states, and not the kind of competitive capitalism to which Callinicos alluded in his ‘denunciations’ of Negri and Hardt. Bustelo is very clear why a country like Cuba has sustained its socialist position in the world. It has done so both because of the existence of inter-imperialist rivalry and because of Cuba’s own, internal vitality. In his rejection of Callinicos arguments about the power of ‘global capital’, he wrote:

‘... you have the case of Cuba, where you have a government issued from a popular worker and peasant revolution, a government which led the armed workers in carrying out the expropriation of the bourgeoisie as a class, and where that government has for nearly a half century carried out a foreign policy of opposition to imperialism, the highest stage of capitalism, as well as domestic policy aimed at a much more egalitarian society than even the “really existing” socialism of Eastern Europe, never mind more egalitarian than neighbouring countries, which are substantially similar to Cuba in virtually all ways but one: they did not have a revolution like Cuba’s’. (ibid)

able to dispense with imperialism's basic contradiction – that between the internationalisation of economic life and the limited boundaries of the nation state.

Negri and Hardt's method of approach brings to mind the writings of the early 19th century 'speculative philosophers', whom Marx and Engels dismissed as fantasists. As Marx and Engels wrote in 1845:

'Once upon a time, a valiant fellow had the idea that men were drowned in water only because they were possessed with the idea of gravity. If they were to knock this notion out of their heads, say by stating it to be a superstition, a religious concept, they would be sublimely proof against any danger from water. His whole life long he fought against the illusion of gravity, of whose harmful results all statistics brought him new and manifold evidence. This valiant fellow was the type of the new revolutionary philosophers in Germany.'⁵⁴

There is method in Negri and Hardt's denial of 'gravity'. Once it is accepted that nation states have been supplanted by a transnational bourgeoisie, opportunists can the more easily oppose the struggle for state power, whether waged by proletarians at home or oppressed peoples abroad. They can also delude themselves about the stability of the system from which they draw their crumbs.

Had Negri and Hardt adopted a bolder and more consistent approach to their analysis, they would have concluded that the laws of capital accumulation do not operate within 'Empire', not even in a modified form. Under capitalism, labour-power is a unique commodity that produces a surplus-value over and above its own value. Without surplus-value, there can be no capital accumulation and hence no capitalism. However, if there is only one employer in the world, a change of employment will be impossible and labour-power will cease to exist as a commodity, that is, will lose its **value** creating properties. As a result, surplus-value, the rate of profit, the movement of capital in and out of countries, all the appurtenances of the capitalist mode of production, will no longer have any meaning. Exploitation will continue to take place, but only because the 'bourgeoisie' will extract surplus labour time from the 'proletariat' in the form of surplus products. As Bukharin explained, in his riposte to Kautsky, a single world trust will signify the advent of a new slave mode of production where all markets – including labour markets and capital markets – are absent.

It is regrettable, then, that Negri and Hardt lacked the courage of their convictions; a pity they did not pay heed to William Blake, who among other things said: 'If the fool would persist in his folly he would become a wise man.' Had Negri and Hardt genuinely subscribed to the notion of a globally united bourgeoisie, had they based their analysis on a **reductio in absurdum**

⁵⁴ 'The German Ideology', by Karl Marx and Frederick Engels, Collected Works, Volume 5, Lawrence and Wishart, 1975, p24.

reasoning, they would undoubtedly have bestowed wisdom upon others, if not upon themselves. For nothing would have done more to reveal the bankruptcy and shallowness of their 'single world trust' argument than the notion of a capital free capitalism.

Alive to the pitfalls of wisdom, Negri and Hardt refrain from carrying their analysis to its logical extreme. Instead, they tell us that the old type imperialism (of the kind that prevailed in Lenin's time) was dangerous **precisely because it made the process of the equalization of profit rates impossible**. Only if the global bourgeoisie can achieve 'an effective equalization of imperialist rates of profit', they insist, will inter-imperialist rivalry cease to pose a threat to world peace.⁵⁵

What a splendid farrago of muddled thinking this is! On the one hand, Negri and Hardt maintain that 'Empire', by eliminating competition, has overcome inter-imperialist conflicts. On the other, they insist that 'Empire' has a crucial **levelling** task to fulfil, that of facilitating the free flow of capital among countries, the means by which profit rates can be equalised.

Surely Negri and Hardt must realise that the formation of a single world trust will make the equalisation of profit rates an irrelevancy? Once competition ceases to exist, the 'global bourgeoisie' (if one may use that term) will base its 'investment' decisions on the size of its **global surplus**, however that surplus is measured, whether in terms of slave-labour time or the quantities of use-values produced. The rate of profit will not enter into the global bourgeoisie's calculations at all. In fact, the very concept of the rate of profit will be devoid of meaning, as will the notion of the free flow of capital between countries. So why, then, do our purveyors of the doctrine of a single world trust have recourse to such a stupid and unwieldy argument? Why have they endowed their single world trust (monopoly in its **absolute** form) with the power to recreate **competitive** capitalism? They do so because they know that the rate of profit does matter to the imperialists, despite the advent of an imaginary 'Empire'; just as they know that the existence of entrenched spheres of financial interests (and hence nationally differentiated profit rates) will forever stand in the way of a peaceful settlement among the imperialists. As a double-safeguard, therefore, Negri and Hardt seek to combine the competitive and monopolistic models of 'ultra-imperialism' into a single whole.

Slippery as eels, Negri and Hardt adhere to the two theories of 'ultra-imperialism' at once. **On the one hand**, they eliminate competition altogether, magically calling into existence a single world surplus under the collective ownership of a single world bourgeoisie. In this way, they put an end to inter-imperialist inequalities, one of the chief sources of inter-imperialist antagonisms. **On the other hand**, they announce the formation of a wide-ranging equalisation of profit rates, the very thing that a single world trust would render obsolete. Their fear of

⁵⁵ 'Empire', by Michael Hardt and Toni Negri, Harvard University Press, 2000, pp230-1.

what might happen to the global loot in a period of acute inter-imperialist rivalry impels them to disregard the niceties of logic altogether.

In due course, we shall consider other instances of the opportunists' 'elasticity', their capacity for alternating between (as well as combining) Kautsky's conflicting viewpoints. For the present, we shall turn our attention to yet another variant of the theory of 'ultra-imperialism', that of 'hegemonic ultra-imperialism'.

Chapter 2

The theory of 'hegemonic ultra-imperialism'

In contrast to both the SWP and Negriites, a number of opportunists have readily acknowledged the existence of Kautsky's 'many capitals' theory of 'ultra-imperialism'. Although they have minor reservations about this theory, they believe it to be basically sound, a brilliant forecast of post-1945 developments. Perry Anderson spoke on behalf of a good many opportunists when he wrote, with reference to the supposedly 'competitive' nature of contemporary capitalism: 'Something like Kautsky's vision of "ultra-imperialism" had come to pass.'⁵⁶ In a similar vein, Martin Thomas, who sees the world through the prism of 'many capitals', stated:

'Kautsky's speculations ... actually shed much light on what would happen after World War 2... In fact ... something pretty much like Kautsky's "ultra-imperialism" did emerge.'⁵⁷

Panitch and Gindin hold to a similar perspective. The international economy, they insist, is essentially a competitive one, made up 'of what Marx in the Grundrisse called "many capitals"'.⁵⁸ Kautsky's notion of a post-imperialist capitalism has thus materialised, they maintain, not because of the emergence of a single world trust, as Negri and Hardt incorrectly argued, but because of the essentially competitive environment in which capital accumulates globally.

The above opportunists are not uncritical of Kautsky. They have sense enough to realise that an international capitalist order that is superintended by a multiplicity of great powers will be conflict prone and, ultimately, liable to disintegration. Martin Thomas, eager to salvage the competitive model of 'ultra-imperialism', accepts that the 'agreement between more-or-less equals which Kautsky foresaw' would be inherently unstable 'because of the inevitable changes in the balance of forces and the pressures of capitalist competition.'⁵⁹ Panitch and Gindin argue along similar lines. By anticipating an 'equal alliance' among leading capitalist states, they wrote, Kautsky's vision of an 'ultra-imperialist' future was to some extent unrealistic.⁶⁰ Sharing Panitch and Gindin's concerns,

⁵⁶ 'Internationalism: A breviary', by Perry Anderson, *New Left Review*, Editorial, Vol. 14, March–April 2002.

⁵⁷ 'Introduction to Ultra-Imperialism' by Martin Thomas, p69.

[www.workersliberty.org.uk/files/ultra.pdf]

⁵⁸ 'Feedback: "Imperialism and global political economy" – a reply to Alex Callinicos', by Leo Panitch and Sam Gindin, in *International Socialism*, Issue 109, 2006.

[www.isj.org.uk/index.php4?id=175&issue=109]

⁵⁹ 'Introduction to Ultra-imperialism', op cit, p70.

⁶⁰ 'Global Capitalism and American Empire', by Leo Panitch and Sam Gindin, p8. Originally published in *Socialist Register*, 2004.

[www.nodo50.org/cubasigloXXI/congreso04/panitch_060404.pdf]

Perry Anderson maintained that, although Kautsky had correctly sought to identify 'mechanisms of international capitalist coordination', he mistakenly based his solution on the notion of inter-imperialist equality.⁶¹

Though enamoured of Kautsky's 'many capitals' theory of 'ultra-imperialism', Anderson and friends look upon it as incomplete, as a theory that is in need of renovation. They thus seize on what they consider to be the limitations of Kautsky's original theory, not for the purpose of refuting it, but for the purpose of **perfecting** it, that is, of **adapting** it to suit post-1945 conditions.

1. How the modern-day opportunists correct their master

According to the Anderson set (or hegemonists as I shall call them for convenience), Kautsky failed to grasp an elementary fact, namely that 'ultra-imperialism' will succeed only when a single, all-powerful state assumes responsibility for the management of the global economy. Even if a group of imperialist states were to create a global police force, individual members would always be tempted to renege on their agreements whenever they felt strong enough to do so. Uneven economic development among the competing powers would forever place international agreements in jeopardy. For competitive capitalism to function effectively, a single capitalist state must be able to play the same role **globally** as individual capitalist states play **domestically**. So although Kautsky correctly rejected the notion of the necessity of inter-imperialist wars, he did not go far enough in considering the framework in which competitive capitalism could operate successfully.

Prior to 1945, the hegemonists further argue, no state was able or willing to undertake the burden of global superintendence. As a result, competition among the powers lapsed into warfare. Since those days, however, the US has awakened to its responsibilities, has emerged as the **coordinator** of the world's 'many capitals'. The US fulfills its special role, moreover, not coercively, not in a way that produces friction of the pre-1945 kind, but peaceably, through the establishment of free and fair competition among nations. From a strictly 'managerial' point of view, the US state is an **impartial** state, upholding the interests of **all** capitalists, irrespective of their national origins. In a word, the US acts, not in its **own** predatory interests, but in the interests of capital **in general**. In the inimitable words of Perry Anderson, the US has the unique capacity to 'conjugate a **particular** power with a **general** task of coordination.'⁶² Oh, how our Mr. Anderson loves a ringing phrase!

⁶¹ 'Force and Consent', by Perry Anderson, *New Left Review* 17, September-October 2002. [www.newleftreview.net/NLR25101.shtml]

⁶² Ibid.

The 'hegemonic' model in its pristine glory

To grasp the basic thinking behind the hegemonists' outlook, we shall take a close look at Perry Anderson's 'Force and Consent' article, for in it he developed, forthrightly and to classical perfection, the theory of 'hegemonic ultra-imperialism'.⁶³ There is not a hegemonist anywhere who is not ideologically committed to this substandard piece of work. Without exception, they all base their analyses on its humming precepts. The key passage reads as follows:

'Capitalism as an abstract economic order requires certain universal conditions for its operation: stable rights of private property, predictable legal rules, some procedures of arbitration, and (crucially) mechanisms to ensure the subordination of labour. But this is a competitive system, whose motor is rivalry between economic agents. Such competition has no 'natural' ceiling: once it becomes international, the Darwinian struggle between firms has an inherent tendency to escalate to the level of states. There, however, as the history of the first half of the twentieth century repeatedly showed, it can have disastrous consequences for the system itself. For on the plane of inter-state relations, there are only weak equivalents of domestic law, and no mechanisms for aggregating interests between different parties on an equal basis, as nominally within electoral democracies. ... Left to itself, the logic of such anarchy can only be internecine war, **of the kind Lenin described in 1916**. Kautsky, by contrast, abstracting from the clashing interests and dynamics of the concrete states of that time, came to the conclusion that the future of the system must – in its own interests – lie in the emergence of mechanisms of international capitalist coordination capable of transcending such conflicts, or what he called 'ultra-imperialism'. This was a prospect Lenin rejected as utopian. The second half of the century produced a solution envisaged by neither thinker ... For in due course it became clear that the coordination can be satisfactorily resolved only by the existence of a superordinate power, capable of imposing discipline on the system as a whole, **in the common interests of all parties**. Such "imposition" cannot be a product of brute force. It must also correspond to **a genuine capacity of persuasion** – ideally, a form of leadership that can offer the most advanced model of production and culture of its day, as target of imitation for all others. That is the definition of hegemony, as a **general** unification of the field of capital.

'But at the same time, the hegemon must - can only - be a **particular** state: as such, inevitably possessed of a differential history and set of national peculiarities that distinguish it from all others. This contradiction is inscribed from the beginning, in Hegel's philosophy, in which the necessity of the incarnation of reason in just **one** world-historical state, in any given period, can never entirely erase the contingent multiplicity of political forms

⁶³ Unless otherwise stated, all quotations of Anderson's views are taken from this article.

around it. Latently, the singular universal always remains at variance with the empirical manifold. This is the conceptual setting in which American 'exceptionalism' should be viewed. ... But at the same time, its role requires it to be as close to a generalizable - that is, reproducible - model as practicable. Squaring this circle is, of course, in the end impossible, which is why there is an inherent coefficient of friction in any hegemonic order. Structurally, a discrepancy is built into the harmony whose function it is to install. In this sense, we live in a world which is inseparably - in a way that neither of them could foresee - both the past described by Lenin and the future anticipated by Kautsky. The particular and the general are condemned to each other. Union can only be realized by division.'

Shorn of its pretentiousness and florid turns of phrase, the above passage contains a straightforward argument, which runs as follows.

*To facilitate the domestic accumulation of capital, nation states must fulfil several important functions. Among other things, they must a) ensure the subordination of labour to capital and b) enable domestic firms to compete by non-violent means, in accordance with the rule of law. In the absence of a properly constituted legal framework, competition among domestic firms will degenerate into gang warfare, threatening the fabric of capitalist society. The problem of global accumulation is therefore reducible to the following question: can an organised force play at the **international** level the same role as capitalist states play at the **national** level? Institutions of transnational rule (e.g. the United Nations) will ultimately prove ineffective, as the armed forces at their disposal will fall prey to the conflicting interests of rival national capitals. Ideally, therefore, a **particular** capitalist state should fulfil the function of **global** coordinator. Such a state will enjoy exclusive command over its armed forces, ready and willing to deploy them as required. But if an individual state is to play the role of global coordinator, it must do so by means of consent and not coercion, otherwise other capitalist states will rebel against it. The global co-ordinator must therefore be a state of a very special kind, a state that is at once **self-serving** (it must meet the needs of its own capitalists) and **self-sacrificing** (it must uphold the interests of **all** capitalists). In other words, the global co-ordinator must not only be an exceedingly powerful state, both economically and militarily, but must also combine its role as a **particular state** with its role as a **global coordinator**. We call such a state a 'hegemon'.*

The crucial question we must ask ourselves is whether or not a particular state (that is, a state which serves the interests of its domestic capitalists), can serve the interests of all capitalists. The answer is a resounding yes. The interdependence of capitalist economies is now so complete that a return to the old days of inter-imperialist rivalry will destroy everything, including capitalism itself. In consequence, all capitalist countries have an

interest in the creation of a ‘hegemonically’ structured global order, just as all capitalists within a particular country have an interest in the creation of a locally based state machine.

*The next question we must ask ourselves is this: is there a **real** state in existence that can serve as the concrete embodiment of a ‘hegemon’? Yes, there is such a state, for history has marked out the US to serve as the global coordinator. Owing to its special features – its broad-based culture, liberal politics, incontestable military might and advanced methods of production – the US is ideally suited to the task of global coordinator, a fact that all other capitalist states (with the exception of a few aberrant ones) have come to accept.*

Today’s ‘hegemonic’ imperialism is thus far more advanced and rational than the imperialism of pre-1945 days. Neither Lenin nor Kautsky could have anticipated the advent of this new imperialism, since they were unable to think in terms of a ‘hegemonically’ ordered world. Whereas Lenin believed that the existence of nation states posed an immediate threat to world peace, Kautsky believed that such peace was possible, but only on the basis of the collaboration of imperialist equals. For this reason, the classical Marxist texts on imperialism are of limited value. World capitalism has evolved into an integrated, non-anarchic system, a system whose stability is underpinned by the mighty US. The Marxists of old could not have foreseen this development, although Kautsky came closest to doing so.

*This does not mean that international imperialism is free of tensions and conflicts. Imperialist unity is a contradictory unity – a dialectical unity – and hence prone to fissures and break-downs. The US, it must never be forgotten, is a **particular** state with its **own** interests to maintain; but it is also the **general** coordinator, and hence the custodian of **all** capitalist interests. It is against the backdrop of this contradictory and fragile unity that we can discern the strengths and weaknesses of the international capitalist system as it has evolved since the late 1940s. What kind of future awaits us under this new order, we cannot say with certainty, although this much is clear: If the US fails to fulfil its ‘hegemonic’ responsibilities, we shall all succumb to the grim forces of global anarchy, as described by Lenin in 1916.*

So there we have it, the definitive explanation of why Lenin and other revolutionary Marxists were so wrong in their predictions about capitalism’s future. Inter-imperialist wars broke out in the first half of the previous century, not because of the predatory and moribund nature of international capitalism, but because the US had not yet awoken to its ‘hegemonic’ responsibilities. Since then, the US has risen to a position of pre-eminence in the global economy, establishing order and stability throughout the world. This does not mean that the

imperialists have always been of one mind, or that they have been content with their share of global wealth. Sharp disputes have frequently arisen among brother imperialists since 1945, but these have been resolved relatively amicably, without recourse to arms, through the application of a kind of inter-imperialist family law in which the US figures as the stern but benevolent patriarch. When the European monopoly capitalists were on their knees (as in the late 1940s), the US generously showered them with gifts; and when they stepped out of line (as Britain and France did over Suez) the US pulled the financial rug from under them, forcing them back into the family fold. Yes, there have been wars, but these have been of a local nature, conducted in far away places, well beyond the bounds of the advanced centres of global capitalism. What really matters is that inter-imperialist wars, wars that impinge so destructively on *our* lives, have not occurred and - 'hegemon' willing - will never again occur. Such are the conclusions to be drawn from Anderson's line of reasoning.

Metaphysics rampant

Anderson crafts his argument in the manner of a metaphysician. First he identifies a problem *abstractly*. That is to say, he does not take as his starting point the *real* world (that of parasitic and moribund capitalism) but begins by pontificating over what might happen if international capitalism were 'left to itself'. Then he elaborates, again at a high level of abstraction, on how the international economy's 'co-ordination problem' can be resolved through the intervention of a 'hegemonic' state. Finally, after presenting us with his ideal solution, he turns his attention to the world of actual states and identifies the US as the true 'hegemon'. On the basis of this metaphysical mode of reasoning, the US emerges, not as a *real* imperialist power, not as a power that acts *in its own predatory interests*, but as the concrete manifestation of the concept 'hegemon'.

Like the speculative philosophers of old, Anderson construes reality abstractly. As Marx and Engels wrote, in their criticism of the speculative philosophers:

'If from real apples, pears, strawberries and almonds I form the general idea "*Fruit*", if I go further and *imagine* that my abstract idea "*Fruit*", derived from real fruit, is an entity existing outside me, is indeed the true essence of the pear, the apple, etc., then in the *language of speculative philosophy* — I am declaring that "*Fruit*" is the "*Substance*" of the pear, the apple, the almond, etc. I am saying, therefore, that to be a pear is not essential to the pear, that to be an apple is not essential to the apple; that what is essential to these things is not their real existence, perceptible to the senses, but the essence that I have abstracted from them and then foisted on them, the essence of my idea — "*Fruit*". I therefore declare apples, pears, almonds, etc., to be mere forms of existence, *modi*, of "*Fruit*". My finite understanding supported by my senses does of course *distinguish* an apple from a pear and a pear from an almond, but my

speculative reason declares these sensuous differences inessential and irrelevant.’⁶⁴

By means of his metaphysical approach to the question of ‘global coordination’, Anderson is able to delude himself that the *real* US, the US that plunders and launches wars of aggression in its *own* interests, does not exist. Rather than deal with the world as it is, he concocts an idealised US, a pure abstraction, which he then foists on reality.

As Anderson sees it, the US plays the same role *internationally* as individual states play *domestically*, rendering world wars *between* imperialist countries as unlikely as civil wars between factions of capital *within* those countries. As a result, imperialism has undergone a fundamental change for the better. With capital hurtling freely around the world, faster and in greater amounts than ever before, unequal rates of profit, one of the chief catalysts of inter-imperialist strife, has ceased to be a factor in the capitalists’ global calculations. Thanks to the US’s guardianship, the system of competitive capitalism has at last come into its own, just as Marx and Engels predicted it would in the ‘Communist Manifesto’.

The Anderson set speak with one voice

Enthusiastically endorsing Anderson’s viewpoint, Panitch and Gindin maintain that the US fulfills an exceptional, two-fold role, that of ‘overseeing the drive to universalize the law of value’ and of ‘extending the rule of law internationally’.⁶⁵ The US has done this, moreover, in an essentially peaceful manner, by means of the ‘political penetration’ of capitalist states, ensuring that they meet the requirements of capital accumulation globally. What sets the US state apart from all other capitalist states is that it is ‘more than the mere agent of the particular interests of American capital’; it is also the vehicle for ‘the making and management of global capitalism.’ As a result of the US’s ‘hegemonic’ interventions in the world, capitalist competition is ‘no longer expressed as inter-

⁶⁴‘The Holy Family’, by Marx and Engels, Collected Works, Vol 4, Lawrence and Wishart, 1975, pp57-6. In passing, I should point out here that Marx’s method of abstraction has nothing in common with the speculative philosophers’. Bernstein, for example, in an attempt to turn Marx’s criticism of speculative philosophy against Marx himself, argued that *value* is nothing but a mental construct, a pure abstraction, much like the concept ‘fruit’. Rejecting the idea that value is ‘a figment of the mind’, Rosa wrote: ‘Bernstein forgets that Marx’s abstraction is not an invention. It is a discovery. It does not exist in Marx’s head but in market economy. It has not an imaginary existence, but a real social existence... The abstract human labour discovered by Marx is, in its developed form, no other than *money*. That is precisely one of the greatest of Marx’s discoveries, while to all bourgeois political economists, from the first of the mercantilists to the last of the classicists, the essence of money has remained a mystic enigma.’ (‘Social Reform or Revolution’, by Rosa Luxemburg, in ‘Rosa Luxemburg Speaks’, Edited by Mary-Alice Waters, Pathfinder Press, 1970, p67.)

⁶⁵ ‘Superintending Global Capital, by Leo Panitch and Sam Gindin, *New Left Review* No 35, September\October, p106 and p103.

imperialist rivalry as this was understood by Marxist theorists at the beginning of the 20th century.⁶⁶

Martin Thomas, too, holds to the theory of 'hegemonic ultra-imperialism'. When the USA acts internationally, he wrote, it does so in the interests, 'not of the USA', but of 'capital'. The 'new' imperialism is thus free of the kind of conflicts that marred capitalism's development in Lenin's day.⁶⁷

The hegemonists are firmly of the view that world capitalism took a historically progressive turn after 1945, evolving along lines not entirely unlike those predicted by Kautsky. The restoration of competitive conditions, together with the emergence of the US as the world's 'hegemon', gave capitalism a new lease of life, facilitating inter-imperialist peace and the rapid growth of capitalism world wide. Far from being parasitic and moribund, the new post-war order is robust and expansive, the hegemonists aver, no whit abashed.

Not surprisingly, the hegemonists reject the revolutionary Marxist view that imperialism is the last and highest stage of capitalism. 'Far from being the highest stage of capitalism, what [Lenin and others] were observing was, as is now obvious, a relatively **early** phase of capitalism', Panitch and Gindin delightedly proclaimed.⁶⁸

The hegemonists' servility to imperialism has provoked anger in many socialists, some of whom have produced excellent criticisms of Panitch and his ilk. Few, however, have grasped the full depth of the hegemonists' chauvinism, their contemptuous attitude towards Third World peoples.

2. Panitch's penetrative politics

Thatcher and Reagan, champions of progress

Judging by what the hegemonists have to say about the 'new' imperialism, it would seem that the world's political leaders are **radical modernisers**. After all, if the capitalist system has regained its youthful vigour, then the representatives of that system must themselves have a progressive role to play. This means that

⁶⁶ Ibid, p104, p106 and p112. The notion of 'political penetration' is clearly the figment of a metaphysical mind. When Europe's financial oligarchy develops the capabilities to assert itself more forcefully in international affairs, the US will have little choice but to withdraw from Europe, leaving Panitch and Gindin with a 'fruitless' theory.

⁶⁷ 'Introduction to Ultra-imperialism', by Mark Thomas. [www.workersliberty.org.uk/files/ultra.pdf]

⁶⁸ 'Superintending Global Capital, by Leo Panitch and Sam Gindin, *New Left Review* No 35, September/October, p5; emphasis added. Heinrich Cunow and other right-wing SDP members reasoned in the same way as the hegemonists do today. They argued that imperialism was at a relatively early stage of its development, with many years of healthy life before it. Good socialists, therefore, 'far from combating [imperialism] should actually further it – for the sake of the future triumph of socialism, of course.' ('Rebels and Renegades', by Max Nomad, Ayer Co, 1932, p115.)

Margaret Thatcher and Ronald Reagan, once the leading architects of our neo-conservative age, were essentially *bourgeois revolutionaries*, albeit of a very brutal kind.

But have the hegemonists reasoned along these lines? Have they portrayed the likes of Thatcher and Reagan as agents of *progress*? Here is what Mr Panitch had to say on this topic:

“We were all revolutionaries”, Ronald Reagan told his White House staff on his last day in office, “and the revolution has been a success.” We may be sure that when Mrs. Thatcher finally leaves 10 Downing Street she will say much the same thing. It is tempting, of course, simply to characterize such rhetoric as the ad-man’s cover for counter-revolution ... Yet there is a sense in which the self-characterization of contemporary capitalist politicians like Reagan or Thatcher as ‘revolutionaries’ might well be taken more seriously. Merely to dismiss such rhetoric as mendacious nonsense misses an important dimension of what they have been about. For they have sought to reinfuse their societies with the very kind of bourgeois norms and values that were identified in the *Communist Manifesto* where Marx and Engels affirmed that “the bourgeoisie, historically, has played a most revolutionary part”.⁶⁹

He continued:

‘... setting aside what capitalist political leaders themselves say or do, there is a deeper sense in which it is still appropriate to see the contemporary bourgeoisie as continuing to play “a most revolutionary part”. In the world of the micro-chip, of computer technology, of numerical control of production, of instant global communication capital transfers ... we are perforce reminded of the essential meaning of the Manifesto’s designation of the bourgeoisie as revolutionary. ... Consider, moreover, the very contemporary ring that our present day experience of the globalization of capitalism lends to a description penned a century and half ago:

“... The bourgeoisie compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e. to become bourgeois themselves. In one word, it creates a world after its own image.”⁷⁰

[On pain of extinction!? I wouldn’t go marketing that epigram, if I were you, Mr Panitch, not even in the hallowed environment of academe. The youth of today, accustomed as they are to seeing the real life horrors of war unfold on their

⁶⁹ ‘Capitalism, Socialism and Revolution: The Contemporary Meaning of Revolution in the West’, by Leo Panitch, in *Socialist Register*, Merlin Press, 1989, p2.

⁷⁰ Ibid, p3.

*television screens, will have difficulty in reconciling imperialist barbarism with progress. To dredge up the Manifesto in the way that you have done, without reference to the predatory context in which the 'micro-chip' functions, is to turn Marx and Engels into the accomplices of imperialism, the reactionary resuscitators of **dying** capitalism.]*

Panitch, of course, acknowledges the brutality of contemporary capitalism, but hastens to stress that life today is neither more nor less brutal than it was in the 1840s 'when Marx and Engels celebrated the wonders accomplished by the bourgeoisie even as the conditions of inhumane life in Manchester were fresh in their minds.'⁷¹ So although the scale of capitalism is much altered, the basic characterisations still hold. 'In the bourgeois epoch, the bourgeoisie is **always** both revolutionary and barbaric.'⁷²

Without doubt, capitalism was every bit as brutal in the 19th century as it is today. To argue otherwise is to stand on the side of the butchers of colonised peoples. What revolutionary Marxists maintain, however, is that capitalism has long outlived its historically progressive role and that the bourgeoisie, in consequence, is both brutal **and** reactionary. As Lenin wrote:

'From a rising and progressive class the bourgeoisie has turned into a declining, decadent, and reactionary class. ... In reality, there can now be no talk of **present-day** democracy following in the wake of the **reactionary** imperialist bourgeoisie, no matter of what "shade" [republican or monarchic] the latter may be.' (21\149)

Little wonder that Panitch should harbour such a searing hatred of Lenin.

In Panitch's analysis, there are no historical cut-off points, no demarcations between one capitalist epoch and another. Instead, there is a single continuum, that of capitalism's brutal but 'historically progressive' evolution. As for the thorny issue of inter-imperialist conflicts, we can dismiss it entirely. The two world wars were avoidable, regrettable interludes in which the global bourgeoisie lost its sense of direction. In those days, the imperialist powers lacked a 'hegemon' – a cop on the block – to manage global crises. Now that the US is able to play the role of universal co-ordinator, capitalist greed has ceased to be a barrier to international engagement and integration. As a result, the global bourgeoisie, though a very brutal class (as it always has been), can fulfil its great destiny of bestowing the gift of capitalism upon poor and weak nations, '**compelling them, on pain of extinction, to adopt the bourgeois mode of production.**'

⁷¹ Ibid, p5.

⁷² Ibid, emphasis added.

Blessed are the rich

But if the US acts in the interests of capital in general, how do we explain the fact that the gulf between rich and poor countries is growing wider by the day? Once the notion of parasitic, decaying capitalism is rejected, only three explanations are possible. One is that the international capitalist system is so big and complex that the US's 'co-ordinating' tasks are very difficult to achieve. Another is that the Third World, despite the opportunities available to it, is not responding energetically and creatively enough to the challenges presented by the 'new' imperialism. Yet another is that world capitalism is still in the process of evolution and therefore needs time to reach full maturity, time to overcome the chasm between bourgeois 'ideals' and bourgeois 'practice'. Panitch and Gindin opt for a mixture of all three explanations. According to them, Third World countries have not yet experienced 'coherent patterns of internal development' and therefore suffer from 'the lack of depth of their financial institutions'.⁷³ This does not mean that the 'new' imperialism is fundamentally flawed, they hasten to assure us. On the one hand, the world capitalist system 'is still in the process of being made'; on the other, the Third World is still going through a difficult period of adjustment, its poverty signifying the 'complexity' and 'incompleteness' of the 'new' imperialism.⁷⁴ In a word, anything and everything is responsible for Third World misery, except the system of monopoly capitalism itself.

Readers will have little difficulty in understanding where this chauvinistic line of reasoning leads. If Third World countries lack 'coherent patterns of internal development', then it follows that their 'financial institutions' should be given the requisite 'depth' by an **external** force, that is, by the mighty US. To save the poor countries from themselves, the US has the task of bringing them into line with modern capitalist states. That is how our hegemonists reason. As Panitch wrote, a few months before the Anglo-American invasion of Iraq:

'...the American empire is quite different from the colonial empires of recent vintage, and it would be a serious mistake to ... think that every intervention abroad by the United States is driven by narrow domestic interests: on the contrary, it may be more accurate in some ways to see the U.S. state today as burdened' [yes, that is the word he used, '**burdened**'] 'by the function, which it alone can play, of maintaining world order in today's global capitalism.'⁷⁵

⁷³ 'Finance and American Empire', by Leo Panitch and Sam Gindin, in *Social Register*, Merlin Press, 2005, p74.

⁷⁴ *Ibid*, p73.

⁷⁵ 'Violence as a Tool of Order and Change: The War on Terrorism and the Antiglobalization Movement', by Leo Panitch, in *Monthly Review*, Volume 54, No 2, June 2002; emphasis added.

On pain of extinction

(i) Anderson reveals his hand

Anderson is no less outspoken, no less chauvinistic. In his 'Force and Consent' article (which he wrote when Britain and the US were making preparations to invade Iraq), he carried the theory of 'hegemonic ultra-imperialism' to its logical and repulsive extreme. As the principal defender of international capitalism, he contended, the US naturally wished to bring the Middle East into line with the advanced capitalist countries, all of which were more or less open to the US's 'hegemonic' ministrations. The Middle East, by contrast, was riddled with 'aberrant forces' [Anderson's own words] and these were inimical to the effective functioning of capitalism globally. Having persistently failed to comply with modern bourgeois norms, the Middle East had thus lain itself open to an invasion. He amplified:

'This [the Middle East] is a region in which – unlike Europe, Russia, China, Japan or Latin America – there are virtually no regimes with a credible base to offer effective transmission points for American cultural or economic hegemony'.

Given the fact that Arabic 'aberrant forces' operated in an area that contained 'the bulk of the world's oil reserves', the US's 'hegemonic' thrust into the Middle East was all the more understandable, if not laudable (we are, after all, socialists). By planning to invade Iraq, the US was simply doing what it had set out to do at the end of the Second World War, and that was '**to make the world safe for capitalism**'. The occupation of Iraq would thus give the US the opportunity to change the political and economic landscape of the Middle East, but in the interests of **world capitalism**, and not those of the US alone.

Having spelt out the reasons for the impending invasion, Anderson considered what the possible outcome of an American occupation might be. Buttressed as he was by his theory of 'hegemonic ultra-imperialism', he was sanguine in the extreme. America's planned invasion, he predicted, would be unlikely to lead to destabilisation because 'American resources are large', and because once the occupation was underway, the Americans would set out, dramatically, 'to improve the living conditions of the majority of the Iraqi population'. This would 'create the potential for a stable American protectorate', with the US granting substantial 'material relief' to compensate the Iraqis for the loss of their independence. Washington, therefore, was 'not being unrealistic' in discounting the possibility of 'indignant crowds' upsetting 'the apple-cart' in the Middle-East [again, Anderson's choice of words].

Anderson then went on to deal with the question of how an invasion might affect inter-imperialist relations. As always, he remained hopeful. The 'unity of the West', he assured us, would not risk 'long-run damage' as a result of the war.

'Overall, European acquiescence in the campaign can be taken for granted. ...The storm in the Atlantic tea-cup will not last very long.' What Europe would eventually come round to grasping, Anderson concluded, was that the US had the burden of safeguarding the process of global capital accumulation.

The parallels between Anderson's standpoint and the old, unabashed doctrines of imperialist aggrandisement are strikingly clear. When the US launched its invasion of the Philippines in 1899, Rudyard Kipling promptly wrote his poem *'The White Man's Burden: The United States and the Philippine Islands'*. In it he urged the US to assume the heavy 'burden' of empire, as Britain had done in the world's dark continents. In Kipling's estimation, the Philipinos were incapable of fashioning a democratic state by their own efforts and therefore required the assistance of the civilised races. (Theodore Roosevelt loved the poem's political content but found it aesthetically jarring. In his words, the poem was 'rather poor poetry, but good sense from the expansionist point of view.')

(ii) Thomas follows suit

Martin Thomas struck a chauvinistic note, also. He wrote, on the eve of the Anglo-American invasion of Iraq, that the US engages in military escapades **not** 'to create, maintain or enlarge a US colonial or semi-colonial empire, or sphere of influence', but rather 'to mend a fabric of state relations for the "imperialism of free trade"'.⁷⁶ The US's war drives were thus 'a "globo-cop" operation' aimed at repairing 'the rips' in the system of competitive capitalism.⁷⁷

Like the other hegemonists, Thomas views America's military interventions as so many signs of contemporary capitalism's historically progressive character. We are living in a world, he declares, in which

"ultra-imperialism" has extended to cover almost the whole globe. It is a cousin of the "ultra-imperialism" sketched by Kautsky, rather than a direct embodiment of it. It is more a system of collaboration and negotiation keystoned by the "globo-cop" super-imperialist role of the US than the "moderate" give-and-take agreement between more-or-less equals which Kautsky foresaw.⁷⁸

Of course Mr Thomas abhors the way in which the US conducts itself; of course he condemns its 'brutal' and 'arrogant' actions at home and abroad.⁷⁹ But capitalism is capitalism, he sagely reminds us, and so long as it persists the US has no choice but 'to maintain a smooth network of capitalist states covering the

⁷⁶ 'Two critiques: "Empire" and "new imperialism"', by Martin Thomas, *Workers Liberty* 2/3, 2002, p48. [<http://www.workersliberty.org/story/2002/12/21/new-world-disorder-war-and-imperialism>]

⁷⁷ Ibid, p50.

⁷⁸ 'Empires and War - Introduction to Ultra-imperialism', by Mark Thomas, p69.

[<http://www.workersliberty.org/story/2002/12/21/new-world-disorder-war-and-imperialism>]

⁷⁹ 'Two critiques: "Empire" and "new imperialism"', op cit.

earth's surface, with gaps and "holes" only on the margins.' Thanks to the US's 'hegemonic' involvement in world affairs, we now have an international system of 'integrated' bourgeois states in which 'US "globo-cop" war or military action' is used 'mostly to police the state fabric of the world'.⁸⁰

(iii) Brenner wades in

Even when the Anglo-American invasion of Iraq was underway, the hegemonists continued to hold forth about the US's supposedly self-sacrificing role. In an article entitled 'Why is the United States at War with Iraq?', Robert Brenner maintained that there is 'a clear need for a world policeman' and that the US, as 'the world's hegemon', is alone 'willing to assume that burden.' [**There it is again, that word 'burden'!**]⁸¹ Far from pursuing its own narrow interests, the US invaded Iraq because of its concerns 'about keeping the world safe for capitalist private property and profitable investment'. (p136) Socialists must therefore seek to win over the working-class to the cause of peace, not by creating an anti-war movement that is at once anti-imperialist and anti-opportunist, but by linking the struggle for peace to the workers' demands for higher wages. (As if the struggle against imperialism and opportunism will necessarily stand in the way of the workers' economic struggle.) Having reproduced Anderson's argument virtually to the letter, Brenner fittingly ended his article by urging socialists to rid themselves 'once and for all' of both 'the conviction that working people [**all** working people?] have been corrupted by the crumbs of imperialism' and of 'residual Third Worldism'. (p137)

So when socialists criticise the Anglo-American imperialists for their war-mongering ventures, they should do so, not by exposing the predatory and parasitic nature of Anglo-American imperialism, but by turning their wrath against 'capital in general'.

The same old story

Despite their anti-capitalist posturing, the hegemonists are in good company with the ideological representatives of US imperialism. The latter never tire of telling us that the advanced capitalist countries are duty bound to 'impose their own institutions on disorderly ones',⁸² and that the US 'is a model for hegemonic power, using various means to encourage a modicum of order in a disorderly world.'⁸³ Nor do they tire of propagating the view that the US, in bringing stability

⁸⁰ Ibid.

⁸¹ 'Why Is the United States at War with Iraq?' by Robert Brenner, in *Historical Materialism*, 2003, p132 and p134.

⁸² 'The Reluctant Imperialist: Terrorism, Failed States, and the Case for American Empire', by Sebastian Mallaby, in *Foreign Affairs*, March-April, 2002. Quoted in 'The Empire Strikes Out: The "New Imperialism" and Its Fatal Flaws', by Ivan Eland, in *Policy Analysis*, November 26, 2002.

⁸³ 'Warrior Politics: Why Leadership Demands a Pagan Ethos', by Robert D. Kaplan, Random House, 2002, p153. Quoted in 'The Empire Strikes Out: The "New Imperialism" and Its Fatal Flaws', *ibid.*

to the world capitalist system, is equating (or 'conjugating') the US's *national* interest with the *general* interest. In Bush's words:

'Today, the United States enjoys a position of unparalleled military strength and great economic and political influence. In keeping with our heritage and principles, ***we do not use our strength to press for unilateral advantage.*** We seek instead to create ...conditions in which all nations and all societies can choose for themselves the rewards and challenges of political and economic liberty. ... We will extend the peace by encouraging free and open societies on every continent.'⁸⁴

The modern-day representatives of finance capital uphold the same arguments as their lying predecessors upheld just over a century ago, when the imperialist epoch first dawned. Early in 1898, when the US was preparing to invade Spanish dominated Cuba, the New York *Commercial Advertiser* welcomed military intervention, on the grounds that the US stood for

'humanity and love of freedom, and above all, the desire that the commerce and industry of every part of the world shall have full freedom of development ***in the whole world's interest.***⁸⁵

And what did the 'socialist' defenders of US imperialism say at that time? Did they expose the imperialists' deceptions and hypocrisy? No, they did not. Solemnly, with hands on hearts and upturned eyes, they deplored the harshness of capitalist expansion, ***and then went on to urge the American workers to look upon the United States' war effort in a 'realistic' light.*** The US's military intervention in Cuba, they said, fulfilled a historically progressive function, since it was aimed both at expelling the Spanish oppressors and at raising the Cubans out of the mire of backwardness. Thus the paper *Vorwärts*, while disassociating itself from the worst excesses of the invasion, claimed that the expansion of American power would advance Cuba 'to a higher stage of capitalism and consequently that much closer to socialism'.⁸⁶

The United States' real motive for invading Cuba, we know, was not to facilitate the development of capitalism 'in general' or to encourage 'a modicum of order in a disorderly world.' Rather it was three-fold: to prevent Cuba's liberation movement from defeating the Spanish oppressors (and hence from achieving ***genuine*** independence); to super-exploit the Cubans in the interests of the US financial oligarchy; and to assert US dominance in the region, that is, 'to oust

⁸⁴ Introduction to 'The National Security Strategy of the United States', by George W. Bush, September, 2002, emphasis added. [www.whitehouse.gov.nsc/nss.html]

⁸⁵ *Commercial Advertiser*, New York, March 10, 1898; quoted in 'A people's history of the United States', by Howard Zinn, Harper Collins, 1999, p304; emphasis added.

⁸⁶ 'American Socialists and the Spanish-American War', by Howard H. Quint, in *American Quarterly*, Vol 10, No 2, Part I, Summer 1958, p134. Similar arguments were advanced by the Fabians in relation to Britain's invasion of the Transvaal Republic.

Europe from the Western Hemisphere'.⁸⁷ The war was thus a reactionary and predatory war from beginning to end, indefensible from any standpoint, other than that of racist expansionists and their 'socialist' lackeys.⁸⁸

The 'Marxist' hegemonists can tell us they hate capitalism as often and vehemently as they like. They can utter the term 'b-b-b-bourgeois' as if they are spitting out something nasty from their tongues. They can rail against the inhumanity of the international capitalist system over and over. Yet for all their 'anti-capitalist' stridency they remain the worst defenders of capitalism. For what they are defending are not the national-democratic aspirations of a Sun Yat-sen or the revolutionary-democratic strivings of a downtrodden Narodnik, but the super-exploitative designs of a predatory financial oligarchy. The hegemonists' assertion that the US is acting in anything other than its own grasping interests is offensive, not just to Communists, but to petty-bourgeois democrats as well.

3. Unresolved issues

Despite their self-assuredness about the US's supposedly stabilising influence in the world, our hegemonists are beset by a number of awkward questions.

Brenner is troubled

As noted, the hegemonists believe that the US has satisfactorily resolved capitalism's 'coordination problem', not by selfishly lording it over the rest of the world, but by 'imposing discipline on the system as a whole, ***in the common interests of all parties***'. However, once it is argued that the US safeguards international capital as vigorously and persistently as it does its home-grown

⁸⁷ 'United States Intervention in Cuba, 1898: Interpretations of the Spanish-American-Cuban-Filipino War', by Thomas G. Paterson, in *The History Teacher*, May 1996, p347.

⁸⁸ Howard Zinn, in his excellent chapter on the birth of US imperialism, wrote of the American imperialists' 'fear that the rebels would win on their own and keep the United States out.' He continued: 'There seems also to have been another kind of fear. The Cleveland administration said a Cuban victory might lead to "the establishment of a white and a black republic," since Cuba had a mixture of the two races. And the black republic might be dominant. This idea was expressed in 1896 [by] Winston Churchill. He wrote that while Spanish rule was bad and the rebels had the support of the people, it would be better for Spain to keep control: "A grave danger represents itself. Two-fifths of the insurgents in the field are negroes. These men ... would, in the event of success, demand a predominant share in the government of the country ... the result being, after years of fighting, another black republic"'. ('A people's history of the United States', by Howard Zinn, Harper Collins, 1999, p303.) The war, in fact, had a profoundly disillusioning effect on the Afro-American soldiers who served in it. Upon their return to the US, they were treated as vermin, subject to insults, segregation and lynching threats. As a Black poet and ex-soldier wrote: the 'Negro Volunteer' is a person who fights for a land 'Which does not him protect.' ('Plea of the Negro Soldier and a Hundred Other Poems', 1908, Books for Libraries Press, 1970; quoted in 'Afro-American Literature of the Spanish-American War', by James Robert Payne, in *Varieties of Ethnic Criticism*, Autumn, 1983, p21.) History would repeat itself in the latter half of the 1940s, when returning black troops were denied the freedoms for which they had fought in Europe.

capital, a puzzling question springs to mind: what are the US's motives? Why should any state wish to incur the **additional** costs of superintending **other** people's capital? Brenner asks this question over and over but is unable to give a satisfactory answer, which is hardly surprising, since he assumes, as do all hegemonists, that the US is not a predatory, self-seeking power.⁸⁹ The idea that his noble, self-sacrificing 'hegemon' might be using its immense might to hold fast to the lion's share of the global booty is too ghastly for him to contemplate.

Having convinced himself that the US acts in the interests of all capitalists, Brenner is genuinely baffled by its drives and ambitions, especially since, as he puts it, 'the role of world cop is pretty much a **faux frais** of capitalism.' (p133) At one point in his article he goes so far as to acknowledge that the US is in relative economic decline, thanks in part to the enormous military costs it incurs in the fulfilment of its 'hegemonic' responsibilities. Utterly at a loss to explain why the US is willing to undertake the 'burden' of 'hegemony', he concludes by asserting a) that the role of superintending global capital has to be carried out by some state ('there is simply no alternative', he whimpers), b) that the US is eager to play such a role (though God alone knows why), and c) that the US's main competitors are disinclined to do so. (p133) We are thus left with the impression that the global 'hegemon' is not just a very costly beast, but a supremely stupid one, carrying the European and Japanese free-riders on its back as it makes the world safe for capitalism.⁹⁰

Anderson plays the game both ways

But what if there is disagreement among the major powers about how the US should carry out its 'hegemonic' tasks? Anderson, it should be remembered, wrote his 'Force and Consent' article towards the end of 2002, when preparations for the invasion of Iraq were well underway. At that time, the dominant factions of the British and American ruling classes were using lies, spurious arguments and scare tactics to goad their respective electorates into accepting the need for military intervention. The European imperialists, on the other hand, spoke out against an invasion, calling instead for an intensification of the blockade. Who then were correct: the Europeans, who wanted to achieve regime change by non-military means, or the Anglo-Americans, who wished to topple Saddam by force of arms?

Both sets of predators – the Anglo-Americans and Europeans – were of the view that pain should be inflicted on the Iraqi people, except that the former believed it should be done coarsely, by means of bare-knuckles manoeuvres, and the latter

⁸⁹ Typical of the many questions Brenner asks is the following: 'There remains ... a clear need for a world policeman; but the problem immediately arises as to why anyone today would want to assume this role.' ('Why Is the United States at War with Iraq?', by Robert Brenner, in *Historical Materialism*, Vol 14:4, 2003, p132; see also p128 and p133.)

⁹⁰ In contrast to Brenner, most hegemonists do not concern themselves with the US's motives. They take it for granted that imperialist stability requires a 'hegemon' and that the US fulfils this role perfectly.

suavely, through the flexing of well-groomed muscles. Projecting an image of reasonableness was the European imperialists' forte. In reality, however, the European imperialists were as predatory and parasitic as their American counterparts. Having grown immensely powerful since the late 1940s, they wished to undermine the US as the dominant force in the region, and to this end set about drawing the Iraqis into the EU's sphere of financial interest. Given the US's relative economic decline, such a move was not beyond Europe's capabilities, as Washington well knew. To prevent the further erosion of its authority, the US set out to pulverize Iraq. What was really at issue, then, was not the *manner* in which the US carried out its function as the 'global state', but which of the world's chief predators – the EU or US – would emerge dominant.⁹¹

The planned invasion of Iraq, therefore, even when viewed superficially, presented Anderson with a problem of massive proportions. As noted, he holds firmly to the view that a 'hegemon' can best fulfil its role, not by 'brute force', but by 'persuasion', exercising 'a form of leadership that can offer the most advanced model of production and culture of its day, as target of imitation for all others.' Yet at the time he wrote his article, the European Union, a 'non-hegemonic' power, was urging the Anglo-Americans to bring non-military pressure to bear on Iraq, as well as to use the power of 'persuasion' rather than 'brute force'. How did Anderson deal with this anomaly?

In a disgraceful display of subservience to the Bush gang, Anderson insisted that, up until the time of Al-Qaida's assault on the Twin Towers, **Washington had no intention of invading Iraq**. To assert its 'hegemonic' authority over the region, the Americans could simply have intensified its 'covert operations to overthrow Saddam'. However, following September 11, Washington needed a '**spectacular outcome to the war on terrorism**'. By defeating Saddam militarily,

⁹¹ A few days after the invasion, Oupa Leuhlere wrote: 'Two issues have been mentioned as motive forces of the war. The one is oil, and the other is the interests of the arms industry. To this we need to add what is probably a more important dimension: a war between the Euro and the Dollar for a dominant position in the world economy. The US seeks to defend the place of the dollar, and the Franco-German alliance seeks to ensure that the Euro has a larger slice of the world economic pie. ... Saddam's decision to switch to Euro pricing for Iraqi oil was the last straw for the US. ... Contrary to the view of some writers, the era of inter-imperialist wars is not far off.' ('Imperialism, Globalisation and the War on Iraq', by Oupa Leuhlere, April, 2002.) [www.marxsite.com/Oupa's%20article.pdf] Leuhlere deserves praise for being one of the first Marxists to situate the Iraq war squarely in the context of growing inter-imperialist rivalry.

Typically, *Workers' Liberty* rejected Leuhlere's article as misinformed and fanciful. The invasion of Iraq, Colin Foster informed us, had nothing to do with inter-imperialist rivalry because (and he stated this in all seriousness) none of the 'hard-nosed' capitalists ever 'mentions the euro vs dollar angle'. ('Was the Iraq war about the dollar vs the euro?', by Colin Foster, in *Workers' Liberty*, May, 2003.) [http://www.workersliberty.org/node/885] So when we analyse a situation, we must do so, not by using scientific socialism as our guide, but by accepting, at face value, the views of the world's dominant predators. Marx clearly got things very wrong: none of the 'hard-nosed' capitalists ever 'mentions' the two-fold character of labour, the production of surplus-value, the rising organic composition of capital, the conversion of simple prices into prices of production, the tendency of the rate of profit to fall, etc.

the US would signal to a 'traumatized' American public that the terrorists had 'truly been put out of action'.

The beauty of the theory of 'hegemonic ultra-imperialism' is that it allows its adherents to justify anything and everything a 'hegemonic' state does. When it suits Anderson, the US is the true representative of global capital, holding back the selfish and anarchic impulses that would otherwise engulf the world. But when disagreement arises among the powers, ostensibly over the question of how 'hegemony' is exercised, Anderson reminds us that the US state is a **particular** state, one that is answerable to its own 'traumatized' citizens. In this way, Anderson is able a) to give the US great latitude in the carrying out of its 'globo-cop' tasks, and b) to duck the question of whether 'global terrorism' is a **real** threat or a mere **pretext** for the waging of a **predatory** war.

The US imperialists have always fabricated or misconstrued events to suit their aggressive purposes. If the American public was 'traumatized' by the blowing up of the battleship Maine (which was carrying innocent women and children), this was in no small measure due to the activities of America's lying press, lying politicians and lying administration. The actual explosion that occurred on the Maine (a real event, certainly) had nothing to do with the US imperialists' attack on Cuba, just as the destruction of the Twin Towers had nothing to do with the invasion of Iraq. Both the invasion of Cuba in 1898 and the invasion of Iraq in 2003 would have taken place, whether or not the events cited as catalysts had occurred.⁹² The US invaded Cuba, not because of the blowing up of the Main, but because the American financial oligarchy was determined to become the uncontested scrounger in the region. And besides, since when has the trauma suffered by ordinary American citizens acted as a trigger for retaliatory action? The US public was traumatized by the effects of Hurricane Katrina, which destroyed a whole city, killed over ten thousand men, women and children, and left many more homeless and destitute. Yet much of the havoc that followed in the hurricane's trail was due to the callousness and inhumanity of an administration hell bent on putting profits and privileges before ordinary working people. Did the Bush regime take **any** retaliatory action – spectacular or mundane – against those who were complicit in the destruction of New Orleans? No, it did not. To state that September 11 **necessitated** a spectacular response without in any way qualifying that statement is to place oneself on the side of imperialist liars. Rarely has a prominent 'Marxist' given predatory warmongers so encouraging a nod of approval as Anderson.⁹³

⁹² In 1962, when J.F. Kennedy and his close advisers were secretly discussing the possibility of an invasion of Cuba, Attorney General Robert Kennedy said: 'We should also think of ... whether there's some ship that, you know, sink the Maine again or something.' (Quoted in 'Cuba and the United States', by Jane Franklin, Ocean Press, 1997, p57)

⁹³ If at times readers are unsure whether Anderson is presenting his own interpretation of events or reproducing, without critical comment, Washington's, they should consider his statements in the context of his theory of 'hegemonic ultra-imperialism'. They will quickly gain the measure of the man.

The most awkward issue of all

The question of how the US should conduct itself as the global 'hegemon' is allied to another and, from the hegemonists' point of view, still more worrying question. Now that the European Union has begun to reveal its economic mettle, what is to prevent it from donning the mantle of universal policeman? The hegemonists, we must remember, believe that the role of 'globo-cop' can and must be played by an actual state. None has argued in favour of the creation of a supra-national state to which the leading capitalist powers make their respective contributions, commensurate with their economic strength. The hegemonists are wise enough to know that such a solution would stoke the flames of inter-imperialist antagonisms. The 'universal policeman' must be free of all internecine bickering, must be able to act decisively and without regard to local sensibilities, at a moment's notice if necessary. Squabbling about how the global police force should function could lead to a nasty turn in world affairs, might even encourage 'aberrant states' to wreck havoc in the international arena. So while institutions of global management have their place in the system, they will serve little purpose without the power and authority of an actual state, the hegemonists maintain.

The question therefore remains: what will happen if Europe, brisling with economic clout and growing stronger by the day, insists on taking over the reigns of 'hegemonic' power from the US? Anderson, the wiliest of the hegemonists, is alive to this problem. As he duly warned, if major disagreements emerge among the powers over the question of global superintendence, we shall all sink into the slough of anarchy and internecine conflicts 'of the kind Lenin described in 1916'.⁹⁴

To allay fears, Anderson invented special reasons why the US *alone* is suited to the task of 'hegemon'. In doing so, he brought into the open the essentially chauvinistic nature of the theory of 'hegemonic ultra-imperialism'.

4. The degeneration of the theory of 'hegemonic ultra-imperialism' into social chauvinism

Andersonian babble

Delighted with the fruits of his analytical endeavours, Anderson set out to assure his readers that the Europeans will never attempt to storm the 'hegemonic' fortress, not so long as they remain rational and sensible. As the Europeans well know, the US, as the world's 'hegemon', possesses features

⁹⁴ When Europe takes on the US militarily, it will do so, not because of its concerns about the safety of 'global capital', but because it feels strong enough to snatch the global loot (the existence of which the hegemonists deny) from the Americans.

‘that **cannot** be shared by others, since it is precisely those that lift it above the ruck of its rivals.’

However, when attempting to explain what these special features are, Anderson rapidly became unintelligible. It is as though some demented stick insect careered across his keyboard at the time he was typing his article. The following, evidently cobbled together in a fit of linguistic frenzy, is a sample:

‘... the secret of American hegemony has lain ... in formulaic abstraction, the basis for the fortune of Hollywood. In a vast continent of heterogeneous immigrants, coming from all corners of Europe, the products of industrial culture has from the start to be as generic as possible, to maximize their share of the market. In Europe, every film came out of, and had to play to, cultures with a dense sedimentation of particular traditions, customs, languages inherited from the national past – inevitably generating a cinema with a high local content, with some chance of travelling. In America on the other hand, immigrant publics, with weakened connections to heteroclitic pasts, could only be aggregated by narrative and visual schemas stripped to their most abstract, recursive common denominators. The filmic languages that resolved this problem were, quite logically, those that went on to conquer the world, where the premium on dramatic simplification and repetition, across far more heterogeneous markets, was still greater.’

So ‘generic’ was American ‘culture’ that it embraced, ever so genially, ever so gently, the way of life of African Americans, Hispanic Americans, Chinese Americans, Japanese Americans, all those ‘immigrant publics’ who had reprehensibly failed to transcend their ‘heteroclitic pasts’. As for the American Indians, they can be ignored altogether, since they were a marginalised people, non-participants in the process of capital accumulation ‘in general’. The legacies of slavery and the conquest of the American Indians have no place in an analysis of American ‘hegemony’. American culture, after all, is about modern society and we must judge it accordingly, without recourse to emotive arguments. Europe, on the other hand, was possessed of a culture that was so mired in parochialism and pre-capitalist survivals that its leading finance capitalists were ill-suited to the task of reconstructing global capitalism. Backwardness and modern capitalism were mutually exclusive, obviously, and the US, as the world’s anointed ‘hegemon’, was definitely less backward than Europe. Or so Anderson would have us believe.

'Wading in gore'

There is no denying that Europe was littered with feudal relics at the turn of the 20th century. But to focus one-sidedly on them, as Anderson does, is to conceal the true meaning of 'culture' under imperialism. One of the chief features of imperialist 'culture' is its extreme adaptability, its capacity for transforming everything it finds to hand into so many instruments for plundering and tyrannising the world. Barbarism and the growth of modern industry reinforced each other perfectly in the late 19th and early 20th centuries, when the imperialists went on the rampage in the underdeveloped countries. During Belgium's expeditions in the Congo, as Stuart Nolan noted,

'soldiers were instructed to bring back a hand or head for each bullet fired, to make sure that none had been wasted or hidden for use in rebellions. A soldier with the chilling title "keeper of hands" accompanied each expedition.⁹⁵

Although US capitalism sprang to life on a purely bourgeois foundation, the country was not without its 'heteroclitic' characters, many of whom were as loathsome and sadistic as any of Europe's modern medievalists. Throughout the latter half of the 19th century, the US cavalry launched numerous attacks on defenceless and peaceful communities of American Indians. An account of one of these raids, carried out in the 1860s, tells the whole story:

'After the firing the warriors put the squaws and children together, and surrounded them to protect them. I saw five squaws under a bank for shelter. When the troops came up to them they ran out and showed their persons to let the soldiers know they were squaws and begged for mercy, but the soldiers shot them all. ... There seemed to be indiscriminate slaughter of men, women and children. There were some thirty or forty squaws collected in a hold for protection; they sent out a little girl about six years old with a white flag on a stick; she had not proceeded but a few steps when she was shot and killed. All the squaws in that hole were afterwards killed, and four or five bucks outside. The squaws offered no resistance. Every one I saw dead was scalped. I saw one squaw cut open with an unborn child... I saw the body of [Chief] White Antelope with the privates cut off, and I heard a soldier say he was going to make a tobacco pouch out of them. I saw one squaw whose privates had been cut out ...'

⁹⁵ Belgium's imperialist rape of Africa', by Stuart Nolan, 6 September 1999, *World Socialist Web Site* [<http://www.wsws.org/articles/1999/sep1999/king-s06.shtml>] Exposing the rampant hypocrisy of the Anglo-American imperialists, Nolan added: 'Britain and then America justified the outbreak of world war on the need to defend "brave little Belgium" from German aggression. Falsified stories were put out that German troops had committed mass rapes of Belgian women and cut off the hands and feet of children.' The British and American imperialists, those upright defenders of Western civilisation, conveniently failed to mention that it was their dear allies, the Belgium imperialists, who had been responsible for the lopping off of hands on an industrial scale.

During the planning of this raid, the officer in command advocated 'the killing and scalping of all Indians', informing his troops that they would be 'wading in gore'. In the attack that followed, and in many others like it, the amassing of ghoulish trophies became a veritable mania among US troops. One officer reported that there were 'numerous instances in which men had cut out the private parts of females and stretched them over the saddle-bows and wore them over their hats while riding in the ranks.'⁹⁶

In the course of the development of US capitalism, the ruling class acquired a morality and outlook that would carry it into the imperialist age. It was no accident that the very officers who had succeeded in destroying the independence of the North American Chieftaincies were called upon to plan and execute the invasions of Cuba and the Philippines, wars that heralded the onset of the epoch of decaying capitalism. By now, however, the victims of US barbarism were the representatives of *modern* society and not the defenders of pre-capitalist economic formations. The idea that US troops were keeping the world safe for capitalism was a lie, fostered by the imperialists and conveyed into the ranks of the socialist movement by the opportunists of Anderson's stamp.

Old wine for new bottles

Of particular importance in the evolution of America's 'generic culture' was the invasion of the Philippines, where American troops encountered fierce resistance and soon became embroiled in a protracted war. The Americans fought this war with a degree of barbarism and bigotry that made even hardened bourgeois elements cringe. The military authorities encouraged (and not just condoned) torture, set up concentration camps (referred to as 'strategic hamlets') and carried out wave after wave of vicious assaults against the civilian population, murdering over a quarter of a million innocents, all in the name of Philippino freedom and independence. The following is one account of many:

'Our fighting blood was up, and we all wanted to kill "niggers". ... This shooting of human beings beats rabbit hunting all to pieces.'

And another:

'...our men have been relentless, have killed to exterminate men, women, children, prisoners and captives ... the idea prevailing that the Filipino as such was little better than a dog. ... Our soldiers have pumped salt water into men to make them talk, and have taken prisoners people who held up their hands and peacefully surrendered, and an hour later, without an atom of evidence to show that they were even *insurrectos*, stood them on a bridge and shot them down one by one, to drop into the water below and float down, as examples to those who found their bullet-loaded corpses.'⁹⁷

⁹⁶ 'Bury My Heart At Wounded Knee', by Dee Brown, Picador, 1975, p69, pp72-3.

⁹⁷ 'A people's history of the United States', by Howard Zinn, Harper Collins, 1999, p315.

The inhumanity and racism that characterised the origins and development of American capitalism domestically – especially in relation to Indian and African Americans – now found its expression in the US's imperialist forays abroad. All the horrors of the post-1945 era – the Mai Lais, the Guantanimos, the Fallujahs, the Abu Ghraibs, to name but a few – were but modern replicas of the crimes committed by the founding fathers of American imperialism. Not surprisingly, Anderson maintained a sullen silence about this aspect of American history. In fact, he went so far as to state:

'American policy planners today are the heirs of **unbroken traditions of global calculation** by the US state that **go back to the last years of the Second World War.**' (Emphases added.)

It would seem that the US's conduct at the turn of the last century forms part of imperialism's pre-history, its 'broken' traditions. To study the evolution of American policy towards the Third World, we need go back no further than 1945, the year in which the US came bounding on the scene as the global 'hegemon'. The line of descent from President McKinley to President Bush may be ignored altogether, erased from the historical record.

Anderson's denial of the relevance of America's imperialist origins is all of a piece, part of his attempt to purge contemporary imperialism of its predatory features and associations. By throwing a veil over the period of US imperialism's birth, he seeks to prevent us from considering the true nature of America's 'generic culture'. To sustain illusions about the present, he has little choice but to eradicate the past.

Yet it is not just the pre-1945 era that Anderson seeks to blot out from collective memory. In his eagerness to elevate American culture to a lofty level, far above 'the ruck of its rivals', he conceals the true state of the world in 1945. Millions upon millions of anti-fascist freedom-fighters in Europe, Russia, China and elsewhere, having endured the horrors of WWII, were hardly less fitted to found society anew than the American descendents of scalp hunters. And yet Anderson insists that America was uniquely placed to fulfil the task of global co-ordinator because of its inherently 'generic' as opposed to 'heteroclitic' culture. The idea that Europe was economically, socially and culturally ripe for **socialism** in 1945 is one that does not arise in Anderson's thinking. To cast the US in a warm 'hegemonic' glow, he dishonestly and hypocritically presents European culture in dismal hues.

Anderson does not deny the existence of racism in the US. His 'finite understanding' does of course distinguish between the imperialists' false claims and the reality of prejudice, but his 'speculative reason' declares these differences inessential and irrelevant. As a metaphysician in search of an ideal 'hegemon', his natural inclination is to present the malignant and grotesque 'fruit'

of US imperialism in a flattering light, free of all bruises and blemishes. Only in this way can he portray the US as global capital's rightful and natural leader.⁹⁸

There is nothing new in any of this. John Buchan, a passionate defender of imperialism, wrote, as far back as 1940:

'If the world is ever to have prosperity and peace, there must be some kind of federation ... of States which accept the reign of Law. In such a task she [the US] seems to me to be **the predestined leader**.'⁹⁹

The only difference between Buchan's and Anderson's works on imperialism is that the former is written in plain English whereas the latter is chock full of exquisite expressions, expressions such as 'empirical manifold', 'contingent multiplicity', 'heteroclitic pasts', 'recursive common denominations' and other such delights. For the delectation of his 'Marxist' friends, Anderson even uses terms like 'contradictions' and 'dialectics', as well as makes awesome references to Hegel's Philosophy of Right. A clever fellow is Anderson, he thinks that opportunism is the sweeter for being erudite.

In the end, Anderson dispensed with his chauvinistic babble about 'heteroclitic pasts' and turned to the nuts and bolts of American 'hegemony', its tremendous and overarching military might. By comparison with the US, all other countries, including the European Union, are 'far weaker as military or political actors on the international stage', Mr Erudition sombrely concluded, as he aroused himself from the depths of his linguistic passion.

Mimicking monkeys

Panitch and Gindin are at one with Anderson. They, too, believe that the US is **uniquely** suited to the role of global 'hegemon'. Acknowledging their indebtedness to Anderson, they wrote:

'The role the United States came to play in world capitalism was not inevitable but nor was it merely accidental: it was not a matter of teleology but of capitalist history.¹⁰⁰ The capacity it developed to "conjugate" its "**particular** power with the **general** task of coordination" in a manner that reflected "the particular matrix of its own social history", as Perry Anderson has recently put it, was founded on "the attractive power of US models of production and culture... increasingly unified in the sphere of consumption." Coming together here were, on the one hand, the invention

⁹⁸ See Marx and Engels' criticism of the speculative philosophers' concept of 'fruit' above.

⁹⁹ 'Memory Hold-The-Door', by John Buchan, London, 1941, p381; emphasis added.

¹⁰⁰ Panitch and Gindin strike a false note instantly. Their comment about teleology is both fatuous and gratuitous, for no one has accused the hegemonists of suggesting that our planet, in its gaseous state, contained a cluster of atoms destined to become the 'hegemonic' USA. Of course the US's role is a matter of 'capitalist history.' (What other history is there?) The real question, however, is this: from whose class standpoint do we analyse and present that history?

in the US of the modern corporate form, “scientific management” of the labour process, and assembly-line mass production; and, on the other, Hollywood-style “narrative and visual schemas stripped to their most abstract”, appealing to and aggregating waves of immigrants through the “dramatic simplification and repetition”. The dynamism of American capitalism and its worldwide appeal combined with the universalistic language of American liberal democratic ideology to underpin a capacity for informal empire far beyond that of nineteenth century Britain’s.¹⁰¹

*[Panitch and Gindin, stand up and explain yourselves! What do you mean by Hollywood-style ‘narrative and visual schemas stripped to their most abstract’? Are you suggesting that the US’s ‘cultural’ outpourings were devoid of a racist content; that Europe was **more** bigoted and parochial than America? Speak up, boys. And stop casting furtive glances at your friend Anderson. He can’t help you because he hasn’t the vaguest idea of what’s going on in the world. You must learn to express yourselves in your own words and not hide behind the pretentious babble of others. As a punishment, you must watch the series ‘Jazz Gift’ which is showing on television this week. You will find these films highly illuminating, ‘visual schemas’ of a most exemplary kind. They show how Black American artists who toured Europe in 1945 were treated with immense warmth and affection by the European victims of Nazism. They also show how these artists, upon their return to America, were driven to the ‘culture’ of heroin by a white establishment that looked upon all blacks as licentious dross. So off with you two! Watch the series carefully and then write an essay entitled ‘The truth about American society from the standpoint of its oppressed and exploited minions.’]*

In due course, we shall consider the differences between Panitch’s and Anderson’s viewpoints, undertaking in the meantime a re-examination of Negri and Hardt’s analysis. For all their bravura performances as ‘single world trust’ jesters, Negri and Hardt are essentially hegemonists.

5. All things to all opportunists

As noted, Negri and Hardt’s standpoint is based on an irresolvable contradiction. On the one hand, they believe that Kautsky’s much vaunted single world trust has come into being. On the other, they fear that, unless this trust can achieve ‘an effective equalization of imperialist rates of profits’, the old inter-imperialist conflicts will re-emerge. The question therefore arises: Which force will facilitate the free flow of capital between nations? Such a force cannot be a single world trust, since its very existence presupposes the elimination of competition.¹⁰²

¹⁰¹ ‘Global capitalism and American empire’, by Leo Panitch and Sam Gindin, p8.

[www.nodo50.org/cubasigloXXI/congreso04/panitch_060404.pdf]

¹⁰² Negri and Hardt do not express their difficulties in these terms, as they seek to conceal rather than resolve the contradictory nature of their analysis.

Twist and turn as Negri and Hardt might, they are forced to conclude that the equalisation of profit rates can exert its harmonious influence **only under the aegis of a force that stands outside and above 'Empire' itself**. The notion of 'Empire', it turns out, is nothing but an ideological distracter, a flimsy 'theoretical' crust beneath which lies a hardened hegemonist argument.

The mighty and munificent US

Throughout their book, Negri and Hardt gravitated, ineluctably, almost against their will, to the question of where political power resides within 'Empire'. As stateless as their 'seamless' and 'smooth spaced' 'Empire' is, it cannot function, they realise, without a bureaucratic, military **state** machine. To fill the political void, Negri and Hardt did what any opportunist would have done under the circumstances – **they smuggled in the concept of US 'hegemony'**.

Negri and Hardt attached supreme importance to the power of the US. They wrote, with reference to the US's 'unique' place in 'Empire':

'...only an established power, overdetermined with respect to and relatively autonomous from the sovereign nation-states, is capable of functioning as the centre of the new world order, exercising over it an effective regulation and, when necessary, coercion'.¹⁰³

It would seem, then, that Negri and Hardt's 'seamless' and 'smooth spaced' 'Empire' does have a 'centre' after all.

At another point in their book they went so far as to place the US at the **apex** of 'Empire', which they likened, structurally, to a pyramid. They stated:

'At the narrow pinnacle of the pyramid [of 'Empire'] there is **one superpower**, the United States, that **holds hegemony over the global use of force** – a superpower that can act alone but prefers to act in collaboration with others under the umbrella of the United Nations.' (p309; emphases added)

As much as Negri and Hardt hate the state as an institution, they have no choice but to pay homage to it, even when proclaiming it to be dead. On the one hand, they assert that transnational capital has supplanted national-based capital, including US-based capital; on the other, they claim that a particular nation state, the US, acts as the foremost representative of global capital. Like pampered children, they want to eat their cake and have it.

¹⁰³ 'Empire', by Michael Hardt and Toni Negri, Harvard University Press, 2000, pp14-15 (emphases added).

The descent into social-chauvinism

Having transformed the US into the world's 'hegemon', Negri and Hardt proceeded to define the features that lift the country 'above the ruck of its rivals'. In doing so, they descended into a bottomless pit of imperialist apologetics, from where they disgorged their chauvinistic bile. The US, they stated, is democratic and republican to the core, representing as it does 'the resurrection of an idea of freedom that Europe had lost'. (p381) The US not only gave the world the 'New Deal', it also liberated Europe from fascism and protected its peoples from Russia's Slavonic hordes. This 'double rescue of Europe by the US armies' was 'paralleled by a rescue in political and cultural terms'. (p382) In a word, 'the US global hegemony' was as wholesome as it was natural and necessary. (p383)¹⁰⁴

Their social-chauvinism undiminished, Negri and Hardt went on to present the first Gulf War in the same way as the hegemonists would present the second, that is, in rosy colours. America's barbarous assault against Iraq, a weak and small nation, **actually provided Negri and Hardt with proof of 'Empire's' vitality**. Crudely, though quite characteristically, they wrote, some three years before the Anglo-American occupation of Iraq:

'The importance of the [first] Gulf War derives ... from the fact that it presented the United States as the only power able to manage international justice, not as a function of its own national motives but in the name of global right. ... The U.S. world police acts **not in imperialist interest but in imperial interest**. In this sense the Gulf War did indeed, as George Bush claimed, announce the birth of a new world order [that is, a post-imperialist order].' (p180)

The US world police acts not in imperialist interest but in imperial interest!
This is the language of 'hegemonism' down to the last syllable.

Whenever the imperialists prepare for war, they always launch a series of increasingly outrageous rationalisations for manipulating public opinion. And when the fighting commences and the truth begins to dawn, the social-chauvinists can always be relied upon to give those rationalisations a pseudo-socialist gloss. As it was at the dawn of the imperialist epoch, when the US invaded Cuba and the Philippines, so it is today. People like Anderson, Panitch, Brenner, Thomas, Negri and others – the whole ragtag collection of 'Marxist' hegemonists – are nothing but public relations officers for capitalism in its parasitic and decaying phase.¹⁰⁵

¹⁰⁴ Evidently, the peoples of Europe, Russia, China, Korea and elsewhere remained passive throughout the fascist offensive, expectantly awaiting salvation from on high.

¹⁰⁵ If readers feel that I am being excessive in likening the perspectives of the 'Marxist' hegemonists to those of the neo-conservatives, they should ponder Panitch and Gindin's words very carefully. These social-chauvinists stated, unequivocally, that the US's 'liberal-democratic' strivings have 'lent some credibility [**yes, those were their words, 'some credibility'**] to the claim that even American military-imperialist interventions were about human rights, democracy

Not surprisingly, Panitch and Gindin were quick to recognise the essentially hegemonist content of Negri and Hardt's outlook. In their review of 'Empire', they fulsomely praised Negri and Hardt for acknowledging that the US had assumed 'the central role in the new world order' and that its legitimacy rested on the US's 'capacity to present force as being in the service of right and peace.'¹⁰⁶ At the same time, however, they gently chided their 'single world trust' associates for having failed to adopt, unreservedly and without qualifications, the hegemonist outlook. Had Negri and Hardt abandoned their commitment to the idea of the irrelevancy of nation states, Panitch and Gindin argued, they would have been able to grasp why the US is uniquely able 'to act as the global state that global capitalism needs to keep order, to manage crises, and to close contradictions among the world nation-states...' (p30) Their analysis would then have given substance to Kautsky's 'prescient' suggestion that 'capitalist states might **not** inevitably go to war.' (p24) Still, for all its weaknesses, 'Empire', Panitch and Gindin concluded, is an important and worthwhile contribution to the debate on globalization and the 'new' imperialism.

6. Harmony and discord among the hegemonists

Minor differences

The main points of contention between the hegemonists and Negriites are relatively inconsequential, revolving around the question of whether or not nation states are indispensable to the maintenance of 'globalized capital'. Panitch believes they are, but only in the context of a 'hegemonically' ordered universe. In a broadside against the Negriite perspective, he wrote:

'Nation states are not the victims of globalization, they are the authors of globalization. States are not **displaced** by globalized capital, they **represent** globalized capital... This means that any adequate strategy to challenge globalization must begin at home, precisely because of the key role of states in making globalization happen.'¹⁰⁷

To be effective, Panitch further argued, socialists must avoid involvement in **revolutionary** politics, that is, in the struggle a) to smash the apparatus of state power created by the bourgeoisie and b) to build a Soviet type state (the form of organisation of the dictatorship of the proletariat) on the ruins of the old order.

and freedom.' ('Superintending Global Capital', by Leo Panitch and Sam Gindin, *New Left Review* No 35, September/October, p108.)

¹⁰⁶ 'Gems and Baubles in Empire', by Leo Panitch and Sam Gindin, in *Historical Materialism*, Volume 10 Issue 2, pp28-9.

¹⁰⁷ 'Reflections on Strategy for Labour', by Leo Panitch, *Socialist Register*, Merlin Press, 2001, pp374-5.

Only by avoiding the pitfalls of Bolshevism will workers learn 'how to become a ruling class...'.¹⁰⁸

Although Panitch expressed his disapproval of Social-Democracy, his views had a decidedly Social-Democratic thrust, reminiscent of Kautsky's position on the socialist revolution. Thus, while huffing and puffing to disassociate himself from Social-Democracy, Panitch fell back on the following argument:

'While some would point to the explicitly counter-revolutionary behaviour of the German Social Democratic leaders in [1918], there are no good grounds to taint thereby the sincere intentions of a great many of those who set out on the path of fundamental social change **within the existing constitutional framework of liberal democracy**. Indeed, in one crucial respect ... the premise that underlay the social democratic position, that an insurrectionary strategy was **impossible** in the West, must be recognized as having been fundamentally correct.'¹⁰⁹

For Negri and Hardt, by contrast, any adequate strategy to challenge 'globalized capital' must begin on **the world stage**, as well as shun **all** party politics, whether of a Bolshevik or Social-Democratic kind. As opportunists, they deny the inevitability of inter-imperialist wars. But they do so, not in the manner of the hegemonists, not by proclaiming the existence of 'hegemonically' penetrated states, but by fabricating the existence of a unitary 'Empire'. In Negri and Hardt's estimation, the United States is the **only** state of worth, rather than the co-ordinator of **all** states.¹¹⁰

¹⁰⁸ "'The state in a changing world": Social-Democratizing Global Capitalism?', by Leo Panitch, *Monthly Review*, October, 1998, p11.

¹⁰⁹ 'Capitalism, Socialism and Revolution: The Contemporary Meaning of Revolution in the West', by Leo Panitch, in *Socialist Register*, Merlin Press, 1989, p12; emphases added. Panitch's repudiation of revolutionary politics made his subsequent attempt at creating a gulf between Lenin and Rosa reprehensible in the extreme. He wrote: 'Under a dictatorship, without multiple parties, freedom of the press, speech, and association, workers could never learn how to become a ruling class, as Rosa Luxemburg chastised Lenin immediately after his dissolution of the constituent assembly.' ("The state in a changing world": Social-Democratizing Global Capitalism?', op cit, p11.) Panitch conveniently ignored the fact that Rosa steadfastly opposed the convening of a constituent assembly in Germany during the period of the 1918-19 German revolution. At that time, she fought tooth and nail for the establishment of the dictatorship of the proletariat, losing her life to counter-revolutionary thugs in the process; **to those who set out to demonstrate, by means of rough fists rather than smooth tongues, that 'an insurrectionary strategy is impossible in the West.'**

To gain some insight into Rosa's political perspective, readers should study her outstanding and unmistakably pro-Leninist articles, 'The National Assembly' [<http://www.marxists.org/archive/luxemburg/1918/11/20.htm>] and 'The Elections to the National Assembly' [<http://www.marxists.org/archive/luxemburg/1918/12/23.htm>], which call for a Bolshevik type revolution on German soil. These articles should be disseminated in every academic establishment in which the likes of Panitch and Gindin peddle their anti-communist views.

¹¹⁰ Later we shall see how Negri and Hardt have undergone a 'change of mind' on the question of the US's role as global 'hegemon'.

From the opportunists' standpoint, the hegemonists' model of 'ultra-imperialism' is far superior to Negri and Hardt's. It not only allows for participation in reformist labour parties, but also admits of the possibility of a break-down in the system. This marks a departure from Negri and Hardt's scheme of things, which envisages 'Empire' as a 'smooth space', devoid of nation states. On the basis of the hegemonists' model, opportunists can give support to imperialist candidates, as well as frighten electorates into supporting parties which advocate inter-imperialist 'peace'. As Perry Anderson duly warned, if the world's leading politicians reject the principle of 'hegemony', mayhem will ensue.

Essential unity

But at another level – a deeper level – there is little to distinguish the hegemonists from the Negriites. Both insist that the special role played by the US has rendered an explosive outbreak of inter-imperialist conflicts highly unlikely, a virtual impossibility. The workers' enemies are no longer the old type financial oligarchies and their local state machines but globalized capital and its internationalised police force (whether viewed as a single world state or a collectivity of states under 'hegemonic' control). So whereas revolutionary Marxists maintain that socialists in each of the imperialist countries must expose 'consistently, systematically, boldly and unreservedly' their own imperialists and their own opportunists (23\208), our hegemonists retort, in so many words:

*'Only they are internationalists who, while maintaining a discreet silence about their home-grown imperialists and opportunists, whip up a clamour against **capital in general.**'*

Both Panitch and Negri are supremely confident about the prospects of creating an anti-globalisation movement along anti-Bolshevik lines. Global capital is certainly very powerful, but not unassailable, Panitch and Negri assure us. The exploited and huddled masses can and must unite to transform 'Empire' into something decent and wholesome. The forces for achieving such a transformation are legion, comprising a broad range of socialist and non-socialist organisations and agencies, including 'feminist and ecological movements, anti-racist and peace movements, the movements of the physically and developmentally handicapped and the movements of those handicapped by poverty.'¹¹¹

Revolutionary Marxists certainly favour the development of a mass based anti-imperialist movement, one that attracts the very people to whom Panitch and others gushingly refer. What revolutionary Marxists reject is the notion of an anti-capitalist but non-anti-imperialist movement, a kind of back-packers association in which opportunists can hold forth about the evils of 'capital in general' while leaving untouched the imperialist loot from which the privileged petty-bourgeoisie

¹¹¹ 'Capitalism, Socialism and Revolution: The Contemporary Meaning of Revolution in the West', by Leo Panitch, in *Socialist Register*, Merlin Press, 1989, p28.

obtains its crumbs. As irksome as the world's financial oligarchies find anti-capitalist demonstrations at G8 or G12 summits, they will never feel gravely threatened by movements that eschew references to imperialism's parasitic character. By denying the reality of imperialism, the hegemonists act as barriers to the creation of a genuinely anti-imperialist movement in the advanced capitalist countries.

The two sides of the same coin

Where Panitch and Negri are boundlessly (but superficially) optimistic, Anderson is overly pessimistic. As a consistent adherent of the theory of 'hegemonic ultra-imperialism', he believes that the global bourgeoisie is too monolithic and powerful to be undermined by today's socialist and democratic movements. Born of petty-bourgeois despair, Anderson's attitude towards the anti-capitalist movement is but the reverse side of Panitch's petty-bourgeois romanticism.

Actually, there is more to Anderson's pessimism than meets the eye. In an attempt to project a revolutionary image, he scathingly denounces the anti-capitalist movement for not being revolutionary enough. However, when we consider his radical criticisms against the backdrop of his defence of the theory of 'hegemonic ultra-imperialism' – his ingratiating attempts at placing the US on a towering and sturdy pedestal – he emerges as nothing but a *sham* critic. Surveying the world scene, he presents us with a picture with which the most reactionary neo-conservatives would empathise. In the foreground of this picture is a cohesive and powerful global bourgeoisie; and in the background, the rump of a socialist movement that is indelibly marked by demoralization and acquiescence. And beneath this depiction of bourgeois triumphalism, he chisels the following inscription:

'What is the principle aspect of the past decade? Put briefly, it can be defined as the virtually uncontested consolidation, and universal diffusion, of neo-liberalism.'¹¹²

If Anderson were sincere in his 'pessimism', he would criticise Panitch and others, not for investing so much hope in various oppositional movements (the feminist and ecological movements, the anti-racist and anti-war movements, the movement of the physically impaired, and so on) but for seeking to strip these movements of their anti-imperialist content. There is not a progressive grouping anywhere that does not include socialists who are striving to develop an anti-imperialist perspective. The task of revolutionaries is to give them heart and a sense of direction and not to ignore or belittle them. Anderson's much vaunted

¹¹² 'Renewals', by Perry Anderson, *New Left Review*, January/February, 2000. Well may Anderson have entitled his work (in the manner of a Francis Fukuyama) 'The End of Revolution'.

'pessimism of the intellect' is but a warped expression of his pro-imperialist *optimism*.¹¹³

Though inclined to squabble over secondary issues, the hegemonists are members of a compact set, united in their conviction that imperialism has undergone a fundamental change for the better since 1945, has in fact become a force for progress, 'compelling all nations, on pain of extinction, to adopt the bourgeois mode of production.'

We have so far spent a fair amount of time considering the hegemonists' outlook, to the point where readers may be wondering what the notion of 'hegemonic ultra-imperialism' has to do with Kautsky's own theories. If the hegemonists have in fact distanced themselves (however slightly) from Kautsky's position, then it would be wrong of us to present them as Kautskyites pure and simple, as the mere replicas of the original trinket. In reality, neither Kautsky nor his bourgeois contemporaries were averse to dabbling in the wiles of 'hegemonic ultra-imperialism'.

¹¹³ The SWP, as we shall shortly learn, has dwelt at length on Anderson's 'pessimism', but without ever confronting, or even touching upon, his social-chauvinism. At one point in his search for allies, Callinicos went so far as to praise Anderson's 'Force and Consent' article, stating that it closely reflected his own outlook, especially on the question of 'US strategic thinking'. But of the SWP's capitulation to the hegemonists later.

Chapter 3

The theory of 'hegemonic ultra-imperialism' in historical context

The hegemonists like to give the impression that they have something new and insightful to say about contemporary imperialism. They thus tell us, in a spasm of critical bravado, that Kautsky and his supporters, though brilliant in their assessment of future trends, failed to deal adequately with the question of capitalism's global management. As we shall learn, however, our modern-day opportunists have said nothing that is novel; they have merely repeated the threadbare arguments of the bourgeois ideologues and Kautskyites of old.

1. J. A. Hobson leads the way

A change of heart

J. A. Hobson was perhaps the first bourgeois ideologue to develop a theory of 'hegemonic ultra-imperialism'. Initially a supporter of the ideas of Cobden and Bright, he believed that free trade among nations would promote peace and prosperity throughout the world. With the growth of monopoly capitalism in the closing decades of the 19th century, he continued to uphold Cobdenite ideas, though became increasingly critical of Britain's financiers. These predators were plundering the globe in an obvious and striking way, leaving conflicts and the threat of war in their wake. By the time of Britain's invasion of the Transvaal Republic in 1899, Hobson had adopted a wholly negative attitude towards the kings of finance, calling on the state to regulate their activities in accordance with Britain's manufacturing needs. Instead of exporting their surplus capital abroad, he opined, the financiers should invest in British industry. As Lenin astutely observed, there was little to distinguish between Hobson's and Kautsky's perspectives, their philistine ideas about the virtues of a manufacturing based competitive capitalism. (22\294; 39\414-5)

A decade later, however, Hobson drastically revised his views about the export of capital. By the time Britain had imposed the Act of Union on South Africa in 1909, German finance capital had grown massively. Fostered by a semi-autocratic state, the country's financial oligarchy had risen to become the most powerful and highly organised in Europe, posing a major threat to British interests. If Britain had followed Hobson's earlier nostrums, that is, if it had withdrawn its foreign holdings for home use, Germany would have rapidly filled the void, displacing Britain as Europe's dominant power.

Another factor influencing Hobson's outlook was the state of Britain's labour movement. By now, a thin upper-stratum of British labour aristocrats (whose influence in the fledgling Labour Party Hobson welcomed) had grown fat and comfortable on the crumbs from Britain's vast overseas holdings. Accordingly, Hobson argued in favour of the consolidation and expansion of British imperialism. 'The indictment of foreign investment as an injury to home industry and employment', he stated in a major new work on imperialism, was a fallacy, one that 'completely breaks down on examination.'¹¹⁴

Given the fact that the hegemonists have ignored Hobson's 1911 analysis altogether, I shall briefly outline its main points, allowing readers to ascertain how novel and creative our modern-day opportunists are.

Capitalism's inherent drive towards globalisation

According to Hobson, the great merit of financial capital was its fluidity, its capacity for moving from one country to another in large quantities and with the greatest of ease. Thanks to 'the great concentration of bank capital', he wrote, capitalism was well placed to fulfil its great destiny of promoting manufacturing concerns everywhere. As 'the great fertilising stream in world-industry', bank capital deserved special support from policy makers. (pp13-19) There were, of course, 'unscrupulous or reckless financiers', but these were few and far between. The big banks and financial institutions were not irresponsible with their money. They were not interested in 'fictitious values' or 'gambling' but were concerned rather with directing the flow of 'fresh productive capital' to all corners of the earth. (pp24-30)

To reinforce his argument, Hobson set out to demonstrate that the export of capital was a **necessity** for capitalism and not a matter of choice. In the course of industrial development, there was an inherent tendency for capital to over-accumulate. If surplus-capital did not find its way to other countries, industry would grind to a halt and living standards would fall. Both the overproduction of capital at home and the export of capital abroad were thus different aspects of the same process, that of the expansion of capitalism world-wide. By facilitating the spread of surplus-capital to all countries, especially to the capital starved ones, Britain's big banks would stimulate the home economy and bring relief to the poor nations. (pp50-52, p85, pp142-3)

All countries, Hobson repeatedly emphasised, benefited from the export of capital, but the greatest beneficiaries of all were the backward countries, which had very little capital at their disposal. It therefore did not matter that 'more than

¹¹⁴ 'An Economic Interpretation of Investment', by J.A. Hobson, Financial Review of Reviews, 1911, p102. Whether or not Lenin was familiar with this work is a matter of speculation, though I doubt he would have foregone the opportunity of exposing Hobson's inconsistencies. Lenin made no reference to Hobson's 1911 analysis when gathering material for his 'Imperialism'. (See 39\804)

half of our invested capital is placed abroad', or that Britain's foreign investments exceeded those of all the other European countries taken together. In fact, it was 'natural, desirable, and even necessary, that larger quantities of this fresh capital should be placed further afield, applied in other countries to the same sorts of productive enterprise which in former times absorbed all the new capital for home use.' Having 'sucked up our surplus capital', the poor countries would make rapid strides towards industrialisation, while at the same time providing Britain with new trading opportunities and large sums in the form of interest on foreign loans. Everyone benefited from this situation. (pp66-7, p98)

Capital, Hobson insisted, must be allowed to flow freely from the capital-surplus countries, where profit rates were low, to the capital-deficient ones, where profit rates were high. Eventually, when the whole world was fully industrialised and developed, profit rates would stand on the same level. This tendency towards the formation of an average rate profit through the export of capital was a very special law, one that should be given free reign. (p130)¹¹⁵

Having delivered his grovelling panegyric to the kings of finance, Hobson went on to deal with a crucial issue – that of ***the superintendence of global capital***, or, as our Mr Erudition would put it, 'the co-ordination problem'.

The birth of the theory of 'hegemonic ultra-imperialism'

According to Hobson, the world capitalist system would lapse into chaos unless there was 'some international political machinery' (105), some 'international code and police' (p132) for promoting and safeguarding the free flow of capital globally. Such machinery would ensure, first, that each of the great powers obtained 'a "proper share" of each new field of exploitation', (p108) and second, but no less importantly, that the poor countries ***had the right sort of governments to attract foreign investments***. If the capital exporting nations were allowed to create their own spheres of financial interests, they would inevitably come into conflict with one another over their 'proper shares'. (p110) Also, if poor but independent nations, especially those in Latin America, were allowed to remain 'ill-governed', they would act as a barrier to the free flow of capital. (p111) Some of these Latin American countries had already embarked

¹¹⁵ This was the same Hobson who in 1902 wrote: 'The fallacy of the supposed inevitability of imperial expansion as a necessary outlet for progressive industry is now manifest. It is not industrial progress that demands the opening up of new markets and areas of investment, but maldistribution of consuming power which prevents the absorption of commodities and capital within the country. ... There is no necessity to open up new foreign markets; the home markets are capable of indefinite expansion.' ('Imperialism: A Study', by John A. Hobson, James Pott, New York, 1902. [www.econ.ib.org.library/YPDBooks/Hobson/hbsnImp5.html] and 39\415.)

When Hobson opposed imperialism, he did so as an underconsumptionist, envisaging the possibility of a post-imperialist phase of industrial capitalism. When he supported imperialism – or what he termed 'mild imperialism' – he jettisoned his underconsumptionist outlook and presented the financiers as an essentially progressive force. Later, he would vacillate between these two models of capitalism, now stressing the necessity of capital exports, now decrying the low levels of consumption in Britain.

upon reckless policies of nationalisation, which the finance capitalists naturally looked upon as a 'grave insult'. (p113) For these reasons, an international police force was absolutely indispensable to the well-being and proper functioning of the system of international capitalism. However, given the rivalry that existed among the powers, such a force would need to take the form of an actual state.

In Hobson's estimation, the US was an ideal 'hegemon', a model of how a global police force ought to behave. This young and robust country was investing its surplus capital in Latin America in ever increasing quantities. It was doing so, moreover, by policing the entire region, not in its **own** interests, but in the interests of capitalism **in general**. In his words:

'A more or less formal coalition of American republics under the hegemony of the United States, and a naval policy in the Pacific, confined to the maintenance of an open door for American goods and capital, appear to express the present interests and aspirations of the ruling forces in the United States. This milder imperialism is of a definitely pacific character, likely both to promote good order and development among the backward nations and to assuage the jealousies of the great powers.'
(p117)

[Oh, dear! Your face has turned the colour of a beetroot, Mr Panitch.]

Since the US was the uncontested power in the Americas, Hobson continued, it should share its hegemonic responsibilities with Britain, which was the dominant force in the remainder of the world. Together, these two giants would act as the global police force, 'directing their efforts primarily to freedom and security of investments...' (p118) In this way, Britain and the US would act 'as the leading channels for a finance' which would

'become continually more cosmopolitan ['transnational', in modern parlance], so far as the ownership of the capital is concerned. Thus, we recognise how, in the relations between advanced and backward nations, the possession and utilisation of capital, placed by members of the former in the countries belonging to the latter, makes more for peace and good government in proportion as the finance grows more distinctively international.' (p118)

On the basis of the internationalisation of capital, imperialism would change its character completely. In place of the old rivalries, there would be co-operation and harmony among the great capital exporting nations. Peace was therefore possible on an imperialist (and not just a capitalist) foundation, provided the poor countries fell into line.¹¹⁶

¹¹⁶ This was the same Hobson who in 1902 branded the US invasions of Cuba and the Philippines as predatory. The real force behind those invasions, Hobson argued, were the financial oligarchs, profiteers who were both enriching themselves at the expense of the

Again and again, Hobson returned to the question of how so-called 'aberrant states' should be dealt with under a regime of 'mild imperialism'. Global prosperity and peace would be assured, he maintained, only if the backward nations were to accept the US's authority. Latin America's ill-governed states must refrain from pursuing nationalistic objectives, as well as overcome 'political corruption and revolutionary violence'. (p130). Should they fail to do so, the US, as the 'hegemonic' force in the region, would be perfectly justified in bringing them to heel, if necessary by violent means. By keeping the peace in this way, the US would be acting both in its own interests and in those of **all** capitalists, including the Latin American ones. (p113-4)

[Blush, blush!]

A shift in emphasis

At no time did Hobson repudiate his notion of 'mild imperialism'. When WWI broke out, he continued to call for the creation of a global police force for promoting inter-imperialist peace and holding oppressed countries in check. He stated, in 1915:

'... just as antagonisms within capitalist nations could be overcome by state action overriding the sovereignty of the individual, similarly at the international level a supra-national body could override national sovereignty and enforce collective rules and decisions by the use of military or economic sanctions.'¹¹⁷

By now, however, as the above quotation indicates, Hobson had dealt with the question of global superintendence in general terms only, refraining from assigning a 'hegemonic' role to a particular country. The reason why he adopted this cautious approach is not difficult to grasp. During the early phases of the war, Germany revealed that it was an immensely powerful country, one that would definitely not permit Britain or any other power to appropriate for itself the signboard of 'hegemon'. Leading sections of the German ruling class were confident that they could dominate the whole of Europe (and much of the world beyond) without sharing 'hegemonic' responsibilities with anyone. The representatives of this current within the socialist movement were the extreme right-wing Social Democrats, whose foremost theoretician was Paul Lensch. This vile traitor to socialism declared that a victorious Germany

taxpayers and imperilling the lives of ordinary citizens. ('Imperialism: A Study', Part I, Chapter IV, by John A. Hobson, James Pott, New York, 1902; emphasis added.

[www.econ.ib.org.library/YPDBooks/Hobson/hbsnImp5.html])

¹¹⁷ 'Towards International Government', by J. A. Hobson, Allen and Unwin, 1915, pp137-42, in 'John Hobson, Thorstein Veblen and the Phenomenon of Imperialism: Finance Capital, Patriotism and War', by Stephen Edgell and Jules Townsend, *American Journal of Economics and Sociology*, Vol 51, No 4, October 1992, p408.

'will become a world historical nation, because her **special** interests are at the same time the **general** interests of progress and historical development. ... Liberation from the yoke of the English world domination is not merely a concern of Germany; it concerns all nations. All the nations suffer under it; all have an interest in its overthrow; but none of them have had the strength to effect it. But Germany has this strength.'¹¹⁸

In other words, Germany's military victory would signify the ultimate triumph of progressive capitalism globally, since Germany's **particular** interests coincided with the interests of capital **in general**. Wary of the incendiary nature of Lensch type arguments, Hobson moderated his views, confining himself to soothing generalities about the need for global governance.

Global superintendence in its institutionalised form

By the end of the war, it had become apparent to all but the blinkered that Britain's imperial star was rapidly waning and that the pursuit of a predatory policy towards Germany (as reflected in the Treaty of Versailles) was folly in the extreme. Accordingly, Hobson stressed the importance of the **institutional** side of global governance, calling for the formation of a great league of nations for which all the capitalist powers would be jointly responsible. Such an arrangement, he confidently predicted, would allow the advanced capitalist countries to take part, on an **equal** footing, in the 'profitable development' of the 'backward dependent countries', and hence would put an end to 'the feelings of suspicion, jealousy, and resentment' which had so far marred 'the policy of imperialistic competition'. He continued:

'The system of Mandates established under the Covenant of the League of Nations, though unsatisfactory in its origin and in its partial application, is a beginning of the internationalisation of opportunity in backward countries which is a basic condition for a world economy.'¹¹⁹

The system of mandates to which Hobson referred was a parasitic, racist, anti-democratic and barbarous system, worthy of the support of the defenders of Britain's 'mild imperialism'.

Throughout the inter-war years, Hobson continued to call for the creation of a 'world government' whose chief task would be 'to get down the barriers to free economic intercourse and to meet the demands for equal access to raw material.' Such a government implied

¹¹⁸ Quoted in "'Radical" Imperialists within German Social Democracy, 1912-1918', by Abraham Ascher, *Political Science Quarterly*, Vol 76 No 4, December 1961, p572; emphases added. In its essentials, Lensch's standpoint bears a striking resemblance to Anderson's.

If Lenin could dub Lensch's 'theory' of imperialism 'a model of grovelling, chauvinist blather' (39\325), we can imagine what he would have made of Anderson's 'Force and Consent' article.

¹¹⁹ 'The Evolution of Modern Capitalism' by J.A. Hobson, Fourth Edition, 1926, Allen and Unwin, 1965, pp492-3.

‘the surrender of important elements of sovereignty by individual States. So long as internationalism has no super-sovereignty over nationalism and no power to enforce the international will, the equality of economic opportunity needed for a secure peace is unattainable.’

As Hobson saw it, the chief cause of world wars was the lack of ‘fair play’ among the great powers. Once these powers had established the requisite global force for opening up the ‘backward countries’ for investment by the finance capitalists, peace and prosperity would prevail.¹²⁰

Following the great depression and Hitler’s rise to power, Hobson continued to dabble in meaningless generalities about ‘super-sovereignty’, but only because he was reluctant to inflame an already inflammable situation. A remilitarised Germany was brashly displaying its might for all to see, sending shivers down British spines. And besides, a good many supporters of the British Empire were hoping that Hitler would turn against the Soviet Union and destroy Britain’s socialist foe. A policy of appeasement (or, more accurately, of collaboration) was thus the preferred option. Under these circumstances, Hobson was reluctant to elevate a particular country to an exalted ‘hegemonic’ position.

The outbreak of war finally shattered the prospects for an international government which Hobson and other liberals had been advocating since 1915. Although Hobson died a few months after the Nazis invaded Poland, the friends of ‘peace’ in the Anglo-American camp were quick to adopt his 1911 perspective. Given the fact that Britain was no longer the super-power it had once been, they had few qualms about calling on the US to play the leading role in the reconstruction of a ‘new’ and ‘better’ post-war world. Thus General Smuts, an inveterate racist and Anglo-American lackey of the first water, wrote:

‘I feel convinced that the United States of America, in abandoning the League of Nations to its fate, after taking part in its foundation, helped to pave the way for the world which is now devastating Europe and into which she will herself inevitably be drawn. Great is thus her responsibility for the world situation of today... She has her share of responsibility for the past; she has an even greater responsibility for the future. Her unique position in the world, her vital stake in the issues in dispute, dangers which face her also in a world in chaos – all these considerations place a heavy duty on her in this matter of world organisation. ... In that common world authority **America must play a leading part.** ... [J]ust as world organisation is essential, America’s membership in such an organisation is

¹²⁰ Confessions of an Economic Heretic, by J.A. Hobson, George Allen & Unwin, 1938, pp110-112. Throughout this work, Hobson repeatedly used expressions like ‘freedom’, ‘fairness’ and ‘equality’. But these were mere words, calculated to sweeten Britain’s plunder of oppressed peoples.

no less essential. She holds the key. Let her use it, and open the door through which the world can escape from chaos and suffering.¹²¹

[Are you still with us, Mr Panitch?]

After WWII, when it became clear that Germany and Japan would cease to be major powers for a good many years to come, the representatives of Anglo-American imperialism changed the terms – but only the terms, never the substance – of Lensch’s social-chauvinist rant. The US state, they said, is uniquely suited to the role of global ‘hegemon’ because (to borrow from Lensch) **her special interests are at the same time the general interests of progress and historical development**. The European financial oligarchy, now a broken reed, referred to this global dispensation as ‘imperialism by invitation’, in deference to the Americans, who held the international purse strings firmly in their grasp. Very quickly (and conveniently) everyone forgot that America was able to carry out its ‘hegemonic’ tasks because the Soviet Union had smashed the Nazi state to smithereens, and because the Chinese people, under the leadership of the Chinese Communist Party, had so pinned down and harried Japan’s fascist troops (**one and a half million of them**) that America could emerge from the turmoil of war relatively unscathed, more powerful than ever before.¹²² This was the context in which the US ushered in the so-called post-war boom, of which our labour aristocrats and privileged petty-bourgeoisie are so enamoured. From then on it was only a matter of time before ‘socialists’ would give the notion of ‘hegemony’ its socialist gloss. Except that this time they would do so by presenting their pretentious prattle as if it were something new.

But there was nothing new in what they had to say.

2. Kautsky’s ‘hegemonic’ twists and turns

As noted, Panitch and Gindin chided Kautsky for not prostrating himself sufficiently before the mighty US. They wrote:

‘...had Kautsky put greater stress on his earlier perception (in 1911) that “the United States is the country that shows us our social future in capitalism”, and discerned the capacity of the newly emerging informal American empire for eventually penetrating and coordinating the other leading capitalist states, rather than anticipating an equal alliance amongst

¹²¹ ‘Plans for a better world’, by J.C. Smuts, Hodder and Stoughton, 1942, pp280-1; emphasis added. Had Smuts spoken of America’s ‘hegemonic’ rather than ‘leading’ role, he would have passed for a learned socialist of the Leo Panitch type.

¹²² If readers regard this figure as just another statistic, they should consider the fact that the combined number of American troops in Iraq and Vietnam never amounted to more than half the number of Japanese troops in China. If the Iraqi resistance can do immense damage to the US by combating 140,000 American troops, imagine the damage that the Chinese people inflicted on Japan when, over half a century ago, they resisted and finally drove out 1,500,000 Japanese troops.

them, he might have been closer to the mark in terms of what finally actually happened after 1945.¹²³

It is not clear why Panitch and Gindin placed 1911 in parentheses. Did they do so because that year holds special interest for them, or were they simply seeking to round off their analysis tidily, in true scholastic fashion? Either way, they revealed their complete ignorance of Kautsky's twists and turns, for in 1911 Kautsky was a confirmed 'hegemonist', though in the European rather than American mould. Later, when war broke out, he abandoned the notion of 'hegemony' in favour of the single world trust idea. Still later, towards the end of WWI, he advocated a system based on 'an equal alliance' amongst the imperialist powers. And then, following Germany's defeat, he reverted to his 'hegemonic' outlook, this time calling for the creation of an 'informal American empire'. In short, he pursued a zigzag course, continually shifting his allegiance from one system of global superintendence to another. What follows is a brief account of his ideological meanderings.

Reactionary pan-Europeanism dressed up as Marxism

In 1911, in an article written in support of the demands for 'disarmament' and 'a guarantee of the world's peace', Kautsky gave a clear indication of where he stood on the question of global governance.¹²⁴ Revealing his newly acquired capacity for reconciling Marxist phrases with opportunism, he outlined his views as follows: In the 18th and 19th centuries, capitalist states emerged as a progressive force, sweeping aside the old feudal relics and facilitating the ascendancy of industrial capital. However, what was true of the past was no longer true of the present. 'Industrial capital' had become 'finance capital,' uniting itself with the most reactionary and war-mongering elements in society.¹²⁵ What prevailed in Europe in 1911, therefore, was not a genuine peace, but an 'armed peace', a 'peace by means of a competition of armaments'. In contrast to the previous period of free-trade capitalism, the European powers were now squandering their limited resources on a dangerous and costly arms race. This race was assuming 'the most crushing dimensions', increasing the proletariat's cost of living and imposing enormous tax burdens on the industrialists. For this reason, the 'dislike of war' was rapidly growing 'not only among the masses of the people, but also among the ruling classes'. However, so long as the nation state system continued to exist, calls for international arbitration and peaceful co-existence would have little impact. What held for relations *within* states (the existence of the rule of law, non-violent competition among capitalists, etc.) did not hold for relations *between* states. The 'mistrust and jealousy between the capitalists of various nations' would never disappear of their own accord. Until

¹²³ 'Global Capitalism and American Empire', by Leo Panitch and Sam Gindin, p8.
[www.nodo50.org/cubasigloXXI/congreso04/panitch_060404.pdf]

¹²⁴ 'War and Peace', by Karl Kautsky, in Justice, April 1911.
[www.marxists.org/archive/kautsky/1911/04/war1911.htm]

¹²⁵ Ibid.

such time as the world's capitalists came under the authority of an all-powerful global state, national interests would always assert themselves over the international requirements of capital accumulation. Without the necessary 'forcible means' peace would remain a well-meaning but pious wish. For this reason ... [here it comes, dear readers] ... 'a union of the States of European civilisation', though not in itself a socialist demand, would be a welcome advance, enabling the great powers to undertake disarmament and engage in free trade. He amplified:

'For a lasting duration of peace, which banishes the ghost of war forever, **there is only one way to-day**: the union of the states of European civilisation into a league with a common commercial policy, a league parliament, a league government and a league army – the formation of the United States of Europe. Were this to succeed, then a tremendous step would be achieved. Such a United States would possess such a superiority of forces that without any war they could compel all the other nations which do not voluntarily join them to liquidate their armies and give up their fleets.'¹²⁶

Kautsky did not explain **how** a United States of Europe would compel other states to liquidate their armies? Had he done so, he would have been forced to concede that a pan-European state could achieve its disarmament goals in one of two ways – either by waging wars of **conquest** against 'aberrant states' or by instilling in them the **fear** of conquest. There was no other way in which disarmament could take place on a capitalist foundation. The notion of 'non-violent compulsion' was a deception. As the US repeatedly demonstrated, the issuing of threats of violence were themselves acts of violence, even if they did not involve the use of violence.

The US shows the way forward

As an opportunist, Kautsky was a great admirer of the way in which the US asserted its authority over other states. The US had threatened Latin American countries with invasions on many occasions, often securing a victory without having to fire a single shot. (In the *lingua franca* of our modern age, Kautsky had 'discerned the capacity of the newly emerging informal American empire for penetrating and coordinating other capitalist states'.) The organisation of the US's military machine, particularly of its naval forces, was designed precisely to frighten Latin American states into submission. There was a close correlation between the appearance of US battleships along Latin America's shorelines and the US's financial exploits in the region. When the US imperialists imposed their usurious deals on Latin American countries, the US military would hover in the background, until such moment as a financially burdened government failed to organise its affairs properly (that is, failed to facilitate the transfer of super-profits to the US). When that happened, the military would launch a pre-emptive strike

¹²⁶ Ibid.

against the 'failed' state and then refashion its political superstructure in accordance with US interests. Once the required flow of super-profits to the US had been restored, the military would depart, leaving behind a military base or two, together with an 'independent' but pliant ruling-class. Should a 'failed' state be so bold as to promote indigenous economic development - as Germany, Japan and the US had done during the period of British imperialist dominance – America's combat troops would move in quickly for the kill, thwarting the oppressed's developmental efforts. And should the downtrodden masses dare to assert themselves, should they demand, even from a bourgeois-democratic standpoint, civilised norms, all hell would break loose, with the US military intervening decisively to crush any displays of popular independence. As Theodore Roosevelt boasted in his Annual Message to Congress in 1904:

'If a nation shows to act with decency with regard to industrial and political matters, if it keeps order and pays its obligations, then it need fear no interference from the United States. Brutal wrong-doing, or an impotence which results in a general loosening of the ties of civilized society, may finally require intervention by some civilized nation, and in the Western hemisphere the United States cannot ignore the Duty.'

Anticipating the standpoint of our modern-day hegemonists, Roosevelt went on to state that, if the US were to carry out its civilising missions abroad, it would do so as 'an international police power' and not as a predator.¹²⁷

So at the same time as the European powers were engaged in the risky business of politically annexing and permanently occupying other countries, the Americans perfected the art of **military interventionism**, a form of domination indispensable for the holding of independent countries in economic servitude. In the space of two decades, between 1890 and 1910, well before the outbreak of WWI, the US intervened militarily in Argentina, Chile, Guam, Haiti, Hawaii,

¹²⁷ 'The President's Annual Message', 7 December 1904, quoted in 'Supersanctions and Sovereign Debt Repayment', by Kris James Mitchener and Marc D. Weidenmier, Working Paper 11472, National Bureau of Economic Research, June 2005, pp15-16, [www.nber.org/papers/w11472] See also their 'Carrots for Bondholders and a "Big Stick" in Latin America', pp1-23. Those who believe that the US's conduct at the turn of the last century has little bearing on contemporary issues should study the writings of Mitchener and Weidenmier carefully. These apologists of US imperialism seek to prove that military harassment (as opposed to outright invasion) was an extremely effective 'coercive mechanism' for frightening bankrupt nations into settling their debts. The conclusions they draw are as brash as they are chilling: 'Contrary to what other scholars have suggested, we find that supersanctions [the imposition of foreign financial controls and gunboat diplomacy] were an effective enforcement mechanism that was employed nearly 30 percent of the time after sovereign debt default, and on more than 40 percent of all defaulted debt from the gold standard period [1870-1913]. The use of gunboats or financial "house arrest" had a significant impact on the reputation of sovereign debtors in the London capital market and appears to have deterred future default.' (p26) While Anderson maintains a discreet silence about US imperialism's birth, avowed reactionaries are favourably reviewing America's past, especially the old 'coercive mechanisms' for regulating foreign debt defaults. American reactionaries have a keener grasp of history than our learned 'socialists' do.

Nicaragua (six times), China (twice), Cuba (twice), Dominican Republic, Honduras (twice), Korea (twice), Panama (three times), Puerto Rico, Philippines and Samoa.¹²⁸ This thieves shopping list excluded the many occasions when the US achieved its objectives merely by sending its naval flotilla into local waters while 'financial negotiations' were taking place. A single warship cruising Latin American waters was often sufficient to scare defaulters into settling their debts. However, for this 'debt collection tactic' to work, the US had to invade financially bankrupt countries from time to time, and to this end it would make use of entire fleet formations, the combined power of which was formidable. Thomas C. Walker, a liberal historian, wrote:

'From 1897 to 1910, the United States Navy increased from 141 vessels to 371. While a significant proportion of this force was based in the Pacific, the United States could assemble an overwhelming naval force in the Caribbean. The display of American naval might during the Venezuelan [Debt] Crisis of 1902-1903 served as a none-too-subtle reminder to both regional and global powers of American naval supremacy in the region. Simply put, no regional naval force could mount a challenge to the American navy in the Caribbean. ... The unrivalled military superiority held by the United States in the Caribbean may well be the best example of absolute hegemony in recent international politics.'¹²⁹

By **terrorising** poor countries, either by sending in combat troops or by threatening to do so, the US signalled its determination to stamp out anti-imperialist resistance, as well as to assert itself over its imperialist rivals. In this respect, the US had indeed shown the European powers the way forward, as Kautsky well knew.¹³⁰

Kautsky draws the appropriate lessons

Kautsky's allusions to the US's pioneering efforts in 'penetrating' neighbouring countries were not offered deferentially (as Panitch and Gindin seem to think), but to indicate Europe's own long-term goals. As Kautsky saw it, Europe should rise to become a global power in its own right, without having to submit to the

¹²⁸ 'A Century of U.S. Military Interventions', by Zoltan Grossman, 2001.
[www.zmag.org/CrisesCurEvts/interventions.htm]

¹²⁹ 'The United States Navy in the Caribbean, 1903-1920', by Thomas C. Walker, p4, p6.

¹³⁰ In his writings on imperialism, Lenin drew a clear distinction between colonies and dependencies. A **colony** is a country which has been **politically annexed** to an imperialist power, whereas a **dependency** is a **politically independent** country which has been **economically annexed** to one or more of the powers. From the very start of the imperialist epoch, big finance capital established its domination over a number of countries without annexing them politically. 'Economic "annexation"', Lenin wrote, 'is fully "achievable" without political annexation and is widely practised.' (23\44)

For Lenin, the US was a prime example of a country that practised 'economic annexation' on a massive scale. In 1920 he stated: 'America is strong; she is everybody's creditor and everything depends on her; she is being more and more detested; she is robbing all and sundry and doing so in a unique fashion. **She has no colonies.**' (31\448; emphasis added)

dictates of others. Once the Europeans had overcome their internecine antagonisms, they would be able to unify the European market and streamline their armed forces, **just as the Americans had done in relation to their own continent**. With a 'league army' and a 'league government' at their disposal, the Europeans would be able to counter US supremacy, while at the same time making the 'backward' countries safe for European investors. Far from looking forward to the creation of a world order based on US 'hegemony' or inter-imperialist 'equality', Kautsky and his fellow centrists viewed Europe as the rightful heir to the role of global superintendence.

Exactly what Kautsky had in mind when he proposed the formation of a powerful pan-European state became clear when a number of reactionaries expressed concern about his radical sounding speeches on 'disarmament'. Thus, in 1912, when a Colonel A. Keene complained that German disarmament would undermine the country's far flung interests abroad, Kautsky assured him that it would not. The type of disarmament to which socialists were committed, Kautsky explained, would hardly cause 'the peoples of Asia to rise to obtain their complete independence of Europe.' When, therefore, he used the term 'disarmament', he did not expect it to be interpreted in such an **extreme** way, '**in its literal sense**.'¹³¹ He continued:

'Disarmament ... by no means prevents capitalist nations from opening up for themselves the lands of the Far East. The German Empire, for instance, has to-day 600,000 soldiers in its standing army. If this number were reduced to 300,000 that army would still be four times the size of that of the United States; **and the United States are strong enough to-day to play a very energetic part in the opening up of Eastern Asia for the purposes of capitalism**.'¹³²

Georg Ledebaur, a leading SDP centrist and one of Kautsky's closest collaborators, was equally frank. Casting his fretful gaze in the direction of the US (which had by now become the world's most powerful capitalist country), he declared, in a speech in the Reichstag:

'We support all efforts which aim at getting rid of threadbare pretexts for the incessant war armaments. We demand the economic and political union of the European states. I am firmly convinced that, while it is certain to come during the period of Socialism, it can also come to pass before that time, that we will live to see the United States of Europe, **as confronted at present by the business competition of the United States of America**. At least we demand that capitalist society, that capitalist statesmen, **in the interests of capitalist development in Europe itself**, in order that Europe will later not be completely submerged

¹³¹ 'Disarmament and Colonial Policy', by Karl Kautsky, in Justice, June 1912; emphasis added. [www.marxists.org/archive/kautsky/1912/06/colonialpol.htm]

¹³² Ibid.

in world competition, prepare for this union of Europe into the United States of Europe.¹³³

Rosa responded brilliantly, attacking Kautsky and Ledebaur for advocating a policy which, if implemented, would signify, not the birth of something new and wholesome, but '**an imperialist abortion**'. She added:

'Every time that bourgeois politicians have championed the idea of Europeanism, of the union of European States, it has been with an open or concealed point directed against the "yellow peril", the "dark continent", against the "inferior races" ... And now if we, as Social Democrats, were to try to fill this old skin with fresh and apparently revolutionary wine, then it must be said that the advantages would not be on our side but on that of the bourgeoisie. Things have their own objective logic. And the solution of the European union within the capitalist social order can objectively, in the economic sense, mean only a tariff war with America, and in the political sense only a colonial race war. The Chinese campaign of the united European regiments, with the World Field Marshal Waldersee at the head, and the gospel of the Hun as our standard – that is the actual and not the fantastic, the only possible expression of the "European State Federation" in the present social order.'¹³⁴

The centrists never spelt out concretely how the USA and USE would co-exist in a world managed in accordance with the gospels of the Hun and the Yankee. Would these two titans assume joint responsibility for peacefully 'penetrating' the world's states, or would they fight to the finish to see which power would reign supreme? And if they adopted the former course, how would a 'dual-hegemony' work? The centrists did not answer these questions; in fact, they did not even pose them. Events had a habit of overtaking their splendid theories.

'Things have their own objective logic'

When war broke out, Kautsky carefully avoided all references to 'hegemonism'. That is to say, he opposed the anti-war movement, shamelessly and vehemently, but distanced himself from the social-chauvinists, those who called on Germans

¹³³ Speech in Reichstag, April 1911. Quoted in 'Peace Utopias', by Rosa Luxemburg, in *Leipziger Volkzeitung*, May, 1911; emphases added.

[www.marxists.org/archive/luxemburg/1911/05/11.htm]

¹³⁴ 'Peace Utopias', *ibid*, emphasis added. [www.marxists.org/archive/luxemburg/1911/05/11.htm]

According to Lenin, a 'United States of Europe' under capitalism would inevitably constitute a reactionary force, enabling the European imperialists, together with their opportunist backers, to live on 'the backs of Asia and Africa'. (23\110) Now that the European Union has come into existence, it is important for Marxists to denounce the Union's **already existing predatory policies**, rather than speculate about a united Europe's 'future' character. A number of socialists have already begun to carry out an analysis along these lines, providing us with many valuable insights. (See, for example, Alan Freeman's excellent review of Guglielmo Carchedi's pioneering work, 'For another Europe: A Class Analysis of European Economic Integration', in *Historical Materialism*, Volume 14, No 1, 2006, especially pp289-90.)

to inflict a decisive defeat on the Russians, British and French. The workers in each country, Kautsky insisted, were duty bound to defend their fatherland, but without seeking an outright victory. As he put it a few weeks after the outbreak of hostilities, 'true internationalism' consists in the right of everyone to defend his fatherland being recognised for the socialists of all nations, 'including those who are at war with my nation.'¹³⁵ While peddling this convoluted claptrap (what Lenin termed 'saccharo-conciliatory chauvinism'), Kautsky advanced his 1914 theory of 'a single world trust', filling the workers with false hopes about a war-free future under capitalism. In terms of Kautsky's latest analysis, the question of 'hegemony' had ceased to be of relevance. Under the rule of a globally united bourgeoisie, there would be only one state, a single world state.

With the aid of his 1914 theory, Kautsky was able to call on the workers both to fight for their fatherland and to refrain from identifying openly with any of the imperialist powers. This was the most the German imperialists could ask of Kautsky, whose principle task at that critical moment was not so much to infuse the workers with the war spirit as to divert them from their revolutionary goals. His theory thus complemented Lensch's perfectly. While Lensch called for a complete German victory (in accordance with the doctrine of 'hegemonic ultra-imperialism'), Kautsky momentarily, but successfully, immobilised the socialist movement as an organised fighting force. On August 4, the German Socialists and Nationalists fused into one. These two counter-revolutionary currents peddled arguments which, for all their differences, suited the Kaiser perfectly.

But events soon took a dangerous and unexpected turn. Despite the opportunists' counter-revolutionary efforts, increasing numbers of workers adopted a critical attitude towards the SDP's pro-war stand. In addition, the course of the war revealed that Germany was unable to achieve a decisive victory. The centrists now had to tread very carefully, lest the broad masses of workers turn against them in disgust. To advance 'hegemonist' type arguments under these circumstances would be to stoke the flames of militarism, and hence to give credence to the revolutionary Marxists, who were rapidly regaining lost ground. Mid-way through the war, elements within the German ruling class, realising that German 'hegemony' was not a real option for them any longer, came out in support of the idea of an imperialist brokered peace. Accordingly, bourgeois liberals began to speak of the global economy's 'co-ordination problem', but in vague and cosmopolitan terms. Joseph Schumpeter, in his major work on imperialism, stated:

'In a genuine state of free trade, foreign raw materials and foodstuffs are as accessible to each nation as though they were within its own territory. Where the cultural backwardness of a region makes normal economic intercourse dependent on colonization, it does not matter, assuming free trade, which of the "civilized" nations undertakes the task of colonisation.

¹³⁵ Quoted in 21\219

Domination of the seas, in such a case, means little more than a maritime traffic police.¹³⁶

The idea that 'domination of the seas' can be anything other than self-seeking, predatory domination is a bourgeois idea, one that persists to this day. In 1914, it mattered very much which country played the role of 'maritime traffic police', which was why the imperialists went to war in the first place. By 1916, however, sections of the German ruling class and their liberal backers had come to the view that Germany should cease to pursue 'hegemonic' objectives and endeavour instead to reach some accommodation with the other powers. Hence Schumpeter's call for the creation of a 'maritime traffic police' whose national identity he tactfully refrained from specifying.

Germany's waning power did not prevent the centrists from attempting to rekindle the idea of pan-Europeanism from time to time. As long as they steered clear of the notion of **German** 'hegemonism', they were not in any danger of alienating the French and British imperialists. Thus Bauer could comfortably state:

'What was effected by the establishment of an ordered system of courts and administration within the European countries, is now being accomplished everywhere by modern militarism and marinism. The navies of the European powers are so to speak the world police, which everywhere establishes the requisite legal conditions for the investment of European capital.'¹³⁷

As for Kautsky, he again played an indispensable role in holding the revolutionary forces in check. As the war drew to a close, workers went on strike in large numbers, as well formed soviets in the major cities, bringing Germany to the brink of a socialist revolution. To meet this new challenge, Kautsky toned down his arguments about a single world trust and European 'hegemony', this time placing special emphasis on the role of global institutions for achieving world peace. In particular, he called for the formation of a United Nations type organisation for which the powers would be jointly responsible.

Constrained by his class collaborationist standpoint, Kautsky had no choice but to champion the idea of the equality of nations. Had he adopted any other perspective, he would have found himself at odds with the friends of 'peace' in the bourgeois camp, as well as enhanced the standing of the revolutionary Marxists, who were preparing the masses for insurrectionary struggle. At this critical juncture, Kautsky's task was to demonstrate that peace was achievable, not in the future, not by means of some ill-defined single world trust, but immediately, on the basis of a negotiated settlement between the warring powers. The sooner the conflict was brought to an end and the **status quo**

¹³⁶ 'Imperialism', by Joseph Schumpeter, Meridian Books, 1955, pp75-6.

¹³⁷ Die Nationalitaetenfrage und die Socialdemokratie, 1917, quoted in 'Marxism: An Historical and Critical Study', by George Lichtheim, Routledge and Kegan Paul, 1964, p309.

restored, the better for all, Kautsky reasoned. Accordingly, he advocated 'the peaceful union of equal nations under imperialism', uttering 'stereotyped phrases against annexation and in favour of the equality of nations in general'. (22\147)¹³⁸ This was the Kautsky to whom our modern-day 'hegemonists' refer when striking their pseudo-critical pose.

When the centrists spoke of the 'equality of nations' they did not expect the term to be interpreted in its literal sense. Rather they intended to convey the idea, the very nuanced and sophisticated idea, that some nations were more backward than others. In 1919, at the Amsterdam Congress of the Second International, Hugo Haase, Kautsky's close comrade-in-arms, called for an 'alliance of nations' for achieving global stability **and administering the colonies** (in the interests of the colonies, of course).¹³⁹

Although the centrists remained firm in their opposition to revolutionary Marxism, the post-war realignment of imperialist forces prompted them to undergo yet another 'change of mind'. With the emergence of the US as the undisputed power-house of the capitalist world, the time had come for the centrists to resurrect their theory of 'hegemonic ultra-imperialism'.

Back to 'hegemony'

After the war, the SDP centrists took greater care than ever before to avoid all references to German or European 'hegemony'. In addition to promoting the idea of inter-imperialist harmony, they supported their government's efforts 'to secure the mediation of the United States between Germany and the Entente'.¹⁴⁰ The Treaty of Versailles, which the vengeful British and French had imposed on Germany, was fast reducing the country to the level of a colony. The immediate post-war German governments, therefore, had little choice but to turn to the US for relief, especially for loans and investments. Without such assistance, the economy, and with it the labour aristocracy, would disintegrate. Even social-chauvinists like Heinrich Cunow, a one-time champion of German 'hegemony', looked upon the US in a favourable light, as the country that would set about 'rehabilitating Germany'.¹⁴¹ The US imperialists adopted the role of global superintendent with gusto, doing enough to keep Germany afloat but without setting themselves adrift from their French and British allies. What placed the US above 'the ruck of its rivals' was the invincibility of its armed forces, the robustness of its economy and the craftiness of its diplomacy. The US ruled by

¹³⁸ 'The petty bourgeoisie ... believe in "peaceful" capitalism. That is the exact nature of the utopia of a peaceful union of equal nations under imperialism which deceives the people and which is defended by Kautsky's followers. The programme of social-Democracy, as a counter-balance to this petty-bourgeois, opportunist utopia, must postulate the division of nations into oppressor and oppressed as basic, significant and inevitable under imperialism.' (22\147)

¹³⁹ 'The International at Amsterdam', by Hugo Haase, in *Freiheit*, May 4, 1919, quoted in 29\400.

¹⁴⁰ 'The German Socialists and the Foreign Policy of the Reich from the London Conference to Rapallo', by William Maehl, in *The Journal of Modern History*, Vol. 19, No 1, March 1947, p37.

¹⁴¹ Ibid.

the gun, the dollar and guile. Clearly, a dress-rehearsal was being played out here.

In this new situation, Kautsky continued to express a belief in the importance of international institutions for achieving world peace, but stressed that they would be of little value if not reinforced by 'the strength of America' and 'American arms'¹⁴² However, it was not just America's military prowess that was of critical importance. The country's 'industrial methods' and commitment to progressive 'political principles' made the American ruling class the world's natural leader, the 'enemy of imperialism and finance capital'. Accordingly, Kautsky welcomed 'the victory of American arms', arguing that a post-imperialist capitalist epoch was about to dawn. In a word, he looked forward to the 'increasing Americanization of the world'.¹⁴³ As Salvadori noted:

'Kautsky's hopes were thus founded on a *pax americana*, which would usher into Europe both ultra-modern productive methods and a more advanced political democracy, together with the guarantee of a League of Nations. The old imperialist wolves of Europe would finally have to yield to a capitalism of a different type, accepting an advanced democratic framework which in European historical and political conditions would favour the action of the socialist proletariat.'¹⁴⁴

[No, Mr Panitch, you may not leave the room.]

Following the onset of the great depression and, still more menacingly, Hitler's rise to power, Kautsky became an ardent supporter of the US imperialists, slavishly calling on them to 'take the lead' in refashioning a new world order.¹⁴⁵ By now Germany's imperialists had destroyed the country's labour aristocracy, leaving the opportunists with little choice but to pay homage to the US, then the world's most powerful custodian of the imperialist loot.

Throughout his years as an opportunist, Kautsky vacillated immensely in his characterisation of the nature of global superintendence. First he championed reactionary pan-Europeanism, then he looked forward to the advent of an all-powerful global state, then he sang the virtues of inter-imperialist equality, then he prostrated himself before the mighty US. And all this in the space of nine years!¹⁴⁶

¹⁴² 'Die Wurzeln der Politik Wilsons', by Karl Kautsky, Berlin 1919, quoted in 'Kautsky and the Socialist Revolution', by Massimo Salvadori, New Left Books, 1979, p322.

¹⁴³ Ibid.

¹⁴⁴ 'Kautsky and the Socialist Revolution', op cit, p322.

¹⁴⁵ Kautsky to Algernon Lee, 8 July, 1935, in 'Karl Kautsky, 1854-1938', by Gary P. Steenson, University of Pittsburgh Press, 1978, p254.

¹⁴⁶ Lenin had no illusions about the US's role in European affairs. Commenting on 'the crudeness of the Americans' rapacious imperialism', he stated, in November 1919: 'The Americans have become so brazen that they are beginning to enslave that "great and free victor", France, who was formerly a country of usurers, but is now deep in debt to America, because she has lost her

There was nothing surprising about Kautsky's swings. Opportunists will always owe their allegiance to a system of 'global co-ordination' that best safeguards their privileges. In the current period, we can expect our own hegemonists to undergo similar twists and turns. Some have already begun to do so, as we shall now learn.

3. A glimpse of things to come

'Hegemonic' absolutes

Prior to the American occupation of Iraq, Negri and Hardt were so certain of the unassailability of their theory of 'Empire' that they presented it in **absolute** terms. They wrote, with a brashness that takes one's breath away:

'We believe ...that it is a grave mistake to harbour any nostalgia for the powers of the nation-state or to resurrect any politics that celebrates the nation. ... [T]hese efforts are in vain because the decline of the nation-state is not simply the result of an ideological position that might be reversed by **an act of political will**: it is **a structural and irreversible process**. ...The globalization of production and circulation, supported by [a] **supranational juridical scaffolding**, supersedes the effectiveness of national juridical structures.' [I ask readers to keep the highlighted expressions in mind for a while.]¹⁴⁷

The Anglo-American invasion of Iraq shattered the Negriite dream, the belief in the existence of a supranational juridical scaffolding. For the first time in many decades, socialists began to witness the beginnings - though no more than the beginnings - of the kinds of inter-imperialist conflicts that had led to the First and Second World Wars. There was, of course, much talk in the media about the 'internationalisation' of the Anglo-American occupation of Iraq, but the imperialists were unable to reach an agreement. By now the divisions in their ranks ran far too deep for them to share in the world's spoils in the old way. In the current phase of international imperialism, the Europeans want something far more substantial and enduring than a slice of Iraqi loot. They want to redress the great imbalance of world power that exists within the imperialist bloc and to this end are aiming at both contesting American might and refashioning Europe commensurate with their economic strength. Although inter-imperialist rivalries have not yet ripened into their fully developed forms, the writing on the wall was

economic strength, and has not enough grain or coal of her own and cannot develop her material resources on a large scale, while America insists that the tribute be paid unreservedly in full. It is thus becoming increasingly apparent that France, Britain and other powerful countries are economically bankrupt.' (30\pp156-7)

¹⁴⁷ 'Empire', by Michael Hardt and Toni Negri, Harvard University Press, 2000, p336; emphasis added.

prominent enough for Negri and Hardt to see. Suddenly, without warning, they abandoned their doctrine of 'Empire'.

Negri and Hardt now maintain that the re-emergence of inter-imperialist rivalry is one of the dominant characteristics of our age. Their new ideological stance, however, is nothing more than a liberal lamentation, a hankering after 'Empire's' mythic past. The US, they insist, has embarked on a foreign policy that is inimical to the interests of the transnational bourgeoisie, and hence also to the interests of the US capitalists themselves. Heaving a great sigh of remorse, they grudgingly concede that the US is now acting as 'an imperialist power along the old European model'.¹⁴⁸

An apparent change of heart

So yesterday there was an 'ultra-imperialist' peace and today there is inter-imperialist rivalry. What the actual **connections** are between these two periods is anybody's guess, for Negri and Hardt maintain a sullen silence on this question. They say nothing, absolutely nothing, about how the former period laid the basis for, and conditioned the development of, the latter. The only explanation they provide is this: Reactionaries have taken hold of the US state and, in pursuit of their selfish interests, diverted international capitalism from its post-imperialist course. Accordingly, every European socialist must become a revolutionary 'realist' and vote in favour of the new European Constitution, as tawdry as that constitution may seem to some. When capitalists the world over have put their house in order, the 'multitudes' can then resume their struggle against the global bourgeoisie and its organs of global rule. In the meantime, they must bend all efforts towards isolating the reactionary Americans, and to this end must unite with the progressive Europeans in their struggle for the restoration of 'Empire'. As Hardt wrote, in an attempt to frighten the European 'multitudes' into collaborating with their own imperialists:

'Once empire is firmly established as the prevailing form of global rule, those who oppose the domination of global elites in the name of equality, freedom, and democracy will certainly find ways to struggle against it. But that does not mean that we prefer imperialism today. We can be confident that in the long run their real interests will lead global elites to support **empire** and refuse any project of US imperialism. In the coming months, and perhaps years, **we may face a tragedy that we read about in the darkest periods of human history, when elites are incapable of acting in their own interest.**'¹⁴⁹

In addition to campaigning for the restoration of 'Empire', all genuine socialists, Negri and Hardt insisted, must continue to oppose national liberation struggles,

¹⁴⁸ 'Global elites must realise that US Imperialism isn't in their interest', by Michael Hardt, *The Guardian*, Wednesday December 18, 2002.

¹⁴⁹ Ibid.

for such struggles are founded upon the preservation of ... [wait for it, dear reader] ... the nation state. In the words of Negri:

'Nationalisms, even and especially those advocated by the Left (found frequently amongst ex-colonial countries or ones that are extremely dependent as in Latin America) represent a great danger, giving rise to the illusion that imperial rule based on capitalist exploitation can be influenced or even beaten at the nation-state level.'¹⁵⁰

So the formation of a reactionary pan-European state is a most laudable task for the European predators to pursue, whereas the struggle for genuine statehood by oppressed peoples is altogether unworthy of proletarian support. Such is the standpoint, the brazenly hypocritical and shallow standpoint of Negri and Hardt in the current period.¹⁵¹

And now that the 'structural and irreversible process' has become reversible, now that the mere exertion of 'political will' by a gang of Bushites has proven sufficient to bring Empire's 'supranational juridical scaffolding' crashing to the ground, Negri and Hardt have taken the next logical step in the elaboration of their doctrine. They have shouted, ever so raucously, ever so indignantly, 'Foul!'

Nasty Americans and good Europeans

The attaching of 'blame' to one or another of the powers in an inter-imperialist conflict follows logically from the denial of the necessity of imperialism. After all, if capitalists have an interest in the maintenance of an 'ultra-imperialist' solution, why should any of them forego the potential profits of capitalist globalization by striking out on their own? Why should any of them jeopardize the conditions of global accumulation by acting unilaterally? Only bad, short-sighted capitalists would put their own narrow interests before those of their brother capitalists, obviously.

For Rosa and Lenin, the raising of the issue of 'blame' during WWI was nothing but a ploy, a smokescreen behind which the opportunists could deceive the workers about the prospects of peace under capitalism. The real 'culprit' was not

¹⁵⁰ 'The Order of War', by Toni Negri, November, 2002. [<http://www.generation-online.org/t/negriwar.htm>]

¹⁵¹ Negri and Hardt would have us believe that the European predators, in pursuit of their pan-European goals, are endeavouring to break free of the nation state system. The exact opposite is the case. As Alan Freeman and Boris Kagarlitsky noted: '...the Europeans are ... busily engaged in constructing all the apparatuses of a nation-state at the European level, including a pan-European military capacity. ... The EEC is not "another" international institution like the WTO; it is an exercise in constructing a new nation-state with an integrated capability to make laws, execute them and enforce them. The fact that European capital seeks a new nation, and not a strengthened non-national transnational policy, speaks volumes for the limits of the existing transnational organisations.' ('World Empire – or World of Empires?', by Alan Freeman and Boris Kagarlitsky, in 'The Politics of Empire', Edited by Alan Freeman and Boris Kagarlitsky, Pluto Press, 2004, p15.)

this or that gang of robbers, but the predatory and parasitic nature of imperialism itself. The war, Lenin wrote

'is not due to malice on the part of capitalists or the mistaken policy of some monarch. To think so would be incorrect. No, this war is the inevitable outgrowth of super-capitalism, especially banking capital, which resulted in some four banks in Berlin and five or six in London dominating the whole world, appropriating the world's funds, reinforcing their financial policy by armed force, and finally clashing in a savage armed conflict because they had come to the end of their free tether in the matter of conquests. ... This issue could only be settled by war. That is why it is absurd to blame one or another crowned brigands. That is why it is equally absurd to blame the capitalists of one or another country. All they are to blame for is for having introduced such a system. ... Who's to blame for banks being set up which handle hundreds of millions of rubles, for these banks casting their nets of plunder over the whole world, and for their being locked in mortal combat? Find the culprit if you can! The blame lies with half a century of capitalist development, and the only way out of this is by the overthrow of the rule of the capitalists and by a workers' revolution.' (24\408-9)¹⁵²

For all their twists and turns, Negri and Hardt have not undergone a change of heart. They have simply awoken from their Kautskyite dream and emerged as Kautskyite realists. They represent **one and the same opportunist tendency**: the advocacy of class collaboration and the renunciation of socialist politics. First they entreated the downtrodden and exploited masses to eschew all involvement in the building of nationally based proletarian parties. Then, in the next breath, they called on the European workers to support the European imperialists in **their** struggle against the American imperialists, conveniently failing to mention that in **this** struggle the imperialists of both camps are not only highly organised **politically**, but also strengthened by their connections to powerful **nation states**. In both instances, the masses are left defenceless, politically and ideologically, forced to fall back on an alliance with a nationally based and predatory bourgeoisie. Negri and Hardt have not changed their minds at all. They have simply revealed their predilection for the **two** sides of **one and the same Kautsky** – Kautsky the **dreamer** and Kautsky the **realist**. 'Je suis un

¹⁵² Rosa wrote: 'In a discussion of the general causes of the war, and of its significance, the question of the "guilty party" is completely beside the issue. Germany certainly has not the right to speak of a war of defence, but France and England have little more justification. They too are protecting, not their national, but their world political existence, their old imperialistic possessions, from attacks of the German upstart. ... Imperialism is not the creation of any one or of any group of states. It is the product of a particular stage of ripeness in the world development of capital...' ('The Junius Pamphlet: The Crisis in German Social Democracy', by Rosa Luxemburg, in 'Rosa Luxemburg Speaks', Edited by Mary-Alice Waters, Pathfinder Press, 1970, Rosa Speaks, pp305-6. See also p323.)

révolutionnaire réaliste' ['I am a revolutionary realist'], Negri now shouts from the rooftops.¹⁵³

Yesterday, Negri and Hardt heralded the advent of a post-imperialist empire, one that was 'hegemonically' superintended by the US (a country that not only 'resurrected the idea of freedom that Europe had lost', but also became 'the only power able to manage international justice in the name of global right.')

Today, Negri and Hardt support a European superintended imperialism, as emphatically as they had supported the American one. And if tomorrow Europe and America temporarily overcome their differences, then Negri and Hardt will go back to sleep, perchance to snore, perchance to dream their sweet dreams of 'Empire'.¹⁵⁴

Other opportunists (notably Anderson, Brenner and Panitch) have held fast to the Kautskyite dream, though we can safely predict that they too will be doused in the cold waters of reality in the near future. Under pressures from a rapidly changing world - with inter-imperialist accord giving way to inter-imperialist rivalry, with Anglo-American imperialism exhibiting signs of extreme decay and senility, with the Iraqi resistance inflicting major blows against the Anglo-American occupation, with attacks on workers' rights and civil liberties intensifying everywhere, and with increasing numbers of Third World countries (e.g., Bolivia, Venezuela and Iran) standing up to international imperialism - under pressures such as these, our modern-day Kautskyites are likely to undergo rapid changes, not so much in their overall orientation as in the way they seek to **preserve** their anti-communist standpoint. What appears to be a complete **volte-face** on the part of Negri and Hardt is nothing but an expression of Kautskyism's elasticity.

The problem with Negri and Hardt's simplistic interpretation of Kautsky's theory of 'ultra-imperialism' was that it provided them with little room for manoeuvring. In the end, they lambasted Bush for undermining an 'Empire' whose durability they had insisted was **irreversible**. Having enjoyed widespread acclaim in petty-bourgeois circles for over a decade, Negri and Hardt emerged with egg on their faces, incapable of explaining, on the basis of their cast-iron theory of 'Empire', how the Americans could have fallen from grace so swiftly and easily. Had Negri and Hardt been a trifle more circumspect, they would have thought twice about conjuring into existence a crisis-free 'Empire'. Evidently, they felt very secure in their privileges when Bush senior launched the first Gulf War.

Anderson and Panitch are in a similar quandary. By endowing the US with 'hegemonic' features that **cannot** be shared by others, they have placed

¹⁵³ 'Oui, pour faire disparaître cette merde d'Etat-nation', by Toni Negri, in *Libération*, 13 May, 2005. [<http://www.liberation.fr>]

¹⁵⁴ The next time around, Hardt and Negri are likely to be a trifle more discreet about how they package their doctrine of 'Empire'. In all probability they will refrain from proclaiming the 'irreversibility' of a post-imperialist order. 'Once bitten, twice shy', as the saying goes.

themselves within the narrow confines of pro-American absolutes. In their scheme of things, the US must either hold the 'hegemonic' ring or allow the world to descend into the abyss of World War III. Socialists, therefore, must uphold the notion of American 'hegemony', otherwise a cataclysmic military conflict will erupt and we shall all perish, or worse still become Bolsheviks. With the obvious re-emergence of inter-imperialist rivalry, Panitch and friends are now faced by an awkward choice: they must either deny reality altogether (and invite ridicule from the centrists and revolutionary Marxists) or emerge with egg bespattered faces, conceding how ridiculous and chauvinistic their original theory was.

Clearly, the opportunists are in need of a new framework of analysis, one that allows for multiple and wide-ranging interpretations. Ideally, such an analysis would enable them a) to undermine, in the name of Marxism, the Leninist theory of imperialism, b) to acknowledge both capitalism's inherent instability and the existence of inter-imperialist rivalry, c) to switch their support from one 'hegemon' to another (in an apparently rational and consistent manner, **sans** egg stains), and d) to bring together, in a grand analytical framework, the assorted strands that make up Kautsky's different theories of 'ultra-imperialism'. David Harvey has endeavoured to fashion such a theory, to the acclaim of all 'left' Social-Democrats, including the SWP.

Before we consider Harvey's brand of Kautskyism, we must turn our attention to the SWP once more, in order to reveal where the organisation stands on the question of 'hegemonic ultra-imperialism'. This is not an academic exercise. Sensing the hegemonists' dilemma, and eager to play a leading role in the massive anti-war movement that sprang up in 2002, the SWP reached out to the likes of Anderson and Panitch. In the process, it attempted to devise a theory of imperialism that would appeal to all socialists, including those on the right and the left. It failed, of course.

Chapter 4

A super-powerful theory

The SWP has not always expressed approval of the theory of 'hegemonic ultra-imperialism', at least not openly. There was a time when it stood valiantly alone in the formulation of its ideas. To understand how the SWP's supposedly Leninist view of the world segued into the theory of 'hegemonic ultra-imperialism', we must consider the organisation's past, the period before it attempted to draw the hegemonists into a grand alliance.

1. Inter-imperialist rivalry of a gentle type

Throughout the period of the Cold War, the SWP and its predecessors, the Socialist Review Group and International Socialists, eschewed anything that smacked of 'hegemonic ultra-imperialism'.¹⁵⁵ Typical of the SWP's radical professions of faith in those days was the following:

'While the planlessness, or competitiveness, or "anarchy of production" within each national sphere has been tempered by government intervention ... anarchy remains very nearly absolute internationally. ... There are no coercive authorities more extensive than the nation state. Internationally, the system still forms in the classic manner ... The void between competitive reality and the illusion of collaboration [among the imperialist powers] is immense.'¹⁵⁶

On the face of it, there was nothing wrong with the above. It was the kind of statement that would provoke howls of disapproval from the hegemonists. As noted, the hegemonists looked upon the US as the guardian of global capital and therefore rejected the idea that 'there are no coercive authorities more extensive than the nation state'. The SWP theorists, however, felt comfortable attacking the Kautskyite notion of inter-imperialist 'collaboration', but only because they had concocted a special doctrine – a kind of ideological wand – for rendering inter-imperialist antagonisms harmless. They called their doctrine the theory of 'superpower imperialism'.

¹⁵⁵ Although the SWP's politics has remained unchanged over the decades, the sign-board under which the organisation operates underwent two stylistic changes: first in 1962, when the Socialist Review Group renamed itself the IS, and then in 1977, when the IS renamed itself the SWP. The Socialist Review Group, which was led primarily by Tony Cliff and Michael Kidron, was formed in 1950. Unless otherwise stated, the designation 'SWP' refers to all three organisations.

¹⁵⁶ 'Western Capitalism Since the War', by Michael Kidron, 1970.
[www.marxists.org/archive/kidron/works/1970/westcap/chap3.htm]

A fearful symmetry

From the end of WWII, right up until the time of the collapse of the Soviet Union, the SWP leaders held fast to the notion of 'superpower imperialism', according to which inter-imperialist rivalry between the Soviet Union and US provided the world with its 'fearful stability'.¹⁵⁷ By means of this theory, the SWP was able to reconcile its use of radical sounding phrases with its reformist practice. As Callinicos wistfully noted, inter-imperialist rivalry in the form of 'superpower imperialism' was a more 'stable' version of the 'old' imperialism, the 'imperialism analysed by Lenin'.¹⁵⁸ Lamenting the passing of the Cold War, Rees nostalgically recalled how the end of WWII had given rise to the 'stability of the bi-polar Cold War', making imperialism much less 'war-prone' than before.¹⁵⁹

And in what did this 'fearful stability' consist? It consisted in the fact that the two dominant 'imperialist' rivals, the Soviet Union and US, had struck an enduring military truce. According to Nigel Harris, inter-imperialist war was **not** an option for the super-imperialists 'for world war could liquidate the territorial rivals altogether'.¹⁶⁰ The conclusion to be drawn from this line of reasoning was clear: If an inter-imperialist war were to break out between the two 'superpowers', it would do so because of the irrational strivings of fanatical politicians and not because of the nature of imperialism itself.

Shorn of its pseudo-Marxist verbiage, the SWP's notion of 'fearful stability' was but a rehash of the doctrine of Mutually Assured Destruction (MAD), espoused by the Cold War warriors. According to that doctrine, a war between the US and the Soviet Union would have let loose the unimaginable destructive power of thousands of nuclear war-heads, assuring the mutual destruction of both powers. For this reason, the Cold War warriors claimed, the arms race contributed towards the establishment of global stability. The line of demarcation separating Cold War apologetics from the SWP's standpoint was exceedingly hazy.¹⁶¹

¹⁵⁷ 'Marxism and imperialism today', by Alex Callinicos', in *International Socialism*, 50, March, 1991, p8; and 'Imperialism, the state and war', by John Rees, in *International Socialism*, 93, December, 2001, p23.

¹⁵⁸ 'Marxism and imperialism today', *ibid*, p8, p28.

¹⁵⁹ 'Imperialism, the state and war', *op cit*, p23.

¹⁶⁰ 'Crisis and the core of the world system', by Nigel Harris, *International Socialism*, No 10, 1980/81, p25, p49.

¹⁶¹ When Europe develops the capabilities for taking on the US, the 'super-imperialists' will behave no differently from the way they behaved during WWI and WWII. As before, they will make use of all the weapons at their disposal in order to determine who will gain control of the imperialist booty. In *Mein Kampf*, Hitler wrote: 'Germany will either be a world power or there will be no Germany.' ('*Mein Kampf*', by Adolf Hitler, Boston, 1943, p654.) When Hitler realised that the Nazi's war effort was a complete failure, he ordered his faithful to raze Germany to the ground. Such was the calibre of the man in whom Germany's financial oligarchs reposed their trust. Should WWIII break out, the representatives of the world's financial oligarchies will reveal the same regard for humanity as Hitler did. Each will declare: 'My country will either be a world power **or there will be no world.**'

An almost Leninist theory

In elaborating their theory of 'superpower imperialism', the SWP theoreticians devised a new type of Leninism, a retroactive Leninism, one that is valid for a period of the past but not the present, never the present. On the basis of their adherence to this brand of Leninism, SWP members could take a radical stand in relation to Lenin's struggle against Kautsky, while at the same time refraining from drawing the appropriate lessons for current struggles. Thus Harman:

'... what concerned Lenin was not just the fact that the ruling classes of the advanced economies exploited the Third World, but that they did so in bitter competition with one another, establishing colonies to keep each other out as much as to exploit the local population. He bitterly attacked the notion that somehow the different capitalist powers could peacefully work together to exploit the Third World jointly. "Inter-imperialist', or 'ultra-imperialist' alliances, no matter in what form these alliances be concluded ... inevitably can only be breathing spaces between wars." And there is little doubt that he was right as regards the history of capitalism until the 1940s. The First Imperialist War was followed by the Second Imperialist War. However, since 1945, things have been rather different. The major western capitalisms ... have not been driven to the "partition and repartition" of the world between them. There may be friction between Europe and America – but it has not led to a third imperialist war. The drive towards war since 1945 has involved the western bloc in conflict with the Russian bloc...'¹⁶²

Harman went on to explain that the two blocs, though locked in a hostile embrace, did not pose a threat to world peace, for the 'drive towards war' was tempered by the imperialists' fear of global annihilation. Thanks to this assessment of international relations, SWP members could enjoy the fruits of imperialist plunder in a cosy frame of mind, as well as explain, from a supposedly 'anti-Kautskyite' perspective, why the great powers had once unleashed the dogs of war on one another. Lenin was right and Kautsky was wrong, in the dim and distant past.

So whereas the hegemonists refused even to hint at the existence of inter-imperialist rivalry, the SWP boldly acknowledged it, but in a consoling manner, resolutely denying the inevitability of inter-imperialist wars. At bottom, therefore, there was little to distinguish between the hegemonists and the SWP. While the hegemonists nestled under the protective wings of the American eagle, the SWP gained solace from the arms race, the 'military competition' between the 'super-imperialists'. From different angles, though with similar objectives in mind, each set of opportunists fashioned a theory in which inter-imperialist wars belonged to the past, could only be a pale memory.

¹⁶² 'Marxist Economics and the World Today', by Chris Harman, in *International Socialism*, No 76, March 1975. [<http://www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm>]

It is important to note here that the SWPs notion of ‘superpower imperialism’ was based on two core theories. One was the theory of ‘state capitalism’, according to which the Soviet Union was capitalist because it was engaged in ‘military competition’ with the West ¹⁶³; and the other that of ‘the permanent arms economy’, according to which, in the words of Alex Callinicos, ‘arms production has a stabilizing effect on the capitalist economy’.¹⁶⁴ Both theories were equally indispensable to the SWP’s notion of ‘fearful stability’. By examining them in detail, we shall go a long way towards understanding why the SWP eventually embraced the hegemonists as comrades.

2. The not so permanent theory of ‘the permanent arms economy’

The sentiment behind the theory of ‘the permanent arms economy’, if not the theory itself, was evident many decades ago. As early as 1913, a year before the outbreak of WWI, a number of SDP deputies expressed a willingness to approve the government’s military budget, not because they were militarists (perish the thought!), but ‘only’ because they wished to safeguard the workers’ living standards and employment opportunities. As long as the propertied classes bore the burden of military expenditures, these opportunists maintained, the SDP should vote in favour of military credits. In arguing thus, they blazed a social-chauvinist trail that would lead to the great betrayal of August 4.¹⁶⁵

The SDP opportunists had not yet developed a theory of ‘the permanent arms economy’. It was left to opportunists in the US and Britain – the two imperialist countries that benefited most from World War II – to argue that armaments expenditure exerted a **stabilizing** influence on the capitalist economy.

The three variants of the theory of ‘the permanent arms economy’

The theory of ‘the permanent arms economy’ originally came in three varieties. T.N. Vance, an American opportunist, put forward one variant, Tony Cliff another and Michael Kidron still another.¹⁶⁶

¹⁶³ ‘Trotskyism after Trotsky’, by Tony Cliff, Bookmarks, 1999.

[www.marxists.org/archive/cliff/works/1999/trotism/ch02.htm]

¹⁶⁴ ‘Trotskyism’, by Alex Callinicos. [marxists.de/trotism/callinicos/5-2_reorient.htm]

¹⁶⁵ See ‘The Triumph of Nationalism in the German Socialist Party on the Eve of the First World War’, by William Maehl, in *The Journal of Modern History*, Vol 24, March, 1952, pp39-40; and ‘German Social Democracy’, by Carl E. Schorske, Harper, 1972, p266. Lenin regarded arguments which presented arms spending in a positive light as nothing but the ‘banalities’ of **pro-imperialists**. (39\203)

¹⁶⁶ Vance initially wrote under the name of Walter J. Oakes

(i) Variant one

Vance first outlined his theory of 'the permanent war economy' in 1944, and then went on to refine it over the next decade, in a series of increasingly reactionary articles. His basic argument was as follows: The armaments industry formed part of the 'waste' sector, since its products did not enter into the circuit of capital. Armaments expenditure, therefore, by slowing down the rate of accumulation, would act as a counter to the tendency of the organic composition of capital to rise, and hence also to the tendency of the rate of profit to fall, the chief cause of economic crises. Striking the correct balance between 'waste' and 'non-waste' production, however, was fraught with difficulties. If too much of the total social surplus-value were diverted into arms production, capital accumulation would eventually come to a standstill. On the other hand, if too little of that surplus-value were diverted into arms production, the accelerated growth would drive down the rate of profit and a recession would follow. Once the correct levels of 'waste' expenditure were maintained, the US would enjoy full employment without experiencing major slumps. In the long-run, however, balanced growth would be impossible to achieve. Since the capitalists' drive to raise the organic composition of capital was an inherent feature of capitalism, the state would have to channel an ever larger proportion of the total social surplus-value into waste production to prevent a fall in the rate of profit. Ultimately, therefore, capitalism was doomed, though for the next few decades at least, Vance assured his American audience, the working class could look forward to full employment and economic growth.¹⁶⁷

(ii) Variant two

When Cliff devised his variant of 'the permanent arms economy', he presented it in a purely Keynesian light, as a means of offsetting the workers' low purchasing power. Not for him were dire predictions about the eventual collapse of capitalism. In unashamedly Keynesian terms, he wrote:

'The gigantic military expenditures after the war affected the tendency to crisis. Now the armaments economy had a very great influence on the level of popular purchasing power, the level of real capital accumulation, and the amount of goods seeking a market.

'Let us assume that there are a million people seeking employment in a certain country and, further, that 10 percent of them are employed by the government in producing arms – some 100,000 people. Their purchasing power would bring about the employment of more people elsewhere. The numerical relation between the size of the first group and the second was

¹⁶⁷ See 'Toward a Permanent War Economy?', by Walter J. Oakes, in *Politics*, February 1944 [<http://www.marxists.org/history/etol/writers/vance/1944/02/pwe.htm>] and 'The Permanent War Economy', by T. N. Vance, in *New Internationalist*, Vol 17 No 4, July-August 1951. [<http://www.marxists.org/history/etol/writers/vance/1951/permwar/index.htm>]

called the “multiplier” by Keynes. ... Hence there is no doubt that the cumulative effect on an arms budget of 10 percent of the national income can be quite out of proportion to its size in increasing the purchasing power of the masses.¹⁶⁸

Unlike Vance, who placed the law of the tendency of the rate of profit to fall at the centre of his analysis, Cliff viewed economic relations from a distinctly ‘underconsumptionist’ angle. In his estimation, crises originated in the workers’ low levels of consumption rather than in the accumulation process itself.

By ignoring the tendency of the rate of profit to fall, Cliff left a gap in his theory which a number of SWP theorists attempted to bridge. This they did by making use of the analysis of a leading anti-Marxist, Ladislaus von Bortkiewicz.

(iii) Background to variant three

Writing in 1907, at the dawn of the imperialist epoch, von Bortkiewicz attempted to remedy what he had falsely identified as a contradiction between Volumes I and III of ‘Capital’. In Volume I, Marx unravelled a problem which all other economists had failed to perceive, let alone solve. The problem was this:

In the real world, capitalists amass profits by buying cheap and selling dear, that is, by engaging in sharp business practices in the sphere of circulation. However, since labour is the source of all value, the conversion of money into capital has to be explained on the basis of the assumption that ***equal values are exchanged for equal values***. But if equivalents are exchanged, ***from where do profits arise?*** In Marx’s memorable words: ‘... can surplus-value possibly originate anywhere else than in circulation, which is the sum total of all the mutual relations of commodity-owners, as far as they are determined by their commodities?’¹⁶⁹

Marx, we know, solved this riddle brilliantly, revealing both his closeness to the proletariat and his extraordinarily logical mind. He demonstrated that surplus-value – the source of all profits – is extracted from the worker in the direct process of capitalist production, a sphere of the economy that is dependent upon, but distinct from, circulation.

By demonstrating that exploitation is integral to the accumulation process and not the result of unfair market practices, Marx strengthened the workers’ movement immeasurably, as well as enraged the capitalists. Like the feudal lords and slave owners before them, the capitalists were merely the appropriators of other people’s labour. The idea that profits originated in the sphere of circulation was a

¹⁶⁸ Trotskyism after Trotsky, by Tony Cliff.

[<http://www.marxists.org/archive/cliff/works/1999/trotism/ch03.htm>]

¹⁶⁹ ‘Capital’, by Karl Marx, Volume I, Lawrence & Wishart, 1961, p165.

distortion, one that was rooted in the nature of the accumulation process and reinforced by bourgeois ideology.

Engels was the first to place Marx's achievement in its proper historical perspective. He wrote:

'The solution of this problem [of the source of profits] was the most epoch-making achievement of Marx's work. It spread the clear light of day through economic domains in which Socialists no less than bourgeois economists previously groped in utter darkness. Scientific socialism dates from the discovery of this solution and has been built up around it.'¹⁷⁰

In Volume III, Marx dealt with another theoretical problem, which was this:

If commodities exchange at their values, then firms with a low organic composition of capital will earn a relatively high rate of profit, and conversely, those with a high organic composition of capital will earn a relatively low rate of profit. Yet capitals of the same size tend to earn the same rate of profit, even though their organic compositions of capital differ. How can we explain this phenomenon on the basis of the law of value?

Marx resolved this problem by showing that the formation of an average rate of profit necessitates **the transformation of values into prices of production**. Under capitalism, the prices of commodities are determined indirectly by their values and directly by their prices of production, which equal the costs of production plus the average profit. The price of production of an individual commodity may, therefore, be higher or lower than its value, depending on the organic composition of capital invested in its production. The particular method Marx used to explain this process need not concern us here. At this stage in our analysis, it is enough for us to stress that Marx's solution does not negate the law of value in any way.¹⁷¹ At the end of the transformation process, the sum of the prices of all commodities equals the sum of the values of those commodities, and the sum of all profits equals the total social surplus-value. **There are no divergences**. In addition, the organic composition of all the different capitals (including those in the luxury goods sector) enters into the determination of the average rate of profit. **There are no exceptions**.

Having solved the transformation problem, Marx went on to formulate the theory of the tendency of the rate of profit to fall, which he regarded as 'one of the greatest triumphs ever over ... all previous economics.'¹⁷²

¹⁷⁰ 'Anti-Dühring' by Frederick Engels, 1877, Moscow, 1962, p281.

¹⁷¹ I examine Marx's theory of the average rate of profit in detail in Volume 3.

¹⁷² Marx to Engels, April 30, 1868, p249, in 'Selected Correspondence of Marx and Engels', Moscow, 1953, p249.

By the time Volume III was published, Volume I had already left its mark on working class movements throughout the world. The theory of surplus-value was considered by the overwhelming majority of socialists to be the corner-stone of Marx's economic doctrine. The bourgeoisie had tried everything to discredit this doctrine – first by a conspiracy of silence, then by means of distortions and lies – but to little avail. However, with the appearance of Volume III, the critics felt they had at last found a crack in Marx's armour. Volume III flatly contradicted Volume I, they said. The method used by Marx to explain the transformation of values into prices of production was illogical and flawed, they yelped. You can have the law of value and unequal profit rates, or the law of prices and equal profit rates, but not both, they howled.

And so it was that one Ladislaus von Bortkiewicz stepped forward to help 'socialists' out of their impasse, providing them with an alternative solution to the transformation problem. With the aid of dazzlingly impressive but utterly irrelevant simultaneous equations, he devised a mathematical model in which a) total prices diverge from total values, b) total profits diverge from total surplus-value and c) the organic composition of capital in the luxury goods sector **has no affect on the average rate of profit**.

For Marxists, the implications of von Bortkiewicz's intervention were all too clear. If new profits can arise independently of the production process, merely as a result of the transformation of values into prices of production, then the whole of Marx's Capital would lose its validity. Scientific socialism would cease to exist, would turn into another variant of **utopian socialism**.

Throughout the 1890s, leading Revisionists had argued that Volume III of Capital contradicted Volume I; but without the aid of von Bortkiewicz's polished refinements, they presented their criticisms in a clumsy and unconvincing manner.¹⁷³ Not surprisingly, von Bortkiewicz's 1907 paper would one day become all the fashion among Marx's 'Marxist' detractors.¹⁷⁴

(iv) Variant three

The SWP theoreticians were cock-a-hoop about the opportunities opened up for them by von Bortkiewicz's analysis. Kidron went so far as to state that von Bortkiewicz not only arrived at a 'satisfactory solution' to the transformation problem, but also demonstrated the correctness (yes, the **correctness**) of Marx's

¹⁷³ See for example 'Evolutionary Socialism', by Eduard Bernstein, Schocken Books, 1961, pp28-39.

¹⁷⁴ According to Paul Sweezy, von Bortkiewicz was genuinely eager to resolve the transformation problem, a problem which Marx had left in an 'unsatisfactory' state. Compared with Marx's 'illogical' treatment of the transformation problem, Sweezy stated, von Bortkiewicz's solution is 'the most complete and satisfactory available.' ('Karl Marx and the Close of his System', edited with an introduction by Paul M. Sweezy, Augustus Kelley, New York, 1949, pxxiv and pxxix.) This was one of Sweezy's most shameful moments.

theory of capital accumulation. Thanks to von Bortkiewicz's efforts, Kidron crowed, 'Marx has been vindicated, even if not by Marxists.'¹⁷⁵

Not one to remain idle, Kidron was quick to infuse the theory of 'the permanent arms economy' with von Bortkiewicz's insights. He wrote, in a glowing tribute to von Bortkiewicz's 1907 paper:

'Von Bortkiewicz showed ...that the capital-labour (value) ratio in luxury goods production (for the personal consumption of capitalists) **has no part in determining the rate of profit**. Seen from the angle of the system, that is of pure theory, arms production is the key, and seemingly permanent, offset to the "tendency of the rate of profit to fall".'¹⁷⁶

Others followed suit. Taking his cue from von Bortkiewicz's non-Marxist 'Marxism', Steve Bolchover argued that 'the rate of profit is independent of the organic composition in Department III [where arms production supposedly takes place].' It therefore did not matter if the organic composition rose in the armaments sector, for the simple reason that the law of value did not operate there.¹⁷⁷

In Marx's day, a similar theory was advanced by Sir George Ramsay, a bourgeois economist. The average rate of profit, he stated, 'can in no way' be affected by the conditions of production in the luxury industries, since their products do not enter into the reproduction of the means of production or means of subsistence. Marx was sharply critical of Ramsay's theory. He showed, first, that a rise in the productivity of labour in the luxury sector will leave the rate of exploitation unchanged, and secondly, that the rate of profit in that sector most definitely does enter into the determination of the average rate of profit. As a result, luxury production, far from serving as a counter to the tendency of the rate of profit to fall, **will actually accelerate it**.¹⁷⁸ This gives us a good indication of what Marx would have made of von Bortkiewicz's analysis and the SWP's use of it.

The fact that von Bortkiewicz had set out to refute Marx's analysis was of little concern to the SWP theorists. They needed a theory which, as Harman candidly conceded, would enable them 'to relate to the lived experience of most workers, which included full employment and annual improvements in living standards.'¹⁷⁹

¹⁷⁵ 'Marx's Theory of Value', by Michael Kidron, in *International Socialism*, No 32, Spring, 1968. [<http://www.marxists.org/archive/kidron/works/1968/xx/value.htm>]

¹⁷⁶ 'Western Capitalism Since the War', by Michael Kidron; emphasis added. [<http://www.marxists.org/archive/kidron/works/1970/westcap/chap3.htm>]

¹⁷⁷ 'Marx and Mattick' by Steve Bolchover, in *International Socialism*, 52, September 1972, p40.

¹⁷⁸ 'Theories of Surplus Value', Volume III, by Karl Marx, Lawrence & Wishart, 1972, pp349-50.

¹⁷⁹ 'Marxist Economics and the World Today', by Chris Harman, in *International Socialism*, March 1975. [<http://www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm>]

The SWP theorists were so preoccupied with the 'lived experience' of Britain's **privileged** workers that they refused, persistently and doggedly, to situate 'improvements in living standards' in the context of imperialism. Accordingly, they made use of a theory which, on Harman's own admission, meant that 'the "law of value" ... is negated in a certain sense'.¹⁸⁰

The SWP theorists adopted a **dualistic** approach to the revision of Marxism. That is to say, they both accepted and rejected Marx's analysis of capital accumulation. On the one hand, they acknowledged that the law of value, together with that of the tendency of the rate of profit to fall, **was** valid. On the other, they insisted that it was valid only in relation to **the 'non-waste' sector**.

Anticipating criticisms from the left, Kidron maintained that military expenditure was not a panacea for capitalism's ills. There was always a danger of a breakdown in the system. From a macro-economic point of view, the gauging of 'the "necessary" defence effort' was very difficult.¹⁸¹ Also, Europe and the US did not always see eye to eye on global matters. Although the US was committed to waste production on a large scale, Germany and France were not. Unless the major powers agreed to 'pull in the same direction', arms spending would decline, plunging international capitalism into a recession.¹⁸² Such an event, however, was unlikely to occur in the near future, for the US, as the world's major arms producer, was committed to achieving economic stability through military spending. He concluded:

'As yet ... elements of instability are just a smudge on the horizon. So far, the weight of the arms economy has been on the side of stability, charging and recharging the more immediate causes of high employment, and well-being.'¹⁸³

The theory of 'the permanent arms economy' was the ideal complement to the theory of 'super-imperialist stability'. If the organic composition of capital was in danger of rising excessively, arms spending would act as a brake on the system's headlong rush to over-accumulate (the Vance variant). Similarly, if the workers' poverty made it impossible for the capitalists to sell their goods, arms spending would help to raise living standards and restore stability (the Cliff variant). Furthermore, if these two safeguards proved ineffective, arms production, by operating **outside** the sphere of the law of value, would eventually save the day (the Kidron variant). And if at some point in the future a recession were to occur, the SWP pundits could always say, with a clear conscience, that they had foretold this unhappy event. In the meantime, the labour aristocracy

¹⁸⁰ 'The Inconsistencies of Ernest Mandel', by Chris Harman, in *International Socialism*, No 41, December 1969.

¹⁸¹ 'Western Capitalism Since the War', by Michael Kidron, 1970.
[www.marxists.org/archive/kidron/works/1970/westcap/chap3.htm]

¹⁸² Ibid.

¹⁸³ Ibid. Kidron wrote the above in 1970, a few months before the onset of the first of the post-war recessions.

could enjoy the fruits of imperialist plunder without worrying about the threat of war. As Kidron ecstatically proclaimed, the permanent arms economy 'more or less contains the violence of [capitalist] expansion.'¹⁸⁴ Oh, how the privileged petty-bourgeoisie hankers after 'stability' on an *imperialist* foundation!

We can now understand why the SWP theoreticians had little need for the theory of 'hegemonic ultra-imperialism' during the period of the Cold War. By means of their theory of 'the permanent arms economy', they were able to delude themselves that the 'military competition' between the Soviet Union and the US provided the world with an *automatic economic stabiliser*. The unique feature of this stabiliser, Kidron announced, was that it required '*no policing*' by some overall authority', no supranational body (i.e., 'hegemon') for enforcing inter-imperialist peace.¹⁸⁵

'Just a smudge on the horizon'

When the rate of profit began to fall in the early 1970s, the SWP was thrown into disarray. Within the organisation, various individuals began to question the validity of the theory of 'the permanent arms economy'. Some attempted to explain the crisis in Marxist terms, without reference to von Bortkiewicz's analysis. But they made little headway within the organisation. When David Yaffe attempted to draw members' attention to the fact that 'waste production' will *accelerate* the tendency of the rate of profit to fall, Kidron attacked him in a vicious and mindless manner. At this point in the life of the SWP, the von Bortkiewicz interpretation was inviolate, as sacrosanct as any papal edict issued from Rome.¹⁸⁶

Kidron's reaction to Yaffe's intervention was not surprising. An acceptance of the idea that armaments expenditure has a negative impact on the accumulation process might all too easily induce SWP members to consider alternative

¹⁸⁴ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, pp7-8. Reprinted in *International Socialism*, No 61, Summer 1973.

¹⁸⁵ 'Western Capitalism Since the War', by Michael Kidron, 1970.

[www.marxists.org/archive/kidron/works/1970/westcap/chap3.htm]

¹⁸⁶ If readers wish to gain a measure of what 'comradely polemics' meant to the SWP leadership, they should read Kidron's ever so clever, ever so witty article 'Every Talmud has a Torah, and every programme has a Yaffe', in *IS Internal Bulletin*, March 1973.

[<http://www.marxists.org/archive/kidron/works/1973/03/yaffe.htm>] Yaffe had the last laugh. After he and others were expelled from the SWP, they went on to form the Revolutionary Communist Group, which published solid rejoinders to the doctrine of 'the permanent arms economy'. (See 'Once Again on Productive and Unproductive Labour' by Peter Howell, especially the section, 'A Farewell to Arms', pp19-23, in *Revolutionary Communist* No 3/4 November 1975, and 'Value and Price in Marx's Capital', by David Yaffe, in *Revolutionary Communist* No 1, 2nd Edition, May 1976.) [<http://www.marxists.org/subject/economy/authors/howell/produnprod.htm>]

[<http://www.revolutionarycommunist.org/index.php/marxism/political-economy.html>] For a more recent criticism of the SWP's theory of 'the permanent arms economy', see 'The "permanent arms economy"', by Keith Harvey, in *Trotskyist International* No. 17, May-September 1995.

[<http://www.permanentrevolution.net/entry/447>]

explanations of the post-war boom. Some (obviously the deranged ones) might even draw the connection between the post-war boom and imperialist parasitism.

(i) *The wriggling begins in earnest*

As the crisis deepened, the imperialists intensified their anti-working class offensive, blaming the trade-union movement for driving down the rate of profit. Not accidentally, the question of the relevance of Marx's theory of the tendency of the rate of profit to fall assumed critical importance in the socialist movement. In support of the imperialists, a number of right-wing socialists began to attribute the decline in profit rates to the workers' 'excessive' wage demands. More often than not, they based their anti-working class standpoint on von Bortkiewicz's analysis, pillorying the SWP for its inconsistencies and dilatoriness. If the law of value does not hold for the armaments sector, Geoff Hodgson and Ian Steedman asked, why should it hold for the other sectors?¹⁸⁷

The SWP was now in trouble. It was seeking to gain influence in the militant sections of the trade-union movement, but on the basis of a theory which was clearly tainted. To attribute the crisis to high wages was to side openly with the workers' enemies. In an attempt to square the SWP circle, Kidron set out to defend Marx's theory of the law of the tendency of the rate of profit to fall, but without dissociating himself from von Bortkiewicz's 'correct solution'. In the end, all he could do was utter barren pleas for members to stand by Marx's analysis. Referring to the right-wing attacks, Kidron wrote:

'Notice for example an article by Geoff Hodgson in a recent issue of *New Left Review*. He concludes that it is quite respectable for a revolutionary to be agnostic about one of the basic tenets of Marxism, namely the tendency of the rate of profit to fall. ... If you reject the thesis of the declining rate of profit, **then you reject the entire Marxist analysis**. Hodgson, once an IS member, is fairly openly making his quietus with IS. Others undermine the falling rate of profit thesis more surreptitiously.'¹⁸⁸

Following in Kidron's footsteps, Harman stated:

'... a number of would-be Marxists on the left of the Labour Party and in the Communist Party have been denying that any tendency for the rate profit to fall need exist. ... Because the tendency of the rate of profit to fall plays such a crucial part in justifying Marx's view that capitalism must

¹⁸⁷ 'Marx on the Rate of Profit', by Ian Steedman, in *Conference of Socialist Economists*, Winter 1972, and 'The Theory of the Falling Rate of Profit', by Geoff Hodgson, in *New Left Review*, No 84, March-April 1974.

¹⁸⁸ 'Marxist political economy and the crisis', by Michael Kidron, June 1974.

[www.isj.org.uk/?id=237] **More surreptitiously!?** As if the smuggling of von Bortkiewicz into the SWP's ideological armoury represented an honest and open attempt at reinforcing Marxist theory.

enter into ever worse crises, it has always been one of the elements in Marxist theory which has been attacked by reformists.’¹⁸⁹

Despite its better judgement, the SWP leadership was forced to ‘defend’ Marx’s theory of the tendency of the rate of profit to fall, the very theory whose foundations Kidron and others had unremittingly (and surreptitiously) set out to undermine. Marx’s chapter on the tendency of the rate of profit to fall followed logically from his chapter on the transformation of values into prices of production. To reject the latter, as von Bortkiewicz had done, was to cast doubts upon the former.

To retain a modicum of credibility, the SWP theorists began a process of renovation, purging the theory of ‘the permanent arms economy’ of its more untenable features.

(ii) A faltering start

Mustering his courage admirably, Harman said that Kidron was wrong to characterise the armaments sector as non-productive. Armaments workers generate surplus-value and therefore are productive in the Marxist sense, Harman insisted. However, having rectified Kidron’s ‘mistaken definition of waste production as necessarily non-productive’, Harman went on to stress that the theory of ‘the permanent arms economy’ was basically sound, because:

‘the organic composition of capital in the waste goods sector **cannot alter the average rate of profit throughout the system**, since waste goods only give their producers a claim to surplus already produced elsewhere.’¹⁹⁰

In writing thus, Harman revealed his penchant for muddle-headedness. He agreed that workers in the armaments sector are productive workers, but was opposed to the idea that variations in the organic composition of capital in that sector will have an affect on the average rate of profit.

For all Harman’s critical outpourings, the spirit of von Bortkiewicz continued to lurk in the recesses of the SWP mind. This did not auger well for the organisation. A rejection of the labour theory of value has always been associated with right-wing Social Democracy, from which the SWP was eager to disassociate itself. And now that right-wing opportunists were using the von Bortkiewicz model as the basis of their attacks on the ‘avaricious’ British workers, the SWP had to be seen going through the motions of clearing up its ideological mess.

¹⁸⁹ ‘Marxist Economics and the World Today’, by Chris Harman, in *International Socialism*, March 1975. [<http://www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm>]

¹⁹⁰ ‘Note of Qualification’ Addendum to ‘Marxist Economics and the World Today’ by Chris Harman, in *International Socialism*, No 76, March 1975, p33; emphasis added.

(iii) The SWP's poop scoop in action

It should be pointed out here that the defence of Marx's solution to the transformation problem has never been the exclusive preserve of revolutionary Marxists. Kautsky, for example, remained true to a number of the basic tenets of scientific socialism, even during his days as an opportunist. As a seasoned centrist, he knew that any socialist organisation that attempted to repudiate the labour theory of value would lose credibility among militant workers. As his one-time co-worker Engels had correctly pointed out, scientific socialism dates back to Marx's discovery of the origin of surplus-value. Accordingly, Kautsky wrote, in 1919, long after he had abandoned the revolutionary standpoint:

'The opponents of the Marxian theory of value are fond of asserting that Marx himself threw overboard his own theory, which he developed in the first volume of "Capital", in the third volume ... Far from doing this, the third volume of "Capital" proves rather that production prices, about which market prices oscillate, remain in complete dependence upon the law of value, without which they cannot be explained. It is precisely the factor of the average profit, which causes the deviations of production prices from values, that can only be explained by the laws of surplus-value, which in their turn arise from those of value. ... If we do not assume that the entire mass of the surplus-value existing in society is synonymous with the entire mass of profit with its sub-divisions ... we abandon every method of explaining why the average rate of profit is a definite magnitude under given conditions. ... ***The Marxian theory of production price is inseparable from its theories of value and surplus-value.***'¹⁹¹

By basing one of its core theories on von Bortkiewicz's rejection of the law of value, the SWP revealed the extent to which it was willing to pander to right-wing views. Yet unless it placed its theory of 'the permanent arms economy' on a more acceptable 'Marxist' footing, it would fall prey to criticisms from the left. As always happens in a period of crisis, the centrists were put to the test and found wanting.

In response to the growing hostility towards the SWP, Kidron turned against himself, ***repudiating the theory of the permanent arms economy in its entirety***. It was fundamentally misconceived, he said. Yes, there was a post-war boom, but it had nothing to do with armaments expenditure. If anything, the west would have prospered to an even greater extent, had it not been for the waste inflicted on it by the arms race. The post-war boom was thus due to circumstances which were just the reverse of those indicated by the SWP. In

¹⁹¹ 'Economic Doctrines of Karl Marx', by Karl Kautsky, NCLC Publishing Society, 1919, pp89-90. The fact that so many British 'Marxists' accepted von Bortkiewicz's analysis indicates how weak the socialist movement in Britain was.

Kidron's words, the post-war boom occurred '**despite the arms economy, not because of it...**'¹⁹²

In keeping with the SWP's resistance to anti-imperialist ideas, Kidron refused to consider the connection between the post-war boom and imperialist parasitism. Nevertheless, in the course of his criticisms of the theory of 'the permanent arms economy', he blurted out the truth about the SWP's methodology. He stated:

'As I understand it, the key point at issue [in the formulation of the theory of 'the permanent arms economy'] is whether it is or is not legitimate to segregate a waste sector from a productive sector and to impute to the latter, **and to it alone**, the dynamics of the capitalist system. ... **We implied it was legitimate separation.**'¹⁹³

In so many words, Kidron acknowledged that the SWP's leading theorists had succumbed to a **dualistic** approach to Marxism. Yet far from bringing clarity to the SWP, Kidron's self-criticism merely added to the confusion.

Confusion worse confounded

Having expelled its left faction, the SWP was now like a rudderless ship in a stormy sea, continually buffeted by capricious winds. In a rejoinder to Kidron, Harman insisted, **in one and the same article**, that the crisis of the early 1970s was a) 'a classical crisis of over-accumulation', b) a crisis that 'combines **both** stagnation produced by waste production **and** recession produced by over-accumulation', and c) a crisis brought on by the big arms spenders' decision 'to **cut back** their arms spending...'.¹⁹⁴ Make of that what you will, dear reader!

Exactly where the SWP stood on the question of von Bortkiewicz's analysis was still unclear. Yet unless the organisation addressed this issue, it would remain vulnerable to attacks from the left and the right. Clearly, the SWP was in the throes of an ideological maelstrom. The right knew it; the left knew it; and Callinicos knew it too.

(i) Hail to the Vance variant (of a sort)

To put matters right, Callinicos repudiated von Bortkiewicz's analysis, insisting a) that Marx's analysis in Volume III of Capital is perfectly sound and b) that the organic composition of capital in the arms industries **does** affect the rate of profit. To argue otherwise, he said, **would be to deny that capitalism can be understood on the basis of the labour theory of value**. He continued:

¹⁹² 'Two insights don't make a theory', by Michael Kidron, in *International Socialism*, 100, July 1977; emphasis added. [www.marxists.de/theory/kidron/insights.htm]

¹⁹³ Ibid.

¹⁹⁴ 'Better a valid insight than a wrong theory', by Chris Harman, in *International Socialism*, 100, July, 1977.

'Marx's transformation of value into prices of production has come under fire from some Marxists, for example, Mike Kidron and Sweezy... They base their criticisms of Marx on the work of a German statistician, Ladislaus von Bortkiewicz... According to Von Bortkiewicz, Marx's transformation of value into prices of production was logically incoherent.'¹⁹⁵

After stating, forcefully and unequivocally, that 'von Bortkiewicz was wrong', and that 'von Bortkiewicz's solution of the transformation problem involves **the abandonment of the labour theory of value**', Callinicos concluded with the following:

Von Bortkiewicz would only be a historical curiosity if it were not for the fact that the validity of his solution has become wrongly identified with the validity of the theory of the permanent arms economy. This is because on von Bortkiewicz's solution the rate of profit on commodities that do not enter directly or indirectly into the production of wage goods does not affect the determination of the rate of profit. ... Not only is Von Bortkiewicz theoretically redundant, he is also positively dangerous, as is shown by recent articles in *New Left Review* and *Economy and Society* by Geoff Hodgson and Ian Steedman who have used his work ... to launch a frontal assault on Marx's theory of value and profits.'¹⁹⁶

Having given short shrift to Kidron, Callinicos, together with Harman, formulated a modified version of Vance's variant. The fall in the rate of profit, these twisters now said, was the result of both the over-accumulation of capital (brought on by the post-war rise in the organic composition of capital) **and** a decline in arms spending (which had reduced the stabilizing effect of waste production). If armaments expenditure were to rise, the slow-down in the rate of accumulation would restore equilibrium, Harman and Callinicos confidently predicted. Typically, Harman maintained a tactful silence about his earlier acceptance of the von Bortkiewicz model.

Imbued with the spirit of critical criticism, Harman went on to repudiate the Cliff variant as well. The latter, he bemoaned, was too wedded to the under-consumptionist outlook, too steeped in Keynesianism to be of any use. Notwithstanding Harman's latest repudiation, various SWP writers continued to make use of Cliff's under-consumptionist formulations, as did Harman and Callinicos from time to time. As for Cliff, he cut his losses and shelved (ever so quietly) his earlier Keynesian argument. The world economy had undoubtedly

¹⁹⁵ 'Assault on Marx's Theory of Value', by Alex Callinicos, in *International Socialism*, July 1976. [<http://www.marxists.org/history/etol/writers/callinicos/1976/07/value.htm>] Callinicos conveniently excluded his friend Harman from his pantheon of revisionists.

¹⁹⁶ Ibid. Callinicos, it must be remembered, wrote his criticism of von Bortkiewicz fourteen years **after** Kidron had made his debut as a von Bortkiewicz devotee.

plunged into a crisis, he said, but only because the rise in the organic composition of capital (which he now acknowledged to be the prime cause of the fall in the rate of profit) had been accompanied by a decline in arms spending.¹⁹⁷

(ii) All's well that ends well

Finally, in 1999, in a grand orgy of reconciliation, Callinicos repudiated his original repudiation and reaffirmed his support for the original sinners. With a nod in the direction of the Bolchover set, he insisted that ***arms production plays no part in determining the average rate of profit***. And with a nod in the direction of Vance, he claimed that arms production, 'by slowing down the overall rate of accumulation [will] inhibit the tendency of the organic composition of capital to rise.'¹⁹⁸ Friends to all and enemies of none, Callinicos sang the praises of the whole of 'the permanent arms economy' gang. Banking on his audience's loss of memory, he declared, with fingers crossed behind his back:

'A superior account of the transformations of twentieth-century capitalism can, in my view, be provided on the basis of the theory of the permanent arms economy (PAE) first formulated by T.N. Vance, but much further developed by Tony Cliff, Michael Kidron, and Chris Harman.'¹⁹⁹

Contrary to the impression created by Callinicos, the SWP theoreticians (with the exception of the self-negating Kidron) have always shied away from Vance's apocalyptic conclusions. Whereas Vance predicted that capitalism would necessarily and inevitably grind to a halt because of an ***excess*** of armaments expenditure, Callinicos and friends attributed the post-war recession to an ***insufficiency*** of such expenditure.

Nowadays, it is not always clear to which of the three variants the SWP is committed. Some members write as if the theory of 'the permanent arms economy' had never been devised, while others insist that world capitalism, whether enjoying a boom or undergoing a recession, can and must be explained with reference to the Harman-Callinicos variant, whichever variant that might be.

The more the theory of 'the permanent arms economy' atrophied, the more the SWP theoreticians clung tenaciously to the theory of 'state capitalism', without which their numerous articles on 'super-imperialist stability' would have turned to dust.

¹⁹⁷ 'The Crisis', by Tony Cliff, Pluto Press, 1975, pp14-16, pp28-29.

¹⁹⁸ 'Capitalism, Competition and Profits: A Critique of Robert Brenner's Theory of Crisis', by Alex Callinicos, in *Historical Materialism*, No 4, Summer 1999, p27.

¹⁹⁹ Ibid.

3. The theory of non-capitalist capitalism

Like the theory of 'the permanent arms economy', the theory of 'state capitalism' has an illustrious pedigree.

From humble beginnings

Kautsky was one of the first opportunists to deny the socialist character of the Soviet Union. He readily conceded that the Russian workers had achieved 'the destruction of capitalism', but emphatically denied that they had put socialism in its place.²⁰⁰ As he saw it, the Soviet Union was a 'militarized monopoly economy' in which the leading state officials constituted a new ruling class. This class owned and controlled the whole of the Soviet Union's means of production, collectively exploiting the country's super-oppressed workers and peasants. Since the means of production were 'the private property' of this new 'ruling clique', the country was socialist in name only.²⁰¹

Kautsky was never clear about what the Soviet Union was – whether a species of capitalism or some other type of social formation. Vance had few doubts. The Russian 'empire' was a **slave-holders** 'empire', thoroughly reactionary and remorselessly exploitative. Propelled by the dynamics of slavery, it continually encroached on neighbouring countries to satisfy its ever expanding labour needs, as Rome had done centuries ago. 'Stalinist imperialism', therefore, would never rest content until it had achieved 'world domination'. As for the US, it had ceased to be a plunderer of the Third World, since a relatively small proportion of its direct foreign investments was exported to poor countries. In the struggle between the two super-imperialist powers, therefore, the US occupied a purely defensive position, forced to resist 'Stalinist imperialism' when it launched 'the attack against South Korea'.²⁰²

On the basis of his theory of 'Soviet slave imperialism', Vance was able both to pander to anti-Soviet prejudices in the American working-class and to ignore the realities of US imperialism.

In contrast to the US, pro-Soviet views had strong roots in the militant sections of the British working-class, where the British Communist Party exerted considerable influence. Memories of the great 'hands-off the Soviet Union' campaign, one of the world's most radical and effective anti-war movements ever, lingered in the minds of many. Also, the fact that the Soviet Union had played the main and decisive role in defeating European fascism went a long

²⁰⁰ 'The Dictatorship of the Proletariat', by Karl Kautsky, University of Michigan Press, 1964, p92. (First published in 1919)

²⁰¹ Quoted in 'Kautsky and the Socialist Revolution', by Massimo Salvadori, New Left Books, 1979, p296, and 'Karl Kautsky' by John H. Kautsky, Transaction Publishers, 1994, p35.

²⁰² 'After Korea – What?', by T.N. Vance, in *New Internationalist*, November-December 1950. [<http://www.marxists.org/history/etol/writers/vance/1950/11/afterkorea.htm>]

way towards raising the British workers' estimation of the Soviet system. To have spouted CIA propaganda about a Soviet slave owning oligarchy would have been to condemn the SWP to a life of mediocrity in Britain's Colleges and Universities.

Eager to break free of its petty-bourgeois moorings, the SWP set itself the goal of supplanting the British Communist Party (then home to many militant trade unionists) as the leading opportunist organisation in Britain. Under these circumstances, the SWP had to tread carefully about how it characterised the Soviet Union. Accordingly, Cliff rejected the idea that the Soviet working class was a slave class. It was a proletariat, pure and simple, he said. However, the moment he set about analysing the economic relations prevailing in the Soviet Union, he tied himself in knots.

On the one hand, Cliff acknowledged that the Soviet economy had its origins in the expropriation of the finance capitalists and landlords by the Russian proletariat and peasantry. He stated, very commendably:

'If one examines the relations within the Russian economy...one is bound to conclude that the source of the law of value, as the motor and regulator of production, is not to be found in it.'²⁰³

On the other hand, he insisted, without bursting forth in laughter, that the Soviet Union was essentially 'one big factory managed directly from one centre'.²⁰⁴

Having equated an entire economy with a single factory, Cliff went on to perform his wondrous feat – that of transforming the Soviet Union, a country in which the law of value did **not** operate, into a big **capitalist** factory. Since 'USSR Ltd', as he called it, was in competition with other big factories in the international economy, the country was capitalist, Cliff explained, without explaining anything.

Cliff's next step was to prove that the big Russian factory was an **imperialist** factory. To this end, he made use of Vance's arguments about the Soviet Union's ravenous appetite for labour. One of the chief factors motivating the expansion of the Soviet Union, Cliff maintained, was 'the need for new labour power', that is, 'the need to find an additional quantity of labour power'. He went on:

'Even though the quantity of capital relative to the population in Russia is very small, she still suffers from a lack of labour power. ... The addition to Russia of a hundred million people from the countries of Eastern Europe is therefore an important motive for the expansion of Russian imperialism, **corresponding to the export of capital from the countries of advanced capitalism.**'²⁰⁵

²⁰³ 'State Capitalism in Russia', by Tony Cliff, London, 1974.

[<http://www.marxists.org/archive/cliff/works/1955/statecap/ch08.htm>]

²⁰⁴ Ibid.

²⁰⁵ Ibid.

As far as the export of capital from the 'advanced' countries was concerned, Cliff either ignored it altogether or, like Vance, played down the West's plunder of the Third World. So however nasty and exploitative the 'advanced' US bloc was, it was not parasitic, certainly not in comparison with the 'backward' Russian bloc, which periodically launched labour raids on neighbouring territories.

The descent from smug self-satisfaction into ideological chaos

No sooner had Cliff presented his 'state capitalism' doctrine than the SWP theoreticians went into paroxysms of delight. They now had a 'theory' by means of which they could a) deny the reality of inter-imperialist rivalry *within* the 'advanced imperialist bloc', b) present the conflict between the 'advanced' and 'backward' imperialist blocs as both the principle focus of 'inter-imperialist rivalry' and a source of 'fearful stability', and c) ignore the way in which British imperialism was seeking to hold onto, and augment, its accumulated booty. All that remained was for the SWP's foot-soldiers – College and University students, by and large – to take Cliff's message into the ranks of Britain's trade union movement, where the British Communist Party remained a significant force.²⁰⁶

But things began to go wrong for the Cliffites on all fronts, including the theoretical front. By 1977, the International Socialist Organisation had renamed itself the Socialist Workers Party, having taken the decision to stand in local and parliamentary elections. Torn in different directions and experiencing a sharp decline in its already miniscule industrial base, the SWP lapsed into ideological disarray, its theory of 'state capitalism' unwinding like a cord under tension.

(i) Kidron and Harman raise a storm

The first line of attack came from SWP theoreticians who wanted more from the 'state capitalist' theory than an explanation of what was going on in Eastern Europe. Kidron, still a leading figure in the SWP, criticised Cliff for treating the Eastern bloc 'as unique and ghettoized analytically.' **All** the major capitalist powers were evolving along the lines of the Soviet Union, a country which approached 'the pure model of capitalism more closely than private capitalism...'. For this reason, Cliff had failed to develop 'a general theory' of 'state

²⁰⁶ Reflecting on the period of the early 1970s, Dave Sherry of the SWP wrote: 'The Communist party was still the biggest organisation to the left of Labour, but it concentrated on replacing right wing union leaders with left wing leaders. ... This created a space for groups such as the International Socialists, forerunners of the SWP. ... The IS had argued that a revolutionary party of 50,000 could organise most of the 300,000 union shop stewards and through them set in motion many of Britain's 11 million union members. The problem was that when the workers toppled the Tory government in 1974, the IS had 4,000 members, not 50,000. ... In 1974, the IS initiated a national rank and file movement to link together militants in different industry and unions. ... This fledgling movement failed, in part because the industrial base of the IS was too narrow compared to the influence of the CP and the Labour left.' ('Political lessons for the rank and file', by Dave Sherry, in *Socialist Worker*, 26 August 2006.) How sad!

capitalism'.²⁰⁷ Within western economies 'concentration, the formation of monopolies, trusts, cartels and even national capital units' were the order of the day.²⁰⁸ The Russian economy, therefore, was an example of a country that had reached the **highest** stage of capitalism, showing the other powers their future. Far from being a 'backward' enclave, as Cliff had suggested, the Soviet Union was a model of monopoly capitalist development.²⁰⁹

Kidron then went on to consider the consequences of the formation of massive 'state capitalist trusts'. Rejecting the notion of peaceful competition among 'many capitals', he stated that anarchy and violence inevitably prevailed in the international arena. Under these conditions, each nation state

'presides over the fortunes of a single national capital. ...it does not represent the general interests of capital in relation to an individual capital, but the interests of the single [national] capital in relation to all other [national] capitals...'.²¹⁰

And then he concluded with the following:

'... our [the SWP's] collectively expressed view has not kept pace with the formation and consolidation of state capitalism as a world system; and the analytical variant of "state capitalism" current in the organisation remains locked into the limited partial insight of its original formulation.'²¹¹

Seemingly oblivious to the implications of his intervention, Kidron warned members that the entire international economy was evolving into a form of capitalism far more dangerous and destructive than existed in Marx's day. Soon the US, Britain, Germany, all the major capitalist countries, would become state capitalist trusts, each seeking to expand at the expense of the others, each seeking 'to gain from abroad a share of the unpaid output of other workforces or to prevent the loss abroad of domestic unpaid output.'²¹²

Kidron's depiction of a world torn by conflicts between giant capitalist trusts must have sent shivers down the spine of Callinicos. If the Western powers were evolving along the lines indicated by Kidron, then this would increase, rather than diminish, the likelihood of an inter-imperialist war breaking out.

Harman, too, joined the bandwagon, strongly criticising 'modern Marxists' for imagining that capitalism was 'a system based upon competition between large

²⁰⁷ 'Two insights don't make a theory', by Michael Kidron, in *International Socialism*, 100, July 1977. [www.marxists.de/theory/kidron/insights.htm]

²⁰⁸ 'Marx's Theory of Value', by Michael Kidron, in *International Socialism*, No 32, Spring 1968. [<http://www2.cddc.vt.edu/marxists/archive/kidron/works/1968/xx/value.htm>]

²⁰⁹ 'Two insights don't make a theory', op cit.

²¹⁰ Ibid.

²¹¹ Ibid.

²¹² Ibid.

numbers of small capitalists'. In an article in which he quoted extensively from Bukharin and Lenin, he argued that:

'The national economy is more and more dominated by a few giant firms or trusts, and these increasingly work with the state to "plan" its internal organisation. But this does not mean that capitalism has overcome its own anarchic tendencies. "Planning" within the national state is accompanied by ever more bitter competition between states. ... Since the time of Lenin and Bukharin there has been a massive increase in the tendency for the state and industry to merge within each country and for competition to take the form of organised violence or preparation for organised violence, between countries.'²¹³

This was incendiary stuff, a far cry from Callinicos' assertions about peaceful competition among 'many capitals'. But worse was to come.

(ii) Binns and Haynes deliver the final blow

Throwing caution to the winds, two leading SWP theorists, Peter Binns and Mike Haynes, took up Kidron's cry for a re-evaluation of the 'state capitalist' theory.²¹⁴ Insisting that there was much more to this theory than an account of Soviet society, they argued that 'state capitalism is **not** an analysis of eastern Europe', but an analysis of 'capitalism in general', or, more precisely, of '**aging capitalism**', of which the Soviet Union was an integral part. (p19, p33)

Binns and Haynes' use of the term 'aging capitalism' must have puzzled many members. Up until now, the leadership had defined imperialism as 'the highest stage of capitalism **but one**', suggesting that the capitalist mode of production was still in its youthful bloom. The term 'aging capitalism', by contrast, was redolent of decay.

But what did Binns and Haynes mean by 'aging capitalism'? In passages that must have made Callinicos' spine quiver afresh, they defined it variously as

- a) the capitalism 'that Lenin examined in depth in his *Imperialism: The Highest Stage of Capitalism*',
- b) the capitalism in which "peaceful competition" becomes transformed more and more into military competition and ultimately war', and

²¹³ 'Marxist Economics and the World Today', by Chris Harman, in *International Socialism*, No 76, March 1975. [www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm]

²¹⁴ 'New theories of eastern European class societies', by Peter Binns and Mike Haynes, in *International Socialism*, Vol 2 No 7, Winter 1979.

- c) the capitalism in which 'a rising organic competition of capital and a falling rate of profit' becomes especially acute, driving the international economy into periodic and ever deepening crises. (p33, p43, p47)²¹⁵

For an organisation that had prided itself on a rejection of Lenin's definition of imperialism, Binns and Haynes' formulation must have come like a bolt from the blue, the more so since Binns and Haynes did not mention, or seem to have any need of, the theory of 'the permanent arms economy'.

While apparently lurching to the left, Binns and Haynes pursued an essentially reactionary agenda. They had closely examined Cliff's theory of 'state capitalism' and were aware of its flaws. Yet instead of subjecting that theory to a thoroughgoing criticism, they endeavoured to iron out its inconsistencies, the better to place the SWP on firmer grounds ideologically.

As readers will have realised, Cliff's concept of 'Russia Ltd' was completely at odds with his assertion that the Russian working class was not a slave class. If the Soviet Union was in fact one big **capitalist** enterprise, then the notion of free wage labour would have little relevance in Russia itself. In capitalist society, workers enjoy the right to move **between** firms. They do not have the right to move, without prior permission, between different branches of **the same** firm. If workers are unhappy with their lot in one 'Ltd', they are free to hand in their notice and re-enter the circuit of capital via another 'Ltd'. This is the meaning of 'free wage labour' in the legal sense. By rejecting the notion of Soviet slavery, while at the same time characterising the Soviet economy as 'Russia Ltd', Cliff had committed an analytical howler. Yet instead of confronting the source of Cliff's error (his characterisation of the Soviet Union as a capitalist country), Binns and Haynes took a giant step backwards, even by SWP standards. This was how they did so.

Along with Cliff, Binns and Haynes argued that the law of value did not operate in the Soviet Union. However, in an attempt to bring logic to bear on Cliff's illogical analysis, they insisted that labour-power could **not** be a commodity in the Soviet Union because the country was in fact 'one company (USSR Ltd)'. (p 29) They continued:

'For all intents and purposes there is only one employer in the USSR: the state. The purchase and sale of labour-power there does not therefore, by doing so turn it into a commodity. It is therefore **not** as a result wage-labour in Marx's sense of the word.' (p49)

²¹⁵ Clearly, Binns and Haynes did not want to be too closely associated with Lenin's concept of imperialism. So instead of using terms like 'dying' or 'decaying' capitalism, they invented a quaint term, a typically British term, that of 'aging capitalism'. (Go gentle into that good night, ye rickety old imperialists!)

What then were the Russian workers, slaves or wage labourers? Binns and Haynes were unequivocal. Since Russia was not a socialist society, and since, moreover, labour-power did not exist as a commodity in the country, the Russian toilers were slaves.

To preserve the theory of 'Soviet capitalism', Binns and Haynes performed analytical summersaults, going so far as to assert that the existence of slave labour in Russia **did not mean that the country was not capitalist**. In the same way as the slave-owners in the US converted their surplus products into surplus-value by selling cotton on the open market, so 'USSR Ltd' converted its surplus products into surplus-value by entering into competition with other capitalist countries. The Soviet Union was therefore capitalist because it located 'the source of its dynamic in the world capitalist economy' (that is, in the sphere of global circulation) and not in the country itself. For this reason, the position of the toilers in Russia could be likened to that of 'the southern slaves in the USA'. (p29, p30, p47) As a further insult to the intelligence of their readers, Binns and Haynes stated that Marx **never** doubted American plantation slavery 'to be capitalist and surplus-value producing.' (p46)

The truth about southern slavery

Contrary to Binns and Haynes' assertion, Marx did not regard the southern slave-owning barons as representatives of capitalist society. After explaining a) that the concept of capital implies both the wage labourer and the capitalist, and b) that what capital expropriates is not the **labourer** but his or her **labour**, he went on to state:

'If we now talk of plantation-owners in America as capitalists, if they **are** capitalists, this is due to the fact that they exist as anomalies within a world market based upon free labour.'²¹⁶

Marx looked upon southern plantation slavery as a backward socio-economic formation, a **deviation** from the norm. He most certainly did not regard it as something that approached 'the pure model of capitalism more closely than private capitalism'. Nor did he believe that the analysis of US slavery was 'an analysis of capitalism in general', whether of the youthful or aging kind. When the civil war broke out, he kept well clear of pseudo-radical slogans like 'Neither Washington nor Richmond', which would have served as a cover for British interests in the southern states. Rather he, together with the whole of The First International, issued the battle-cry: 'Death to Slavery'.²¹⁷

²¹⁶ 'Pre-capitalist Economic Formations, Lawrence & Wishart, London, 1964, p118; emphasis added.

²¹⁷ 'The Civil War in the United States', by Karl Marx and Frederick Engles, International Publishers, p279.

Hundreds of thousands of workers, farmers and slaves participated in the anti-slavery war effort, all determined to obliterate, completely and for all times, America's supposedly 'pure model of capitalism'. Why did they do so? Were they the dupes of the bourgeoisie? Hardly! As every genuine socialist knew, the abolition of slavery was the pre-condition for the struggle of the proletariat against the bourgeoisie itself. The First International, in its famous address to Abraham Lincoln, made this abundantly clear. It declared:

'While the workingmen, the true political power of the North, allowed slavery to defile their own republic; while before the Negro, mastered and sold without his concurrence, they boasted it the highest prerogative of the white-skinned labourer to sell himself and choose his own master; **they were unable to attain the true freedom of labour or to support their European brethren in their struggle for emancipation**, but this **barrier to progress** has been swept off by the red sea of civil war.'²¹⁸

The anti-slave movement was a broad coalition of workers, farmers, slaves, bourgeois manufacturers and other strata of property owners. It was not, of course, an enduring coalition. Within a short time after the defeat of the slave-owning barons, 'an eight-hour-day movement was running', directed against the bourgeoisie itself. Not accidentally, this movement was launched by the very trade-unionists and socialists who had played an outstanding role in the destruction of US slavery.²¹⁹

If the SWP leaders had the courage of their convictions, if they genuinely believed that the Russian working class was a slave class, they would have openly sided with the Cold War warriors in their struggle to destroy the Soviet Union. However, instead of calling on the 'bourgeois west' to destroy the 'slave-owning east' (as Vance had done), the SWP leaders issued the slogan, 'Neither Washington nor Moscow', while quietly letting it be known that 'Soviet imperialism' was of a lower order of capitalism than the Western variety.

Vance, by contrast, was open and forthright about his reactionary objectives. To legitimise the US's 'defence' of South Korea, he cast the Soviet Union in the ancient mould. As he well knew, radical and democratically minded workers will always join in the war against slavery, even if this means temporarily lining up with their own anti-slave exploiters.²²⁰

²¹⁸ 'The Civil War in the United States', by Karl Marx and Frederick Engels, International Publishers, pp280-1.

²¹⁹ Ibid, pxxii.

²²⁰ Significantly, the SWP 'internationalists' held themselves aloof from North Korea's heroic struggle for survival, seeing it as a manifestation of 'inter-imperialist' rivalry. For accounts of the causes of the Korean War, see 'The Origins of the Korean War', by Bruce Cummings, Princeton University Press, 1990, and 'The Hidden History of the Korean War', by I.F. Stone, Monthly Review Press, 1970. These bring to light the war-mongering and manipulative nature of the US's involvement in Korea.

Not surprisingly, Mr 'Many Capitals' Callinicos was very unhappy about the turn the SWP debate on Soviet society was taking.

Callinicos takes stock

The task of reversing the SWP rot naturally fell to Callinicos, whose grasp of certain Marxist basics set him apart from the Cliffites. Without qualms, he dismissed the idea that wage-labour is not an essential feature of capital accumulation. By suggesting that workers in Russia could be called 'state slaves', and by asserting that 'the pressure of international competition was itself sufficient to transform Russia into a state capitalist country', Binns and Haynes had gone 'sadly astray'. If labour power did not exist as a commodity within the Soviet Union, Callinicos correctly insisted, ***the 'process of competition' was by itself insufficient 'to give rise to capitalist relations of production.'***²²¹

Having delivered a body blow to the Cliffites, Callinicos immediately made his peace with them, concurring that Russia was essentially a capitalist country. However, whereas the Cliffites claimed that the Soviet Union was capitalist ***despite the absence*** of the law of value, Callinicos maintained that it was capitalist ***because of the presence*** of the law of value. All the features of the capitalist mode of production – 'accumulation, rising organic composition of capital, tendency of the rate of profit to fall, crises' – all of these operated in the Soviet Union, Callinicos declared. (p106) And they operated there because of the competition among Russia's 'many capitals'. There was thus 'no significant difference between Russian and western capitalism'. (pp115-117) In Callinicos' view, the drawing of analogies between the Soviet Union and the southern slave-holding states would bring the SWP into disrepute, both politically and ideologically.

If Callinicos imagined that he could keep the SWP rabble on a tight leash, he was sadly mistaken. Wading back into the affray, Binns maintained, ***in one and the same article***, a) that Russia contained 'no private owners of capital competing with each other, as is normally the case in the West', b) that in comparison with 'Western social formations', Russia 'represents an extreme example' of state capitalism, c) that Russia could be likened to 'a giant corporation in which the state had become the repository for all the means of production', d) that if Russia were viewed in isolation from the Western countries, it would 'no longer be a society capable of explanation according to the laws of capitalism', and e) that Russia is 'an imperialist capitalist power' ***like any other***, including those in the West.²²²

²²¹ 'Wage Labour and State capitalism: a reply to Peter Binns and Mike Haynes', by Alex Callinicos, in *International Socialism*, No 12, 1981, p116, p117.

²²² 'State Capitalism', by Peter Binns, in *Marxism and the Modern World*, Published by the SWP, 1986. [www.marxists.do/statecap/binns/statecap.htm]

SWP members were now faced by a dismal choice. They could either a) deny that the law of value operated in the Soviet Union and characterise the Russian toilers as capitalist owned slaves, or b) acknowledge that the law of value operated there and characterise those toilers as free wage labourers. Either way, SWP members were obliged to uphold the notion of Soviet imperialism.

The SWP theoreticians persistently failed to reach agreement on how to formulate their theory of 'state capitalism', notwithstanding the fact that that theory was, in Kidron's words, '**their central, distinguishing tenet**.'²²³ While some said that the process of international competition was sufficient to give rise to capitalist relations of production in Russia, others said that it was not. While some said that the law of value did not operate in the country, others said that it did. While some said that the Russian working class was a slave class, others said that it was a proletariat. While some said that the whole of the Russian economy could be likened to a giant corporation, others said that it was made up of many capitals.

'Oh what a tangled web we weave, when first we practise to deceive!'

What 'open polemics among comrades' means to the SWP

The SWP theoreticians never engaged one another in serious debate. All of them, including Callinicos – especially Callinicos – were intellectually spineless, completely lacking in polemical integrity. Callinicos began his criticism of Binns and Haynes by giving a high estimation of Cliff's theory of 'state capitalism'. It was full of insights and contained a great deal of truth, he stated, over and over. Then, with equal care, almost deferentially, he offered an alternative interpretation of the 'state capitalist' theory, one that flatly contradicted Cliff's original theory. Yet rather than highlight the discontinuities of SWP thought, he smudged over them, engaging in the metaphorical tipping of his hat to the Cliffites. The latter – who had no stomach for a polemical struggle, either – gave Callinicos free reign, but only because they knew he would remain faithful to the grand, all-embracing theory of 'super-power imperialism'. As nebulous as that theory was, the SWP treated it as an article of faith, a **closed** theory. It was not susceptible of any modification whatsoever and woe betide any member who raised serious questions about its validity. What mattered to the SWP leaders was not the reason **why** the Soviet Union was capitalist but the mere assertion that it **was** capitalist. The result was blind obedience to SWP orthodoxy, on the one hand, and ideological turmoil on the other. Such was the nature of this turmoil that anything SWP members said could always and easily be refuted by existing and previous SWP statements.

The SWP neither sought nor achieved clarity on any of its basic positions. From the start, it fashioned the mere semblance of a theory, by means of which it could

²²³ 'Two insights don't make a theory', by Michael Kidron, in *International Socialism*, 100, July 1977. [www.marxists.de/theory/kidron/insights.htm]

legitimise its opportunism and mollify its members. The organisation's theoretical mistakes, therefore, did not originate in a lack of theoretical understanding, but were rooted rather in its pro-imperialist outlook, to which it adapted, in the most chaotic of fashions, the tenets of scientific socialism.

Mehring's comments about Marx were highly instructive in this regard. He said that Marx was a socialist both by sentiment and by logic. Those who have the right sentiment – a love of the proletariat and subjugated peoples, a hatred of all oppression and privileges, including 'labour' privileges etc., – do not always make good theoreticians. Some make awful theoreticians (bless their souls). But the making of theoretical mistakes is never a barrier to the advancement of a workers' movement. Given the right commitment, genuine socialists will have little difficulty in deepening their understanding of scientific socialism, overcoming the theoretical errors that *inevitably* arise in the course of their struggles. (This is one of the reasons why 'open polemics among comrades' is so vital for Marxist groups.) However, those who have the wrong sentiment will *always* misuse theory, even Marxist-Leninist theory, to suit their warped purposes. This became apparent whenever the SWP addressed the question of anti-imperialist solidarity.

The SWP in full flight

Fortified as they were by their theory of 'superpower imperialism', the SWP went on to present the Cubans as Soviet-imperialist lackeys, the Moujahedin as anti-imperialist freedom fighters, and British troops in Ireland as a progressive force.

As a country that fell within the orbit of 'Soviet imperialism', Cuba had little chance of support from the SWP, whose campaign of vilification against that country was ceaseless. Thus Rees wrote:

'There is...a dictatorial regime ruled by an authoritarian figurehead with a well developed cult of the personality, that suppresses freedom of speech, exploits the workers and peasants, and puts into concentration camps individuals of whose sexual orientation it disapproves. The regime is Fidel Castro's Cuba.'

The *only* difference between the Cuban 'regime' and other 'authoritarian' ones, Rees went on to assert, is that the former has adopted 'progressive rhetoric'.²²⁴ If readers access the CIA web site on Cuba, they will be able to identify the source of the SWP's anti-Cuban views.²²⁵

²²⁴ 'Imperialism, globalisation, the state and war', by John Rees, in *International Socialism*, No 93, December 2001, p24.

²²⁵ Good antidotes to the SWP's venomous 'critiques' are 'The Cuban Revolution and its Leadership' by Doug Lorimer, Resistance Books, 2000; 'Cuba and the Coming American Revolution', by Jack Barnes, Pathfinder Press, 2001; 'Revolutionary Cuba: the streets are ours', RATB Publication, 2001; 'The oppressed people of the world support socialist Cuba – why doesn't the SWP?', by Helen Yaffe, *FRFI*, August/September 2004.

By contrast, anti-Soviet forces were most definitely deserving of socialist support, no matter how reactionary they were. According to Jonathan Neale, the Moujahedin, although enjoying 'the backing of the CIA', were 'brave freedom fighters giving their lives in a struggle against imperialism.' The Soviet troops, he insisted, were **the immediate enemy** and for this reason the Moujahedin warranted British support. He concluded by asserting that the driving out of the Soviet imperialist invaders would inevitably create 'a space for the [Afghan] left to work in.'²²⁶

While calling on the left to support the CIA backed Moujahedin, the SWP supported British troops in Ireland, on the grounds that they would create ... you guessed it, dear reader ... **a 'space' for the left**. In the words of the SWP:

'Because the troops do not have the ingrained hatreds of the RUC and Specials, they will not behave with the same viciousness... The breathing space provided by the presence of British troops is short but vital. Those who call for the immediate withdrawal of the troops before the men behind the barricades can defend themselves are inviting a pogrom which will hit first and hardest at socialists ... To say that the **immediate** enemy in Ulster is the British troops is incorrect ...'²²⁷

At the same time as the SWP leaders gave expression to their pro-imperialist proclivities, they ignored or slurred over the imperialist character of Britain, whose plundering activities abroad, as indicated by the immense size of its foreign loans and investments, constituted one of the most outstanding features of world economics and world politics. Sheltering behind its theory of 'superpower imperialism', the SWP focussed mainly on the 'military competition' between the US and the Soviet Union, without ever placing the struggle against British imperialism at the heart of its ideological and political activities.

By subsuming Britain within the broader relationship between the 'backward' and 'advanced' imperialist blocs, and by refusing to acknowledge the parasitic nature of the 'advanced' bloc itself, the SWP was able to pursue its pro-imperialist programme without abandoning its radical rhetoric. The organisation's support for the Moujahedin and Britain's occupation of Ireland, on the one hand, and its vituperative outbursts against Cuba on the other, were all of a piece.

²²⁶ 'The Afghan Tragedy', by Jonathan Neale, in *International Socialism*, Spring, 1981, No 12, p29. See also his article 'The long torment of Afghanistan', in *International Socialism Journal*, No 93, 2001.

²²⁷ *Socialist Worker*, 21 August, 11 and 18 September 1969; quoted in 'Ireland: the key to the British revolution', by David Reed, Larkin Publications, 1984, p177. I make frequent use of this splendid Marxist work in Volume 3, where I examine the nature and origins of social-chauvinism.

4. Common bonds

The parallels between the SWP's views and those of the hegemonists' were evident from the start, long before Callinicos reached out to the likes of Anderson and Panitch. Running through all the SWP's theories and sub-theories was the denial of imperialist parasitism. In this respect, the SWP not only belonged to the same species of opportunists as the hegemonists, but was also to the right of the centrists of old.

As dishonest as Kautsky was, he did not attempt to conceal imperialism's unsavoury features. In his day, the revolutionary Marxists were much more influential than they are at present, so he had to take care in formulating his reformist standpoint. In one breath, he would give a more or less accurate account of the financial oligarchies' exploits. In the next, he would depict the intrinsic characteristics of imperialism – the omnipotence of the big banks, the merging of financial capital and industrial capital, the wasteful and dangerous upsurge in arms spending, the intensification of inter-imperialist conflicts, the plunder of poor and weak countries by the advanced powers – he would depict all these as accidental excrescences on capitalism. Rather than deny imperialist realities, he propagated the idea of capitalism's *redeemable* character. He wrote, during his war-time centrist phase:

'That imperialism was inevitable and therefore necessary – no one will deny... The debatable question is whether it is necessary *in the future*.'²²⁸

The chief difference between Kautsky's views and those advocated by the SWP is this: Whereas Kautsky believed that 'ultra-imperialism' would materialise in the future, the SWP believes that it has already taken shape.²²⁹

How the SWP rediscovered Marx

In the SWP's estimation, imperialism has discarded its predatory features, thanks to the restoration of global competition, the free flow of capital among nations and the elimination of super-profits. Even an opportunist like David Harvey, whom the SWP admires greatly, has come under fire for acknowledging that modern capitalism is steeped in parasitism. Thus Callinicos, in an article he co-authored with Sam Ashman, stated:

'...we dissent from the support [Harvey] occasionally gives to the idea that advanced – and especially US capitalism – is today predominantly predatory. We argue instead that contemporary capitalism continues to

²²⁸ Quoted in 39\268.

²²⁹ I refer, of course, to the 'many capitals' variant of 'ultra-imperialism'.

derive its profits from the exploitation of wage-labour, and that this process continues to be concentrated primarily in the OECD region...'²³⁰

In a similar vein, Judy Cox wrote:

'There are some fascinating and suggestive arguments in Harvey's damning account of contemporary capitalism. But I have to take issue with some of them. He argues that since the world economic crisis of 1973 ... stock promotions, asset stripping through mergers and acquisitions, asset destruction through inflation, debt peonage of whole populations, corporate fraud, the robbing of pension funds and credit and stock accumulations are "central features of what contemporary capitalism is about" ... In fact, Harvey argues, the working classes in advanced capitalist countries fell into the trap of supporting imperialism to bolster their own privileges.'²³¹

Harvey's depiction of modern capitalism, for all its imperfections and inadequacies, was far too radical for Cox to accept. She therefore hastened to remind her readers that capitalism is defined, not by 'robbery perpetrated on the undeveloped world', but by 'the exploitation of an expropriated working class within the capitalist society'.²³²

To counterpose exploitation to robbery as the SWP does is to negate the very concept of imperialism. Of course the financial oligarchs exploit wage labour in the direct process of capitalist production; but so do they rob workers and petty-commodity producers, especially peasants, **outside** that process. Robbery and surplus-value extraction are mutually reinforcing under imperialism, making international capitalism exceedingly irrational and crisis prone.²³³

The SWP theorists are brazen tricksters. When they were busy devising their reactionary 'permanent arms economy' theory, they readily abandoned Marx in favour of von Bortkiewicz, untroubled by the latter's assertion that **surplus-value is not the sole source of profits**. However, when confronted by the issue of imperialist robbery, they present themselves as Marxist 'purists', insisting that **all profits originate in surplus-value**. Having failed to defend Marx against his bourgeois detractors, the SWP went on to use Marx's 'Capital' as a weapon against Lenin's 'Imperialism', as if the latter were not based upon, and a logical extension of, the former.

²³⁰ 'Capital Accumulation and the State System: Assessing David Harvey's *The New Imperialism*', by Sam Ashman and Alex Callinicos, in *Historical Materialism*, Volume 14, No 4, 2006, p108. I examine Harvey's standpoint in detail in the final chapter. Suffice it to state here that Harvey does not attempt to conceal imperialism's parasitic features.

²³¹ 'Imperialism: just a phase we're going through?', by Judy Cox, in *International Socialism Journal*, Spring 2004. [<http://pubs.socialistreviewindex.org.uk/isj102/cox.htm>]

²³² 'Ibid.

²³³ In Volume 3, I examine the relationship between exploitation and robbery in detail.

The early opportunists' attitude towards imperialist parasitism finds a modern echo in the SWP's perspective. Writing in 1917, Bauer argued that the export of capital, far from entrenching spheres of financial interest, 'is economically progressive, in that it equates profit rates and helps to establish a global economy.'²³⁴ Like Hobson (who never claimed to be a Marxist), Bauer believed that the free flow of capital among nations would facilitate the narrowing of the gap between the industrial and agrarian countries, drawing them closer together rather than pulling them apart. Kautsky, too, especially in his post-war liberal phase, believed that the free movement of capital globally would result in the levelling of profit rates. In presenting his arguments, Kautsky championed Marx's analysis of the formation of an average rate of profit, just as the SWP does today, whenever it seeks to refute Lenin's views on imperialist robbery.

Outside the ranks of the SWP, but much in the manner of Cox and Callinicos (see their criticisms of Harvey above), right-wing opportunists have gladly used Marx's 'Capital' as a club with which to bludgeon Lenin. Here is a sample:

'For Lenin, super profits rescue capital from the overproduction of capital. For Luxemburg, the aggrandizement of non-capitalist wealth sustains capitalist accumulation. For capital itself however, there is no such thing as super profits, and non-capitalist wealth, by definition, cannot augment the expansion of capital values unless it enters into an exchange with wage-labour.

'In 2001, the ratio of direct income receipts to US Foreign Direct Investment (the rate of return on direct investment) measured 8.04 percent. The rate of return for investment in Canada was 8.46 percent; for Western Europe 7.67 percent; for Latin America 6.94 percent; for Asia and Pacific 9.79 percent. Does this sound like super profits? Super profits don't exist. Neither does the rentier state. The source of profits for the developed and developing markets alike is in the production and circulation of commodities. ...

'The individual capitalist rushes to market, intent on realizing his or her individual profit, and when the money materializes, claims it as his own or her own. But Marx knew better and the markets recognize no individual. Instead, the markets ration, distribute, the total profit. And what the capitalist holds in his or her hand, is a part of the universe of values. Whether the capitalist is large or small, whether the capitalism developed or developing, the distribution of profit by the market, by which a general rate of profit is established and through which more technically developed, more "capital intensive" industries are sustained, is the process by which capital makes whole the sum of its parts. When profit materializes it is

²³⁴ 'Die Nationalitaetenfrage und die Socialdemokratie', by Bauer, 1917, in 'Marxism: An Historical and Critical Study', by George Lichtheim, Routledge and Kegan Paul, 1964, p309.

through the appropriation of surplus-value as a whole, not from the individual wage rates in the individual enterprise.

'The establishment of a general rate of profit, and we have seen exactly that in the examination of the returns on US foreign direct investment and indirect investment abolishes the notion of super profits, and with that, demolishes the claims of the "bribing" of layers or sections of the working class.'²³⁵

The similarity between the SWP's standpoint and that of the right opportunists is stark. Both seek to conjure super-profits out of existence by reference to Marx's analysis of the formation of an average rate of profit. Yet it is not just the right opportunists with whom the SWP shares a close affinity.

They all look the same

In its drive to deny imperialist parasitism, the SWP has followed in the slipstream of openly pro-imperialist ideologues. This becomes clear when we compare the writings of Harman with those of Niall Ferguson.

A proud and forthright supporter of imperialism, Ferguson is full of praise for the way in which the US has undertaken the 'burden' of global leadership. By ensuring the free flow of capital among countries, he asserts, the US has ushered in the epoch of peaceful imperialism. However, as Ferguson well knows, the internationalisation of capital will not in itself prevent another inter-imperialist war. He stated:

'In the decade before 1914, it seemed to many observers as if economic interdependence between Britain and Germany was making a war between the two great empires unlikely, if not impossible. **Still war came.**'²³⁶

So long as super-profits form the foundation of world economy, bourgeois ideologues will always feel ill at ease. To assure themselves and others that imperialism has overcome its predatory features (and hence its drive towards war), these ideologues falsify reality. They acknowledge that poor countries received a rough deal in the past, but emphatically deny that they do so today. Thus Ferguson wrote:

'In 1997 only around 5 percent of the world's stock of capital was invested in countries with per capita incomes of a fifth or less of U.S. per capita GDP. In 1913 the proportion was 25 percent. ... **The contrast between the past and present is striking: whereas today's rich economies**

²³⁵ 'Imperialism Reconsidered', by S Artesian, November, 2004.
[http://www.williambowles.info/sa/imp_reconsidered.html]

²³⁶ 'Colossus', by Niall Ferguson, Allen Lane, 2004, p285; emphasis added.

prefer to “swap” capital with one another, largely bypassing poor countries, a century ago the rich economies had very large, positive net balances with the less well-off countries of the world.²³⁷

If Ferguson had sweetened his pro-imperialist standpoint with Marxist phrases, he would have passed for a Kautskyite. As noted, Kautsky looked forward to a future in which the ‘net balances’ arising from super-exploitation would disappear. The day would come, he assured Europe’s war weary workers, when all capitalist nations, enjoying fair shares of global surplus-value, would live in harmony with one another. Ferguson believes that we have reached that ideal state. Although he acknowledges that uneven development is still a major feature of the international economy, he insists that the poor nations suffer, not from imperialist predations, but from imperialist neglect.

Now let us consider what Harman has to say on this subject.

Like Ferguson, he strikes a critical note when commenting on WWI. Dismissing arguments about the peaceful consequences of globalisation, he wrote:

‘The capitalist economy was highly internationalised in 1914, but this did not prevent all-out war.’²³⁸

However, instead of building on this insight, he went on to criticise Lenin for placing parasitism at the centre of his analysis of imperialism. The flow of ‘foreign direct investment’, he argued, is not ‘from industrial to “underdeveloped” countries’, but overwhelmingly within the OECD region. He continued, again in the manner of Ferguson:

‘This means that, whatever may have been the case a century ago, it makes no sense to see the advanced countries as “parasitic”, living off the former colonial world. Nor does it make sense to see workers in the West gaining from “super-exploitation” in the Third World. Those who run the system do not miss any opportunity to exploit workers anywhere, however poor they are. But the centres of exploitation, as indicated by the FDI [foreign direct investment] figures, are where industry already exists [in the OECD region].’²³⁹

Our two learned scholars – one an opportunist masquerading in socialist feathers, the other an outright imperialist ideologue – have advanced identical arguments about contemporary imperialism.

²³⁷ Ibid, p189; emphasis added.

²³⁸ ‘Analysing Imperialism’, by Chris Harman, *International Socialism*, Issue 99, 2003; emphasis added. [www.pubs.socialistreviewindex.org.uk/isj99/harman.htm]

²³⁹ Ibid.

5. Poles Apart – The SWP and Castro

The crisis leaves the SWP unmoved

When in the early 1970s world capitalism entered its first post-war recession, the SWP had ample opportunity to undertake an analysis of imperialist parasitism. In his work, 'The Crisis', Cliff acknowledged that bank profits were soaring. He showed that the crisis had spawned a massive increase in the Eurodollar market, and that this in turn had enabled the British imperialists to accelerate the global circulation of capital enormously. He stated, in what seemed like a glimmer of recognition of imperialist realities:

'The decline in profit rates in industry has not stopped the banks from increasing theirs. One result of the growth of multinational companies was the formation in the 1960s of a worldwide currency and capital market in which billions of pounds [he means Eurodollars] were able to rush from one financial centre to another.'²⁴⁰

Yet Cliff said nothing about the connection between the steep rise in bank profits (exceeding 1,000 percent between 1964 and 1973) and Third World poverty. In fact, he went so far as to attribute the rising fortunes of Britain's financial sector to the high rates of interest that the British banks were charging their commercial and industrial customers in the advanced capitalist countries. He thus conveniently ignored the fact that the British banks were making their enormous profits by borrowing cheap from the rich countries and lending dear to the poor and heavily indebted ones.²⁴¹

Throughout his analysis of the crisis, Cliff disregarded the British imperialists' usurious activities abroad, focussing his attention on the accumulation of capital within the advanced capitalist bloc. There was method in his dishonesty. If interest comes solely from a share of surplus-value, and if the surplus-value extracted from workers in the OECD region forms the basis of all profiteering, then usury will forever lie outside the purview of Marxist theorists.

A thorough refutation of the SWP type analysis came from Fidel Castro, that 'authoritarian figurehead' whom the SWP never tires of vilifying.

Castro's assessment of the crisis

In marked contrast to the SWP, Fidel Castro placed the export of capital to the Third World at the centre of his analysis of the crisis. He wrote:

'The growing proportion of the flows of financing to the third World that is provided by private banks is largely due to the effects of the capitalist

²⁴⁰ 'The Crisis', by Tony Cliff, Pluto Press, 1975, p17.

²⁴¹ I return to this point in Chapter 6.

economic crisis, which has caused a drop in the profit rate in the developed capitalist countries and, consequently, an increase in the export of private capital to the Third World in search of greater profits.²⁴²

The linking of the economic crisis to the intensification of Third World exploitation was something the SWP persistently refused to do. As early as 1963, when the SWP was smugly ensconced in what it perceived to be a permanently stabilised capitalism, Kidron wrote, in an article fittingly entitled 'Imperialism, Highest Stage But One':

'It is clear that current figures simply do not bear out Lenin's thesis. Capital does not flow overwhelmingly from mature to developing capitalist countries. On the contrary, foreign investments are increasingly made as between developed countries themselves.'²⁴³

The SWP theoreticians have never deviated from this dogma. When they deign to comment on capital flows, they focus exclusively on 'direct foreign investments', ignoring loan capital completely. Only in this way can they give a sanitised account of the workings of modern capitalism.

In addition to exporting productive capital, the imperialists engage in usurious activities on a massive scale, entrapping entire nations in a cycle of debt and impoverishment that leaves them economically wasted. The rich nations suck more out of the Third World in the form of usurious interest than they do in the form of repatriated profits. As Castro noted in his study of the crisis:

'...the export of loan capital has become the most lucrative form of capital investment in the Third World. ... Direct investments have been displaced by the export of loan capital which – according to OECD data – made up almost 90 percent of the financial flow to the underdeveloped world in 1980.'²⁴⁴

Not surprisingly, the imperialist banks are the biggest single investors in the Third World. In 1981, when the world economy was still reeling from the effects of declining profit rates, loans from the big banks constituted as much as 51 percent of all capital flows to the Third World. The comparable figure for direct foreign

²⁴² 'The World Economic and Social Crisis', by Fidel Castro, Publishing Office of the Council of State, Havana, 1983, p91.

²⁴³ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, pp7-8. Reprinted in *International Socialism*, No 61, Summer 1973.

²⁴⁴ 'The World Economic and Social Crisis', op cit, p91, p141. In 2000, Castro proposed the destruction of the International Monetary Fund, the cancellation of all Third World debts and a Nuremberg-style trial for those responsible for the plunder of poor countries. Third World debts, he said, are essentially 'unpayable', feeding on themselves 'in a vicious circle where money is borrowed to pay the interest'. (Report on the gathering of Third World representatives in Havana. *The Guardian*, April 19, 2000.)

investments was a mere 14 percent.²⁴⁵ *All* working people, including proletarians, peasants and other simple commodity producers, bear the burden of usury capital. Although the labour of non-proletarians does not generate surplus-value, it provides the usurious banks with enormous profits.²⁴⁶

More SWP lies and Castro's rejoinder

Not content with ruling out the plunder of peasants as a source of profits, the SWP theoreticians painted a completely false picture of the export of productive capital. According to Kidron, studies of direct foreign investment earnings revealed that 'the difference in profit rates [between] developed and backward countries has tended to narrow'. This proved that Lenin's argument about the extraction of super-profits from 'backwards countries' was irrelevant.²⁴⁷

The SWP theoreticians are blinkered in the extreme. Even if we were to ignore the exploitation of non-proletarians, even if we were to focus exclusively (and narrowly) on the export of 'direct foreign investments', we would still arrive at the conclusion that robbery is a central feature of modern capitalism. The claim that the exploitation of wage-labour is concentrated primarily in the OECD region is based on a superficial and one-sided presentation of the facts. In 1970-81, the net flow of US direct investments amounted to \$7.992 billion in the underdeveloped countries, and to \$35.399 billion in the developed ones. On the face of it, these figures would seem to substantiate the SWP's assertion that the imperialist countries have tended to bypass the Third World. As Castro himself pointed out, \$7.992 billion in comparison with \$35.399 billion indicates 'a minimal outflow'.²⁴⁸ For Castro, however, an examination of capital flows marked the beginning and not the end of an analysis of Third World poverty. To gain an accurate picture of imperialist exploitation in the Third World, he took into account the flows of both capital *and* profits. In 1970-81, the profits on direct foreign investments repatriated to the US from the developed countries amounted to \$63.482 billion, while those from the Third World amounted to \$55.988 billion. ***This meant that the US received an extra 80 cents for every net dollar of direct investment in the developed countries compared with an extra \$6 for every net dollar of direct investment in the poor countries.*** Far from bypassing the Third World, the imperialists were plundering it. Yet Kidron and others insisted that profit rates on direct foreign investments were tending to narrow globally.²⁴⁹

²⁴⁵ ²⁴⁵ 'The World Economic and Social Crisis', by Fidel Castro, Publishing Office of the Council of State, Havana, 1983, p91.

²⁴⁶ In Volume 3, I show how non-proletarian surplus-labour augments and reinforces the accumulation process.

²⁴⁷ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, pp7-8. Reprinted in *International Socialism*, No 61, Summer 1973.

²⁴⁸ 'The World Economic and Social Crisis', op cit, p91, p141.

²⁴⁹ Even during the heyday of the post-war 'boom', the gap in profit rates was widening. As Thomas Weisskopf noted: 'Although the *value* of U.S. direct private investment is now much higher in the developed than in the underdeveloped countries, there is much less of a difference

Leaving no stone unturned, Castro went on to show that the US repatriated **less than half** of the profits it earned in the advanced capitalist countries and **over 70 percent** of those it earned in the Third World. Hence his conclusion:

‘...according to the high profit rate the transnationals attain in underdeveloped countries and the aforementioned profit repatriation policy, the effect of direct investments in those countries is a net transfer of resources to the United States and, therefore, **a continuous decapitalization of the underdeveloped countries**, which are in no small measure financing the “development” of those very same developed capitalist countries.’²⁵⁰

The underdeveloped countries are financing the development of the developed countries! And that was precisely the conclusion the SWP theoreticians sought to avoid. Their aim, as noted earlier in this chapter, was ‘to relate to the lived experience of most workers, which included full employment and annual improvements in living standards.’²⁵¹ The thought that the Third World was shoring up ‘western improvements’ was too much for the SWP theoreticians to bear. Castro’s analysis, by contrast, was a clear and honest account of how the rich countries were plundering the poor ones, **even in relation to foreign direct investments**, the SWP’s hallowed terrain.

When analysing imperialism, socialists should not treat usury and modern forms of capital as wholly separate entities. The imperialists’ debt entrapment activities are indissolubly linked to the export of productive capital. The more poor countries sink into debt, the more likely they are to accept productive investments on terms and of a type that are economically ruinous to them. Also, the less industrially advanced the poor countries are, the more likely they are to fall foul of the imperialists’ debt entrapment activities. As stated above, robbery and exploitation are mutually reinforcing under imperialism.²⁵²

in the level of **income** from that investment. ... These differences reflect a much higher average rate of earnings in underdeveloped than in developed countries: 14 percent as against 9 percent in 1959, and 18.7 percent as against 8.3 percent in 1969 (**the gap is apparently widening**).’ (United States Foreign Private Investment: An Empirical Survey’, by Thomas E. Weisskopf, in ‘The Capitalist System’, Ed. Richard C. Edwards, Michael Reich, Thomas E. Weisskopf, Harvard University, 1972, pp431-2; last emphasis added.)

²⁵⁰ ‘The World Economic and Social Crisis’, by Fidel Castro, Publishing Office of the Council of State, Havana, 1983, p141.

²⁵¹ ‘Marxist Economics and the World Today’, by Chris Harman, in *International Socialism*, March 1975. [<http://www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm>]

²⁵² Britain’s plunder of Egypt in the last quarter of the 19th century provides a clear example of what the ‘coalescing’ of usury capital and industrial capital means for Third World countries. I examine the case of Egypt in detail in Volume 3.

The wholly negative nature of armaments expenditure

Over the years, the imperialists have gone to considerable lengths to shore up reactionary regimes wherever they can. The squandering of the world's wealth on armaments and the plundering of poor countries are closely bound together. Contrary to the SWP's claim, the rate of profit did not fall in the 1970s because of a decline in armaments expenditure. Military expenditure increased massively in that period, rising in real terms from \$5.75 billion in 1970 to over \$26 billion in 1980, with a disproportionately large share being borne by the poor countries themselves. As Castro noted:

'The arms trade constitutes a considerable burden on the weak economies of the underdeveloped countries. It is the most sterile, unproductive and unequal exchange for those countries. ... Under such conditions, the economic effects of military expenditures are for the underdeveloped countries even more negative than for the more advanced countries as a whole.'²⁵³

Characteristically, Castro ended his analysis of the crisis on the following note:

'Military expenditures, wars and weapons are phenomena promoted and developed by the capitalist system and the imperialist policy of aggression and intimidation. The struggle against such irrational and dangerous expressions of that policy is today one of the most urgent actions facing all mankind and, particularly, the peoples of the underdeveloped world, who are among those most directly affected by war and the arms race. ...

'The absurd rationale which would seek to ensure greater security by launching this gigantic arms program, and the commensurate reaction it would entail, have paradoxically led the world to the moment of greatest peril, least security and most fragile stability in all its history, and has forced mankind to face the actual possibility of its total and final destruction. The arms race mankind faces today is, in point of fact, the most immediate and direct threat to its very survival. Stopping and reversing it is today, beyond the shadow of a doubt, the most decisive contribution to the cause of peace, the most essential and definitive goal the world has before it.'²⁵⁴

²⁵³ 'The World Economic and Social Crisis', by Fidel Castro, Publishing Office of the Council of State, Havana, 1983, pp204-5. In 'Imperialism, the Highest Stage of Capitalism' Lenin wrote: 'Finance capital has created the epoch of monopolies, and monopolies introduce everywhere monopolist principles: the utilisation of "connections" for profitable transactions takes the place of competition on the open market. The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly on orders for war materials...'
(22\244)

²⁵⁴ 'The World Economic and Social Crisis', op cit, pp209-10.

For Castro, the death industry is the product and source of global instability. For the SWP, it is the bedrock on which the West's 'well being' rests.

The SWP, it will be remembered, began its theoretical work by providing Britain's relatively well-to-do workers with a distorted and superficial account of post-1945 developments. While the upper-crust of British workers enjoyed 'improvements' in their living standards, hundreds of millions of oppressed peoples lived horrific nightmares, because of, and not despite, the post-war b-b-boom. The SWP not only failed to combine the British workers' economic and anti-imperialist struggles into a single whole, but also fashioned a theory which a) presented the arms industry as a stabilising force, and b) denied the source – the real source – of Britain's post-war 'improvements'. In the SWP's estimation, the growth of the armaments sector was a counter to, rather than an expression of, the violence of capitalist expansion. Usurers and death merchants, it would seem, were not stalking the planet. Instead, they were bypassing the poor countries, leaving them to wallow in their own ignorance and self-induced misery. At worst, the imperialists were guilty of neglect and not of a predatory offensive.

Castro proceeded altogether differently. His starting point was not the 'well being' of a thin upper stratum of workers but the super-exploitation of the world's majority by a handful of financial oligarchies. His work is full of moving and angry depictions of what hundreds of millions of oppressed peoples have to endure every day of their lives. But Castro was not a sentimentalist. In the course of his analysis, he showed that there is a solution to the crisis. Rather than await delivery from on high, the world's super-exploited must take their future into their own hands and, banding indissolubly together, overthrow the imperialist predators. As Castro stated in the Epilogue to his study of the crisis: 'The unity of all the Third World countries is absolutely necessary.'²⁵⁵

The SWP believes that the solution to the crisis lies in 'unity of action in the workplace' and not in the anti-imperialist struggle. In his book on the crisis, Cliff said very little about Britain's enormous, far-flung foreign holdings, except in the concluding paragraphs. There he stated:

'After the revolution in Britain, the BBC (perhaps renamed the Workers' Revolutionary Broadcasting Station) could carry out a very simple appeal to workers around the world: Take into your own hands former British capital. Black workers of South Africa! With your sweat and blood you created the gold mines. They are yours! Workers throughout the world – take! ... We in Britain have a powerful lever of world revolution in the vast £20 billion British capital investment abroad.'²⁵⁶

²⁵⁵ 'The World Economic and Social Crisis', by Fidel Castro, Publishing Office of the Council of State, Havana, 1983, p216.

²⁵⁶ 'The Crisis', by Tony Cliff, Pluto Press, 1975, pp191-2.

Cliff, then, did consider Britain's 'vast capital investments abroad', but only in so far as he sought to procure for himself and his organisation a kind of self-reflected glory.

The two analyses of the crisis – one undertaken by Castro, the other by Cliff – were poles apart.

Debt as a weapon of mass destruction

Socialist journals and papers in this country have frequently highlighted the plight of poor nations. One critic of British imperialism, in a poignant article on the consequences of the big banks' usurious activities, reminded readers that we are still living in the world that Lenin described in his work 'Imperialism'. Today, as in the past, the author explained, big banks are buttressed by imperialist states, each of which acts as 'bailiff and thug', ensuring that the poor countries are not 'late with debts'. The plunder of poor countries is thus closely related to the growth of militarism, the means by which rich countries hold the poor in thrall. World military spending in 2001 was as much as \$839 billion, although it would take only \$1 billion to prevent 500,000 malaria deaths a year. High child mortality rates, low levels of literacy and widespread starvation in the Third World are the result of the predatory activities of a handful of rich countries.

To give weight to his indictment of imperialism, the author included a statement from Mzimasi Makiniki, a Malawian debt cancellation campaigner. The statement reads:

'Malawians are dying because of debt, because of the world bankers... ... Debt is a weapon, the power of the multinationals is a weapon, the bankers' terms are weapons. **Let us have a war to obliterate these weapons.** ... It is truly human to stand with the poor of the world against the power that comes from bombs and missiles. I have no doubt that if we stand together then we shall prevail against injustice.'

Clearly, the article in question has much more in common with Castro's viewpoint than the SWP's. It certainly is a far cry from the kind of apologetics to which Harman, Callinicos and others have devoted themselves. Yet the article appeared in the *Socialist Worker*, the weekly organ of the SWP.²⁵⁷

So what game is the SWP playing by including anti-imperialist commentaries in its paper? This question is easily answered. The SWP has always aspired to the position of Britain's leading centrist organisation, has always attempted to unite left and right socialists on a reformist platform. From time to time, therefore, readers will find radical articles in *Socialist Worker*, some of which sit uneasily alongside the SWP's official pronouncements.

²⁵⁷ 'War, famine: Two brutal faces of imperialism', in *Socialist Worker*, 28 September, 2002

Anti-imperialists who submit articles to the SWP for publication are either woefully ignorant or are themselves consummate tricksters. Unless anti-imperialists openly contest the SWP's lies and hypocrisy, they will remain lost souls. To denounce imperialist parasitism through the medium of an organisation that denies imperialist parasitism is either the height of naivety or the worst form of opportunism.

However much the SWP theorists have flirted with radical ideas about giant capitalist trusts and inter-imperialist anarchy, have even toyed with expressions such as 'debt as a weapon of mass destruction', they have always fallen back on the notion of a convergence of global rates of exploitation. If anything, they believe that the British are more exploited than their counterparts in the Third World. Thus Harman asserted a) 'that the difference in wages between, say, India and Britain is not nearly as great as is often claimed', and b) 'that the difference that does exist is more than compensated for by the much greater efficiency of labour in the advanced countries.' He continued:

'Because a worker in Britain is better fed, enjoys better health facilities and has a higher average level of education than a worker in India, he is also more productive. Workers in the advanced countries are ... "richer but more exploited." They do not in any sense benefit from the exploitation of the Third World.'²⁵⁸

It would seem, then, that Malawi and other poor countries are not caught in the grip of usurious banks, despite what debt cancellation campaigners have to say about the matter in the pages of *Socialist Worker*. The West's 'productive' capitalists have simply 'overlooked' the Third World, preferring to pump surplus-value out of their own workers rather than oppressed peoples. Countries like Malawi, inhabited as they are by backward peasants and inefficient toilers, are not in any sense afflicted by super-exploitation. The Castroite idea that the underdeveloped countries are financing the development of the developed countries is preposterous, utterly without foundation. So the SWP would have us believe.

The SWP's standpoint summed up

In subsequent chapters, we shall reveal what lies behind the SWP's denial of imperialist parasitism. Here we need to consider a crucial question, one which brings us back to the issue of the SWP's attitude towards the hegemonists. The question is this:

If capital careers freely around the globe, eliminating differential profit rates and spheres of financial interest, **which force holds everything together?**

²⁵⁸ 'Marxist Economics and the World Today', by Chris Harman, in *International Socialism*, No 76, March 1975. [<http://www.marxists.org/history/etol/writers/harman/1975/03/kidron.htm>]

The formation of an average rate of profit within a capitalist country presupposes the existence of a bureaucratic, military state machine, the two-fold task of which is a) to ensure the domination of capital over labour and b) to prevent competition among capitalists from disintegrating into gang warfare. Yet as the SWP theorists have repeatedly acknowledged, no such force exists internationally. On what basis, then, have the different profit rates among countries 'tended to narrow'? To put this another way: Which power or coalition of powers safeguards the free flow of capital within the Western imperialist bloc? Throughout the period of the Cold War, the SWP theorists never attempted to answer this question. They simply assumed that competition among 'many capitals' would result in an equitable distribution of the total global surplus-value among the imperialist powers.

The SWP, of course, did not need to address the issue of 'global superintendence', since the hegemonists had already done so for them. The theory of 'hegemonic ultra-imperialism' and that of 'super-power imperialism' thus dovetailed into each other perfectly. While the SWP focussed on the conflict **between** US led 'Western imperialism' and Russian led 'Eastern imperialism', the hegemonists dwelt on relations **within** the Western bloc itself, leaving the SWP to wax discordant about the nasty Russians. Hence Harman could write:

'The First Imperialist War was followed by the Second Imperialist War. However, since 1945, things have been rather different. The major western capitalisms ... have not been driven to the "partition and repartition" of the world between them. There may be friction between Europe and America – but it has not led to a third imperialist war. The drive towards war since 1945 has involved the western bloc in conflict with the Russian bloc...'²⁵⁹

The interesting thing about Harman's comments was that he made no effort to explain why friction **within** the Western bloc did not degenerate into an all-out war. Evidently, the SWP drew the same conclusion as the hegemonists, namely that the US was a force for peace, upholding the interests of the West's 'many capitals'.

Throughout the Cold War period, the SWP's standpoint – viewed in both its explicit and implicit aspects – ran as follows:

- *The fundamental division of imperialism is that between the two super-imperialist powers, the Soviet Union and the US, each of which stands at the head of a distinct bloc of capitalist states. The nature of the rivalry between these blocs assures global stability, albeit of a fearful kind.*

²⁵⁹ Ibid.

- *Underpinning the global regime of fearful stability is the permanent arms economy (PAE), which more or less contains the violence of capitalist expansion. The theory of the PAE was brilliantly fashioned by Kidron, Harman, Bolchover and others, all of whom showed that Marx's theory of the transformation of values into prices of production was fundamentally flawed. Contrary to Marx's view, the surplus-value extracted from the workers is not the sole source of capitalist profits.*
- *Our principle aim is to advance the workers' class struggle, the central focus of which is the direct process of capitalist production. The so-called plunder of peasants by rapacious imperialists is a myth, fostered by socialists who have yet to grasp the essentials of capital accumulation. As Marx brilliantly revealed in his analysis of the transformation of values into prices of production, the surplus-value extracted from the workers is the sole source of capitalist profits.*
- *The Eastern imperialist bloc is particularly backward and vicious, much like the ancient slave holding states were. We therefore give our support to all those fighting Soviet imperialism, be they the Moujahedin in Afghanistan or anti-Castro exiles in Miami. On the other hand, the Western imperialist bloc is less backward and vicious than its Eastern counterpart, so we support its invading armies, but only in so far as they provide the left with a breathing space. We are, after all, revolutionaries, opposed to both Washington and Moscow.*
- *Since the free flow of capital among countries has eliminated super-profits and spheres of financial interest, we dismiss the idea that the working class is split into a privileged minority and a super-exploited majority. All those who produce surplus-value are workers and hence worthy of socialist support, whether or not they are anti-imperialists.*
- *The glue that holds the Western powers together is the US. **As Anderson and Panitch have demonstrated, the US has creatively constructed a transnational bloc that unites the entire advanced capitalist world under its leadership, welding together imperialists who might otherwise wage war against one another.** By intervening in this way, the US has brought about the end of imperialism as Lenin and the other revolutionaries knew it.*
- *The special role played by the US in superintending global capital has placed post-WWII struggles on a completely new footing. Socialists can now focus their energies on campaigns for job security and higher living standards, but without having to concern themselves unduly with anti-imperialist issues.*

SWP members will doubtless feel angry about my attributing the hegemonists' standpoint to them. When and where, they will ask, has the SWP ever presented the US's role in the way that Anderson and Panitch have?

It would certainly be wrong of me to put words into the mouths of SWP members. The drawing of inferences from silence should never form the basis of Marxist criticism, however convincing or refined those inferences may seem. To substantiate my claim, therefore, I shall turn to an examination of the SWP's post-Cold War analysis of imperialism. As will become clear, I have not foisted a single idea on the SWP rabble.

Chapter 5

The SWP's open support for the theory of hegemonic ultra-imperialism

1. Back to the drawing board

We are all Leninists now

When the Soviet Union collapsed, the SWP was left without a theory of 'ultra-imperialism' of its own and therefore had little choice but to formulate a new one. Ultimately, the organisation sought an alliance with a number of leading hegemonists, including Anderson and Panitch, in order to fill the ideological void. Before it did so, however, the SWP began to toy – superficially, but very dangerously – with Leninist ideas about the inevitability of inter-imperialist wars. In an article written in 1991, partly in an attempt to grapple with the disintegration of the 'superpower imperialism' theory, and partly to flaunt his anti-Kautskyite credentials before the SWP's 'left', Callinicos wrote:

'We can now see all too clearly the new world order is merely **the same old imperialist one**...Inter-imperialist wars, such as those of 1914-18 and 1939-45, are a **necessary** feature of a world economy divided between competing capitals. ...imperialism is not a mere policy but a stage, indeed the highest stage, of capitalist development.'²⁶⁰

In March 2002, a year before the Anglo-American invasion of Iraq, Callinicos continued to speak in menacing terms. In an article entitled 'The Actuality of Imperialism',²⁶¹ he noted how the capitalist world is made up of 'the three great capitalist constellations – the US, EU, and Japan' (p325), each of which is 'struggling to maximise its own influence'. (p324) For added effect, he threw in some important names. 'The world of imperialism', he stated, 'as it was portrayed by Lenin and Bukharin during the First World War – an anarchic struggle of unequal rivals – still exists, with the United States as first among unequals.' (p319).

Callinicos being Callinicos, his new found radicalism was utterly devoid of substance. In the first place, he still clung to the dogma that super-profits were not integral to imperialism, and that the exploitation of wage-labour continued to be concentrated primarily in the OECD region. This left one wondering why inter-imperialist wars were a **necessary** feature of international capitalism. Lenin and Bukharin were adamant that parasitism was at the root of all inter-imperialist

²⁶⁰ 'Marxism and imperialism today', by Alex Callinicos, in *International Socialism*, No 50, Spring, 1991, p3, p7, p43; emphases added.

²⁶¹ *Millennium: Journal of International Studies*, Vol. 31, No. 2, 1 March 2002.

conflicts. Callinicos was therefore hardly playing straight with his readers when he said that the world of imperialism, as it was portrayed by Lenin and Bukharin, still exists, and that the new world order is merely the same old imperialist one.

In the second place, Callinicos refused to disassociate himself from the original theory of 'super-power imperialism'. Instead, he maintained that that theory, though perfectly valid for the Cold War years, had been rendered obsolete by the Soviet Union's collapse. So at the same time as he championed his seemingly radical perspective, he reaffirmed his faith in the old shibboleths. He wrote:

'...inter-imperialist competition [during the period of the Cold War] did not lead to any general war among the Great Powers. Wars, of course, continued to rage on the system's periphery, just as they had during the 19th century European conquest of Africa and Asia, but the core remained at peace. Whatever the reasons (most obviously, the possession of nuclear weapons by both sides which, while it by no means made a general war impossible, certainly made both Washington and Moscow more cautious than they might otherwise have been), this was a remarkable interruption of the state of almost continuous warfare which had gripped Europe since the rise of absolutism...'²⁶²

Stages in the evolution of imperialism

According to Callinicos, the history of capitalism can be broken down into a number of distinct epochs, each characterised by the nature of the relationship between economic competition and military competition. During the period of classical imperialism, from 1875 to 1945, economic competition between capitalist firms was 'integrated' with military competition between nation states. As a result, inter-imperialist wars inevitably broke out.²⁶³ During the Cold War period, however, an entirely new pattern emerged, with the world witnessing 'a **partial dissociation** of economic and military competition'.²⁶⁴ Although wars occurred on the system's periphery from time to time, peace prevailed where it mattered most, in the core. This happy state of affairs was not to last. In the wake of the disintegration of the 'superpower blocs', we are now observing

'a **reintegration** of economic and military competition. ... Indeed we are now entering a period of more ferocious, and more unstable inter-imperialist competition.'²⁶⁵

²⁶² 'Marxism and imperialism today', by Alex Callinicos, in *International Socialism*, No 50, Spring, 1991, p18.

²⁶³ Callinicos believes that capitalist imperialism began in the 1870s, before the imperialists divided the whole world among themselves. Revolutionary Marxists, by contrast, look upon the division between oppressed and oppressor nations as basic, and therefore regard the end of the 19th century as the cut-off point in the delineation of capitalist epochs.

²⁶⁴ 'Marxism and imperialism today', by Alex Callinicos, in 'Marxism and the New Imperialism', Bookmarks, July 1994, p59; emphasis added.

²⁶⁵ *Ibid*, p59, p61.

Although Callinicos conceded that an inter-imperialist war might break out, he stressed that his current views were of a 'tentative' nature.²⁶⁶

While apparently turning towards the left (albeit 'tentatively'), Callinicos continued to define imperialism superficially, in terms of the relationship between economic and military competition. His periodisation of capitalist epochs may thus be summarised as follows:

- Pre-1875 – the **complete dissociation** of economic and military competition.
- 1875 to 1945 – the **integration** of economic and military competition.
- 1945 to 1991 – the **partial dissociation** of economic and military competition.
- Post-1991 – the **possible reintegration** of economic and military competition.

As will be seen later, Callinicos came to regret his characterisation of the current period, especially his claim that the new world order is merely the same old imperialist one. His unease became apparent whenever he attempted to engage the hegemonists in debate.

2. The SWP attempts to accommodate Negri

Callinicos began his overtures to the hegemonists with a 'criticism' of Negri. He then proceeded to a 'criticism' of Anderson, and then, when that failed to yield results, moved on to a 'criticism' of Panitch. This last involved a 'self-criticism', also, during the course of which Callinicos apologised for having indulged in Leninist flights of fantasy.

What follows is an account of how the radical Callinicos suffered from radical burn-out. We begin by looking at his criticism of Negri.

An easy demolition job

For 'Marxist' opportunists, Negri has always been an ideal target of criticism. He has, after all, repudiated just about the whole cannon of scientific socialism, including Marx's concept of capital and the proletariat's struggle for state power. He has done so, moreover, in an extraordinarily crass fashion, much as Bakunin, a leading non-Marxist opportunist, had done in the 19th century. For this reason, the settling of scores with Negri has always been high on the SWP's list of ideological priorities, providing the organisation with an excellent opportunity to display its glittering 'Marxist' wares.

²⁶⁶ Ibid, p59.

In opposition to Negri, the SWP theorists produced a number of articles in which they defended the workers' class struggle and upheld Marx's concept of capital, including the theory of the tendency of the rate of profit to fall. 'This theory', Callinicos stated in a criticism of Negri, 'is, of course, the basis of Marx's theory of capitalist crisis.'²⁶⁷ Callinicos kept quiet about the fact that the SWP had long since revised Marx's theory of capitalist crisis, as well as advocated a **narrow** form of class struggle, one that seeks to defend living standards without reference to imperialist parasitism.

(i) The back-tracking commences

In the course of his criticisms of Negri, Callinicos naturally raised the issue of inter-imperialist rivalry, which Negri, together with Hardt, had dealt with at length in 'Empire'. As readers will recall, the central thrust of 'Empire' was that inter-imperialist rivalry was 'structurally impossible' because a) global capital had supplanted national capital, and b) the US played the role of 'hegemon', safeguarding the interests of all capitalists. Contesting this view, Callinicos wrote:

'Hardt and Negri deny that inter-imperialist conflict is any longer a significant feature of contemporary capitalism... Not to recognise the depth of these antagonisms between rival centres of capitalist power is badly to misunderstand the nature of the contemporary world.'²⁶⁸

And then, retreating from his earlier statements about the impending ferocity of inter-imperialist conflicts, Callinicos added the following:

'War is certainly highly improbable within the Western capitalist bloc, for reasons too complicated to explore here. But the spy plane crisis that pitted China against the US in the South China Sea in April 2001 is a symptom of a military build-up and developing geopolitical tensions in East Asia that could all too plausibly develop into armed confrontation.'²⁶⁹

So whereas in 1991 Callinicos stated that inter-imperialist wars were a **necessary** feature of modern day capitalism, he now insisted that they were highly **improbable**, at least among civilised nations. Given Callinicos' new note of 'optimism', we may amend his periodisation chart as follows:

- Post-1991 – the **improbable reintegration** of economic and military competition.

The slide had commenced.

²⁶⁷ 'Tony Negri in perspective', by Alex Callinicos, in *International Socialism Journal*, No 92, Autumn 2001.

²⁶⁸ Ibid.

²⁶⁹ Ibid.

I am not suggesting that Callinicos should predict the precise date of World War III. We cannot say in advance when Europe and America will launch their attacks on each other and it would be idle to speculate about it. Such forecasts are best left to augurs and astrologers. As early as 1908, Rosa predicted that war between Japan and the US was *inevitable*.²⁷⁰ Lenin, too, predicted that Japan and the US would one day engage each other in military conflict over the redistribution of the South East Asian booty. (31\465) Neither he nor Rosa gave any indication of when battle would commence. It was not their task as revolutionary Marxists to put dates to future crises and wars. Rather it was their responsibility to alert the proletariat to the fact that the world's financial oligarchies will *never* reach a long-lasting agreement over a 'fair' distribution of global super-profits.

(ii) Friendly disagreements between the right and centre

Despite his critical posturing, Callinicos was earnestly trying to reach accommodation with the Negriites, who formed an important contingent of the rapidly growing anti-capitalist movement. In the opening paragraph of his criticism of Negri, he stated:

'If there were any doubt that the anti-capitalist movement represents a major revival of the left on a world scale, it was removed by the vast demonstration against the G8 summit in Genoa on 21 July 2001. Around 300,000 people, the overwhelming majority of them from Italy itself, took part in the protest, despite the extreme violence displayed by the police. The youth, confidence and militancy of the demonstrators offered clear evidence that the Italian left – after nearly a quarter of a century of defeat and demoralisation – was in the process of being renewed.'²⁷¹

In Callinicos' view, Negri was a 'key theorist' of the anti-capitalist movement, a 'revolutionary' who had, alas, gone astray. In contrast to the Marxists, Negri had failed to recognise that 'only the mass mobilisation of the organised working class can counter the concentrated power of the capitalist state'.²⁷² Yet for all his errors and weaknesses, he nonetheless embodied 'the emerging confidence of the international movement against capitalist globalisation.'²⁷³

Other SWP luminaries followed Callinicos' lead. What is 'admirable' about Negri, August Nimtz wrote, is his 'optimism about the ability of the oppressed to

²⁷⁰ 'The Communist International in Lenin's Time. Documents: 1907-1916.' Ed. John Riddell, Pathfinder, 1984, p117.

²⁷¹ 'Tony Negri in perspective', by Alex Callinicos, in *International Socialism Journal*, No 92, Autumn 2001.

²⁷² Ibid.

²⁷³ 'The Actuality of Imperialism', by Alex Callinicos, in 'Millennium: Journal of International Studies', Vol. 31, No. 2, March 2002, p319.

resist.²⁷⁴ It is not clear whom Nimtz had in mind when he used the term 'oppressed', for he said nothing about Negri's shameful portrayal of Bush senior as an agent of historical progress. But then perhaps Nimtz looked upon Arabs in the same way as Negri did, as the pliable objects of the US's 'hegemonic' ministrations. In Nimtz's estimation, Negri's errors were rooted in a lack of theoretical understanding and not in class treachery. Negri had simply failed to grasp the need for a revolutionary political party, 'a disciplined vanguard'.²⁷⁵ In none of his 'criticisms' of Negri did Nimtz ever touch on or allude to Negri's **social-chauvinism**.

On many key issues, the gulf between the SWP and the Negriites was unbridgeable. But Callinicos knew this all along. He therefore endeavoured, not so much to win the Negriites over to the SWP's side, as to gain acceptance of the idea of co-operation between the right and centre in the anti-capitalist movement. The SWP wanted to share the same platform as the social-chauvinists, as well as to engage them in comradely debate, but without the issue of imperialism intruding unduly.²⁷⁶

Anderson, by contrast, was just the sort of socialist whom the SWP wished to ensnare. A highly acclaimed 'Marxist' (especially in bourgeois circles), Anderson was the editor of *New Left Review*, one of the world's most prestigious socialist journals.

3. The SWP attempts to accommodate Anderson

Not long after the appearance of the SWP's criticisms of Negri, the Anglo-American imperialists made preparations for the invasion of Iraq. To halt the war-mongers in their tracks, anti-war coalitions sprang up on all the continents, attracting the support of broad layers of people. On the eve of the invasion, the world witnessed the biggest anti-war demonstrations ever, with some 80 million people taking part in protests in scores of cities. In London alone, approximately 2 million marched for peace.

²⁷⁴ 'Class struggle under "Empire": in defence of Marx and Engels', by August Nimtz, in *International Socialism Journal*, No 96, Winter, 2002.

²⁷⁵ Ibid.

²⁷⁶ In November 2003, at the European Social Forum, Negri and Callinicos publically debated issues relating to the anti-capitalist movement. The debate, which was titled 'Multitude or Working Class', was publicised as 'a battle between two movement stars perhaps broadly representing the two major ideological tendencies within the anti-capitalist movement currently in contestation.' Although most of the audience of over 2000 supported Negri, Callinicos gained his few hours of fame, stressing the importance of both 'Marxism' and 'the class struggle'. One commentator, a Negri supporter, complained: 'the debate gave far more status to Callinicos than he really deserved. Negri is far more well known ...'. [<http://info.interactivist.net/node/2490>] Typically, neither of the 'movement stars' touched on the question of imperialism.

The SWP was euphoric. It had always hankered after the creation of an SWP led mass movement and now seemed closer to realising its goal than ever before. Under these circumstances, the SWP had to think very carefully about the way it positioned itself in the anti-war coalition. To portray the impending invasion as part of the inevitable drift towards an imperialist war between the USE and USA would hardly endear the SWP to the European imperialists and their supporters, many of whom were willing to share anti-American platforms with the left. On the other hand, unless the SWP adopted a semblance of an anti-imperialist perspective, it would become vulnerable to attacks from genuine socialists and democrats. The forging of a middle-ground between the pro- and anti-imperialist currents in the anti-war movement required a high degree of guile, the more so since the SWP had already coquetted with Leninist ideas about the necessity of inter-imperialist wars.

The furtive abandonment of the old shibboleths

At the end of 2002, during the build-up to the world-wide opposition to the planned invasion of Iraq, Callinicos wrote an article entitled 'The grand strategy of the American empire'.²⁷⁷ In it, he sought to assure Anderson that the SWP's standpoint was not wholly antithetical to the hegemonists'. The causes of the two world wars, he explained, were unlikely to return, despite the re-emergence of inter-imperialist rivalry. It was therefore perfectly acceptable for socialists to acknowledge the existence of inter-imperialist rivalry and to reject the notion of the inevitability of inter-imperialist wars. This meant that Anderson could abandon his unrealistic attachment to the notion of a crisis free imperialism, but without having to forego his belief in the obsolescence of Lenin's 'Imperialism'.

Exactly how Callinicos attempted to persuade Anderson of all this is something we shall consider presently. Here it is necessary to point out that his 'criticism' of Anderson was for the most part a rehash of his 'criticism' of Negri. In both cases, he set out to demonstrate that 'war is certainly highly improbable within the Western capitalist bloc'. It is as though nothing had changed in what Callinicos had to say about imperialism.

But something very significant had changed.

(i) A disarming retreat

In the first place, Callinicos unceremoniously abandoned the theory of 'the permanent arms economy'. Many of the peace campaigners to whom he now addressed his appeals would have been repulsed by a theory that linked the workers' 'well being' to armaments expenditure. Accordingly, without fanfare or self-criticism, Callinicos wrote:

²⁷⁷ 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

'If the EU were to challenge US primacy this would not fundamentally improve on the present situation. Indeed, by diverting yet more resources to the military and unleashing a new arms race, it would make the world even more unjust and dangerous than it already is.'²⁷⁸

This was the same Callinicos who had insisted that 'waste production' has a **stabilising** effect on world economy, and that the post-war recession of the 1970s was due to a **decline** in armaments expenditure. He and other SWP theorists had repeatedly argued that the 'permanent arms economy' was experiencing difficulties **because of Europe's reluctance to match US arms spending**. Thus Rees wrote in 1994:

'... the permanent arms economy contained the seeds of its own destruction, as its original theorists recognised. The burden of destroying productive capital was not borne equally by all the major capitalist powers... In particular Japan and West Germany spent something like 1 percent and 3 percent of GNP respectively on arms, while the amounts for the USSR and the United States were in double figures. ... The lower arms spenders were now investing in productive capital and therefore renewing the old tendency of the organic composition of capital to rise and the rate of profit to fall. ... [S]o long as the superpowers [i.e., the US and Soviet Union] are threatened by capitalist powers [e.g., Germany and Japan] who do not have any intention of matching their levels of arms spending it is difficult to see how a permanent arms economy can be reimposed on a world of competing great powers.'²⁷⁹

Now, with the SWP riding the crest of a massive anti-war wave, Callinicos announced that armaments expenditure has a **destabilising** effect on world economy. Imperialism and militarism, he hypocritically declared, 'threatens to destroy the planet through war and environmental destruction.'²⁸⁰ Had he been true to his beliefs, he would have said that an arms race between Europe and the US **would restore the 'stability' of the 1950s and 60s**.²⁸¹

²⁷⁸ Ibid.

²⁷⁹ 'The New Imperialism' by John Rees, in 'Marxism and the New Imperialism', Bookmarks, July 1994, pp97-99. According to Harman, the theory of 'the permanent economy' explains both the post-war boom and the subsequent slumps. During the 1950s and 60s, arms expenditure provided 'temporary stability for the system', as it 'reduced upward pressure on Marx's "organic competition of capital", so offsetting the tendency of the rate of profit to fall.' But this stability was short-lived, Harman added, because Japan and Germany, in comparison with the US and Britain, 'spent different proportions of their national output on arms... This translated into differential competitiveness when it came to the struggle for markets – and, over time, to a tendency for the old cycles of boom and slump to re-emerge.' ('Permanent Legacy', by Michael Kidron, in *Socialist Review*, No 273, April 2003.) [www.marxists.org/archive/kidron/bio/socrev.htm]

²⁸⁰ 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.marxists.de/imperial/callinicos.htm]

²⁸¹ While Callinicos dispensed with the old SWP theories in his 'Grand Strategy' article, he resurrected them elsewhere, as circumstances required.

(ii) A 'sticky' issue: the repackaging of the Soviet Union

The other holy writ Callinicos quietly jettisoned was that of 'Soviet capitalism'. He stated, with reference to the ending of the Cold War:

'Liberated from the restraints demanded by unity against the Eastern bloc, Germany and Japan might increasingly assert themselves geopolitically and develop into world powers threatening US hegemony.'²⁸²

Callinicos, it will be recalled, had castigated Binns and Haynes for failing to treat the Soviet Union exactly as one would any other capitalist state. But if the Soviet bloc was like any other capitalist bloc, **why did Germany and Japan feel especially threatened by it?** Or was Callinicos seriously suggesting that Western (civilised) capitalists had an interest in one type of capitalism and Eastern (uncivilised) capitalists in another? Vance, we know, was untroubled by these considerations. As he saw it, the Soviet Union was an expansionist, slave-holding social formation, one that had prompted the genuine capitalist bloc, headed by the US, to unite against its common enemy. Did Callinicos concur with this standpoint? Did he believe that the Soviet Union's foreign policy was driven by the insatiable need for slave labour?

Callinicos' statement about the imperatives of Western 'unity' would make sense only if he viewed the Soviet Union as either a **slave-holding** state or a **socialist** one. Since he himself had argued, correctly and persuasively, against the notion of Soviet slavery, we must conclude that he had surreptitiously abandoned the notion of 'Soviet capitalism'. (How else can we explain the existence of 'restraints demanded by unity against the Eastern bloc'?)

There was nothing particularly progressive or promising about Callinicos' apparent change of mind. He was simply bringing SWP ideology into line with the main currents of opportunist thought in Britain.

Outside the ranks of the SWP, many opportunists denied that the Soviet Union had ever been a capitalist or slave-holding state. Although they disagreed about the meaning of socialism, they all looked upon the Soviet Union as a workers' state, whether of the wholesome or deformed kind. They could therefore argue, with a certain measure of consistency, that the ending of the Cold War had resulted in the destabilisation of the Western bloc. According to the Socialist Party (formerly the 'Militant Tendency'), the end of the Cold War produced

'a major crisis in inter-imperialist relations ... reminiscent of the pre-1914 and inter-war years. The re-emergence of such conflicts has followed the collapse of the former Stalinist regimes in the Soviet Union and Eastern Europe. The existence of these regimes acted as "a glue" which cemented

²⁸² 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

over the different interests of the capitalist and imperialist powers and bound them together in opposition to the Stalinist regimes. The removal of this glue has now given rise to an open conflict of interests between the major capitalist powers of the US, Britain and Europe.²⁸³

Similarly, The Communist Party of Britain wrote:

‘Since the 1990s, the collapse of the socialist system has objectively strengthened the hand of capital while weakening that of the working class. The glue of anti-Communism and anti-Sovietism which held competing imperialist interests together has melted away, freeing imperialism to intensify its rivalries and its domination of the Third World.’²⁸⁴

The collapse of the socialist system certainly strengthened the hand of capital in relation to workers and oppressed peoples. But it does not follow from this that the Soviet Union’s existence had acted as ‘a glue’ that bound the imperialist states together. Tensions within the Western alliance have come to the fore because of imperialism’s *inner* contradictions, its fundamentally parasitic and decaying nature, and not because of the disappearance of *external* pressures. Even in the early 1920s, when the Soviet Union’s existence was a major challenge to the imperialists (both because of the revolutionary energies unleashed by the October revolution and because of the spread of intense class conflicts throughout Europe), the divisions among the imperialists were far too great for them to maintain the impetus of an anti-Soviet offensive. As Lenin stated:

‘If ... we cast a glance over the history of the past three years from the point of view of the international situation of the Soviet Republic, it becomes clear that we have been able to hold out and have been able to defeat the Entente powers – an alliance of unparalleled might that was supported by our whiteguards – only because there has been no unity among these powers. We have so far been victorious only because of the most profound discord among the imperialist powers, and only because that discord has *not been a fortuitous and internal dissension between parties*, but a most deep-seated and ineradicable conflict of economic interests among the imperialist countries which, based on private property in land and capital, *cannot but pursue a predatory policy which has stultified their efforts to unite their forces against the Soviets.*’ (31\466)²⁸⁵

²⁸³ ‘Socialist Party’, 12 February, 2003. [www.socialistparty.org.uk/antiwar3.htm]

²⁸⁴ ‘The British Road to Socialism’, [www.comunist-party.org.uk/index.php?file=brs&brs=brs_ch1.txtbritRoad.htm]

²⁸⁵ See also 31\225, 31\325, 31\430.

There was certainly the possibility – the very real possibility - that one or more of the imperialist powers would strike at the Soviet Union, and for this reason, Lenin stressed, workers and peasants world-wide had to be ever vigilant.²⁸⁶ The imperialists jointly hated Bolshevism and wanted to destroy it, but were unable to do so because they were plundering parasites. As capitalists who had gone rotten to the core, they lacked common interests and common goals and therefore were unable to unite in any principled or steadfast way. The Soviet Union's capacity for survival depended on three things: 1) the strength and vitality of Russian socialism,²⁸⁷ 2) international solidarity, especially that shown by the French and British workers,²⁸⁸ and 3) inter-imperialist conflicts. To ignore the latter, or to fail to play the imperialists off against each other, Lenin warned, was to place the Soviet Union in peril.²⁸⁹

But if there is 'a most deep-seated and ineradicable conflict of economic interests among the imperialist countries', how do we account for the fact that the post-WWII truce has been of an exceptionally lengthy duration? For revolutionary Marxists, the answer is not far to seek. 'Peace' has prevailed among the imperialists since 1945 largely because the forces of Communism succeeded in destroying (and not just defeating) the fascist state apparatuses in Europe and Asia. The German imperialists were so completely crushed by the Soviet Union that they had little choice but to accept US 'leadership' in the post-WWII reconstruction period. (80 percent of all German troops killed in WWII died at the hands of Russia's liberation fighters.) Never before in history has there been a situation in which a decaying mode of production benefited from the triumphs of an ascendant one. It is striking that Anglo-American opportunists refuse to deal with this anomaly. Instead, they comfort themselves with the thought that the US, through its acts of 'generosity' towards the vanquished, succeeded in ushering in a war-free capitalism.²⁹⁰

As a result of the role played by the Soviet Union in destroying fascism, the outcomes of the two world wars were very different. In 1919, following the armistice, the German ruling classes were still in command of their own (though sorely battered) state machine, and therefore were able to seek economic and diplomatic ties with the Soviet Union. They did so, both to reassert their independence vis-à-vis the other imperialist powers and to counter France's and Britain's predatory activities in Europe. For their part, the Bolsheviks did everything possible to foment conflicts between the imperialists, in anticipation of the inevitable outbreak of another inter-imperialist war. As a result of Germany's relative independence, on the one hand, and the Bolsheviks' revolutionary foreign policy on the other, the Weimar and Soviet governments signed the

²⁸⁶ 30\487

²⁸⁷ 31\400

²⁸⁸ 30\79, 33\145, 31\400, 31\329-9

²⁸⁹ 31\225, 31\433, 31\438-9

²⁹⁰ When the European robbers develop the capabilities to grab the whole of the Third World loot for themselves, they will reveal how appreciative they are of American generosity and leadership.

Rapallo Treaty in April 1922, temporarily normalising relations between the two countries. Lenin regarded this treaty as one of the greatest triumphs of Soviet diplomacy, signifying as it did the disintegration of the global bourgeoisie's anti-Bolshevik military offensive. (33\357)

Just as the existence of the Soviet Union did not prevent WWII from taking place, so its continued existence would not have stood as a barrier to the consolidation and further development of the USE, the pre-condition for a return to 1914 conditions. If anything, the presence of a world power like the Soviet Union would have provided the Europeans with greater scope for confronting the Americans than is presently possible.

By means of their 'glue' theory, the opportunists are able to explain the re-emergence of inter-imperialist rivalry without having to consider the 'deep-seated and ineradicable conflict of economic interests among the imperialist countries'. If the Soviet Union's presence impelled the world's financial oligarchies to set aside their 'ineradicable' differences, then those differences were never really 'deep-seated'. I therefore strongly disagree with those who attribute the growing conflict among the imperialist powers to the Soviet Union's demise.²⁹¹

By adapting to mainstream opportunist thought on the question of the Soviet Union's collapse, Callinicos was seeking to find common ground with other reformists, as well as to formulate a 'new' theory of imperialism, one which would enable him to appeal to as wide an audience as possible. With this in mind, we return to Callinicos' overtures to Anderson.

A 'new' theory in the making

An important feature of Callinicos' 'Grand Strategy' article was his admission that Anderson's analysis of 'US strategic thinking', **as reflected in his 'Force and Consent' article**, was 'very similar' to his own.²⁹² Callinicos did not spell out what he and Anderson had in common, leaving it to his readers to draw their own conclusions. At this stage, Callinicos was still reluctant to reveal where he stood on the question of 'hegemonic ultra-imperialism'.

²⁹¹ There seems to be a consensus among British socialists that the re-emergence of inter-imperialist rivalry is linked to the collapse of the Soviet Union. Thus Ted Grant and Alan Woods wrote: 'One important effect of the fall of Stalinism has been the intensification of inter-imperialist contradictions. In the past they were to some extent united against the common enemy of Stalinism, but now that this has disappeared ... the conflicting interests of the different imperialist powers have come to the fore.' ('Marxism and the Struggle Against Imperialism: Third World in Crisis', by Ted Grant and Alan Woods, in *Youth for International Socialism*, 25 June, 1998.) Grant and Woods' perspective - which turns Lenin's post-1918 analysis of international relations on its head - suggests that the Second World War was a mistake, the result of the imperialists' failure to 'unite against the common enemy'. (See 31\446, 31\450)

²⁹² 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

Callinicos' 'left' admirers must have found his comments about Anderson's 'Force and Consent' article very puzzling, if not downright alarming. Anderson, it will be remembered, had presented the US as the impartial custodian of global capital, uniquely placed to cleanse the Middle-East of its 'aberrant states'. Is that what Callinicos believed? And if not, in what sense was his outlook similar to Anderson's?

Callinicos ducked these questions, focusing instead on Anderson's 'pessimism', the fact that he

'regards the division within the Western ruling classes and the widespread opposition to US unilateralism as largely irrelevant.'²⁹³

To help Anderson overcome his 'pessimism', Callinicos set out to assure him, firstly, that the division between Europe and the US opened up new and exciting opportunities for the anti-war movement, and secondly, that growing tensions between Europe and the US, though definitely relevant, will **not** lead to an inter-imperialist war.

(i) A bright future for the anti-war movement

In his 'criticism' of Anderson, Callinicos acknowledged that many members of the anti-war movement were 'pacifists or liberals or even Tories', but hastened to add that 'opposition to an attack on Iraq could generalise into a broader anti-imperialist position.' Once socialists emerged as the dominant current within the anti-war movement, they would be able to challenge the politics 'that still tie some of the participants to the ruling order.' And besides, socialists should welcome the support of the European imperialists, since 'their present stance ... helps to legitimise [yes, **legitimise**] resistance to Bush's war drive'. Anderson, Callinicos bemoaned, was surprisingly 'pessimistic' for someone who was 'so sophisticated an intellectual'.²⁹⁴

From a reformist standpoint, this was standard fare, routinely dished out whenever socialists debated the issue of united front tactics. What Callinicos failed to explain, however, was how pro-imperialists (those 'tied to the ruling order') can promote, both in words **and** deeds, the struggle for peace. As long ago as the early part of the last century, Rosa indicated how Marxists should approach the question of the building of an anti-imperialist movement. She wrote:

'Parliamentary manoeuvres and electoral strategies cannot change historical facts, conjure away class interests and bridge class conflicts. The development of large-scale capitalism in Germany, which in recent years has proceeded powerfully and with such dizzying speed, and the imperialist age of global politics, which has just arrived with drums beating

²⁹³ Ibid.

²⁹⁴ Ibid.

and trumpets sounding, will not be eliminated by any cunning parliamentary device. Their brazen logic, however, does lead to an increasing fragmentation of bourgeois society, and their brazen stride is trampling down mercilessly the last remnants of what is called bourgeois liberalism and bourgeois progress. The notion of a resurrection of bourgeois liberalism in Germany for purposes of a joint action with Social Democracy against the Reaction – **and the idea that it could happen now, in the age of growing imperialism** – is nothing more than a foolish dream, nothing but a counterfeit. Only those who have an interest in confusing the proletariat's class-consciousness could pass off this piece of tin as real money.²⁹⁵

Whether or not socialists should appear on the same platform as imperialists and their opportunist backers is a tactical issue. What is **not** a tactical issue is whether or not socialists should conceal – even momentarily, for alliance building purposes – **the true nature of imperialism**. By the time of the publication of Callinicos' 'Grand Strategy' article, imperialism had long since arrived with drums beating and trumpets sounding. Under these circumstances, genuine Marxists were duty bound to place the anti-imperialist struggle at the forefront of **all** their activities and propaganda, even if this meant offending those with whom they shared a platform. To treat imperialism as if it were a bad smell in polite company was to turn the peace movement into a plaything of the war-mongers.

While Callinicos was pontificating over the prospects of 'a resurrection of bourgeois liberalism in Europe for purposes of a joint action with anti-war campaigners', genuine socialists were denouncing the European imperialists in forthright terms. The drive behind the formation of the USE was a reactionary and predatory one, they said, aimed at grabbing as large a slice of global super-profits from the Americans as possible. To remain mute on an anti-war platform (of all platforms) about **this** aspect of the European project was to prostrate oneself before the European imperialists, however 'peace-loving' they appeared to be.²⁹⁶

The chief thrust of Callinicos' article was that a broad-based anti-war movement, one that draws its support from the socialist proletariat and those 'tied to the ruling order', can prevent wars from breaking out. Had Callinicos been truly realistic (and optimistic), he would have condemned Anderson for his **social-chauvinism**, while at the same time urging socialists to create a **genuine** anti-war movement.

²⁹⁵ 'What Now', by Rosa Luxemburg, in *Die Gleichheit*, February 1912, in 'Rosa Luxemburg: Selected Political Writings', edited and introduced by Robert Looker; emphasis added. [<http://www.marxists.org/archive/luxemburg/1912/02/05.htm>]

²⁹⁶ In opposition to SWP type apologetics, Alan Freeman argued that the aim of the European imperialists was 'to re-organise and re-establish European domination over the extraction of surplus-value from the Third World in the face of a new and unilateral US ascendancy...' ('For another Europe: A Class Analysis of European Economic Integration', by Guglielmo Carchedi, Verso, 2001. Reviewed by Alan Freeman, in *Historical Materialism*, 14:1, 2006, p283.)

(ii) Inter-imperialist conflicts will not lead to war

Turning his attention to the question of inter-imperialist conflicts, Callinicos reiterated the points he had made in his 'criticism' of Negri. He wrote:

'One of the distinctive features of the Marxist theory of imperialism is that it treats diplomatic and military conflicts among states as instances of the more general process of competition that drives capitalism on. More specifically ... the theory of imperialism argues that in the course of the 19th century two hitherto relatively autonomous processes – the geopolitical rivalries among states and economic competition between capitals – increasingly fused. ... Economic and security competition were now closely interwoven in complex forms of conflict that developed into the terrible era of inter-imperialist war between 1914 and 1945.'²⁹⁷

The hegemonists found this kind of reasoning unsettling. They wanted to enjoy the crumbs of imperialist plunder, but without the threat of war hanging over them. They therefore sought solace in a dream-world, one in which the US plays the role of 'globo-cop', the guarantor of inter-imperialist peace.

Keenly aware of Anderson's apprehensions, Callinicos assured him that 'geopolitical rivalries among states' and 'economic competition between capitals' would not necessarily 'fuse' in the current period. The European imperialists, though rising stars economically, were 'still relatively marginal geopolitical actors'.²⁹⁸ The outbreak of inter-imperialist wars, therefore, remained improbable, at least in the foreseeable future. Anderson, therefore, had nothing to fear from the SWP's analysis. By means of it, he could acknowledge the existence of inter-imperialist rivalry, but without having to adopt a Leninist position.

Not surprisingly, Anderson ignored the SWP's overtures. As someone who looked upon the US as the fitting representative of global capital, Anderson had little time for a theory that remained vague about Lenin's theory of imperialism. To reach out to the hegemonists, Callinicos would have to renounce his 1991 perspective altogether, something he was still unwilling to do. On the eve of the invasion of Iraq, Callinicos saw little advantage to providing a clear and unambiguous statement of where he stood on the question of 'hegemonic ultra-imperialism'.

²⁹⁷ 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

²⁹⁸ Ibid.

Callinicos presses on

Following his Grand Strategy article, Callinicos continued to fashion a 'new' theory of imperialism. He was greatly aided in this venture by Harvey, who had begun to formulate a 'new' theory of his own. As a world-renowned 'Marxist' and respected member of the academic establishment, Harvey was able to reach a wider audience than Callinicos.

Much like Callinicos, though using different terminology, Harvey characterised imperialism as the 'contradictory fusion' of 'two distinct logics', the logic of **capital accumulation** and the logic of **state power** (which he defined as 'the political, diplomatic, and military strategies invoked and used by a state'.) He wrote:

'The fundamental point is to see the territorial and the capitalist logics of power as distinct from each other. Yet it is also undeniable that the two logics intertwine in complex and sometimes contradictory ways. ... The relation between these two logics should be seen, therefore, as problematic and often contradictory (that is, dialectical) rather than as functional or one-sided. This dialectical relation sets the stage for an analysis of capitalist imperialism in terms of the intersection of these two distinctive but intertwined logics of power.'²⁹⁹

Again like Callinicos, Harvey maintained a) that World Wars I and II broke out because the two logics of power had **fused**, and b) that the socialist movement, by bringing sufficient pressure to bear on the imperialist powers, could achieve a **separation** of the two logics. In sum, both he and Callinicos upheld the Kautskyite argument that inter-imperialist wars are not a **necessary** feature of modern capitalism.

Callinicos was heartened by Harvey's intervention. The idea of an 'intersection' between two dialectically intertwined but mutually 'irreducible' logics, impressed him immensely, as it did large swathes of the academic establishment. Not surprisingly, Callinicos went on to modify the terms (but not the substance) of his analysis.³⁰⁰

In 2004, in a paper written for the World Marxist Congress, Callinicos outlined his 'new' theory of imperialism, adorning it with Harvey type expressions. I quote from this paper at length, both because it sums up the SWP's basic thinking on imperialism theory and because Callinicos reproduced it, virtually in its entirety, in a number of subsequent articles:

²⁹⁹ 'The New Imperialism', by David Harvey, OUP, 2003, pp26-30.

³⁰⁰ According to Callinicos, Harvey's attempt to 'reformulate the Marxist theory of capitalist imperialism' was 'exemplary', enabling socialists to conceptualise imperialism 'non-reductively'. ('The Resources of Critique', by Alex Callinicos, Polity Press, 2006, p246.) In due course, we shall learn what Callinicos means by a 'non-reductive' analysis of imperialism.

‘... it is enormously important to state with rigour what we mean by “imperialism”. For me modern imperialism is what happens where two previously distinct forms of competition merged, as they did in the late 19th century:

- Economic competition between capitals;
- Geopolitical competition between states.

‘A century or two before these two competitive logics had been distinct, rooted in different modes of production – economic competition in the nascent capitalist world system, geopolitical competition in [the] military expansion and state-building ... characteristic of feudalism ...

‘Imperialism represents the moment at which these two logics become integrated: geopolitical competition can no longer be pursued without the economic resources that could only be generated within the framework of capitalist relations of production... Another way to put it is that the competitive struggle among what Marx in the *Grundrisse* called ‘many capitals’ now assumed two forms, economic and geopolitical. ... The methodological point that I want to make is that to sustain such a position it is essential to insist on both the integration of the two forms of competition, and also their mutual irreducibility. David Harvey expresses the same thought when he calls “capitalist imperialism” the “contradictory fusion” of two logics of power, what he calls ... the capitalist and territorial:

“The relationship between these two logics should be seen therefore as problematic and often contradictory (that is, dialectical) rather than as functional or one-sided. This dialectical relationship sets the stage for an analysis of capitalist imperialism in terms of the intersection of these two distinct but intertwined logics of power. The problem for concrete analyses of actual situations is to keep the two sides of this dialectic simultaneously in motion and not to lapse into either a solely political or a predominantly economic mode of argumentation.”

‘This seems to me exactly right.’³⁰¹

As the above indicates, Callinicos was still very guarded about the present, though seemed at ease pontificating about the past. Emboldened by Harvey’s intervention, he was now willing to give an account of how the ‘two logics’ had interacted in the pre-1991 periods.

³⁰¹ Marx Congress 2004 plénière samedi, 2004 ; contribution by Alex Callinicos. [<http://netx.u-paris10.fr/actuelmarx/m4cali.htm>] There are important aspects of Harvey’s analysis which Callinicos rejected, and these will be considered later. Here it is sufficient to note that the ‘two logics’ theory of imperialism originated simultaneously within and without the SWP. To give Callinicos his due, he was part of an opportunist current that extended beyond the narrow confines of the SWP.

From complete dissociation to complete fusion

As readers will recall, Callinicos' delineation of capitalist epochs was as follows:

- Pre-1875 – the **complete dissociation** of economic and military competition.
- 1875 to 1945 – the **fusion** of economic and military competition.
- 1945 to 1991 – the **partial dissociation** of economic and military competition.
- Post-1991 – the **improbable reintegration** of economic and military competition.

According to Callinicos, the 'two logics' were initially distinct because each belonged to a **different mode of production**. Whereas economic competition was part of 'the nascent capitalist world system', geopolitical competition was rooted in the old order, in the 'military expansion and state-building' that was 'characteristic of feudalism'.

In previous centuries, then, rival feudal states waged their struggles against one another **independently** of the nascent bourgeoisie, which was then too weak to exert its influence in the political sphere. Feudal states were able to ignore bourgeois interests because they could make use of the resources that were generated within **feudal** society. However, from the 1870s onwards, the only way in which states could confront one other on the international plane was by harnessing the wealth created by capitalist firms. The geopolitical competition between states thus fused with the economic competition between 'many capitals', making war inevitable. Capitalism transmuted into imperialism.

Callinicos' account of the relationship between 'feudal logic' and 'capitalist logic' is extraordinarily muddled. In the 16th century, a most fierce struggle took place between the forces of capitalism and feudalism, not just in the realm of economics, but in the realm of state-building as well. Britain's defeat of the Armada, together with the associated victory of the Dutch rebels, severely weakened the Counter-Reformation, which was a barrier to the unfettered growth of capitalism. A.L. Morton, a genuine Marxist scholar, wrote:

'Up to 1588 the English bourgeoisie were fighting for existence: after that they fought for power. For this reason the defeat of the Armada is a turning point in the internal history of England as well as in foreign affairs. It was the merchants, with their own ships and their own money, who had won the victory and they had won it almost in spite of the half-heartedness and ineptitude of the Crown and Council, whose enthusiasm diminished as the war assumed a more revolutionary character. The victory transformed the whole character of the class relations that had existed for a century. The bourgeoisie became aware of their strength and with the coming of this awareness the long alliance between them and the

monarchy began to dissolve. ... The war with Spain, therefore, can best be understood as the first phase in the English Revolution.³⁰²

The bourgeoisie's struggle for state power reached new and higher levels of intensity in the 17th and 18th centuries, with the outbreak of bourgeois revolutions in Britain and France respectively. The process of bourgeois state-building continued into the 19th century, notably in Germany and Japan, although by now the industrial capitalists were more afraid of the rising proletariat than they were of the forces of reaction. Compromising with the old order, they underwent a process of adaptation to absolutism. By the end of the 19th century, a variety of imperialist state forms had come into being, ranging from the autocratic (Russia and Japan), to the semi-autocratic (Germany), to the constitutional monarchist (Britain) and to the republican (USA). The emergence of these state forms was a complex process, revealing capitalism's adaptability, its capacity for developing along different paths. Nevertheless, however diverse imperialist states were in their origins and forms of organisation, they were all **equally reactionary**. The invasion of the Philippines by republican USA was as illegitimate and predatory as the invasion of Namibia by semi-autocratic Germany and the occupation of Ireland by constitutional monarchist Britain.³⁰³ The fusion that took place at the turn of the last century was the fusion between **reactionary** political competition and **reactionary** economic competition, a fusion that persists to this day.

In his account of the shift from 'complete dissociation' to 'complete fusion', Callinicos falsely counterposed **feudal** politics to **capitalist** economics. He said nothing about the fact that bourgeois states had, over the course of many decades of progressive struggles, overturned the old feudal order. Nor did he mention that these **same** bourgeois states had degenerated into **reactionary** states by the end of the 19th century. He thus gave the impression that war occurred in 1914 because **feudal** relics had fused with **capitalist** interests. This was precisely Kautsky's viewpoint at the time of his involvement in the anti-war movement in 1911-13. If war were to break out, Kautsky argued, it would do so because the finance capitalists, in alliance with the old, reactionary elements in society, had succeeded in supplanting the industrial bourgeoisie as the dominant power. This was the position of his friend Joseph Schumpeter as well. He claimed that by 1914 capitalism had succumbed to the alien influences of pre-capitalist elites – notably the predatory financiers, reactionary landlords and military castes – all of whom used the industrial capitalists (society's 'wealth creators') for their own anti-capitalist ends. The conclusion to be drawn from their analyses was clear: to save capitalism from itself, peace campaigners must unite with the progressive bourgeoisie to isolate society's reactionary elements. Callinicos' theory of imperialism was but a rehash of Kautsky's argument that

³⁰² 'A People's History of England', by A.L. Morton, Lawrence & Wishart, 1963, p202.)

³⁰³ '... the **uncrowned** brigands, i.e., the capitalists, have shown themselves in the present war to be no better than the monarchs. Has not American "democracy", i.e., the democratic capitalists, robbed the Philippines, and does it not rob Mexico.' (24\221)

WWI broke out because the old political elites of Europe had bent capitalism to their will.³⁰⁴

The outstanding feature of the 'two logics' theory of imperialism is its eclectic nature, enabling opportunists to conceptualise the relationship between economics and geopolitics in an arbitrary manner. Once it is accepted that the 'two logics' are capable of either 'fusing' or 'dissociating' on a capitalist foundation, then opportunists will be able to construe reality to suit their reformist purposes. In terms of Callinicos' theory, the great powers engaged in their terrible bouts of blood-letting because the working class had failed to prise the 'two logics' apart, that is, had failed to detach the progressive bourgeoisie from the reactionary elites.

In his account of WWI, Callinicos did not so much enrich Lenin's theory of imperialism as negate it. Instead of explaining the causes of WWI with reference to the connection between *reactionary bourgeois politics* and *reactionary bourgeois economics*, he falsely counterposed *reactionary anti-capitalist politics* (i.e., the relics of feudalism) to *competitive capitalism*. In doing so, he revised revolutionary Marxism in the manner of a Kautskyite. As Lenin noted:

'Kautsky *divorces* imperialist politics from imperialist economics, he divorces monopoly in politics from monopoly in economics in order to pave the way for his vulgar bourgeois reformism ... The whole purpose and significance of this theoretical falsity is to obscure the *most profound* contradictions of imperialism and thus justify the theory of "unity" with the apologists of imperialism, the outright social-chauvinists and opportunists.' (23\107)

Periodisation revisited

Lenin's attitude towards the analysis of WWI can be summed up in the following:

'If you recognise the dictatorship of the proletariat, and at the same time talk about the war of 1914-18, then you must ... say that this war was a war between the brigands of Anglo-Franco-Russian imperialism and the brigands of Austro-German imperialism for the division of spoils, of colonies and "spheres" of financial influence. ... If this truth is not thoroughly explained ... it will be *impossible* to escape the miseries of capitalism, it will be *impossible* to escape new wars, which are *inevitable* as long as capitalism persists.

³⁰⁴ Lenin examined the causes of WWI with reference to capitalism's tendency to decay. He wrote: 'Imperialism is that state of capitalism when, having done all that it could, it turns towards decline. It is a special epoch, not in the minds of socialists, but in actual relationships. ... We cannot say how long this epoch will last. There may well be several such wars, but there must be a clear understanding that these are quite different wars from those waged earlier, and that, accordingly, the tasks facing socialists have changed.' (36\299-300)

'You do not want to talk this language, you cannot talk this language or carry on **this** propaganda, do you? You want to "spare" yourselves or your friends who yesterday preached the "defence of the fatherland" in Germany under Wilhelm or Noske, and in Britain and France under the rule of the bourgeoisie, don't you? Then spare the Third International! Gladden it with your absence!' (30\357)

Not surprisingly, Lenin's delineation of capitalist epochs is strikingly different from Callinicos'. According to Lenin, the evolution of capitalism can be broken down into three distinct periods. The first (from the 1780s to the 1870s) was one of 'the rise of the bourgeoisie' and the second (1870s to 1900) one of 'transition' towards 'reactionary and even ultra-reactionary finance capital'. In the third and present epoch (1900 onwards), the bourgeoisie occupies the **same** position as the feudal landlords occupied in the first epoch. (21\146-7) As Lenin succinctly put it, the 'finance capital tycoons of the decrepit bourgeoisie' have taken the place of 'the old and reactionary feudal lords.' (21\143)

If Callinicos had been true to the spirit of revolutionary Marxism, he would have dealt with the 'fusion' period by acknowledging 1) that **bourgeois geopolitics** had long since superseded **feudal geopolitics** (whether by means of revolutions from above or below), 2) that the bourgeoisie's world-wide political victory coincided with the transformation of **competitive** capitalism into **monopoly** capitalism, 3) that the chief feature of monopoly capitalism is the super-exploitation of oppressed peoples by a handful of financial oligarchs who have divided the whole world among themselves, and 4) that the only way in which these oligarchs can redistribute the global loot in accordance with their varying economic strengths is by means of military force. But had Callinicos approached the 'fusion' period in this way, he would have found it impossible to go on to 'dissociate' the 'two logics', **which was his real objective all along**.

In relation to the Cold War period, Callinicos' task was a difficult one, for he was required to explain, on the basis of an ostensibly radical theory of imperialism, why history had not repeated itself. He gave two reasons. First, peace prevailed **between** the two 'superpower imperialists' because of the fear of 'mutually assured destruction'. Second, peace prevailed **within** the Western power bloc because of the need for unity against the Soviet Union. In other words, purely **external** pressures combined to 'dissociate' the 'two logics' from each other.³⁰⁵

³⁰⁵ In arguing thus, Callinicos was merely echoing the views of the bourgeois 'realists'. According to John J. Mearsheimer, the Cold War was a relatively non-violent period because 'super-power rivalry', together with the 'pacifying effect' of nuclear weapons, kept Europe at peace. ('Back to the Future: Instability in Europe after the Cold War', by John J. Mearsheimer, in 'Theories of War and Peace', Ed. Sean M. Lynn-Jones, The MIT Press, 2001, p5, p9.)

As for the post-1991 period, Callinicos was still hedging his bets, still reluctant to renounce his 'radical' past. His readers were thus left with the impression that inter-imperialist wars were both likely and unlikely. But that was about to change.

4. The SWP reaches out to Panitch and Gindin

Living in interesting times

No sooner had Callinicos put the finishing touches to his 'new' theory of imperialism than the SWP's political fortunes went rapidly into decline. The massive anti-war movement that had come into being in 2003 proved to be utterly ineffectual. In comparison with the great anti-war campaigns of the early 1920s, the left's opposition to the invasion of Iraq was both a failure and a deception: a failure, because the Government proceeded with its invasion plans unhindered; a deception, because the campaign was predicated on the assumption that the British parliament has the right to decide whether or not the country should go to war. It has no such right, as millions of British anti-war protestors made clear in 1920-22, when they threatened to bring the country to a standstill if the government launched a new offensive against Russia. At meetings up and down the country, workers called for a general strike in the event of war, and for the formation of Labour Councils for organising the peace movement. Hundreds of these councils were set up throughout the country, backed by millions of workers. Conscious of the workers' power, the Government 'surrendered unconditionally'.³⁰⁶ Well did the bourgeoisie realise that power would have passed into the hands of the Labour Councils if it had pressed ahead with its invasion plans. As Lenin wrote:

'Independently of Parliament, [the British] Council of Action has presented an ultimatum to the government on behalf of the workers. This is a step towards [proletarian] dictatorship The entire British bourgeois press declared that the Council of Action meant the Soviets. They were right. It did not call itself by that name, but actually that is what it was.' (31\307-8)

'When ... Britain threatened Russia with war, the British workers prevented that war from taking place. ... The British workers declared that they wanted to determine foreign policy; they are directing it in the same way as the Bolsheviks in Russia, and not like the capitalists in other countries. ... That is why we emerged victorious within six months. That is why devastated, weak and backward Soviet Russia is defeating an alliance of states infinitely more powerful than she is.' (31\328-9)

Instead of treating the 'Hands-off Russia' campaign as a model for emulation, the SWP opportunists kept quiet about it, and little wonder, for they lined up with all

³⁰⁶ 'The British Labour Movement', by A.L. Morton and George Tate, Lawrence & Wishart, 1973, p289.

manner of dubious parliamentarians and trade unionists to achieve their reformist goals. In a word, they 'played the parliamentary game', passing off a piece of tin as real money.

Another noteworthy development was the formation of Respect, in which the SWP played a key role. In the national election of 2005, Respect obtained 70,000 votes, a small but tantalizing number. Like all centrists, the SWP hankered after a parliamentary presence, not in the manner of Liebknecht, who used the parliamentary platform to advance the revolution, but in the manner of the SDP centrists, who used the revolution to advance their parliamentary ambitions. The time had finally come for Callinicos to settle score with his 'radical' past.

The two logics reign supreme

For theorists, slips of the pen are an occupational hazard and, for the most part, quite harmless. But when Callinicos wrote, in bold script and with a resolute hand, that the post-Cold War order is merely **the same old imperialist one**, he knew exactly what point he was making, as did the hegemonists. And therein lay Callinicos' dilemma. On the one hand, he had overreached himself by acknowledging that inter-imperialist wars are a **necessary** feature of the international imperialist system. On the other, he felt impelled, more so than ever before, to give prominence to his 'two logics' theory of imperialism. Finding it impossible to square the SWP circle, but desperate to provide the social-chauvinists with a convincing alternative to the theory of 'hegemonic ultra-imperialism', Callinicos did the 'honourable' thing – **he abandoned his 1991 formulations altogether**. To this end he wrote a remarkable article entitled 'Imperialism and global political economy'.³⁰⁷

In this article, Callinicos reproduced, word for word, the 'two logics' theory he had unveiled at the World Marxist Congress in 2004.³⁰⁸ On this occasion, however, he amplified his theory in a way that left his readers in no doubt as to where he stood on the question of 'hegemonic ultra-imperialism'. In a number of passages in which he made a whole series of concessions to Panitch and Gindin, those arch **social-chauvinists**, Callinicos wrote:

'...Panitch and Gindin's critique of the idea that inter-imperialist rivalries persist is a useful corrective to the mistaken claim that ... I made in earlier writings that the end of the Cold War would see a return to the fluid and potentially disastrous economic and geopolitical competition among the Great Powers that prevailed during the era of classical imperialism between 1870 and 1945. In retrospect, this claim confused two levels of determination. It is inherent in the nature of imperialism that it involves

³⁰⁷ 'Imperialism and global political economy', by Alex Callinicos, *International Socialism*, No 108, 2005; emphasis added. [www.isj.org.uk/index.php4?id=140&issue=108]

³⁰⁸ If readers wish to refresh their memory, they will find the relevant quotation several pages above.

economic and geopolitical competition among a plurality of major capitalist states. But it does not follow that this competition must **necessarily** take the form of conflict, ultimately military, among a relatively small number of roughly equal Great Powers or coalition of Great Powers – as it did in the lead-up to both the First and Second World Wars. Moreover, the idea of a return to the Great Power rivalries of 1870-1945 ... implied a simple repetition of earlier historical patterns **without taking into account the effects of the concrete forms taken by economic and geopolitical competition in the intervening Cold War era.**³⁰⁹

And what were those ‘concrete forms taken by economic and geopolitical competition’, those special features that drew down the curtain on ‘the era of classical imperialism’? They were none other than the ‘concrete forms’ fashioned by the world’s ‘hegemon’, the USA. In Callinicos’ own words (which follow immediately from the above quotation):

‘Thus the historic achievement of the American state during the 1940s was the construction of a transnational economic and geopolitical space that unified the entire advanced capitalist world under US leadership: much of the material that Panitch and Gindin cite documents this process. One consequence of this arrangement was that capital and commodities flowed with growing freedom within this space ... again as Panitch and Gindin show. Another was what I have called the **partial dissociation** of economic and geopolitical competition.’³¹⁰

Callinicos first used the expression ‘partial dissociation’ in his 1991 article. As readers will recall, he stated, firstly, that the Cold War period was characterised by the ‘partial dissociation’ of economic and geopolitical competition, and secondly, that the collapse of the Soviet Union would see a re-emergence of the old type inter-imperialist conflicts. When reaching out to Panitch and Gindin, however, Callinicos overturned his 1991 perspective, arguing that the notion of ‘partial dissociation’ has **general applicability**, relevant to the whole of the post-1945 era. The period of ‘fusion’ was the exception and not the rule.

In his capitulation to Panitch and Gindin, Callinicos stated that he had made a serious theoretical error, that of mixing-up the ‘two logics’ of power. Instead of viewing them ‘dialectically’, that is, as intertwined but distinct forms of power, he had assumed that geopolitical conflicts were reducible to economic ones. This was doubly wrong, he stated. **In the first place**, economic conflicts within the ‘advanced capitalist bloc’ were ameliorated by the US’s ‘hegemonic’ involvement in world affairs. Thanks to its ‘creative political intervention’ [**Callinicos’ choice of words**], the US ‘knitted together’ the major Western powers ‘under US hegemony’. This in turn facilitated the free flow of capital within the advanced

³⁰⁹ ‘Imperialism and global political economy’, by Alex Callinicos, *International Socialism*, No 108, 2005; emphasis added. [www.isj.org.uk/index.php4?id=140&issue=108]

³¹⁰ *Ibid.*

capitalist bloc, overcoming the economic antagonisms that had characterised the period of 'classical imperialism'. ***In the second place***, geopolitical divisions were not, nor were they likely to become, a major threat to the international system. Although inter-imperialist rivalry existed, the European Union lacked the geopolitical capabilities to play the role of 'hegemon'. As a result, 'the two logics' were in a happy state of 'partial dissociation'.³¹¹

Whenever considering the prospects for peace, Callinicos invariably played down the advances made by the European imperialists in the fashioning of a United States of Europe. He thus wrote:

'Claude Serfati has given a good account of why, in his view "there is no chance that the inter-capitalist economic rivalries among countries of the transatlantic zone will break out into military confrontations". The reasons are [that] the military gap between the US and all other states singly and combined is so great as to create very strong "threshold effects" impeding any state (or, more realistically, block of states, such as the EU) from developing military capabilities comparable to the US, [and that] the extent of the interdependence among the leading capitalist economies gives them strong incentives to cooperate ***and means that US hegemony is the source of "public goods" that benefit them all.***'³¹²

So whereas in the past economic competition fused with geopolitical competition to produce two world wars, those terrible days are unlikely to return. For all its growing economic strength, the EU will not easily create the 'capabilities comparable to the USA'. And besides, European capitalists are rational beings and therefore appreciate the role played by the US in providing the international capitalist system with its 'public goods'. As long as the US behaves responsibly and in a multilateral fashion there is no reason why the European imperialists should want to don the mantle of 'hegemonist'. What the US has to appreciate, however, is that Europe and Japan, though geopolitical lightweights, are now 'major economic players whose interests and demands cannot simply be ignored by Washington and Wall Street.'³¹³ In this regard, socialists have a special role to play. By helping to create a broad based anti-war movement, one that enlists the support of the world's progressive bourgeoisie, socialists will be able to bring the Americans to their senses. Such are the conclusions to be drawn from Callinicos' theory of 'two logics', as applied to the current period.

³¹¹ Ibid. Throughout the Cold War period, Callinicos characterised the Soviet Union as a capitalist country which was 'just like any other'. In his 'self-criticism', however, he maintained that the USA had forged a special 'geopolitical space' in which the 'advanced capitalist countries' could co-exist and flourish. Does Callinicos now believe that there was such a thing as backward Slav capitalism?

³¹² Ibid.

³¹³ 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

Callinicos' new perspective held no appeal for Panitch and Gindin. The mere hint of the existence of inter-imperialist rivalry, even if couched in obscurantist and eclectic terms, was enough to cause their hackles to rise.

When fools fall out, the truth will out

In their reply, Panitch and Gindin struck at the heart of Callinicos' shiftiness. They wrote, condescendingly, but with supreme confidence:

'We appreciate the attention that Alex Callinicos is giving to our work, and are especially pleased that he sees it as a "useful corrective" to his earlier "mistaken claim" that the end of the Cold War would see a return to the old interimperial rivalries. ...

'Unfortunately, Callinicos's critique of our work makes it rather clear that the theoretical mistakes that led him to make this earlier claim have not been corrected. Despite beginning by admitting the "serious defects" of the classical theory of imperialism, Callinicos seems mainly concerned to defend it as an "indispensable instrument for understanding the contemporary world".³¹⁴

Panitch and Gindin's response should be considered carefully by all centrists, for it reveals what awaits them when they reach out to social-chauvinists. Politely, as is the want of academics, Panitch and Gindin accused Callinicos of ***spinelessness***. Had he been truly imbued with the spirit of 'self-criticism', they chided, he would have repudiated Leninism instead of professing an allegiance to it. As they stated:

'This loose notion of "geopolitical competition" acts as a stand-in for the concept of inter-imperial rivalries, and it is this that allows him to cling to the classical theory of imperialism as "an indispensable instrument for understanding the contemporary world".³¹⁵

Callinicos was hardly clinging to the 'classical theory of imperialism'. His goal was to unite the right and left on an essentially reformist platform. He therefore sought to make concessions to the right, while at the same time giving the impression that he had not abandoned his commitment to Leninism. Panitch and Gindin would have none of this. Rather than meet Callinicos half way, they turned his 'self-criticism' against him, the better to disassociate themselves from Leninism in a thoroughgoing manner.

³¹⁴ 'Feedback: "Imperialism and global political economy" – a reply to Alex Callinicos', by Leo Panitch and Sam Gindin, in *International Socialism*, Issue 109, 2006.

[www.isj.org.uk/index.php4?id=175&issue=109]

³¹⁵ Ibid.

Like all right-wing socialists, Panitch and Gindin believe that the mere **pretence** of an acceptance of Leninism is too fraught with dangers to be of value to the reformist movement. On the basis of Callinicos' 'two logics' theory of imperialism, they complained, socialists will always be '**tempted to slip back** into making the same mistake he [Callinicos] made in earlier [1991] writings'.³¹⁶

Despite Callinicos' entreaties, Panitch and Gindin remained firmly wedded to the 'hegemonist' outlook. They even insisted that the invasion of Iraq had not opened up a significant rift between the Americans and Europeans. They wrote:

'There were of course great tensions over the war of Iraq, but Callinicos makes far too much out of what transpired in this respect in the early months of 2003, and ignores the significance of the German and French endorsement at the UN of American occupation of Iraq in the spring of 2004. As Dominique Moisi explained, the main reason for this accommodation was that "when the US finds itself bogged down, it poses a big challenge to the rest of the world. If America simply pulled out [of Iraq] new... concern would quickly switch from the perils of US global domination to the dangers of a world deprived [**deprived!?**] of US international engagement... America is in a mess but so are we." This sustains our argument that what is at play in the current conjuncture is not contradictions between national bourgeoisies, but contradictions of the whole of imperialism, implicating all the bourgeoisies that function under the American umbrella.'³¹⁷

Could our penetrative duo have been clearer than this? In so many words they said that the global bourgeoisie must help rather than oppose the Americans in their difficulties over Iraq, otherwise 'we' shall all go under. These were the opportunists before whom Callinicos was willing to grovel. As in his criticisms of Negri and Anderson, Callinicos carefully avoided all mention of the hegemonists' social-chauvinism.³¹⁸

Of course the European robbers were implicated in the invasion of Iraq, not because they had an interest in the preservation of US 'leadership', but because they were self-seeking and hypocritical parasites who were biding their time. And yes, the 'whole of imperialism' was engulfed in major contradictions, not because of the difficulties faced by the Americans in the deployment of their protective 'umbrella', but because of the deep-seated and ineradicable conflict of interests among the imperialist powers. As before, Panitch and Gindin were using terms like 'imperialism' and 'contradictions' to mask their support for the US fatherland.

³¹⁶ Ibid.

³¹⁷ Ibid. See also 'Global capitalism and American Empire', in *Socialist Register*, 2004, p32.

³¹⁸ Panitch and Gindin's position was but a left cover for the Bush-Blair gang, as the following report in *The Independent* indicated: 'Tony Blair [urged] opponents of the war to cast aside the old arguments about the conflict: together we should all unite to bring stability to Iraq.' (16 November, 2003.)

Panitch and Gindin concluded with the following gem:

'We said of Lenin in "Global Capitalism and American Empire" that he had a proclivity for over-politicizing theory. We expect Alex Callinicos will not be overly upset if we say – in what is perhaps yet another example of "repetition of earlier historical patterns" – that he is also like Lenin in this respect.'³¹⁹

Callinicos is overly upset

Any self-respecting Marxist would have been flattered by this kind of attack from right-wing miscreants. Not so Callinicos. In his reply, he complained that Panitch and Gindin had chosen to seize on his earlier indiscretion rather than accept the sincerity of his attempt at finding common ground with them. He wrote:

'Thus they repeatedly return to my self-criticism for having, at the end of the Cold War predicted a straightforward return to the inter-imperialist rivalries of the first half of the 20th century as a devastating admission that vitiates my entire argument. Panitch's and Gindin's polemical zeal leads them also to misrepresent the theoretical framework of my argument. Thus they say that I ... try to revive the classical theory of imperialism. ***In fact, I arrived at what I prefer to think of as a refinement of the classical theory*** – the idea that capitalist imperialism is constituted by the intersection of economic and geopolitical competition...'³²⁰

To leave no room for misinterpretation, Callinicos went on to explain exactly what he meant by the refinement of the classical theory of imperialism:

'One of the main themes of my own writings on imperialism has been what I call the partial dissociation of economic and geopolitical competition that developed in the advanced capital world under US leadership during the Cold War. ... [T]his development has been underpinned by the greater cross border integration of capital, and by the mechanisms of policy coordination developed within the framework of the G7 and the Bretton Woods institutions. The question that I have been trying to explore is how this relative unification of the advanced capitalist world under American hegemony interacts with persisting forms of economic and interstate competition. ... Global production, investment, and trade are heavily concentrated in and directed from three great nodes of economic power, the three apexes of the triad – North America, the European Union and

³¹⁹ 'Feedback: "Imperialism and global political economy" – a reply to Alex Callinicos', by Leo Panitch and Sam Gindin, in *International Socialism*, Issue 109, 2006. [www.isj.org.uk/index.php4?id=175&issue=109]

³²⁰ 'Making sense of imperialism: a reply to Leo Panitch and Sam Gindin', by Alex Callinicos, in *International Socialism*, Issue 110, 2006. [www.isj.org.uk/index.php4?id=196&issue=110]

Japan. ... [T]he existence of these three great capital complexes makes rivalries among states of the triad inevitable. **These rivalries need not take the form of the inter-imperialist struggles of the first half of the 20th century** – the latter are a red herring that confused me at the end of the Cold War, and that Panitch and Gindin continue to use in an effort to evade the contemporary reality of geopolitical competition. ... [T]he fact that different capitalist states share the same economic policy regime doesn't mean that there may not be significant conflicts of interest between them.'³²¹

Revolutionary Marxists welcome the refinement of theory. There is not an aspect of imperialism that should not be considered afresh or examined from different angles. Lenin defined imperialism as 'the **epoch** of the highest development of capitalism'. (21\341) And since in any epoch economic and political relationships are in a constant state of flux, we must allow for the possibility of new developments and unexpected turns of events, **but without ever losing sight of imperialism's fundamental characteristics**.

Callinicos' contribution to the 'refinement' of 'classical theory' boils down to this: although capitalist enterprises (economic entities) engage one another in intense, often hostile competition, nation states (geopolitical entities) may or may not go to war. Everything depends on whether the economic and geopolitical logics of power 'fuse'. On the basis of this masterful mode of reasoning, Callinicos hoped to win the hegemonists to the SWP's cause.

On the face of it, Callinicos was more realistic than the hegemonists, for he recognised a) that there was a significant conflict of interests among the imperialists, and b) that the US, in comparison with Europe and Japan, was in relative economic decline. In truth, however, there was nothing realistic about Callinicos' realism.

Callinicos' partial dissociation from reality

Sensibly, Callinicos rejected the hegemonists' argument that the US was seeking to cleanse the world of its 'aberrant' states. The Iraq invasion, he argued, was intended as 'a **demonstration** of US power', a means of warning Europe and Japan to tread carefully in the world.³²² Callinicos was both clear and blunt about this. Giving voice to the Bush gang's thoughts, he stated: 'if overwhelming US force can remove the recalcitrant ruler of a minor middle eastern power, then Washington's potential peer competitors had better watch their step.'

To buttress his argument, Callinicos quoted extensively from various US foreign policy statements, prominent among which was the following:

³²¹ Ibid.

³²² 'War and Resistance: Bush's Terror Two Years On', by Alex Callinicos, in *Socialist Review*, September, 2003. [uk/article.php?articlenumber=8558]

'Our forces will be strong enough to dissuade potential adversaries from pursuing a military build-up in the hopes of surpassing, or equalling, the power of the United States.'³²³

And this one:

'Our strategy [following the Soviet Union's collapse] must now refocus on precluding the emergence of any potential future global competitor.'³²⁴

Callinicos' articles on US strategic thinking are littered with these and similar quotations, all of which underscore his contention that the US wishes 'to preserve its leadership of the Western capitalist states' in the face of the challenge posed by Europe's and Japan's growing economic power.³²⁵

In the light of the concerns expressed by US policy advisers, Callinicos' analysis seems plausible, until we ask ourselves a crucial question, which is this: since the Americans are willing to provide the capitalist world with its 'public goods', **why should the Europeans attempt to overturn the status quo?** Or to reverse this question: **Why should the US feel the need to warn the Europeans to watch their step?** On the basis of Callinicos' analysis, two possible answers spring to mind: either the US is **inefficient** in the fulfilment of its 'hegemonic' tasks, or the Bush gang is **over-reacting** to Europe's economic robustness. In either case, a broad based anti-war movement, one whose 'legitimacy' derives from European imperialist participation, will be sufficient to convince the Americans of the folly of their ways.

Callinicos' brand of reformism was a touch too realistic for the hegemonists to accept. According to them, there is no rational reason why Europe should attempt to displace the US as global 'hegemon', since the latter has successfully used its global power to ensure the free flow of capital among nations. Rather than challenge the hegemonists on this, the most fundamental of points, Callinicos asserted that the US attacked Iraq because of the imbalance that had arisen in the global distribution of economic power. He blithely ignored the fact that the US, as the world's dominant **predator**, was striving to hold fast to its share of global **super**-profits. In a word, he denied the existence of the Third World loot over which the European robbers were slobbering. He therefore left unanswered the key question: **over what will the Europeans seek to challenge the US?**

³²³ 'The National Security Strategy of the United States of America', September 2002, quoted in 'The grand strategy of the American empire', by Alex Callinicos, in *International Socialism*, Issue 97, Winter 2002. [www.markxists.de/imperial/callinicos.htm]

³²⁴ 'Pentagon Defence Policy Guidance', March 1992, in 'The grand strategy of the American empire', *ibid.*

³²⁵ 'The grand strategy of the American empire', *ibid.*

By focussing exclusively on the uneven development of capitalism, while at the same time ignoring the parasitic context in which that development occurs, Callinicos was able to play down the inherently war-prone nature of imperialism. His account of reality, therefore, was not so much false as one-sided and superficial. And yet, as deficient as his analysis was, both the Negriites and hegemonists found it too radical to accept.

Something to fight about

To eliminate one of the principal causes of inter-imperialist wars, the Negriites purged international capitalism of nation states. In formulating an alternative theory of 'ultra-imperialism', the hegemonists acknowledged the importance of nation states, but conjured into existence an all-powerful 'hegemon', a **fictional** state, one that acts as a force for peace even as it destroys 'aberrant states' in the fulfilment of its 'hegemonic' duties. Callinicos, by contrast, stressed the relevance of both nation states and inter-imperialist antagonisms, but cleansed the world of super-profits, the better to prove that the imperialists have nothing to fight about. So at the same time as Callinicos distanced himself from the social-chauvinists, he pandered to them.

Contrary to the opportunists' assertions, the monopoly capitalists will **always** have something to fight about, not because of imbalances in the distribution of global power, but because **looting** is the very essence of imperialism. Kautsky's assertion that 'there is nothing to fight about'³²⁶ was a lie. As Lenin pointed out, 'not only have the **capitalists** something to fight about', but 'they **cannot help** fighting if they want to preserve capitalism', for without a 'forcible redivision' of the imperialist spoils 'the **new** imperialist countries cannot obtain the privileges enjoyed by the older (**and weaker**) imperialist powers.' (23\114) To drive home this point, Lenin readily acknowledged that, if monopoly capitalism were to make way for competitive capitalism, that is, if the world's super-profits were to disappear, Kautsky's standpoint would 'to a certain extent be justified'. (23\115)³²⁷

Any student of international relations theory will recognise the close parallels that exist between Callinicos' analysis and those of the bourgeois 'realists'. Thus Sean M. Lynn-Jones, a staunch proponent of 'realism', wrote:

³²⁶ Quoted in 23\114.

³²⁷ Challenging the myth that monopoly capitalism was not the predominant feature of world capitalism and that super-profits were on the wane, Lenin wrote: 'Every cartel, trust, syndicate, every giant bank **is** a monopoly. Superprofits have not disappeared; they still remain. ... A handful of wealthy countries – there are only four of them, if we mean independent, really gigantic, "modern" wealth: England, France, the United States and Germany – have developed monopoly to vast proportions, they obtain **super**profits running into hundreds, if not thousands, of millions, they "ride on the backs" of hundreds and hundreds of millions of people in other countries and fight among themselves for the division of the particularly rich, particularly fat and particularly easy spoils.' (23\115.)

'Most realist explanations of war hold that states make decisions for war or peace on the basis of changes in the distribution of capabilities in the international system. Thucydides' claim that the Peloponnesian war became inevitable because of "the growth of Athenian power and the fear which this caused in Sparta" is the classic example of a realist explanation.'³²⁸

Will the US play Sparta to Europe's Athens? Callinicos gave a mealy-mouthed answer to this question. An inter-imperialist war, he said, is improbable, since a) Europe lacks the geopolitical capabilities to act as the global 'hegemon' and b) the US provides the 'advanced capitalist world' with genuine leadership, that is, with 'public goods'. Nonetheless, he added, we must guard against the complacency of the hegemonists. The change in the balance of global economic power has impelled the US to embark on a very dangerous course, that of demonstrating its awesome military might. So although an inter-imperialist war is not inevitable, we are living in fragile times. We must therefore 'hope – and act to ensure – that this fragility does not make itself felt in too brutal and destructive a way.'³²⁹

Callinicos was correct to highlight the 'fragility' of the current situation. A significant shift in the distribution of global power, as Thucydides indicated, is one of the conditions for the launching of a war. But a condition is not the same thing as a cause. When the imperialists went to war in 1914, they did so to redress the great imbalance in the distribution of **global super-profits**. As Lenin and others made clear, Germany's sudden and dramatic rise to a position of economic dominance in Europe was a source of global tensions **only because capitalism had entered its decaying phase**. Since Callinicos has spirited away super-profits, his 'refinement' of 'the classical theory of imperialism' is a mockery of Leninism. In the end, he falls back on a banality, the assertion that inter-imperialist conflicts are the result of changes in the balance of global power. We excuse Thucydides his analytical limitations; we condemn Callinicos his theoretical chicanery.'³³⁰

³²⁸ 'Theories of War and Peace', Preface by Sean M. Lynn-Jones, The MIT Press, 2001, ppxi-xii. Callinicos conceded that his analysis of US strategic thinking does 'smack of realism', but hastened to assure his readers that 'realism was never wholly false', merely one-sided and ahistorical. ('The Actuality of Imperialism', by Alex Callinicos, in *Millennium: Journal of International Studies*, Vol. 31, No. 2, March 2002, p325.) Advancing this kind of apologetics is like arguing that 'vulgar economics' is not 'wholly false'. In reality, 'vulgar economics', like 'realism', is an ideological subterfuge, a means of **concealing** rather than unearthing essential relations. We can no more augment 'vulgar economics' with Marx's analysis of capitalism than we can augment 'realism' with Lenin's analysis of imperialism. I return to this aspect of Callinicos' abandonment of Marxism in Volume 3, where I examine 'realism' in detail.

³²⁹ 'Imperialism and global political economy', by Alex Callinicos, *International Socialism*, No 108, 2005; emphasis added. [www.isj.org.uk/index.php4?id=140&issue=108]

³³⁰ Actually, Thucydides analysis was far more profound than the 'realists' would have us believe. In his account of the Peloponnesian war, Thucydides went beyond a description of shifts in the balance of Greek power and considered the different socio-political systems prevailing in the Greek city-states. (See 'The Empire of Civil Society: A Critique of the Realist Theory of

In devising his new theory of imperialism, Callinicos sought to position himself mid-way between the revolutionary Marxists and social-chauvinists. In opposition to the former, he insisted that the new world order is **not** the same as the old one, partly because the US supplies global capital with its 'public goods', and partly because the Europeans are too weak geopolitically to assume the role of 'hegemon'. In opposition to the hegemonists, he warned that we are living in fragile times, beset by inter-imperialist antagonisms. The balance of power **has** changed, he stated over and over, but **not enough** to lead to war.

Within the SWP, Callinicos' standpoint became the new dogma. Not a single member challenged or raised doubts about it. The ever loyal Harman wrote:

'Its [the US's] overwhelming military superiority over the other big powers is not matched by a similarly unchangeable economic dominance. This creates a pressure to engage in military adventures that will secure its global hegemony against all comers for the foreseeable future – to ensure a "New American Century"'.³³¹

Rees, too, joined the chorus:

'At the start of the 21st century the US certainly remains the most powerful economy in the world but it no longer so exceeds its rivals that it can determine the course of events by the use of its economic weight. ... It is this contradictory couplet – relative economic decline and absolute military superiority – that much of the meaning of US strategy in the 21st century is to be found.'³³²

Like Callinicos, Harman and Rees ignored the question of why 'geopolitical competition' should assume such menacing forms in a world free of super-profits.

The refinement of Leninism

Despite his slavish capitulation to the hegemonists, Callinicos continued to flaunt his revolutionary credentials. In the same article in which he made concessions to Panitch and Gindin, he ritualistically paid homage to Lenin and Bukharin:

'The variant [of the theory of imperialism] on which I intend to concentrate was developed during the First World War, notably by Lenin in *Imperialism* (1916) and by Nikolai Bukharin in *Imperialism and World Economy*

International Relations', by Justin Rosenberg, Verso, 1994, pp82-3. According to Rosenberg, the balance of power argument is either 'substantively incorrect or a mere banality'.)

³³¹ 'Imperialism's new façade', by Chris Harman, in *International Socialism*, No 106, April 2005, p11.

³³² 'Imperialism and Resistance', by John Rees, Routledge, 2006, p13.

(1917).³³³ Stated most rigorously by Bukharin, what I henceforth call the classical Marxist theory of imperialism affirms that capitalism in its imperialist stage is defined by two **potentially** conflicting tendencies: (1) the internationalisation of production, circulation and investment and (2) the interpenetration of private capital and the nation-state. In consequence, an increasingly integrated world economy becomes the arena for competition among capitals that tends now to take the form of geopolitical conflict among states. The First and Second World Wars were from this perspective inter-imperialist conflicts reflecting antagonisms at the heart of capitalism in its imperialist stage.³³⁴ [*Readers should take careful note of Callinicos' use of the term 'potential'.*]

At first sight, the above seems to situate the SWP in the revolutionary Marxist tradition. At the time of WWI, Lenin and others noted two tendencies within capitalism: on the one hand, 'the internationalisation of economic life'; on the other, the formation and entrenchment of nation states. (21\159, 20\27) Lenin and his comrades, however, did not confine themselves to general comments about imperialism's conflicting tendencies; nor did they treat them as things apart. Rather they showed that the two strands of capitalist development – the internationalisation of world economy and the solidification of nation states – were inextricably interwoven, as tightly braided as a cord. Thus Lenin and Radek wrote:

'The World War ... is the product of capitalist development, which has united the whole world into one global economy while at the same time maintaining independent national groups of capitalists, with conflicting interests, within the different states.'³³⁵

For revolutionary Marxists, there is but **one** logic, that of **decaying** capitalism. Financial oligarchies periodically wage wars against one another for one reason and one reason only: the inherently parasitic nature of imperialism engenders the very national conflicts against which the internationalisation of capital inevitably finds its limits. Reactionary nationalism is not something that arises independently of the internationalisation process but is indissolubly connected to it. To characterise imperialism as a system bounded by 'two logics' without revealing the **inner-connection** of those logics is to advance an eclectic rather than a dialectical analysis, however many times one repeats the term 'dialectics'. Callinicos has told us nothing new. He has simply had recourse to pretentious babble about the 'fragility' of an essentially 'peaceful' imperialism. Contrary to his

³³³ Slip, slip – Callinicos meant 1915. Evidently he was trying to create the impression that Bukharin's analysis **superseded** Lenin's. The 1917 edition of Bukharin's work contains an additional chapter, which does not contradict Lenin's view.

³³⁴ 'Imperialism and global political economy', by Alex Callinicos, in *International Socialism*, No 108, 2005; emphasis added.

³³⁵ 'Draft resolution on the World War and the tasks of Social Democracy', submitted by Lenin and Radek on behalf of the Zimmerwald Left, 1915, in 'Lenin's Struggle for a Revolutionary International, ed. John Riddell, Pathfinder, 1984, p407.

reformist pleas, the only way in which socialists can act to ensure that the current inter-imperialist truce does not give way to another world war is by creating a genuinely anti-imperialist movement.

Consider for a moment the following extract from Lenin's 'Imperialism':

'...in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German "Marxist", Kautsky, "inter-imperialist" or "ultra-imperialist" alliances ... are **inevitably** nothing more than a "truce" in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on **one and the same basis** of imperialist connections and relations within world economics and world politics. But in order to pacify the workers and reconcile them with the social-chauvinists who have deserted to the side of the bourgeoisie, over-wise Kautsky **separates** one link of a **single** chain from another... [T]he only objective, i.e., real, social significance of Kautsky's "theory" is this: it is a most reactionary method of consoling the masses with hopes of permanent peace being possible under capitalism...' (22\294-6)

Now let us rewrite Lenin according to the emendations of our over-wise Callinicos:

*In the realities of the capitalist system, the relations among the imperialist powers are **potentially** antagonistic. Although there is a **tendency** for the great powers to engage in military confrontation, inter-imperialist wars are not inevitable. Everything depends on whether the economic competition between capitals and the geopolitical competition between states – the two **separate** but dialectically intertwined **logics** of world capitalism – will fuse again. The fact that these two logics fused in the past does not mean that they will fuse in the future. Politics is not reducible to economics; the state is not the mere instrument of capital. By uniting with broad layers of peace campaigners, socialists will be able bring sufficient pressure to bear on the imperialists to ensure that peace is achievable within a capitalist framework.*

Such is Callinicos' standpoint, stripped of its evasions and clever turns of phrase.

Delaying the moment of decision

Without doubt there are important differences within the opportunist camp, but these are of a secondary nature, revolving around the question of how the world's labour aristocracies can best safeguard their privileged positions. The more stable and enduring an inter-imperialist truce appears to be, the more the world's opportunists will seek to reach an accommodation with one another. Ultimately, of course, the opportunists will have to decide which of the fatherlands to support, a decision made difficult by the free movement of academics among the imperialist heartlands. The scale of inter-university funding and lecture exchange programmes is staggeringly vast, especially among Anglo-American institutions, causing many academics to identify with more than one of the imperialist powers. Harvey, as we shall learn later, has called for joint leadership by the Americans and Europeans, that is, for the establishment of a *dual*-hegemony. Negri and Hardt, by contrast, have thrown in their lot with the European robbers, clumsily performing, as we have seen, a 180 degree turn. Callinicos, on the other hand, has yet to identify unequivocally with either the US or Europe. While elevating the US to the role of global 'hegemon', he disparages its militarism; and while dismissing Europe as a serious 'hegemonic' contender, he holds great store by its opposition to the Iraq war. He is all things to all imperialists.

Callinicos' indecisiveness is not fortuitous, the result of some personality flaw, but is rooted rather in the exceptional nature of British imperialism. Britain occupies a special place in the international capitalist system, being at once the world's premier usury-state and the weakest of the imperialist powers. So weak is Britain industrially that it lags behind some of the countries it financially strangulates and robs. How Britain reached this point is a question the SWP avoids. And little wonder, for any serious analysis of British imperialism will bring to light a startling fact, which is this:

The only way in which the British imperialists can sustain their thieving activities is by shedding their national identity and becoming an integral part of either the European or American financial oligarchy.

The thought that their precious empire is about to undergo a process of dissolution is one the British opportunists find too disquieting to consider. Indecision, therefore, remains the order of the day, though in the not too distant future Callinicos and his ilk will be forced to take sides. As always, events will overtake them.

Unanswered questions

On the rare occasions that the SWP theorists deal with Britain's economic standing in the world, they find themselves caught in an insoluble contradiction. On the one hand, they recognise that Britain is massively involved in the mobilisation of foreign funds for the purpose of lending abroad. On the other, they believe that Britain's capital exports originate from Britain rather than from international financial markets. Cliff, in his analysis of the 1970s recession, alluded to the special role played by British banks in the Eurodollar markets. He also touched on the enormous profits that Britain's financial sector earned, despite the recession.³³⁶ But he did not attempt to explain, any more than other members of the SWP have ever attempted to explain, the nature of Britain's financial activities abroad. Instead, he went off at a tangent, stating (not incorrectly) that the capital exports from Britain's manufacturing sector were increasing massively, owing to the high rates of profit to be earned in countries like South Africa. Britain's direct foreign investments, he noted, rose from £320 million in 1963 to as much as £1,450 in 1972, an increase of over 400 per cent in a 10 year period.³³⁷

Today, however, the SWP can no longer deal with the question of capital exports without mentioning the enormous growth of Britain's financial sector. In an account of the origins and nature of British imperialism, Jane Hardy provided what appears to be an accurate picture of reality. She wrote:

'One legacy of imperialism is that Britain has been more enmeshed in the world economy than its competitors in terms of finance, trade and the internationalisation of capital. [The] outflows of capital have been a major way for the British ruling class to deal with falling profits in the home economy and find new profitable outlets for capital. ...

'The City's pivotal role in international finance and commerce originated in Britain's grip on world trade in the 18th and 19th centuries and the rise of British imperialism, but its international importance has long outlived the decline of the British economy. Up until 1945 it was the leading financial centre and sterling the dominant currency. This role passed to the US after the war, but the City assumed a new role in the 1950s and 1960s at the heart of the Eurodollar market, based on borrowing and lending dollars held outside the US, and fought to maintain its dominance in finance in the face of competition from other emerging financial centres in Japan and Germany.'³³⁸

There is a glaring contradiction in her writings on British imperialism. On the one hand, she maintains that the British imperialists export their capital abroad

³³⁶ 'The Crisis', by Tony Cliff, Pluto Press, 1975, p17.

³³⁷ Ibid, p187.

³³⁸ 'The Changing UK Economy', by Jane Hardy, in *International Socialism*, April 2005, p57.

because of falling profit rates at home. On the other, she points to the important role played by British banks in the mobilisation of foreign funds for investment abroad. By keeping quiet about the precise nature of Britain's banking activities, she seeks to conceal the fact that the City is not so much an exporter of British generated capital as **a usurious recycler of other people's wealth.**³³⁹

When dealing with the question of foreign investments, SWP theoreticians like to give the impression that Britain's capital exports derive from the surplus-value produced by British workers. They are sorely mistaken. The British financiers are global **usurers**, borrowing cheap from some countries in order to lend dear to others. Britain, as I show in the next chapter, now exports a quantity of capital that is far in excess of the surplus-value generated within its own borders. If the British financiers were to rely on domestically produced profits for their investment funds – funds amounting to **trillions** of pounds – the British workers would be the most super-exploited ever to have existed, which is more or less what the SWP would have us believe. (Readers will recall Harman's contention that that the 'rate of exploitation' in Britain is much higher than it is in the Third World.) In reality, British industry is notoriously unproductive, especially in comparison with the other imperialist powers. The argument that Britain's capital exports are driven by the rise in the organic composition of British capital is at best wishful thinking, at worst a deliberate attempt to throw dust into people's eyes.

How can Britain, an industrial lightweight, sustain a financial sector that is unprecedented in its scale and reach? Is there a connection between the country's poor industrial performance and its emergence as a parasitic usury State **par excellence**? Why, indeed, did Britain undergo the transition from colonial imperialism to usury imperialism? Did it do so because it chose the wrong path, or because usury imperialism was the only course open to it? These are some of the questions which the SWP assiduously avoids. By answering them, we shall gain a clear understanding of what lies behind the SWP's indecisiveness, its attempts to smudge over the irreconcilable differences between Europe and the US.

³³⁹ Not all British Marxists have shied away from analysing the true nature of British imperialism. Drawing the connection between the growth of Britain's financial sector and the super-exploitation of the Third World, David Yaffe wrote: 'Vast sums of money are borrowed abroad by British banks to lend out at a higher rate of interest to other countries. The sums involved are so enormous that they have made banking and commercial claims the largest component of Britain's total external assets. ... British banks have not grown out of nothing. They both foster and feed off the financial helplessness of the oppressed nations.' ('Imperialism, National Oppression and the New Petit Bourgeoisie', by David Yaffe, in *Revolutionary Communist*, No 9, June 1979, p2, p3.)

Chapter 6

The transition from the old parasitism to the new parasitism³⁴⁰

The British Marxist, A. L. Morton, gave an excellent account of the relationship between British parasitism and the decline of British industry. Commenting on the early period of British imperialism, he wrote:

'Where Britain had once led the world in technology, she now began to be content to rely on her established position, and in field after field British industry became backward and conservative. ... The main reason for this relative decline was the existence of the British Empire and the opportunities it afforded the investment of capital at an unusually high rate of profit. British industry was old-established and old-fashioned in many respects, and could only have beaten off its challengers by a thorough reconstruction. ***But while foreign investment offered its super-profits, there was no possibility of this reconstruction being undertaken.***³⁴¹

Morton then went on to explain how the interest earned on Britain's foreign investments had, by 1914, far exceeded the profits derived from the country's foreign trade. And then, in words that seem to describe the current situation as perfectly as they do the past, he added:

'Britain became to an ever-increasing extent ***a parasitic usurer State*** and the interests of the bondholders became the determining factor in her foreign politics.³⁴²

The analogy, of course, is far from exact. As will become clear, the nature of the relationship between Britain's plundering activities abroad and its industrial decline has undergone a major change since the 1970s. By examining this change, we shall go a long way towards understanding the true character of the SWP, its servility to the City of London. We begin by taking a brief look at the backdrop to Britain's evolution of a usurer State.

³⁴⁰ The new parasitism is based on, and a further development of, the old parasitism. Strictly speaking, it is ***consummated*** parasitism, parasitism that has been carried to its logical and utmost extreme.

³⁴¹ 'A People's History of England', by A.L. Morton, Lawrence and Wishart, 1976, pp496-7; emphasis added.

³⁴² Ibid, p494.

1. The old parasitism

In the 1870s, the global economic crisis, brought on by the immanent laws of capital accumulation, accelerated the tendency towards the concentration and centralisation of British capital, as well as drove the nascent finance capitalists to seek profitable spheres of investment abroad. The British banks' debt entrapment activities in Egypt and elsewhere heralded the beginnings of the transition from competitive capitalism to monopoly capitalism.³⁴³ In those days, the source of Britain's foreign investment funds was as much the proceeds of colonial plunder as the surplus-value generated by the British workers themselves. As the 19th century drew to a close, the transition from competitive capitalism to monopoly capitalism gathered momentum, the consequences of which were correctly outlined by Morton above.

The American-Spanish War (1898) and the Anglo-Boer War (1899-1902) marked the onset of the imperialist epoch, which took final shape in the period 1898-1914. The world war that followed was incontestable proof, if such proof were needed, of imperialism's utter bankruptcy and barbarism. During those dark days, millions were slaughtered and maimed so that a handful of financial oligarchs could determine who would secure the lion's share of the global loot.

Though a victor nation, Britain emerged from the war heavily indebted to the US, then forging ahead on the financial and industrial fronts. Under these circumstances, the British imperialists could sustain their parasitic existence, not in the manner of the Americans, not by ushering in the age of neo-colonialism, but by tightening their grip on the colonies.

The first and second Labour Governments

Throughout the inter-war years, oppressed peoples endured terrible hardships at the hands of the British state. They did not have to wait until Labour won its solid majority in 1945 to gain a true measure of Labour barbarism. Referring to the record of the first and second Labour governments (1924 and 1929-31 respectively), one commentator wrote:

'Tory or Labour government – to the people of Africa there was no difference. When the seamen of Bathurst, Gambia, for example, struck towards the end of 1929, they were attacked by armed police and forty workers were wounded by rifle-fire. Far from condemning this action by the Colonial police, the Labour Government sought to defend it. Similarly, when miners at the Ariston Mine in what was then the Gold Coast went on strike in 1930, they and their families were attacked and fired on by the European managers and their staffs: five Africans were killed and ten wounded. On this occasion, too, the Labour Government showed scant sympathy for the African miners and did nothing to condemn – let alone

³⁴³ I examine Britain's colonisation of Egypt in Volume 3.

punish – the European management. This kind of treatment was more or less the standard behaviour of the Second Labour Government towards Africa.³⁴⁴

Other oppressed peoples suffered a similar fate. The first Labour government of Ramsay Macdonald conducted a murderous bombing offensive in Iraq, and threw the leaders of the young Communist Party of India into prison through the Cawnpore Trial. The second Labour government of Ramsay Macdonald went even further and threw 60,000 Indians into prison for the crime of demanding national independence, as well as conducted the famous Meerut Trial against the communist and trade union leaders of the Indian working class.³⁴⁵ Armed Colonial police fired upon and killed strikers in numerous British possessions, as in Gambia in 1929 and the Gold Coast in 1930. These acts of barbarism were not the result of Labour's ineptitude or inexperience, the regrettable consequences of a party that had yet to find its feet politically. When Labour was swept to power in 1945, colonial peoples suffered as never before.

The third Labour Government (1945-51)

At the war's end, Britain was on the verge of bankruptcy, with sterling liabilities standing at approximately £3,500 million, well over 40 per cent of the national income. In addition, the British imperialists were finding it increasingly difficult to maintain their colonial ties without incurring the wrath of their chief creditor, the US. Despite the British imperialists' cries of 'poverty', the Americans made it clear that they would lend to Britain only if sterling balances held by the Commonwealth countries were made convertible. Britain therefore had no choice but sign up for the US's vision of 'multilateralism' in economic matters. Yet within a mere five weeks of having accepted the American scheme, Britain had to suspend convertibility. The British imperialists had neither the will nor the resources to function within American dominated 'free' markets. To overcome its precarious economic position, and to escape economic dependency on the US, 'Labour turned to the Empire'³⁴⁶, with a degree of ruthlessness that matched the worst of the Tory's colonial excesses. As Tim Rooth noted:

'In response to the crisis, Britain turned to the colonial empire as a solution to sterling area problems. ... Ironically it was Sir Stafford Cripps, a passionate critic of imperialism before 1939, who, as Chancellor of the Exchequer after 1947, "was to preside over the economic integration of

³⁴⁴ 'Right-wing Labour and Africa', by a Special Correspondent, in *The African Communist*, Vol II No 3, April-June, 1963, p68. The record of the Labour Party in relation to the Third World has been traced in detail by Robert Clough. See 'Labour: A party fit for imperialism', by Larkin Publications, 1992. Also useful is 'Economic Tensions and Conflict in the Commonwealth, 1945-c.1951', by Tim Rooth, in *Twentieth Century British History*, Vol 13, No. 2, 2002.

³⁴⁵ 'British Labour and Africa', by R. Palme Dutt, in *The African Communist*, No 24, First Quarter, 1966, p19.

³⁴⁶ 'Labour: A party fit for imperialism', by Robert Clough, Larkin Publications, 1992, p77.

the empire-Commonwealth ... with all the enthusiasm of a pre-1914 Chamberlainite Tory”³⁴⁷

The period of the third Labour Government, one critic noted, was one in which there took place ‘some of the most ferocious attacks on the national movements and on the growing working class and trade union organisations that Africa, in all its stormy post-war history, has yet witnessed.’³⁴⁸

It is important to note here that a number of Commonwealth countries, including India, emerged from the war in a relatively sound position financially. The war not only loosened the bonds that tied them to Britain but also enabled them to build up large reserves of foreign currencies.

Try as it might, Britain failed to force the sovereign Commonwealth states (notably Australia, Canada and New Zealand) to use their accumulated surpluses to write off British debts. All the more viciously, therefore, did it descend on the colonies, siphoning off their newly acquired surpluses into British coffers. Under the Labour Government, Colonial Marketing Boards were set up to which peasants were forced to sell their merchandise. These boards purchased the whole of the surplus produce from East, West and Central Africa at about 42 per cent below 1935-38 average prices. In many instances, African countries received only half of available sales proceeds. The low prices paid to peasants meant that ‘the British consumer continued to be subsidized by the African producer.’³⁴⁹ The following table gives some indication of the extent to which the colonies contributed to what Kidron would one day refer to as the British workers’ ‘well being’:

Net drawings from Britain’s gold and dollar pool – selected countries
1946-52 (\$millions)³⁵⁰

New Zealand	-165
Australia	-325
Independent other sterling area	-1,050
Malaya	+1,475
British West Africa	+610

So although the immediate post-war years ‘should have been a time of great potential for accelerated development’ in the poor countries, the priority which the Labour government accorded to British imperialist interests ‘conspired to inhibit

³⁴⁷ ‘Economic Tensions and Conflict in the Commonwealth, 1945-c.1951’, by Tim Rooth, in Twentieth Century British History, Vol 13, No. 2, 2002, p128. (The Chamberlain quotation is taken from ‘Britain and Decolonisation: The Retreat from Empire in the Post-war World’, by J. Darwin, Basingstoke, 1988, p72.)

³⁴⁸ ‘Right-wing Labour and Africa’, by a Special Correspondent, in The African Communist, Vol II No 3, April-June, 1963, pp71-2.

³⁴⁹ ‘Economic Tensions and Conflict in the Commonwealth, 1945-c.1951’, op cit, p133.

³⁵⁰ Ibid, p136.

colonial development'.³⁵¹ The link between the underdevelopment of the Third World and the subsidisation of British living standards was plain to see.

In response to Britain's predatory offensive, the national liberation movements struck back. Encouraged by the victory over fascism and supported by the socialist bloc, they waged fierce struggles for independence. As the costs of maintaining the Empire soared, the British went cap-in-hand to the Americans, pleading for still more loans. Yet despite Britain's economic predicament, the British imperialists continued to export their capital in ever increasing quantities, in a desperate attempt to maintain high levels of profitability. (South Africa, with its relatively advanced industrial and financial base, together with its system of semi-bonded labour, attracted the largest proportion of these outflows.) In 1947, British capital exports amounted to well over £600 million, some 8 per cent of the national income, and this in a country that was capital starved and heavily in debt. Britain was in dire straits, and well the imperialists knew it.

2. The formulation of a neo-colonial strategy

When the Tories took over from Labour in 1951, the oppression of the colonies, together with the sterling crisis, continued unabated. The Tories, however, were not the inflexible and unwieldy defenders of British imperialist interests as Labour supporters liked to imagine. At the same as they pursued their customary right-wing policies, the Tories began to formulate ideas which would one day lay the basis for a neo-colonial solution to Britain's impasse.

The truth will out

In a Cabinet memorandum of 18 June 1952, Anthony Eden spelt out what was at stake for British imperialism.³⁵² In stark but measured terms, he explained that the abandonment of Britain's privileged position in the world would bring disastrous consequences. First and foremost, it would produce a social upheaval of massive proportions, for the British people would not only have to give up 'the advantages which a high standard of living confers upon them', but would also

'see their country sink to the level of a second-class power, with injury to their essential interests and way of life of which they can have little conception.'

Secondly, but no less importantly, a reduction in Britain's imperial commitments would have a negative impact on the country's relations with the other powers. The attitude of the Americans and Europeans towards the Commonwealth depended largely upon the belief that Britain counted for something in the world.

³⁵¹ Ibid.

³⁵² 'British overseas obligations', Cabinet Memorandum by Mr Eden, in British Documents on the End of Empire: The Conservative Government and the End of Empire 1951-57. Part I, HMSO, pp4-11.

'It is evident that in so far as we reduced our commitments and our power declines, our claim to the leadership of the Commonwealth, to a position of influence in Europe, and to a special relationship with the United States will be *pro tanto* diminished.'

Finally and crucially, the 'British world position' brought with it 'concurrent and beneficial results of an economic and financial nature.' At a time when Britain was in the throes of a massive financial crisis, the advantages of the empire far outweighed the disadvantages. For this reason, Britain had to find some way of consolidating and expanding its 'overseas commitments'. He concluded, ominously:

'...the effects of a failure of will and relaxation of grip in our overseas commitments are incalculable. But once the prestige of a country has started to slide there is no knowing where it will stop.'

Such were the views of a frank and outspoken defender of British imperialism.

It was one thing for a Cabinet minister to ponder over Britain's difficulties, another for the Government to overcome them. The hurdles were daunting. The US had made it clear that it would press ahead with its 'open door' agenda, which would make it impossible for Britain to sustain its foreign currency regulations, Imperial Preferences and Colonial Marketing Boards. The most the Tories could do was to play for time. The British imperialists were far too weak to stand up to the US, then adamant that it would not become, in Eden's words, 'an instrument to prop up a declining British Empire'.

The Foreign Office speaks out

The biggest hurdle of all was the oppressed peoples' struggle for independence, which was growing in strength by the day. As the storm clouds of national liberation gathered, the British imperialists realised that they would have to devise new methods of domination if they were to preserve their status as global plunderers. In a document entitled 'The problem of nationalism', the Foreign Office gave its assessment of how Britain should deal with the oppressed people's assertiveness.³⁵³

The Foreign Office looked upon 'the present upsurge of nationalism' as one of the greatest threats facing Britain. In its estimation, the outcome of the war against fascism had produced two negative results. On the one hand, it had 'led to a marked decline in our power to control the activities and policies of other Governments'; on the other, it had given rise to 'the widespread diffusion of the

³⁵³ 'The problem of nationalism', prepared by the Permanent Under-Secretary's Committee, enclosure from Sir W Strang to Sir T Lloyd, in *British Documents on the End of Empire: The Conservative Government and the End of Empire 1951-57. Part I*, HMSO, pp13-19.

ideals of a world democracy as expressed, e.g. in the U.N. Charter and including the condemnation of the use or threat of force'. Also, there was 'the suspicion of the new bourgeoisie that the old landowner class and the regimes they represent enjoy the favour of the Western Powers'. The 'new bourgeoisie' insisted on 'managing their own affairs', as well as supported 'the expropriation of British assets'. No less dangerously, the nationalist leaders were 'ganging up against the U.K. (and the Western Powers) in the United Nations.' The effect of all these factors, this 'steady attempted sapping at our position as a world power by less developed nations', was to encourage 'world-wide speculation as to our ability and readiness to maintain our position as a world power.'

How, then, should the Government respond? It could threaten to send in troops to combat the nationalists, but this method was fraught with risks.

'A bluff which can be called may cost more than throwing in the hand right away. In the case of the United Kingdom, where doubt exists in many countries as to our readiness and ability to use force, the results could be very serious indeed.'

To compensate for its military weakness, Britain should step up its influence in 'the cultural, social and economic fields' and to this end should make use of 'technicians' and 'advisers' to bring influence to bear on the nationalist movements and governments. In addition, it should encourage 'local participation in British commercial enterprises in foreign countries'. By 'creating a class with a vested interest in cooperation', Britain would go a long way towards binding the nationalists to the Commonwealth. But whichever course Britain followed, it had to 'take care to avoid giving any impression of weakness.' It therefore had to act firmly and resolutely against 'dangerous nationalism', while at the same time fostering 'healthy nationalism'. Should manifestations of nationalism become too threatening, then Britain would seek US support. But in this instance, too, dangers were ever present.

'The combination of the two great English-speaking Powers could be effective in many instances in checking the more dangerous manifestations of nationalism. ... On the other hand, wherever U.S. influence is introduced, our own is likely to decline, with consequent danger to the maintenance of our own interests.'

The main thrust of the Foreign Office document was its call for pragmatism, the adoption of a firm but flexible approach towards colonial affairs. In the post-war world, the Foreign Office noted, 'no country or territory is likely to be satisfied for any length of period with any solution that appears to fall short of full sovereignty.'

The Colonial Office concurs

The Colonial Office concurred with the Foreign Office's assessment.³⁵⁴ Britain's 'basic Colonial policy', it noted, must be 'the guidance of the Colonial peoples to self-government within the Commonwealth'. It continued:

'Provided that we have the necessary [military] forces it is possible that circumstances may arise in which we should use them, but by and large it is inconceivable in the circumstances of the world today that we could use force actually to retain a large Colony under British administration against the wishes of a majority of its people. ... It seems to us that it is becoming increasingly impracticable to maintain "Imperialism", i.e. U.K. hegemony, even if disguised.'

Without abandoning the option of force, the Colonial Office opined, Britain should exert its influence by subtle methods of control. In the cultural sphere, this would mean enhancing and extending 'the activities of the British Council, the overseas Services of the B.B.C., etc., etc'; and in the economic sphere, it would mean giving local property owners a stake in Britain's foreign holdings.

'The Secretary of State attaches very great importance to getting Colonial governments and peoples to take a closer interest in the prosperity of overseas enterprises operating in their territories and has emphasized the desirability of them having some share in the equity capital of such enterprises.'

The Colonial Office concluded its report by stating that a major threat to Britain's overseas interests was public opinion, which was 'in the main largely in sympathy with nationalist trends in the Colonies'. The chief goal of the Government's propaganda initiative, therefore, should be to keep 'British opinion in sympathy'.³⁵⁵

The Tory's standpoint amounted to the following: Where national liberation movements were big and powerful, Britain would pursue a neo-colonial course, but where they were small and weak, Britain would endeavour to crush them by force of arms. In practice, the distinction between colonialism and neo-colonialism was blurred, with Britain making assumptions about the supposed weakness of small liberation movements which were wholly groundless. Also, there was a part of the world, an unmentionable part, where Britain would

³⁵⁴ 'The problem of nationalism', reply from Sir T Lloyd to Sir W Strang, in *British Documents on the End of Empire: The Conservative Government and the End of Empire 1951-57. Part I*, HMSO, pp22-24.

³⁵⁵ As matters turned out, the Tories need not have concerned themselves unduly with British public opinion. The main opportunist organisation, the British Communist Party, had already begun to adapt its policies to the needs of the Empire. As for the progenitors of the SWP, they were busy formulating theories which denied the parasitic character of British imperialism altogether.

maintain its violent presence irrespective of the level of resistance encountered. I refer, of course, to Ireland, which neither the Tory nor Labour grandees looked upon as a country worthy of independence. The transition from colonialism to neo-colonialism was a messy and turbulent affair, providing Labour with ample opportunity to reveal its pseudo-socialist fangs.

It's business as usual

When Labour took office in 1964, it continued as before, dripping in hypocrisy and cant. By this time independence movements had become unstoppable, stretching imperial resources (and nerves) to the utmost. This new situation presented Labour with a number of difficulties, which it set out to overcome with its usual 'socialist' panache. Palme Dutt takes up the story:

'At the very outset the technique employed by Premier Wilson in the composition of the Government was significant. Precisely the left spokesmen who had been most vocal in criticism of imperialism and most actively associated with anti-imperialist movements, were given positions in the imperialist machine such as would not only gag them from expressing anti-imperialist sentiments but compel them to undertake the official duty of defending imperialist policies in the colonial sphere. Thus Anthony Greenwood was made Minister for the Colonies, and Barbara Castle was given charge of Overseas Development. This meant that Anthony Greenwood as Minister for the Colonies had the task of conducting a colonial war in Southern Arabia in defiance of the expressed resolution of the United Nations Assembly which demanded by a vote of 90-11 that Britain end its repression and withdraw from Aden. Similarly he had the task of maintaining the Constitution and elections in British Guiana which Labour had officially denounced, and putting forward an Order-in-Council to remove Premier Jagan from office. In the same way Barbara Castle had the task, whatever her subjective wishes, to present proposals not for increasing the finance available for aid and development, but for an actual decrease in the financial allocation proposed.

'This was in fact a familiar technique copied from previous Labour Governments. In the same way ... Macdonald had made the Left pacifist Leach Under-Secretary of Air to defend the bombing in Iraq, Attlee had made John Strachey Minister of War to defend the war in Malaya. The technique is important, not so much for the fate of the individuals concerned, as for the strategy of simultaneously gagging and disorganizing the entire left wing in the labour movement in order to prevent an effective anti-colonial fight against the Government's policy.'³⁵⁶

³⁵⁶ 'British Labour and Africa', by R. Palme Dutt, in *The African Communist*, No 24, First Quarter, 1966, pp24-5.

The practice of the Wilson Labour government was to increase military expenditure and reduce overseas economic aid. The 1965 Budget saw the increase of arms expenditure by £121 million and the reduction of development grants and loans by £8.5 million. It also saw Wilson honouring the Tory's pledge to sell Buccaneer planes to the Apartheid regime, then host to sizeable inflows of British capital. And while all this was going on, while Britain was tightening the screws on the Third World, inflicting untold misery on millions upon millions of people, the SWP stalwarts turned their backs and gazed exultantly at the distribution of the spoils within Britain itself. The 'well being' of the British working-class, they said, had nothing to do with British imperialism, nothing at all. Rather it was rooted in the advent of something special, something new, 'the permanent arms economy', which had a 'stabilising' effect on world economy.

The re-emergence of inter-imperialist rivalries

When Labour began its fourth term in office, Britain showed no signs of narrowing the gap between its own productive capacity and that of the US. Its traditional neglect of its industrial base was as marked as ever. Moreover, in addition to lagging behind the US, Britain faced a new challenge in the form of an economically resurgent Europe, whose labour productivity was on the rise. So rapid and dramatic was Europe's industrial revival that the unthinkable happened in 1971. For the first time in its history as an imperialist country, the US experienced a deficit on its trade account.³⁵⁷ This meant that the US could no longer sustain a position of unrivalled economic dominance over its main European and Japanese competitors. In both relative and absolute terms, Germany held exchange reserves greater than those held by the US, undermining the economic leverage that American banks once had over the German economy.

The combined surpluses of Japan, Germany and France were of such a magnitude as to make it impossible for the US to meet its gold obligations under the Bretton Woods agreement. Not surprisingly, there was a run on the dollar as country after country sought refuge in gold. Even before the gold crisis reached its high-point in 1972, the US had witnessed an unprecedented run on its gold reserves. In 1949 they stood at 21,800 tons (or 70 per cent of the capitalist world's reserves), in 1960 at 15,800 tons (44 per cent), and in 1972 at 8,600 tons (21 per cent).³⁵⁸ When the US announced its trade deficit, the flight from the dollar turned into a stampede. To prevent further withdrawals, the US unilaterally ended the convertibility of the dollar into gold, imposing an inconvertible dollar standard on the world. This meant that the US had licence to print money at will, without regard to its international commitments. The American dollar, once as good as gold, was now as good as the Pentagon.

³⁵⁷ 'Decline of the Dollar', ed Jon Britton, Pathfinder Press, 1972, p9.

³⁵⁸ 'The Yellow Devil', by A. Anikin, Progress Publishers, 1983, p163.

In the same measure as the European and Japanese economies became surplus countries, so the US sank ever deeper into debt, raising the question of whether the dollars' role as a reserve currency matched the US's economic power. Tensions between the imperialists mounted, with Charles de Gaulle claiming that 'the international monetary system allowed the United States to live beyond its means and forced the European surplus countries to finance the U.S. military empire overseas'. He called on the major Western powers 'to negotiate a new arrangement that was more fair and rational'.³⁵⁹ The currency and gold battles that followed signalled the re-emergence of inter-imperialist rivalry.³⁶⁰

Throughout this conflict, the German and French imperialists attempted to form a solid bloc in their dealings with the Americans. The latter, however, refused to discuss a settlement with a combined French and German negotiating team, using their military might as a trump card. The European imperialists' bitter resentment over the US's divisive conduct was one of the chief impulses behind the creation of a single European currency. Once formed, the Euro would serve, not only as the basis for the consolidation and advancement of European imperialism, but also as a powerful negotiating tool. Henceforth, the Americans would have to deal with the Europeans *en bloc* and not as members of some disjointed body. The argument that the US supported European unity was a self-serving myth, masking the fact that the US wanted a common European *market* without the associated *political* unity.³⁶¹

And where did the British imperialists figure in all this? How could they survive as an independent power alongside such industrial heavyweights as the USA, USE and Japan? The weak position in which Britain found itself in the 1970s is reflected in the following figures:

³⁵⁹ 'The Gold Battles within the Cold War: American Monetary Policy and the Defence of Europe, 1960-1963', by Francis J. Gavin, in *Diplomatic History*, Vol 26, No 1, Winter 2002, p64.

³⁶⁰ I examine these gold battles, as well the wider theoretical issues concerning gold as international money, in Volume 3. Metaphysicians will argue that gold is 'in essence' the money-commodity, regardless of the kind of monetary system that the US imposed on the world in 1972. Empiricists, on the other hand, will argue that the capitalist system, as confirmed by the US's conduct in 1972, does not require a money-commodity. Our view of reality is very different. International capitalism, which *cannot* dispense with gold as the money-commodity, is *forced* to function without it, thanks to the irreconcilability of the contradictions between Europe and the US. The more the crisis of imperialism deepens, the more the price of gold will soar, because of and not despite the demonetisation of gold. Like a dying star that gives off a burst of light, so gold's glittering allure will presage capitalism's demise.

³⁶¹ Callinicos, as I show later, is a keen upholder of this myth.

Central Gold Reserves of Capitalist Countries – 1979³⁶²

	\$ billions
USA	135.5
Germany	48.8
France	42.6
Italy	34.2
Netherlands	22.5
UK	9.3

Given the fact that European capital was increasingly fusing into a single entity, as cohesive and integrated as American capital, the British economy was diminutive in the extreme, operating in the shadow of giant monopoly capitalist states. It was in this context that Britain underwent the transition from the old parasitism to the new parasitism, that is, from colonial imperialism to usury imperialism.

3. The new parasitism

Throughout the period of the post-war boom, the British imperialists faced an intractable problem, unable either to hold their own in open markets or to suppress the liberation movements in the colonies. And yet, unless they found alternative methods of amassing super-profits, they would succumb to the superior power of their imperialist rivals. As industrial laggards in a rapidly decolonising world, the British imperialists were in desperate straits, hovering between solvency and bankruptcy.

This does not mean that the British imperialists had exhausted their predatory potential. As weak and vulnerable as they were, they had achieved much. First and foremost, they had set in train a series of events that severely undermined the oppressed countries' capacity for independent development. In doing so, they had helped to pave the way for the creation of a neo-colonial order from which they themselves would one day profit. In addition, by clinging on to their accumulated booty, they had averted a major social upheaval at home. A reduction in British living standards to Third World levels was never an option for the British imperialists, not in the aftermath of the great victory over fascism. So they muddled on, viciously and remorselessly, until a solution finally presented itself. With the emergence of Germany and France as major surplus countries, able and eager to stand up to the Americans, the world was awash with Eurodollars. And it was with a view to gaining access to those dollars – the better to plunder the ex-colonies afresh – that Britain's financial oligarchs directed their efforts.³⁶³

³⁶² 'The Yellow Devil', by A. Anikin, Progress Publishers, 1983, p68.

³⁶³ Eurodollars were the surplus dollars held by Europe's central banks, as well the surplus dollars which Europe's industrialists and financiers deposited in private banks.

The critical importance of interest rates

The British imperialists have always relied upon the strength of the City (that is, of London based finance capital) both to plunder the Third World and to hold fast to their accumulated booty. One of the chief manifestations of the City's predatory role from the 1970s onwards can be found in the interest rate policies pursued by successive British governments.

Interest rates in Britain have been consistently higher than those in the other imperialist countries. In the period 1980-90, for example, the average Interbank interest rates per year were as follows: UK 14.77%, US 6.5%, Germany 6.0% and Japan 6.0%.³⁶⁴ In recent years the disparity has been even greater. At the time of the invasion of Iraq, the Treasury Bill rates for the UK, Germany, the US and Japan were 4.03%, 2.14%, 1.17% and 0.06% respectively.³⁶⁵ The levels of these rates have been sufficient, not only to attract vast funds to Britain, but also, when redirected abroad, to suck the lifeblood out of poor nations. This parasitic recycling of international finance is the defining characteristic of British imperialism today.³⁶⁶

The hirelings of Britain's financial oligarchy openly take pride in the *usurious* nature of British imperialism. Thus Christopher Smallwood, in a report prepared for the British Bankers' Association, blurted out the following pearl:

'...Britain's international banking system has achieved unparalleled success in generating a surplus of investment income, **essentially gathering deposits from the rest of the world and lending them out at significantly higher rates**. In relation to its size, the UK has been the most successful country in the world in generating net investment income... Britain's role as world banker, **borrowing cheap and lending dear**, appears to have become structural, and as globalisation proceeds the financial sector can be expected to make a steadily rising contribution to the [UK] balance of payments.'

He added:

³⁶⁴ Economist: Economic Indicators, 1992, p172.

³⁶⁵ *The Independent*, 27 December, 2003.

³⁶⁶ If in this volume I give the impression that Britain's financial oligarchy consists exclusively of financiers, I remedy this one-sidedness in Volume 3. There I deal with the close ties that exist between Britain's banking and industrial magnates, but only after explaining what Lenin meant by 'the merging **or coalescence** of the banks with industry'. (22\226; emphasis added) Two points will suffice here. First, British finance capital, in contrast to the European variety, exhibits a greater degree of 'coalescence' than of 'merging'. Second, the country's financial oligarchy consists, in the main, of financial, oil, armaments and pharmaceutical barons, as murderous a bunch of predators as any.

‘...the UK’s competitive advantage lies in its having an international banking system capable of transferring low-risk seeking capital into uses capable of generating attractive returns around the world – ***borrowing cheap and lending dear on an international scale***. As a recent Lombard Street Research study commented: “Banks’ assets equal their liabilities but they still make profits. That is what the City does for Britain, banker to the world”³⁶⁷.

From where do British financiers ‘borrow cheap’? Not from the poor countries, obviously. To obtain their funds, the British financiers borrow from other imperialist countries, where interest rates are among the lowest in the world, and where Britain is looked upon as a ‘favoured’ client. Although British financiers lend large sums to Europe, Japan and the US, they lend to the poor countries as well, but at exorbitant rates of interest. After all, why should European or American firms borrow dear from Britain when they can borrow cheap in their own countries? As much as poor countries would like to borrow at low interest rates, they are unable to do so, thanks to the imperialists’ debt entrapment activities.

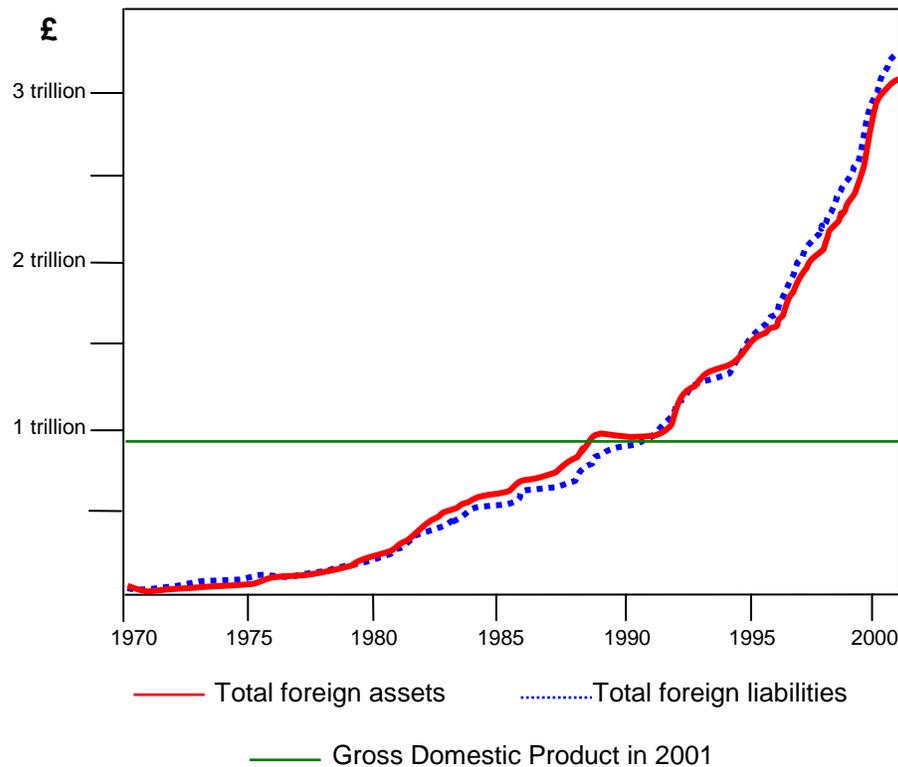
In Volume 3, we shall take a close look at how British banks hold Third World countries in thrall, subjecting them to what amounts to financial strangulation. Here it must be noted that the effect of Britain’s interest rate policies has been to swell the City’s funds to extraordinarily high levels.

Unbelievable but true

Each year, trillions of pounds worth of foreign currencies pass through the City ***en route*** to the Third World, on which the British imperialists parasitically batten. By any standards, the sums involved are staggeringly large. The graph below shows the growth in Britain’s external assets and liabilities between 1970 and 2001.

³⁶⁷ ‘The Importance to the UK Economy of a Successful Financial Sector: A Report Prepared for the British Bankers’ Association’, Lombard Street Associates, 2006, p2, p58 and p62; emphases added.

Britain's gross external position, in £ trillions³⁶⁸



The horizontal line drawn across the graph indicates the level of Britain's Gross Domestic Product in 2001. Standing at just under £1 trillion, the GDP was vastly overshadowed by Britain's capital exports.

In marked contrast to pre-WWII days, Britain exports a relatively insignificant amount of the surplus-value generated *within* Britain itself. As far back as the mid-1970s, Dorcas Good and Michael Williams, writing for the Anti-Apartheid Movement, stated:

'The dominance of banking and financial institutions over the British economy has been carried to its ultimate, parasitic extreme. UK banks are currently mobilising funds in the foreign currency markets for the purpose of lending abroad on a scale that is approaching the size of the British economy itself. In 1962 British banks lent non-sterling currency to other countries amounting to £1,031 million, or 4 per cent of the gross domestic product. By 1975 the banks' loans in foreign currencies had risen to the almost unbelievable level of £58,155 million, that is, **63 per cent of the GDP**. ... Britain is fast becoming a *usurer* state.'³⁶⁹

³⁶⁸ Graph adapted from 'Fifteenth Meeting of the IMF Committee on Balance of Payments Statistics: Use of International Investment Position Statistics in UK', 2002, p3.

³⁶⁹ 'The Apartheid Economy and the Crisis of British Capitalism', by Dorcas Good and Michael Williams, Anti-Apartheid Movement, 1976, p18.

Other critics of British imperialism have drawn attention to this trend, also. Recounting the economic crisis through which Britain passed in the 1970s, Robert Clough wrote:

'It was...during this period that the more parasitic features of British imperialism started to come to the fore, as the London Euro-currency market became a central source of loan capital throughout the world. ... Overall, the private external assets of British imperialism grew from £61 billion in 1973 to £119 billion in 1977; in 1962, such assets had made up some 40 per cent of GNP; in 1977, **they had risen to 93 per cent**. The seeds of the debt crisis of the oppressed nations were sown in this period...'³⁷⁰

So the 'almost unbelievable' figure of 63 per cent in 1975 rose to the even more unbelievable figure of 93 per cent in 1977. Credulity was stretched still further when, in 2000, the figure rose to - wait for it - **280 per cent** of Britain's Gross Domestic Product.

Since then the value of Britain's external assets has continued to soar, rising from £3 trillion in 2000 to £3.176 trillion in the following year. This figure amounted to a staggering 320 per cent of the whole of the GDP. And still they soared, reaching just under 400 per cent – **yes, 400 per cent** – of GDP in 2005.³⁷¹

Never before has a capitalist country been so dwarfed by its foreign holdings as Britain.³⁷²

Standing out like a sore thumb

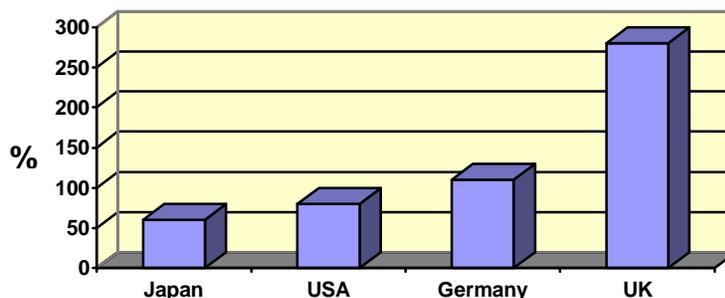
It is not just the scale of Britain's involvement in foreign markets that is important. Equally important is Britain's position **relative** to the other imperialist powers. Comparable figures for the four main holders of foreign assets are as follows:

³⁷⁰ 'Labour: A party fit for imperialism', by Robert Clough, p163, Larkin Publications, 1993. Emphasis added.

³⁷¹ 'Britain: Parasitic and decaying capitalism', by David Yaffe, in *FRFI* 194, December 2006/January, 2007. [www.revolutionarycommunist.org]

³⁷² To grasp the scale of Britain's foreign holdings, we need to consider the decade-on-decade increases that have taken place. Between 1970 and 1980, those holdings increased by some £200 billion. Over the next ten years they increased by approximately £750 billion, and in the following decade by more than £2,000 billion. This means that, over a thirty-year period, from 1970 to 2000, Britain's total foreign holdings increased by approximately **one thousand percent**.

Total foreign assets as a percentage of Gross Domestic Product - 2000³⁷³



In 1970, when considering the merging of Britain into the European Union, a representative of a leading City bank wrote:

'The prosperity of the City's international business depends on the willingness of...the British authorities to treat the City as an "off-shore island" outside the controls imposed on domestic institutions. The City thus has a strong interest in seeing that whatever arrangements...are developed within the Common Market, it preserves [its] independent, "off-shore" position...'³⁷⁴

Soon after this 'declaration of independence', Britain's financial oligarchs went into Europe, but later withdrew from the Exchange Rate Mechanism, in order to preserve the City's autonomy, its role as the world's premier institution for mobilising international finance. Manoeuvring between the US and Europe was the British imperialists' forte, the means by which they were able to maintain their 'off-shore' status and straddle the globe financially.

It would be too long a task to discuss here how Britain steered a middle-course between the newly emergent USE and the well positioned USA.³⁷⁵ For the present, we need to keep in mind the following: The only way in which Britain could hold fast to its accumulated booty was by adopting policies which a) set its financial sector adrift from its economic base, b) made integration into Europe impossible, and c) necessitated the cultivation of special relationships with both the US and Europe.

Britain's industrial decline

Britain's foreign policy, pursued conscientiously by successive British governments throughout the latter half of the 20th century, was mapped out by

³⁷³ Graph adapted from 'Fifteenth Meeting of the IMF Committee on Balance of Payments Statistics: Use of International Investment Position Statistics in UK', 2002, p2.

³⁷⁴ *The Banker*, November, 1970, quoted in 'The Left Against Europe?', by Tom Nairn, Penguin, 1973, p20.

³⁷⁵ Volume 3 includes a detailed analysis of the post-WWII relationships among the imperialist powers.

Winston Churchill in 1951. In a Cabinet note of that year, he stated that Britain should 'favour' rather than 'obstruct' the 'movement to closer European unity'. In addition, he emphasised that Britain should never become 'an integral part' of Europe. Instead, it should pursue three distinct but mutually interdependent strategies: those of 1) consolidating and strengthening 'what is left of the former British Empire', 2) cultivating 'fraternal' relations with the US and the rest of the English-speaking world; and 3) treating Europe as 'a separate closely- and specially-related ally and friend.'³⁷⁶

By remaining outside Europe, while at the same time developing special relationships with both Europe and the US, Britain was able to adopt economic policies which strengthened the financial sector, but at the expense of British industry. The very interest rate policies that were indispensable for the City's success placed British industry at a competitive disadvantage. There was thus a direct link between Britain's emergence as a financial power of major weight and its accelerated industrial decline. It was not the increase of labour productivity that was the cause of the growth of Britain's robber banks, but on the contrary, it was the growth of Britain's robber banks that was the cause of the decline of labour productivity.

Liberal critics of government policy have little understanding of the connection between the financial sector's rapid growth and industry's poor performance. Typically, *The Guardian* complained that 'an overvalued pound', brought on by high interest rates, makes 'imports cheaper and domestic firms less competitive'. Heaving a sigh of bewilderment, it urged the government

'to bring down the value of the pound to where it can provide a level playing field for our manufactures. Is that too much to ask?'³⁷⁷

No, it is not too much to ask the British imperialists to throw their £4 trillion worth of foreign holdings to the winds. Nor is it too much to ask the British state to turn Thatcherism on its head and, by clipping the City's wings, place British industry on a firm footing, as it stood in the 1860s.

Thatcher's task, over and above those of previous Labour and Tory premiers, was to effect a major socio-economic transformation. Intent on carrying British parasitism to its ultimate extreme, she gave the City the widest possible berth for manoeuvring, undermining Britain's industrial base beyond the point of recovery. The following table indicates the extent to which she achieved her goal (in just over a **single** decade):

³⁷⁶ 'Note by Mr Churchill', 29 November, 1951, in British Documents on the End of Empire: The Conservative Government and the End of Empire 1951-57. Part I, HMSO, p3.

³⁷⁷ Editorial, *The Guardian*, 28 July, 2003.

Employment changes – Millions
1979-1991³⁷⁸

	1979	1991
Manufacturing, railways and coal	7.758	3.699
Banking, finance, insurance and professional services	3.500	6.740

To mop up the displaced souls, the Thatcher government promoted (in a contradictory and dilatory manner) the growth of ‘micro-enterprises’. Britain’s de-industrialisation was thus accompanied by a massive increase in the number of sole traders and small businesses, all of whom were exceedingly vulnerable to economic fluctuations, and hence prey to right wing demagogues. Thatcher’s policies not only established the City as a world leader, but also wiped out the country’s reformist but militant trade union movement, then the backbone of resistance to neo-liberalism.

To reposition themselves in global markets as giant usurers, the British imperialists inevitably launched a massive assault on the British trade union movement. They did so, however, not to restore the profitability of British industry, but to supplant the country’s industrial proletariat with a largely non-industrial one. What the British imperialists wanted (and what successive Labour and Tory Governments worked towards creating) was a proletariat that was more suited to the task of sustaining Britain’s disproportionately large financial sector than of generating surplus-value at home. The socio-economic costs of this transformation were enormous, resulting in urban blight, the destruction of local communities and the severe undermining of proletarian solidarity. Yet throughout the period of Britain’s rapid de-industrialisation, the opportunists refused to consider the City’s resurgence as a global plunderer, the real backdrop against which the great class battles of the 1970s and 80s took place.

When Labour came to power in 1997, it pursued Thatcherite policies with as much determination and vigour as the Tories did. The imperialists needed anti-union legislation both to transform Britain into an ‘off-shore island’ and to sustain the City in its new and enlarged role. As noted, the City plies its trade by borrowing cheap from rich countries and lending dear to poor ones. To secure adequate funds from global financiers, the City needs to demonstrate that it is the master in its own house. Similarly, to maintain its financial stranglehold over the Third World, it must show that it has the will and the means to suppress the revolts of wage-slaves in Britain itself. Any revival of the kind of trade-union militancy that beset labour-capital relations in the 1970s and 80s would undermine the City’s predatory base at a stroke. Thatcherism – whether of the

³⁷⁸ ‘Labour: A party fit for imperialism’, by Robert Clough, Larkin Publications, 1992, p174.

Tory or Labour varieties – was a precondition for, and a means of preserving, the new parasitism.

As the City rose to prominence as a global usurer, the unions' bargaining power diminished considerably. In the 1970s, the average number of days lost each year through industrial disputes was 12.9 million. In 1998, the year after Thatcher's departure from office, the figure stood at a mere 0.235 million.³⁷⁹ This means that fewer days were lost in disputes during the Thatcherite period than during the Great Depression, when massive unemployment and recurrent defeats had left the working class battered and bruised.³⁸⁰ Not surprisingly, trade union membership plummeted throughout Thatcher's reign of terror, from a peak of 13.2 million in 1979 to 7.9 million in 1997, **a loss of over 5 million members**.³⁸¹ Thanks to this marked and rapid decline in the trade unions' fortunes, Britain's robber banks were able to pander to the global financiers' sense of predatory decorum. No financier in his or her right mind would extend loans to an 'off-shore' institution racked by internecine upheavals.

The centre-piece of Britain's anti-union laws was the prohibition on so-called 'secondary action', which was designed to prevent the working class from acting **as a class**. By means of this prohibition, the British state able to give succour to the City while suppressing trade union militancy. The effects of this two-pronged strategy became evident in 2005, when British Airways baggage handlers staged unofficial solidarity action in support of locked-out Gate Gourmet workers. Although I examine this strike in detail in Volume 3, a brief comment about the opportunists' role in it will not be out of place here.

The new parasitism and the split in the working class

Throughout the Gate Gourmet conflict, the SWP said and did many fine things. It appeared on the picket lines at Heathrow Airport, carried out collections at workers' meetings and denounced the bosses' rapaciousness. But the one thing the SWP did not do was expose the treachery of the Transport & General Workers Union. When, in defiance of the anti-union laws, the BA baggage handlers came out in support of the Gate Gourmet workers, a resounding victory seemed likely. Yet instead of building on this tremendous display of solidarity, the T&GWU bosses ordered the BA strikers to return to work. Typically, the SWP refrained from commenting on this act of treachery. Throughout the dispute, it levelled fiery criticisms against the employers and the government but uttered not

³⁷⁹ BBC News, 10 June 2000. [//news.bbc.co.uk/1/hi/business/784988.stm]

³⁸⁰ '...only 3 million working days per year were lost in disputes in 1927-38 compared with 38 million (excluding the General Strike) in 1919-26.' ('A Survey of English Economic History', by M.W. Thomas, Blackie & Son, 1961, p511.)

³⁸¹ Annual Reports of the Certification Officer.

[//webarchive.nationalarchives.gov.uk/20090302195111/http://www.err.gov.uk/files/file12479.pdf] By 2002, 5 years into Labour's period in office, trade union membership had decreased by a further 200,000.

a single word of reproach against the trade union traitors. As one critic of the SWP stated:

‘To date, the SWP has made no comment on Woodley’s betrayal in its publications, and continues to report uncritically on the actions of Woodley and his associates. The *Socialist Worker* newspaper portrays the dispute simply as one between “ruthless union-busters” and “a courageous group of largely Asian workers” helped by fellow TGWU members at BA who “delivered the most effective and militant solidarity action seen in Britain for two decades in defiance of the anti-union laws.” No mention at all is made of the treachery of Woodley for calling off this “most effective and militant solidarity action.”’³⁸²

Later, when summing up the lessons of the strike, the SWP attempted to cover up the sins of its opportunist allies. The T&GWU leaders, it insisted, were worried about the financial implications of a solidarity strike, the possibility of ‘crippling legal action and damages of tens of millions of pounds’.³⁸³ In mounting this defence, the SWP was falsifying reality to suits its opportunist purposes.

For all their cries of helplessness and vulnerability, the T&GWU leaders were not afraid of the threat of legal action hanging over them. Rather they used that threat as a **pretext** for capitulating to the ruling classes. The BA and Gate Gourmet workers, as I show in Volume 3, were exceptionally well placed to win the strike, even sweep Thatcher’s anti-union laws off the statute books. Such a victory would have increased the union’s membership and swelled the union’s funds. Although the trade union bosses spoke out against the prohibition on ‘secondary action’, **they did not want to overturn it**. They knew that a return to the militancy of the 1970s would have jeopardised Britain’s standing as a global usurer, and hence would have undermined their privileged position far more substantially than any fines would have done.

The trade union bosses combined a passionate hatred of Thatcherism with a singular determination to preserve it. In an article in *The Guardian*, Tony Woodley, the T&GWU leader, called for ‘secondary action’ to be made legal. Solidarity’, he stated, ‘is the best way to level the industrial-relations playing field, heavily tilted as it is in favour of employers and against workers’. He continued:

‘The question that needs to be addressed is: why should solidarity action be illegal? Elsewhere in Europe, where labour law conforms to the International Labour Organisation conventions, it is not. Britain, despite being a signatory to the conventions, flouts those provisions which recognise that supportive action has a proper role to play. ... For too long

³⁸² ‘British SWP covers for union betrayal of Gate Gourmet workers’, by Paul Mitchell, in *World Socialist Web Site*, 12 September, 2005. [www.wsws.org/articles/2005/sep2005/gate-s12.shtml]

³⁸³ ‘In the balance: the class struggle in Britain’, by Charlie Kimber, in *International Socialism*, No 122, March 2009.

[British] employers have been able to take advantage of a lopsided legal framework that makes securing justice for even the most exploited workers hugely difficult. ... Solidarity among workers facing adversity speaks to the best of human instincts. It is the foundation stone of the labour movement.³⁸⁴

However, when urged by his members to support an impressive and potentially powerful **solidarity** strike, one that could have rapidly developed into a nationwide campaign for workers' rights (without which 'solidarity action' will forever remain illegal), Woodley wrote a grovelling letter to the BA overlords. In it he stated: 'We do not condone what happened last week and we took appropriate steps to end the unofficial action.'³⁸⁵ To add insult to injury, he went on to complain, at the T&GWU conference, that the Gate Gourmet workers had been 'exploited by the ultra-left'.³⁸⁶ This was the same Woodley with whom the SWP was striving to cultivate a cosy relationship. Untroubled by his treacherous conduct, it continued to share public platforms with him and give favourable publicity to his speaking tours. More than any other solidarity action in recent years, the Gate Gourmet strike revealed the extent to which the SWP and its allies were willing to work in concert with, if not as a direct arm of, the City.

Thanks to the City's successes, the majority of workers in this country form part of an essentially fragmented, brutalised, bullied and **de**-unionised work force. In many respects, the British proletariat is far worse off today than it was in the three decades after WWII. Given the changed conditions of accumulation, the fall in trade union membership and the anti-union legislation now in place, workers face enormous barriers to achieving job security and decent pay. Yet still they struggle, valiantly and doggedly, as much against the bosses as against the City's 'socialist' friends. Any organisation that attempts to mobilise these workers without bringing into sharp focus the evolution of Britain as a parasitic usurer State will inevitably play into the hands of the imperialists and their opportunist backers. Only those who feed off the spoils of British plunder have an interest in concealing the linkage between Britain's predatory pursuits abroad and the plight of workers at home. The new parasitism has deepened and not overcome the split in the working class, the division between those who have an interest in the destruction of imperialism and those who do not.

As brash and wealthy as the City gentlemen are, they are exceedingly vulnerable, not only to the struggles of workers in Britain and abroad, but also to the pressures of rival imperialists.

³⁸⁴ 'Solidarity will have to be legalised', by Tony Woodley, in *The Guardian*, 16 August 2005.

³⁸⁵ Quoted in 'Gate Gourmet at Heathrow: Union undermines workers' solidarity', by Joseph Eskovitchl, in 'Fight Racism! Fight Imperialism!', No 187 October/November 2005, p4.

³⁸⁶ Quoted in 'Woodley insults sacked Gate Gourmet workers', in 'The News Line', 4 July, 2007.

Inter-imperialist manoeuvring

Britain's finance capitalists are in a uniquely contradictory position. In the long run, they can maintain their existence as imperialists in one of two ways: either by joining the rapidly evolving USE or by becoming a specially favoured outpost of the USA. At present, the British imperialists have little choice but to support Bush in his military escapades; just as in the near future they will have little choice but to come down, unequivocally, in favour of one side or the other.

For their part, the Europeans and Americans look upon the City as a glittering prize and therefore are willing to make significant concessions to draw Britain into their respective spheres of financial control. In the battle for the City, however, Europe is at a distinct advantage. It is more economically sound than the US and therefore can rely on purely economic pressures to bring Britain on board. A major recession, for example, will in all probability nudge the British electorate towards acceptance of the Euro. Also, by raising interest rates above those prevailing in Britain, Europe can exert influence over the City without using heavy handed diplomacy. The more the US bullies the British ruling class, the more the latter will split over the question of where its 'true' destiny lies. This could all too easily redound to the Americans' disadvantage. If European capital secures the City as its financial hub, the US will cease to be the world's dominant economy. For this reason, neither the US nor Europe is likely to adopt an overbearing stance towards Britain in the coming period. Elements within US ruling circles are already worried that the Bush gang overstepped the mark by driving a wedge between Britain and Europe.

Britain knows very well how to exploit tensions between the two super-powers and therefore will continue on its predatory course. As long as relations between the European and American imperialists remain relatively amicable, Britain will be able to hold its own in the world, if not as an independent power, then certainly as a junior partner. Sooner or later, however, as the USE takes definitive shape and inter-imperialist rivalries intensify, Britain's financial oligarchy will have to make its preference known. Either way, it will cease to exist as a distinctly British financial oligarchy.

This does not mean that Britain's giant banks are about to disappear from the scene. What is at issue for Europe is the absorption and not the conquest of the City, whose authority and prestige remains unimpaired. The available statistics, as meagre as they are, give some indication of the City's standing in the world.

Net trade balance of banking and other financial services by country
\$ billions³⁸⁷

	2000	2005
UK	17.7	33.4
US	11.2	22.7
Japan	1.0	2.4
Germany	1.5	2.0
France	-0.2	-1.0

The above table show the net earnings on banking and financial services.³⁸⁸ It does not include the enormous sums the British imperialists earn on their usurious activities abroad. Nevertheless, even if the City had nothing more to offer the Americans and Europeans than its 'off-shore' facilities, it would still be looked upon as a welcome trophy.

Britain, of course, has much more to offer the imperialists than financial services. There is not another country in the world that is as skilled and experienced as Britain in financially strangulating oppressed nations. The City lies at the centre of a far flung network of financial ties that bind oppressed nations to their imperialist masters in a never ending cycle of poverty and indebtedness. Whichever of the two super-powers wins the City's allegiance will gain immeasurably in strength and influence.

In many respects, the British state resembles that of Louis Philippe on the eve of the 1848 European revolutions. As Marx wrote:

'It was not the French bourgeoisie that ruled under Louis Philippe, but **one** faction of it: bankers, stock-exchange kings, railway kings, owners of coal and iron mines and forests, a part of the landed proprietors associated with them – the so-called **finance aristocracy**. ... [The] faction of the bourgeoisie that ruled and legislated through the Chambers had a **direct interest** in the **indebtedness of the state**. ... After the lapse of four or five years a new loan. And every new loan offered new opportunities to the finance aristocracy for defrauding the state, which was kept artificially on the verge of bankruptcy - it had to negotiate with the bankers under the most unfavourable conditions. Each new loan gave a further opportunity, that of plundering the public...'³⁸⁹

³⁸⁷ UK Financial Sector Net Exports 2007, International Financial Services London, 2007, p2. [www.ifsl.org.uk]

³⁸⁸ Some of the main services provided by British banks are management consultancy services, legal and accounting services, foreign exchange services, the management of acquisitions and mergers and the management of new share issues.

³⁸⁹ 'The class struggles in France', by Karl Marx, Selected Works of Marx and Engles, Volume II, Lawrence and Wishart, 1962, pp139-41.

When we substitute the term 'the Third World' for that of 'the state' we arrive at an accurate picture of what is going in Britain's neo-colonial empire under New Labour.³⁹⁰

The British imperialists have acquired a reverse Midas touch: everything they handle mutates into debt. At all times and at every turn, at home and abroad, the British imperialists engender indebtedness and thrive off it. Indebtedness is the principal objective of their economic policies and the major source of their enrichment. But like the moneylenders of yore, they will count for nothing - absolutely nothing - without their 'bailiffs', their periodic displays of brute force. Usurers are as strong as the bully-boys at their disposal. When usurers overstretch themselves to the point where they can no longer deploy their armed thugs, they will find themselves in serious difficulties. As simplistic as this analogy may seem, it aptly describes the British condition, the contradiction around which Britain's foreign and domestic policies revolve.

4. Divisions within the ruling classes

The phenomenal growth of the City's foreign holdings, together with the related shrinkage of Britain's industrial base, has rendered Britain highly susceptible to global economic and political crises. Even now, in advance of a major economic downturn, the British imperialists and their middle class backers are rapidly losing their ability to cohere ideologically. Since the invasion of Iraq, four distinct tendencies have emerged among them.

Friends of the US

First and foremost, there are the Blairites, those who believe that Britain must ally itself closely to the US, even if this means antagonising Europe. Geoff Hoon, Britain's defence secretary, stated that

'the US is likely to remain the pre-eminent political, economic and military power. It is highly unlikely that the UK would be engaged in large-scale combat operations without the US.'³⁹¹

³⁹⁰ An important historical distinction needs to be drawn here. In the France of the 1840s, the radical bourgeoisie attempted to free society from its economic fetters, not by expropriating the banks, but by subordinating them to industrial capital. Although banks again occupy a position of dominance, they do so at a time when capitalism has entered its parasitic and moribund stage of development. In alliance with oppressed peoples, the socialist proletariat will put paid to finance capital, not by subordinating it to the so-called national interest, but by abolishing it. The struggle of Third World countries against their indebtedness thus forms an integral part of the struggle for socialism in Britain.

³⁹¹ Quoted in 'We are now a client state', by David Leigh and Richard Norton-Taylor, *The Guardian*, 17 July, 2003.

What Hoon should have said is that the City's massive growth as a usurious institution has made it impossible for Britain to make its way in the world without cleaving to the Pentagon. Given the disproportionately large size of the City's foreign holdings, the Bush gang did not need to engage in much arm twisting to bring the Blairites on board.

In invading Iraq, the US needed both to put on an awesome display of force **and** to demonstrate that it has powerful allies in Europe. At all costs, America's neo-conservatives had to draw an openly obsequious Blair into their deadly embrace. When Bush publicly addressed Blair as 'Yo Blair', he knew exactly what kind of impression he was creating.

Not surprisingly, the Blairites regard the City as the indispensable mainstay of the British economy. Their attitude finds its theoretical expression in the writings of P.J. Cain and A.G. Hopkins, who paint the City in the brightest of colours. Rather than look upon Britain's industrial decline in negative terms, these academics opined, we should celebrate the City's triumphs. This was the 1911 Hobson writ large, the elevation of the City to an exalted plane. In Cain and Hopkins' estimation, Britain's financiers are a special breed, a cut above the rough and ready industrialists. By mobilising and harnessing international finance, and by exporting it to the four corners of the globe, the City financiers have turned Britain into a major power. These financiers are not just capitalists; they are **gentlemanly** capitalists, full of 'honour and obligation'.³⁹² The conclusion to be drawn from their analysis is as clear as it is crass: What is good for the City is good for Britain.

Imperialist traditionalists

Blair's slavish support for the Americans provoked a critical response from the traditionalists, those who believe that Britain should continue to maintain a position of diplomatic equidistance between the Europeans and the Americans. One of the foremost traditionalists is Malcolm Rifkind, a critic of the Anglo-American invasion of Iraq. He lamented the passing of the good old days, when Britain was a friend, but not too uncritical a friend, of the Americans. By toadying up to the Bush gang, Blair has done 'more damage to western unity than the Soviets managed in 50 years.' British prime ministers must never lose sight of the fact that 'Britain is an Atlantic as well as a European nation.' This was something of which Churchill, Wilson and Thatcher were all keenly aware, he maintained.³⁹³

Actually, Margaret Thatcher, by promoting the City in the way she did, laid the basis for Britain's current predicament, necessitating Blair's uncritical acceptance

³⁹² 'British Imperialism: Innovation and Expansion 1688-1914', by P.J. Cain and A.G. Hopkins, Longman, 1993, p26. Only in a 'gentlemanly' country like Britain could the writings of Cain and Hopkins pass muster without provoking outrage among socialists.

³⁹³ *The Guardian*, November 15, 2003.

of the Bush gang's leadership. Rifkind is harking back to an idealised past, when Britain steered a middle-course between the USE and USA. There can be no return to those times, not with the gulf between the two super-powers widening by the day.

Steve Richards, writing in *The Independent*, expressed the traditionalists' dilemma perfectly. Like Rifkind, he wants Britain to be a friend to both Europe and the US, and therefore looks forward to the day when Washington and Brussels can again 'work closely together'. He added:

'Most Atlanticists [i.e., pro-Americans] would be delighted to work hand in hand with Europe. The problems arise when there is a pivotal and unavoidable disagreement between the two sides. Over the war against Iraq, Blair, like other European leaders, was forced to make a choice.'³⁹⁴

Richards accurately depicted the tensions that arose among the powers at the time of Iraq invasion, but failed to explain *why* Europe and the US were beset by 'unavoidable disagreements'. In the end, he attributed Blair's decision to a 'tragic' mistake, conveniently ignoring the predatory nature of imperialism in general and the City's usurious role in particular. Like all liberals, he does not want Britain's financial oligarchy to be in a position where it is 'forced to make a choice'.

Imperialist 'independistas'

Opposed to both the Blairites and traditionalists are the likes of Clare Short and Tony Benn. They believe that Britain should reconstitute itself as an independent power, replete with a rejuvenated industrial sector. At the time of the invasion of Iraq, Clare Short stated:

'I do not believe there is a special relationship [with the US]. It is a fantasy that makes successive governments think they are important players on the world stage. ... I don't believe either that the UK should look only to act with the EU.'³⁹⁵

She went on to state that Britain, once reshaped by genuine Labour policies, would be able to forge alliances which are in its own, independent interests. To this end, the government should look upon the Commonwealth and its 'ex-colonies' as 'special' friends. After all, Britain shares a *common history* with them, she brazenly declared.³⁹⁶

Like the traditionalists, Short is living in cloud cuckoo land. It was Britain's inability to maintain its former position of 'greatness' that forced it to forge a new way of parasitically sucking the life blood out of oppressed peoples. As Labour's

³⁹⁴ *The Independent*, 16 November, 2003.

³⁹⁵ *The Guardian*, November 15, 2003.

³⁹⁶ *Ibid.*

international development secretary, Short had the temerity to wax lyrical about Britain's 'special relationship' with the 'ex-colonies'.

The imperialist 'independistas' are outright chauvinists. Tony Benn, for example, has two main geopolitical concerns: Britain's acceptance of American military leadership and the threat posed by the euro. He stated, as if championing some national liberation struggle:

'The effect of the war and the euro will ... strip away the powers of those that we elect to represent us and those powers will be handed to Bush in Washington and bankers in Frankfurt.'³⁹⁷

It would be a mistake to dismiss the imperialist 'independistas' as mere fantasists. They have an important ideological function to fulfil, that of diverting the British workers from opposition to *all* finance capitalists, including those located in Washington, Frankfurt, Tokyo *and* London.

Relocation, relocation

At the other end of the ruling-class divide are those who call for Britain's absorption into Europe. How this will play out in terms of the redistribution of the City's loot in a Europe enlarged by Britain's membership is something they do not care to consider.

The imperialist 'relocators' do not all make their case in the same way or pursue their goals with the same degree of enthusiasm. Of all the tendencies, they are the least cohesive. Some stress the military side of geopolitical conflicts, presenting Europe as a stable and rational counterweight to the Pentagon. On the eve of the invasion of Iraq, Peter Kilfoyle wrote:

'...no one can doubt in the short term America's ability to enforce its will on much of the globe. ... It clearly intends total military domination – including missile defence – to effect such a strategy. ... Increasingly, it is clear that there needs to be an effective counterbalance to this overpowering American hegemony ... Are we to be Europe's heartland or America's frontline? As we approach a heightening of the debate on the euro, it would be appropriate to widen that debate to include a full consideration of our community of interest with our European partners in a world overshadowed by the rampant hawks in Washington. As recent events have shown, a truly independent common defence and security policy for the EU is long overdue.'³⁹⁸

A few days after the invasion, Neal Ascherson argued along similar lines. The American 'Imperium', he stated, has been 'relatively benevolent until now' but

³⁹⁷ *Morning Star*, 30 November, 2001.

³⁹⁸ *The Guardian*, 23 September, 2002.

has since entered a warmongering and reckless phase, 'flinging down one challenge after another'. Given the fact that 'American power is colossal and still growing', the world has become a very dangerous place. Europe, by contrast, has acted commendably, endeavouring 'to tie down and restrain Gulliver'. All the more reprehensibly, therefore, did Blair behave in following Bush down the road to Baghdad. He concluded:

'Nobody will trust Tony Blair's judgment again. He gambled on being able to restrain Bush, and he failed. Nobody, even now, understands why this good man made such a mistake. ... This should be a moment to rethink, without rancour, our relationship to the United States... This relationship, weakened by fictions and evasions of the obvious, has now let Britain down. Europe, however, is still there and waiting for the final British commitment. Will this country take the chance? Or will we – flinching as usual – follow the Americans to the end of the Baghdad road: to win the war, and lose the peace?'³⁹⁹

Ascherson keeps quiet about the forces that are driving Europe and the US apart. The 'good man' Blair did what any 'good' representative of the City would have done under the circumstances: he hitched himself to a force whose firepower is 'colossal'. How else could Britain, an industrial weakling, hold fast to its booty, the size of which is ... colossal?

Other imperialist 'relocators' tend to couch their pro-European standpoint in vague, socio-economic terms, believing that Europe will provide Britain with its safety net. According to Mary Dejevsky, the invasion of Iraq marked the moment when 'the global ascendancy of the United States started to wane, and the European Century began'. In her view, Europe stands for 'economic strength', a health system 'whose first principle is that all should be treated, regardless of income', and 'working hours and holidays that try to allow a life outside work.'⁴⁰⁰ Completely missing from her writings is any reference to Europe's activities in the Third World. Obviously, the EU, a caring and egalitarian entity, will seek to promote economic growth, good health and excellent working conditions in the neo-colonies.

Some imperialist 'relocators' warm to the idea of Europe as a safe haven, but have doubts about its ability to sustain British privileges. They therefore adopt a 'wait and see' attitude, enjoying in the meantime the benefits of British imperialism. Thus Max Hastings:

'I reject the Eurosceptic view that the US is our natural partner. If Europe, over the next generation or two, can force a credible defence and foreign policy identity, then it is critical for Britain to be part of it. Yet today, we are

³⁹⁹ *The Observer*, 6 April, 2003.

⁴⁰⁰ 'Now America is history: this is the European century', by Mary Dejevsky, in *The Independent*, 6 December, 2003.

... invited to endorse a European constitution that aspires to these things now. It seems self-evident that the rush towards integration, towards Brussels hegemony, is moving far faster than the plausibility of European institutions is growing.⁴⁰¹

Polly Toynbee is equally cautious. She is appalled by the way in which Blair plunged 'catastrophically across the Atlantic', but feels that Britain's entry into Europe would be premature. 'Wiser heads say wait until the time is ripe – when the euro economy booms, when the CAP is dead, when Europe has a proper leader and a political sense of direction. It may be a little time yet.'⁴⁰²

Other imperialist 'relocators' believe that Europe's time has come and that the longer Britain procrastinates, the less influential it will be when unification takes place. Endeavouring to appear patriotic, they drape themselves in the British flag. Thus Robin Cook referred to the European sceptics as 'chauvinists' who 'have never accepted a role in Europe as a satisfactory replacement for the global power they regret losing.' He went on:

'Ironically, this timidity is very non-British. The Eurosceptics may have private fantasies in which they see themselves as the spiritual heirs of the British Empire, but ... Britain could do worse than enter on the European project with the same self-confidence with which it once addressed [i.e., **plundered**] the world.'⁴⁰³

Similarly, Timothy Garton Ash wrote:

'My belief is that we should make up our minds finally after 30 years that the EU is fundamentally a good thing. ... While we are dithering Europe will be taking shape at an absolutely formative period. There are key questions at issue. Will it see itself as a Gaullist rival to the US, an alternative superpower or a partner with the US, will it be a free trading Europe or [a] protectionist Europe? **We could have a major influence on shaping that.**'⁴⁰⁴

Ash is a liberal muddle-head. Europe has **already** taken shape, demonstrating its capacity for both super-exploiting the Third World and standing up to the Americans. If Britain adopts the euro as its currency, then it will be Europe that shapes Britain and not the other way around. The question that Ash refuses to consider is what will happen to the City's loot when Britain loses independent control of its interest rate policies. That loot, we know, will form part of the common pool of the super-profits belonging to **all** the monopoly capitalists of the widened USE. Whether or not the City gentlemen accept such an arrangement

⁴⁰¹ *The Guardian*, 15 December, 2003.

⁴⁰² *Ibid*, 17 September, 2003.

⁴⁰³ *Ibid*, 20 June, 2003.

⁴⁰⁴ *Ibid*, 17 September, 2003; emphasis added.

will depend on the depth and intensity of the global conflicts in which they find themselves. Their decision will have nothing to do with their attitude towards 'Gaulism' or any other 'ism'. If 'Gaulism' provides the City gentlemen with the best possible deal, then 'Gaulism' it will be. Everything will boil down to how safe the City gentlemen feel their over-blown booty is in a world riven by inter-imperialist antagonisms.

The British imperialists would like nothing better than to occupy a position of relative independence in Europe, and therefore cannot but misconstrue Germany's role, which they see as an obstacle to British influence. Thus *The Guardian* stated:

'Every nation sees a European summit from its own point of view. That is natural and unavoidable ... In this European summit, one nation matters more than any of the others. That nation, inescapably, is Germany, the largest, richest, most important, perhaps most admirable and certainly most pivotal nation in the European Union ... The real problem for Europe, though, is neither Germany's power nor Germany's history. It is Germany's policy. As Timothy Garton Ash pointed out some years ago, Germany sought for years to construct a European project and a European identity in which Germany's own national interests could be subsumed on terms which matched perceived German needs. That is why Germany has historically always been so strong an advocate of every integrationist move, from the coal and steel community to the single currency, from the abolition of internal borders to the development of a common foreign and security policy. That powerful imperative made compelling sense in postwar conditions, in the Cold War and in a relatively compact small Europe of comparably affluent states. But the new European Union is too diffuse to operate as the old one did. If the old EU was defined by Germany, then the new EU is defined by its relationship to Germany. It will be disastrous if a stronger Germany continues to drive European integration as though the Europe of 25 of the early 21st century is the same as the Europe of six of the mid-20th. Germany remains in many ways the exemplary modern European nation. It is right to want its position properly recognised in this week-end's negotiations. Yet the political economy of the modern era demands new solutions, and a new EU will only succeed with a different kind of leadership. That is Europe's – and especially Germany's – great new challenge.'⁴⁰⁵

I have quoted at length from *The Guardian* editorial because no other statement captures the outlook and dilemma of Britain's pro-Europeans as completely as this one does. In effect, *The Guardian* said:

*We British plunderers, with our untold wealth, all of it generated **outside** Europe's sphere of influence, now wish to join Europe. In concert with the*

⁴⁰⁵ *The Guardian*, Editorial, 13 December, 2003.

*new accession states, we seek to construct a new European project, but one in which Britain's **own national interests** (i.e., its trillions of pounds of foreign holdings) can be subsumed on terms **which match Britain's needs**.*

The British imperialists are in for a rude awakening. Germany, more than any other country, knows what is at stake in the fashioning of a **unitary** Europe. Defeated in WWI and resoundingly crushed in WWII, Germany went on to play a leading role in facilitating the emergence of a **new** financial oligarchy, a distinctly **European** one. It is as wrong to speak of German capital as it is of Californian capital or Texan capital. Despite the differences that exist in the US between the different state capitals, the country's financial oligarchy, that gigantic beast of prey, **has a single national identity**, defined by its relationships to its working-class, the Third World and the other imperialist powers. Only by forging a similar type of national identity will Europe ever be in a position to snatch the global loot from the Americans. If the British imagine that they can saunter into Europe and undermine its global project, they are very much mistaken.

The above four tendencies are not completely walled off from one another. At times it is difficult to tell whether an individual is espousing the old Churchillian line or advocating closer alignment with Europe. Some defenders of British imperialism, moreover, are unsure where they stand and therefore do not fit neatly into any category. Nonetheless, for all the uncertainties and complexities surrounding Britain's intra-ruling class conflicts, we are likely to witness an increasing degree of polarisation as global crises intensify.

The British imperialists will soon be faced by a special, unprecedented task, that of deciding where to relocate their geopolitical base for looting the Third World. In arriving at their decision, they are likely to undergo internecine squabbling of a most acute kind. The ensuing battles will be fought in all spheres and not just in the media. Civil servants will turn against one another and their masters as they bring to light the state's shady secrets and dealings. Elements within the judicial apparatuses will find themselves at odds with the legislature and the government, making it difficult for the pro-American wing of the imperialists to force through their distinctly neo-conservative agenda. Even the armed forces will voice their concerns about the way in which the government is conducting its wars of neo-colonial domination. Of decisive importance will be the intervention of the British proletariat, which is currently under the ideological domination of the imperialists and opportunists. But these are early days and it remains to be seen how far the left will go in pursuing a truly independent line.

To gain an idea of how pervasive ruling class ideology is in this country, we must consider the ways in which the above four tendencies have manifested themselves in the British socialist movement.

5. Lackeys all

Not surprisingly, the transformation of Britain into an 'off-shore island' thoroughly undermined the manufacturing-based trade union movement, from which the British Communist Party once derived its support. Ideologically ill-prepared for Thatcherism, the party split into two main groups, the Communist Party of Britain (CPB), which adhered to the parent party's line, and the Communist Party of Great Britain (CPGB), which struck out on a new course. While the former championed the idea of an independent and industrially resurgent Britain, the latter favoured the merging of British capital into European capital.

Old 'communists'

Following in Short's and Benn's slipstream, and drawing on Hobson's 1902 analysis, the CPB stated, at the time of the invasion of Iraq:

'Now is the time to revisit the alternative – an economic and political strategy based on imposing control on capital and its export, frustrating big business in its desire to either fully integrate us into a European project for global exploitation or hitch us to its north Atlantic rival, and reconstructing a British economy based on making things to use and providing services for people.'⁴⁰⁶

As readers will recall, the 1902 Hobson criticised the City financiers for having placed their own interests above those of domestic industry. By inducing these financiers to invest in Britain rather than abroad, Hobson argued, the government would help to revitalise Britain's flagging economy.

Hobson's demand for the recall of British capital was subsequently taken up by nationalistic elements within the trade union and labour movements, and eventually by British 'communists' themselves. David Morgan, a leading historian in the old Communist Party, complained that Britain had 'sunk into the position of a semi-colony in relation to the US, at least in several important branches of production.' He did not deny the parasitic character of Britain or the critical importance of the export of capital in sustaining living standards in this country. On the contrary, he emphasised these features, the better to advance the party's campaign for the restoration of British industry to its former glory.⁴⁰⁷

An irrelevancy in British politics, the CPB has fallen back upon a day-dream, fantasising about the time when the old Communist Party counted for something, even if within the narrow confines of trade union militancy. The idea that the British left can put pressure on the British imperialist state to curb the City's usurious appetites is laughable. This side of socialism (or the merging of the City

⁴⁰⁶ *The Guardian*, August 7, 2003.

⁴⁰⁷ 'A Short History of the British People', by Dave Morgan, VEB Verlag Enzyklopädie, 1974, pp141-4.

into Europe), Britain's financial expansion, together with its attendant industrial decline, is irreversible.⁴⁰⁸

To avoid facing problems arising from the pivotal conflicts between the USE and USA, the CPB deludes itself that Europe is so beset by internal antagonisms as to render the European project unworkable. The CPB even champions Marx's theory of the over-accumulation of capital, in an attempt to prove that the European powers will turn against one another as profit rates fall. Kenny Coyle, the CPB's international secretary, drew the comforting conclusion that 'there does not exist a single "European" imperialist power with a single collective interest but on the contrary **there is inter-imperialist rivalry within the bloc.**'⁴⁰⁹ Not surprisingly, the CBP singled out Germany for special treatment. As the party declared in its 'British Road to Socialism':

'The most powerful monopoly capitalism [in Europe], Germany, organises others under its own hegemony in accordance with an absolute law of monopoly capitalism: the domination of the stronger over the weaker. Hence it strives for European economic unity backed by a European state apparatus, one which is capable of taking on the USA and Japan in a global struggle.'⁴¹⁰

The message is clear. Should the British state relocate in Europe, it will encounter a big, blustering bully in the form of Germany. Driven by the 'absolute law of monopoly capitalism', Germany is hell bent on lording it over the rest of Europe, in order to fulfil its global ambitions.

Of course Germany wishes to dominate all and sundry, but the only way it can do so is by using its power and influence to promote a distinctly **European** financial oligarchy, as integrated and cohesive as the American one is. When Germany achieves its goal, the European monopoly capitalists will owe their allegiance to the USE and not to a particular European country, just as the Californian or Texan monopoly capitalists owe their allegiance, first and foremost, to the **United States of America**. The struggle to create a powerful and indivisible state machine is deeply embedded in the American bourgeoisie's psyche. In the

⁴⁰⁸ The *Morning Star*, the CPB's organ, continually laments the erosion of British industry. Typical is the following: 'Britain's beleaguered manufacturing industry lurched towards the precipice yesterday as the number of workers employed in the sector slumped to an all-time low. New figures showed a fall of 121,000 in manufacturing jobs in a single year, to a total of just 3.48 million [or 12.4 per cent of the total workforce] in the quarter to September. Unions warned that there could be no genuine optimism about Britain's economic prospects until the massacre of manufacturing jobs is halted and reversed.' (*Morning Star*, 13 November, 2003) What particularly incensed the *Morning Star* was that the decline in manufacturing jobs was taking place at a time when employment overall was rising. Unable to provide a Marxist explanation of this phenomenon, they have recourse to Hobson's 1902 analysis, castigating the financiers for bringing ruin to what would otherwise be a healthy, manufacturing-based capitalism.

⁴⁰⁹ 'Intervention of the Communist Party of Britain', by Kenny Coyle, 2003.

[http://www.kke.gr/cpg/int_meet99/interventions/CPBritain.html]

⁴¹⁰ 'British Road to Socialism', British Communist Party, 2005.

1860s, America's industrial capitalists, then based in the northern states, knew exactly what fate would await them in a house divided. Had the southern states succeeded in breaking away from the Union, America's budding bourgeoisie would have succumbed to Britain's neo-colonial schemes, and later to Germany's as well. (Britain's support for the slave-holding barons was based as much on geopolitical considerations as financial ones.) All the more determinedly, therefore, did the American capitalists fight to preserve the Union. Over the next few decades, after having decisively crushed the southern separatist movement, they underwent the transformation into fully-blown monopoly capitalists, able and willing (some say eager) to take on the Europeans in the Western hemisphere. In 1895, during the border dispute between Venezuela and British occupied Guyana, the US Secretary of State oafishly instructed Lord Salisbury, Britain's Prime Minister, to leave any 'arbitration' in Latin America to the US imperialists. After fulminating for a few months, the British duly backed off, but not before fabricating, as a face saving device, the myth of a 'special relationship' with the US. Then, in 1904, shortly after Britain, Germany and Italy had blockaded Venezuela for failing to pay its debts, the US President issued a sombre warning about Europe's pretensions to 'hegemonic' authority in the region. The American people would rise up as one nation and bring the European braggarts to heel, if needs be by military means, Theodore Roosevelt declared to a rapturous Congress. Disunited and frightened, the Europeans skulked away, leaving the Americans to play the undisputed role of 'international police' in their self-proclaimed backyard. Between the two world wars, American power continued to grow, based as it was on the country's economic might and unitary state structures. After WWII, especially during the Cold War's early years, the American monopoly capitalists took further steps in the direction of unity, amalgamating the country's organs of domination to an extraordinary degree. Compared with the US's 'national security state', the European Union has some way to go before achieving its geopolitical goals. But achieve them it will, despite opposition from other imperialist powers, including a cantankerous Britain.

The CPB has failed utterly to grasp the true nature of Germany's predatory mission. The only difference between the CPB opportunists and the likes of Short and Benn is that the latter have little need for Marx in the elaboration of their chauvinist standpoints.

New 'communists'

The CPGB adopts a different tack. The European Union, it believes, is certainly exploitative, but no more than Britain was when Marx supported the free trade movement. By joining Europe, the British ruling class will unwittingly create the opportunities for the British proletariat to conduct its struggles on a higher plane of economic and social relations than before. The fusion of British and European capital will therefore strengthen the socialist movement and not weaken it.

Mimicking Marx's attitude towards the bourgeois free trade movement of the 1840s, the CPGB went on to state:

'Likewise we can conclude that European integration and the euro objectively unites the working class on a larger scale and across a huge territory and thus prepares the "struggle which will itself eventuate the emancipation of the proletariats". In this revolutionary sense alone, we in the Socialist Alliance should be in favour of the euro and the EU.'⁴¹¹

The CPGB has completely misconstrued Marx's position, as well as falsely applied it to current inter-imperialist conflicts. Whatever tactics British socialists adopt in relation to Europe, they must do so without any illusions about its **predatory** and **reactionary** character. We are living in the epoch of imperialist decay, not of progressive capitalism.⁴¹²

The centrists

In the same measure as Britain's financial sector came to dominate the economy, so the SWP replaced the old Communist Party as the leading opportunist organisation. From the start, the SWP was a 'service sector' party, drawing its support from the privileged petty-bourgeoisie, notably lecturers, teachers and students. At present, this stratum is too unsure of itself to decide which way to turn. It welcomes the way in which the US 'creatively constructed' the post-war world (to use Callinicos' delightful phrase), but is nervous about the Bush gang's rise to a position of pre-eminence in the US. In contrast to both the CPB and the CPGB, the SWP seeks, in the manner of a Rifkind, to straddle the divide between the pro-Americans and pro-Europeans. On the one hand, the SWP supports the idea of a 'social Europe', on the other, it upholds the notion of US 'hegemony'.⁴¹³

⁴¹¹ 'For a democratic federal Europe', by Jack Conrad, in *Weekly Worker*, 13 December, 2001. [<http://www.cpgb.org.uk/worker/412/europe.html>]

⁴¹² In Volume 2, where I deal with the free trade movement of the 1840s and the Chartists' opposition to it, I dissipate the myth (fostered by Kautsky and other centrists) that Marx and Engels were supporters of Cobden and Bright.

⁴¹³ In 2002, during a debate on a possible referendum on the Euro, the SWP supported the following resolution at a Socialist Alliance conference: 'On the question of the euro, it has already been launched and 12 nations are part of it. Few on the left in the euro-zone are calling for withdrawal. A British "no" vote will not scupper the euro or undermine a "bosses" Europe', but a "no" vote will mark the start of a process that is likely to see Britain detach itself from the EU and become even more a US client. Yet the "yes" campaign will provide a platform for New Labour and big business to discuss how Europe should learn from Britain's "flexible" labour markets and privatised industries. Far better for the Socialist Alliance to boycott the anti-working class policies of both campaigns and develop an exciting campaign that advocates a "social Europe" with a positive, humanitarian and egalitarian outlook to the rest of the world, and especially the third world.' (Quoted in *Weekly Worker* 441, July 18, 2002.)

The hegemonists

Blairism finds its 'socialist' expression in the writings of the hegemonists, especially those of Anderson, Panitch and Thomas. Whatever the hegemonists' views on the invasion of Iraq are, their obsequious attitude towards US imperialism makes them the ideological allies – conscious or otherwise – of the Bush-Blair gang. There is little else one can say about these 'socialist' miscreants.

For all their differences, the British opportunists are united in their conviction that war between the USE and USA is not inevitable. The British Communist Party has gone so far as to argue that a European state is unlikely to emerge because 'the absolute law of monopoly capitalism' will act as a barrier to the forging of European unity. Like the rest of the opportunist pack, they refuse to face the fact that nothing, other than the dictatorship of the proletariat, will stand in the way of the Europeans in their drive to snatch the global loot from the Americans.

None of the above tendencies, whether originating in ruling class or opportunist circles, is willing to deal with the world as it is. Britain's emergence as a post-war usurious giant was the result of its need to maintain its share of the imperialist booty at a time when a) the British imperialists could not compete industrially with the other powers, and b) national liberation struggles made the old colonial relations impossible to sustain. **Only by sacrificing its industrial base to the City could Britain hold on to its accumulated booty.** Yet the products of industry are the bones and sinews of imperialist war machines, without which financial oligarchies will find it impossible to play the dual-role of usurer and bailiff. This is the reality which the SWP, as the leading opportunist organisation in Britain, neither understands nor wishes to confront.

The SWP's rejection of the notion of usury imperialism

For the SWP, Lenin's views on imperialism have little relevance to today's world. According to Kidron, Lenin's 'coupling of capital exports with colonialism', together with his notion of 'usury imperialism', was fundamentally flawed and 'easily refuted'. He explained, semi-intelligibly:

'His [Lenin's] own figures for French and German foreign investments so contradicted the thesis – more than two-thirds the French total was invested **in Europe** – that he coined a special phrase "usury imperialism" for the one and said of the others "in regard to Germany we have a third type". Even with regard to British "colonial imperialism" to use Lenin's phrase, the facts do not fall into place: of the total long-term capital invested abroad, more than half ... was held **outside** the Empire.'⁴¹⁴

⁴¹⁴ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, p8. Reprinted in *International Socialism*, No 61, Summer 1973.

The Lenin who emerges from the SWP's writings on imperialism is one who was so entangled in contradictions of his own making that he coined fanciful phrases – notably those of 'colonial imperialism' and 'usury imperialism' – to extricate himself from his analytical mess.

Here is what Lenin actually wrote:

'The principal spheres of investment of British capital are the British colonies, which are very large also in America (for example, Canada), not to mention Asia, etc. In this case, enormous exports of capital are bound up most closely with vast colonies ... In the case of France the situation is different. French capital exports are invested mainly in Europe, primarily in Russia (at least ten thousand million francs). This is mainly *loan* capital, government loans, and not capital invested in industrial undertakings. Unlike British colonial imperialism, French imperialism might be termed usury imperialism. In the case of Germany, we have a third type; colonies are inconsiderable, and German capital invested abroad is divided most evenly between Europe and America.' (22\243)⁴¹⁵

At no time did Lenin 'couple' colonialism and imperialism in the way that the SWP theoreticians suggest. Rather he developed the notion of *imperialist types*, distinguishing between 'colonial imperialism', 'usury imperialism' and what we nowadays refer to as 'neo-colonialism'.⁴¹⁶

In adopting this approach, Lenin was able to highlight the different ways in which the robber nations plundered oppressed peoples. He was also able to show how the different forms of imperialist domination affected the economic organisation of the imperialist countries themselves. Although we shall be examining this aspect of Lenin's writings in detail in Volume 3, we need to point out here that his delineation of the different imperialist types applies with particular force to Britain today. This becomes clear when we consider what Lenin had to say about France's usurious role in the global economy.

Pinpointing France's special character as a usurious power, Lenin wrote:

'Capitalism, which began its development with petty usury capital, is ending its development with gigantic usury capital. "The French," says Lysis, "are the usurers of Europe." All the conditions of economic life are being profoundly modified by this transformation of capitalism. With a stationary population, and stagnant industry, commerce and shipping, the "country" can grow rich by usury.' (22\233)

⁴¹⁵ As an industrially powerful country that plundered others without colonising them, the US was a prime example of the 'third type'. (See 31\448)

⁴¹⁶ This is not to suggest that the different imperialist types are absolutely divergent. During the period of Britain's colonial dominance, Britain's financial oligarchs practised neo-colonialism and usury imperialism on a grand scale.

It takes little stretch of the imagination to recognise the relevance of the above to Britain, a country whose 'stagnating industry' is indissolubly bound up with the growth of its 'usurious riches'. The SWP opportunists are incapable of analysing this linkage, since they deny the City's usurious role. We should not imagine, however, that their denial forms part of a distinctly Trotskyist tradition. Most orthodox Trotskyists have little difficulty in acknowledging the parasitic nature of imperialism. Indeed, a socialist who built on Lenin's insights about 'usury imperialism' was none other than N. Marc, a staunch Trotskyist. I refer to his work here for two reasons. First, it brings home the important truth that the SWP has nothing in common with Lenin or Trotsky or any of the other old guard revolutionary Marxists. Second, it helps to throw light on Britain's current position, its predicament as an imperialist power whose usurious character is unsustainable.⁴¹⁷

Back to the future

Writing towards the end of WWII, Marc gave an assessment of the character and prospects of French imperialism.⁴¹⁸ He correctly situated his analysis in a global context – notably that of 'the shifting of the world economic axis from Europe to America' – but did so without losing sight of French imperialism's special features vis-à-vis the other powers.

The starting point and foundation of Marc's analysis was Lenin's writings on French 'usury imperialism', together with the resolutions of the Fourth Congress of the Communist International. The relevant resolution reads:

'The appearance is that France, of all countries, has grown most in power. But in reality, the economic basis of France, with her small and steadily diminishing population, her enormous domestic and foreign debt, and her dependence on England, does not provide an adequate foundation for her greed for imperialist expansion.' ('Resolution on the Versailles Treaty', 1922)

At the outset, Marc dispelled the myth that France had ceased to be an imperialist power. Though exceptionally weak, the country remained under the dominance of monopolies and finance capital, and had long ago shown signs of

⁴¹⁷ Trotsky was a socialist who became a Menshevik in 1903, a centrist in 1905, a Russian Kautskyite in 1913, and a Bolshevik in 1917. Later, after Lenin's death, he went off the rails, vacillating immensely between revolutionary Marxism and centrism. I analyse Trotsky's 'rise and fall' in Volume 3. I show that the SWP has more in common with Trotsky the Russian Kautskyite (a Judas if there ever were one) than Trotsky the Bolshevik, or even Trotsky the muddle-head, that tragic figure who lost his way after Lenin's death. (An honest and insightful evaluation of Trotsky was penned by Jack Barnes, himself a Trotskyist. See his 'Their Trotsky and Ours: Communist Continuity Today', in *New Internationalist*, Vol 1 No 1, Fall 1983.)

⁴¹⁸ 'French Imperialism and World War II', by N. Marc, in *Quatrième Internationale*, April-May 1944. [www.marxists.org/history/etol/newspape/fi/vol06/no04/marc.htm]

an overripe imperialism, manifesting itself precisely in the tremendous export of capital. This necessarily took the form of 'loan capital', since French industry was never able to develop to the point reached by German and English industry. 'France', Marc stated, 'practised international usury before America, and on a scale comparable only to that of America.' Not even Germany and Britain, though engaged in usurious activities on a massive scale, had spread such a web of obligations and credits over the world as French imperialism. Yet the very source of the French imperialists' riches, their 'gigantic usury capital', placed them in an exceptionally weak position.

'While English industry is also stagnating and rotting, its equilibrium is maintained by its reserves, by an empire enlarged despite its centrifugal tendencies, and by a navy which only yesterday was unrivalled. German imperialism has followed a different road. Its "recovery" was made possible not only because of the inability of French imperialism to benefit by its victory, but above all because of a formidable industrial apparatus... The character of French imperialism – usury imperialism as Lenin called it – rendered it more vulnerable to its rivals and deprived it of the means of surmounting, even superficially, its organic crisis.'

Given France's stagnant industry and lack of colonial riches, the country's financial oligarchs were deeply divided, with some seeking an alliance with Germany and others with Britain. This lack of unity explained why France succumbed to the German offensive so easily and swiftly.

'The French bourgeoisie entered the second imperialist war side by side with English imperialism, tied to it in common defence of the booty acquired through previous partitions of the globe.

'But since the beginning, French imperialism has not known how to get rid of her "ally" who "confiscated the victory of 1918", imprisoned her in the Mediterranean, and prevented her (with the agreement of America) from totally plundering the Ruhr... The course of the war re-enforced the tendency toward a rupture, and a fairly homogeneous imperialist bloc was formed on the platform of "non-resistance" and agreement with German imperialism. This bloc, supported by a large section of the French imperialist oligarchy, became crystallized as a result of the defeat.'

Such was the principal thrust of Marc's assessment of the state of French imperialism at the time of WWII.⁴¹⁹

⁴¹⁹ Although Marc's article contains many valuable insights, it suffers from the usual Trotskyist weakness. He wrote, much as Trotsky did in relation to the Irish uprising of 1916: 'The International Communists fight against all annexations, for the right of the self-determination of peoples. But dying capitalism in its death agony cannot even realize this elementary demand. Only socialism can give independence to the peoples and put an end to all national oppression.' Trotsky the Bolshevik, Lenin's close comrade-in-arms, would have objected most vigorously to this formulation. In 1916 Trotsky wrote: 'The historical basis for national revolution has

Although the world economic axis is shifting from the US to a united Europe, and although the process of decolonisation is largely complete (though may well be reversed by a rapidly decaying Anglo-American imperialism), Lenin's notion of different **imperialist types** remains as pertinent as ever, especially in relation to Britain. In contrast to the other imperialist powers, Britain has undergone the transformation from '**colonial imperialism**' to '**usury imperialism**', a transformation that has 'profoundly modified all the conditions of Britain's economic life'. (See the quotation from Lenin's 'Imperialism' above.) Unless British socialists are able to explain how, why and by what means this transformation has taken place, they will forever flounder in their analytical endeavours. Specifically, they will fail to grasp a) the nature and significance of the divisions among Britain's financial oligarchs, and b) why those oligarchs now lack 'an adequate foundation for their greed for imperialist expansion' (to borrow from the Communist International resolution above). Since the SWP theoreticians deny the validity of Lenin's concept of 'usury imperialism', they have absolutely nothing worthwhile to say about Britain. Even on the rare occasions when they consider Britain's special imperialist features, they cannot but reveal themselves for what they are, **City socialists**.

City socialists

The SWP theorists acknowledge that the British economy has undergone a major shift from manufacturing to finance, but insists that this transformation does not mark a change in the direction of British imperialism. The City, they claim, remains **exploitative** but not **parasitic**. It is a capitalist institution, providing Britain with its necessary commodities, just as industry does, except

disappeared even in backward Ireland.' ('Lessons of the Events in Dublin', by Leon Trotsky, in *New International*, Vol 1 No 1, Fall 1983, p149.) So dramatically did Trotsky depart from this perspective that he strongly criticised the South African Trotskyists for adopting a dismissive attitude towards the national democratic revolution. He wrote: 'When the thesis [of the South African Left Oppositionists] says that the slogan of a "Black Republic" is equally harmful for the revolutionary cause as is the slogan of a "South Africa for the Whites", then we cannot agree with the form of the statement. Whereas in the latter there is the case of supporting complete oppression, in the former there is the case of taking the first step toward liberation. We must accept decisively and without any reservation the complete and unconditional right of the blacks to independence. ... The worst crime on the part of the revolutionaries would be to give the smallest concessions to the privileges and prejudices of the whites. Whoever gives his little finger to the devil of chauvinism is lost.' ('The National character of a social Revolution', by Leon Trotsky, in 'Leon Trotsky on Black Nationalism and Self-determination', Merit Publishers, 1967, p63.) With regards to the black movement in the US, Trotsky was equally principled and forthright. He stated: 'The Russians were the European Negroes. It is very possible that the Negroes also through the self-determination will ... furnish the vanguard. I am absolutely sure that they will in any case fight better than the white workers. That, however, can happen only provided the Communist party carries on an uncompromising merciless struggle not against the supposed national prepossessions of the Negroes but against the colossal prejudices of the white workers and gives it no concession whatever.' ('The Negro Question in America', by Leon Trotsky, *ibid*, p18.)

that the commodities in question are '*intangible*' commodities.⁴²⁰ Hence Jane Hardy's facile assessment of the growth of Britain's financial sector:

'The working class is not disappearing. It is working in different places. Neither is it turning into a privileged layer with better working conditions and wages. There is no more job satisfaction working in a call centre or inputting data into a computer than sitting on an assembly line. Although some people working in the City earn exorbitant salaries, many of the jobs in finance are repetitive, hard and badly paid.'⁴²¹

Without doubt, life for the majority of workers in the world's bloated financial sectors is harsh, stressful and unrewarding, as Lenin noted many years ago.⁴²² One of the tasks of the socialist movement is to win these workers to the side of the proletariat. Only by gaining their support will communists ever be able to uncover the many different ways in which the financial oligarchs ply their sticky-fingered and furtive trade. Lenin was very insistent on this point. He stressed that socialists must do everything possible to expose the finance capitalists' duplicity, the way in which they 'skin the ox twice', especially in their dealings with the colonies and neo-colonies. (22\292-3) The big banks, he explained, are involved in 'extremely complex' and 'wily tricks' to buttress their 'highly profitable fraudulent operations.' Without exception, they compile their balance sheets with a view to concealing their super-profits. In doing so, they are able to deceive the public and prevent the whole truth about their dishonest and thieving activities from becoming known. (25\331-9) To this day, the overwhelming bulk of the foreign investments of British banks, amounting to several trillion dollars, are subsumed under the hazy, seemingly innocuous category of '*other*', making it exceedingly difficult for socialists to unravel and expose the specifically usurious nature of Britain's involvement in the Third World.⁴²³ Under these circumstances, Communists must follow Lenin's advice and redouble their efforts at winning over progressive bank employees, those who alone have access to the details of the big robbers' financial exploits.

The crucial question, therefore, is not *whether* socialists should issue appeals to bank workers but *on what basis* they should do so. As always, the SWP has raised a red herring. Plucking at our heart strings, it presents itself as a defender of bank employees when in fact its chief aim is to defend the City itself. Instead of

⁴²⁰ 'The Changing UK Economy', by Jane Hardy, in *International Socialism*, April 2005, p64; emphasis added.

⁴²¹ Ibid.

⁴²² Lenin distinguished between two classes of bank employees, those who occupied 'highly ruminative posts' and those who constituted the majority, 'the poorer employees'. (25\331-2)

⁴²³ See the important article 'Britain: parasitic and decaying capitalism', by David Yaffe, in *Fight Racism, Fight Imperialism*, No 194, December 2006/January 2007.

[www.revolutionarycommunist.org]

revealing the extreme parasitism in which the City is steeped, the SWP ends up turning Britain's usurious banks into just another 'commodity' producing sector.⁴²⁴

The SWP will not be able to sustain this kind of opportunist reasoning for much longer. Sooner or later, as Europe and America square up to each other, Callinicos and his ilk will be forced to take a stand. In the not too distant future, sections of the British middle-classes will themselves begin to deprecate the special path that Britain followed in the forging of a parasitic financial sector. They will do so, however, not as anti-imperialists but as pro-Europeans. To give substance to their call for the merging of Britain into Europe, they will reveal, as if making an earth shaking discovery, that parasitism lies at the heart of Britain's economic, political and social life. It is for this reason that British Marxists are now duty bound to modify Lenin's dictum that socialists must expose and denounce their 'own' imperialists and their 'own' Kautskyites. Given the special feature of British imperialism, its impending absorption into a wider imperialist entity, British Marxists must condemn, not just their 'own' imperialists and their 'own' Kautskyites, but **all** imperialists and **all** Kautskyites, especially the British, American and European ones.

Will the SWP theorists ever denounce the British imperialists as predators? We have already seen how 'elastic' they are in the formulation of their 'theories'. Within the bounds of the SWP's class collaborationist politics, nothing is improbable. When British imperialism reaches breaking point and a sizeable section of the ruling class campaigns for integration into Europe, the SWP is likely to undergo yet another shift in its orientation, this time using all manner of arguments to prove how progressive the Europeans are in comparison with the Americans. However, since Harvey alone has developed a theory which allows socialists to shift their allegiance from one 'hegemon' to another, the SWP may well bring its theory into line with his.

It is to Harvey's analysis that I now turn.

⁴²⁴ In his work 'The class struggles in France', Marx explained that the French finance aristocracy's specialty was its parasitism, its ability 'to get rich not by production, but by pocketing the already available wealth of others.' Citing a well known example (which in today's world has a eerily familiar ring), Marx wrote: 'One recalls the scandals in the Chamber of Deputies [under the reign of Louis Philippe], when by chance it leaked out that all the members of the majority, including a number of ministers, had been interested as shareholders in the very railway constructions which as legislators they caused to be carried out afterwards at the cost of the state. ... Since the finance aristocracy made the laws, was at the head of the administration of the state, had command of all the organised public authorities, dominated public opinion through ... the press, the same prostitution, the same shameless cheating, the same mania to get rich was repeated in every sphere...' ('The class struggles in France', by Karl Marx, Selected Works of Marx and Engels, Volume II, Lawrence and Wishart, 1962, pp141-2.) One can imagine what Marx would have made of the City's frenzied accumulation of 'intangible' commodities.

Chapter 7

The limits to David Harvey

1. The backdrop to Harvey's entrance

Harvey made his debut as an academic Marxist in the early 1970s, when the stresses and strains of world capitalism were becoming obvious. The gold war between the two imperialist blocks (Germany and France, on the one hand, and the US on the other) revealed how tenuous the post-war truce was. Though not yet a grave threat to global peace, relations among the imperialist powers were acrimonious enough for elements within the European camp to reject the notion of unfettered US 'hegemony'. Matters came to a head in 1972, when the US succeeded, after nearly a decade of intense wrangling, in imposing a devalued and gold-free dollar on the world.

Also in 1972, international capitalism plunged into a crisis of profitability, prompting the imperialists to intensify their predatory pursuits abroad. Within months, the relative prosperity of the post-war years gave way to a massive slump, as factories closed and unemployment rose throughout the capitalist world. In the same measure as the imperialists plundered the Third World, they strove to slash wages on the home front. In Britain, the 12 million trade unionists, together with the 300,000 shop stewards, initially held their ground, rendering the Tory's anti-trade union offensive ineffective. When the Tories introduced their much loathed Industrial Relations Act in 1972, they triggered a renewed wave of mass strikes and demonstrations in all the major cities. Unable to undermine working class combativity, the Tories handed the baton of governmental authority to the Labour opportunists in 1974. These 'friends' of the working class used their special relationship with the trade union leadership to introduce a supposedly neutral Incomes Policy, a euphemism for **wage** restraints. Although the Labour opportunists failed to restore industry's profitability, they eventually saved the day for the ruling class. By persistently chiselling away at the block of working class opposition, they succeeded in paving the way for Thatcherism.

By the mid-1970s, then, it had become plain to all but the blinkered that capitalism's longest boom was at an end and that inter-imperialist rivalry was again a major feature of international capitalism. The US's unilateral abandonment of the gold-standard, together with the onset of the global recession, constituted one of the major landmarks in the process of capitalist decay.

Debate commences

(i) Inter-imperialist rivalry

Alarmed by these developments, various opportunists began to speculate about the possibility of a resurgence of the kinds of conflicts that had led to the two world wars. Some were willing to acknowledge the existence of inter-imperialist rivalry, but without drawing firm and definite conclusions. In an article entitled 'Imperialism in the Seventies – Unity or Rivalry', Bob Rowthorn, a leading theoretician of the old CPGB (or CP for short), summed up the standpoint of Britain's 'realistic' opportunists. He considered three possible scenarios – one based on US 'hegemony', another on inter-imperialist equality, and still another on inter-imperialist rivalry. In this last, the imperialist powers 'no longer perform the necessary organizing role, or perform it so badly that serious conflicts break out between them and the unity of the system is threatened.' Rowthorn predicted that something between the second and third scenarios would eventually emerge, with inter-imperialist rivalry disrupting international relations but not severely enough to threaten 'the unity of the system'.⁴²⁵ This was the farthest certain sections of the opportunists were willing to go in facing imperialist realities.

Following the appearance of Rowthorn's article, others joined in the debate, with some denying the existence of inter-imperialist rivalry and others acknowledging it, but none conceding the validity of the revolutionary Marxist notion of the inevitability of inter-imperialist wars. The consensus among the opportunists was that the imperialists would always step back from the brink. Since an inter-imperialist war was not in the long-term interests of global capital accumulation, peace would ultimately prevail, they asserted.⁴²⁶

(ii) The crisis of profitability

The other major debate taking place at that time concerned the nature and origins of the crisis of profitability. In those days, there was hardly a socialist journal or solidarity paper that did not carry articles either denying or upholding Marx's theory of the tendency of the rate of profit to fall. Publications as diverse as *The Conference of Socialist Economics*, *Anti-Apartheid News* and *New Left Review* all gave prominence to the debate on Marx's theory of crisis. Although these publications provided the different socialist currents with a platform for

⁴²⁵ *New Left Review*, No 69, Sept-Oct, 1971, pp31-2.

⁴²⁶ The SWP wiggled out of this debate by characterising the Soviet Union as an imperialist power that was locked in a 'fearful' but 'stable' relationship with the US. The SWP could thus acknowledge the existence of 'inter-imperialist rivalry' without having to deal with its consequences. The merit of Rowthorn's article was that it raised the issue of conflict between Europe and the US, something which the SWP persistently ignored, right up until the time of the Soviet Union's collapse.

airing their views, the main opportunist organisations, the SWP and CP, refused to engage the revolutionary Marxists in debate.⁴²⁷

As noted, the SWP theorists attributed the crisis of profitability to a reduction in the 'waste' sector, specifically to Europe's unwillingness to match the US's armaments expenditure. Even by reformist standards, their argument was out of touch with the needs of the working class and therefore had little impact on the debate. The CP, by contrast, was able to carry its message into the ranks of the trade union movement, where it continued to exert an influence, though not for long.

Unable to reach agreement, the CP's leading theorists split into two hostile factions. One faction, the 'underconsumptionists', attributed the fall in profit rates to the workers' lack of purchasing power. The villains of the piece were the unpatriotic financiers, whose quest for super-profits abroad had led to both the weakening of Britain's manufacturing base and the underconsumption of the British masses. The solution to the crisis lay in an embargo on capital exports, which, by raising living standards, would restore profit rates to their former level. By means of this Hobsonian approach to the crisis, the 'underconsumptionists' were able to reconcile their opportunism with their support for national liberation movements. They thus supported the Anti-Apartheid Movement's disinvestment campaign, but only because they believed it would put pressure on the British imperialists to redirect their South African investments towards the rejuvenation of British industry. In their estimation, the City was a mere excrescence on British capitalism, the wayward product of a mismanaged state.

The other faction, the 'overconsumptionists', attributed the fall in profit rates to a rise in the workers' living standards. Like the 'underconsumptionists', they emphasised the harmful effects of capital exports and the attendant deindustrialisation, but blamed this state of affairs on greedy and self-seeking trade unionists. By opposing the Labour Government's incomes policies, the workers were 'squeezing' profits unduly, forcing the capitalists to seek greener pastures elsewhere. To help to improve British industry's standing in global markets, therefore, the trade union movement should accept wage restraints, the adherents of the 'profit squeeze' line argued. The fact that the CP was unable or unwilling to prevent its own members from advancing this patently anti-working class perspective revealed how far the British left had sunk into the mire of opportunism. None of the centrists of old, not even Kautsky in his most

⁴²⁷ The relative lack of 'socialist' censorship in that period was the result of the opportunists' confused and bewildered state of mind. Faced by the sudden onset of a crisis they neither understood nor anticipated, the opportunists were thrown into disarray. By the 1980s, however, they had regained their composure sufficiently to exclude anti-imperialists from 'open' debate. Over the past quarter of a century, not a single Leninist article highlighting the inherently parasitic nature of British imperialism has appeared in *New Left Review*, *Socialist Register* or *Capital and Class* (the offshoot of *The Conference of Socialist Economists*). Whether or not the opportunists will be able to maintain their strangle-hold over 'socialist' editorial policy remains to be seen.

opportunistic of moments, ever attributed falling profit rates to a rise in the workers' living standards.⁴²⁸

Though at loggerheads with each other, the CP's two factions arrived at the same, reformist conclusion, namely that a solution to the crisis lay in a **redistribution** of wealth, either in favour of the capitalists (the 'overconsumptionist' line) or in favour of the working class (the 'underconsumptionist' argument). Imperialism was a policy choice and not inevitable.

The Marxists, by contrast, attributed the crisis of profitability to the rise in the organic composition of capital, and hence to the nature of the accumulation process itself. In opposition to the 'overconsumptionists', they maintained that the rate of profit had fallen, not because labour was less exploited, but because it was more exploited. And in opposition to the 'underconsumptionists', they argued that profit rates had fallen, not because of an insufficiency of demand, but because too much constant capital had been produced relative to variable capital, the source of all surplus-value.⁴²⁹ At the same time, and in opposition to both factions, the Marxists showed a) that the export of capital was the necessary consequence of the crisis of profitability, and b) that Britain's super-exploitation of the Third World had spawned a labour aristocracy whose interests the opportunists sought to uphold. So while fully supporting the working class in its struggle for higher wages and improved working conditions, the Marxists worked towards the creation of a genuinely anti-imperialist movement, one that linked the over-accumulation of capital to the plunder of Third World peoples. (See, for example, Castro's analysis above.)⁴³⁰

The outbreak of the crisis of profitability, together with the re-emergence of inter-imperialist rivalry, jolted the post-war socialist movements out of their ideological lethargy. It certainly frightened a good many opportunists, inducing them to

⁴²⁸ Elements within the SWP supported the 'profit-squeeze' argument, also. Thus Bolchover maintained that the 'turn from prosperity to crisis' could be explained, not by 'a rise in the organic competition of capital', but by 'a fall in the rate of exploitation due to increases in wages'. He added: 'With the decline in size of the reserve army of labour workers can, and do, win relatively large wage increases. As a result the rate of profit falls.' ('Marx and Mattick', by Steve Bolchover, in *International Socialism*, 52, July-September 1972, p39.)

⁴²⁹ Ultimately, of course, the onset of an economic crisis will force wage levels below the value of labour-power, and this in turn will depress profit rates still further. The over-accumulation of capital, therefore, will always take the form of an over-production of commodities in the midst of mass unemployment and poverty.

⁴³⁰ In the 1970s, numerous articles appeared defending Marx's theory of capital accumulation. Written by a variety of Marxists – including, among many others, Jack Barnes, Harpal Brar, Paul Bullock, Dorcas Good, Albert Dragstedt, Geoffrey Kay, Tom Kemp, Peter Howell, Steve Palmer, Geoff Pilling, Maxine Williams, Michael Williams and David Yaffe – they drew favourably on Marx's 'Capital'. In comparison with Lenin's analysis of imperialism, however, their arguments were relatively undeveloped. Few dealt with the question of parasitism and capitalist decay in a thoroughgoing and systematic manner, though the seeds of a Leninist analysis were always present. I deal with their writings in Volume 3, after considering the revolutionary Marxist theory of imperialism and the opportunists' rejection of it.

formulate their reactionary theories more carefully than before. For most of them, if not for the likes of the Andersons and Panitches, the idyll of 'ultra-imperialism' had come to an end. It was against this backdrop that Harvey began to make his mark in academic circles.

2. Harvey lays the groundwork

At the outset, and much to his credit, Harvey treated the debates about imperialism and Marx's theory of accumulation as inextricably interlinked. Reflecting on his early writings, he explained how he had sought to analyse imperialism with reference to 'the inner contradictions of capital accumulation'. Such an analysis, he maintained, made sense 'only in relation to a pervasive tendency of capitalism, understood theoretically by way of Marx's theory of the falling rate of profit, to produce crises of overaccumulation.'⁴³¹

Having paid homage to Marx, Harvey went on to state that global capitalism faced 'a chronic and enduring problem of over-accumulation' throughout the 1970s, a problem that expressed itself in an ongoing tendency for the rate of profit to fall. To counter this tendency, the capitalists exported large amounts of capital abroad, plundering poor and weak nations in the most barbaric of ways.

The driving force behind imperialism, therefore, was capitalism's inherent and persistent tendency to produce crises of overaccumulation. Unable to put their surplus capitals to profitable use in their own territories, the imperialists subjected the Third World to outright robbery and fraud, types of exploitation which Harvey referred to as 'accumulation by dispossession'. Summing up 'what recent forms of imperialism are about', he stated that 'the inability to accumulate through expanded reproduction on a sustained basis has been paralleled by a rise in attempts to accumulate by dispossession.'⁴³²

On the face of it, Harvey appeared to be a promising though somewhat academically oriented Marxist. His repeated references to 'the crisis of the over-accumulation of capital' and imperialism's 'predatory' impulses had a beguiling effect, a certain Marxist ring. In reality, he was a trickster of the first water, as his treatment of Marx's theory of the falling rate of profit showed.

⁴³¹ 'The "New" Imperialism: Accumulation by Dispossession', by David Harvey, in 'The New Imperial Challenge', ed. Leo Panitch and Colin Leys, *Socialist Register*, Merlin Press, 2004, p63. In a pre-publication version of this article, Harvey stated that an analysis of imperialism made sense 'only in relation to a pervasive tendency of capital, understood theoretically by way of **some version** of Marx's theory of the falling rate of profit, to produce crises of overaccumulation.' ('The "New" Imperialism: on spatio-temporal fixes and accumulation by dispossession'; emphasis added. [//titanus.roma1.infn.it/sito_pol/Global_emp/Harvey.htm]) The significance of this variation will become clear shortly.

⁴³² 'The "New" Imperialism: Accumulation by Dispossession', op cit, p64 and pp74-5. See also 'The "New" Imperialism: on spatio-temporal fixes and accumulation by dispossession', op cit, emphasis added.

All things to all classes

According to Harvey, Marx's 'falling rate of profit argument' was a convincing one, since it explained the tendency towards the 'overaccumulation of capital'.⁴³³ He thus had few qualms about rejecting the 'underconsumptionist' standpoint, the idea that capitalists invest abroad because of the poverty of an underconsuming working-class at home. Such a standpoint, he insisted, was completely at variance with Marxist theory. Yet elsewhere he declared: 'I am neither an underconsumptionist nor a LTFRP [law-of-the-tendency-of-the-falling-rate-of-profit] advocate...'⁴³⁴

To what then did Harvey attribute the crisis of profitability that had broken out in the 1970s? Throughout that decade, a fierce debate had raged in socialist circles about the role the working class played in the distribution of the total social product. In true academic fashion, Harvey refused to adopt a clear and definite position on this issue, stating that those who wished to familiarise themselves with the different arguments could 'regale themselves at length with innumerable articles on the subject'. He then invited his readers to partake of a 'good sampling of opinion' by studying the writings of Fine, Harris, Cogoy, Desai, Hodgson, Morishima, Steedman, Sweezy and Yaffe.⁴³⁵ Yet tucked away in the pages of his work 'The New Imperialism' we find the following:

'[In the 1970s] the growing power of organized labour throughout the core states of the global system pushed up the level of social expenditures as well as wage costs, **thus cutting into profits**.'⁴³⁶

So when Harvey said that he was neither an 'underconsumptionist' nor an advocate of the LTFRP, what he really meant was that he was an 'overconsumptionist'.

When Brenner, a fellow opportunist, took Harvey to task for lining up with the 'overconsumptionists', Harvey puffed himself up with indignation, declaring that Marx's theory of crisis was far too one-sided and simplistic for his liking. The rate of profit might fall because of a rise in the organic composition of capital, as Marx indicated in Volume III of 'Capital'. On the other hand, it might fall because of a shift in the balance of class forces in favour of the workers, as happened in the 1970s. Then again, it might fall because of technical difficulties (brought on, for

⁴³³ 'The Limits to Capital', by David Harvey, Verso, 2006, p192. (First published in 1982 by Basil Blackwell.)

⁴³⁴ 'Comment on Commentaries', by David Harvey, in *Historical Materialism*, No 14, Volume 4, 2006, p162. In 'The Limits to Capital', Harvey acknowledged that Marx and Engels looked upon the law of the tendency of the rate of profit to fall as 'the most important law of modern political economy', but added that the law was in need of revision. It was too incomplete and lacked rigour and consistency, he complained. Revealing his penchant for eclecticism, he stated that he was not fundamentally opposed to Marx's formulation, but had some reservations about it. (pp177-9)

⁴³⁵ 'The Limits to Capital', op cit, p179.

⁴³⁶ 'The New Imperialism', by David Harvey, OUP, 2003, p61.

example, by a shortage of raw materials). In a word, the rate of profit might fall for a variety of reasons and not just because of a rise in the organic composition of capital, as the LTFRP 'purists' maintained. He concluded with the following gem:

'Brenner gets me wrong when he attributes a "profit-squeeze" theory of crisis to me ... I am, in fact, a surplus-capital/overaccumulation theorist. But [***always the ubiquitous 'but'***] there are contingent circumstances where profit-squeeze pressures play a role. Whether that was the case at the end of the 1960s and into the early 1970s (particularly in Europe) can be debated (it certainly is not the case now) but my chief point about that period was [that the] political future of the capitalist class was threatened as well as profitability because conditions of overaccumulation registered at the time as chronic stagflation. From the standpoint of the capitalist classes, something had to be done to deal with a threatening situation.'⁴³⁷

There is no denying that the workers' struggles can exert a significant impact on the accumulation process. But they can do so only in so far as they act as a barrier to the depression of wages ***below*** the value of labour-power, a major counter to the tendency of the rate of profit to fall. The ruling classes certainly had to do 'something' in the 1970s, which was why they concocted their lies about the workers' excessive wage levels in the first place. The argument that overpaid workers were 'squeezing' profits was but a propaganda ploy, a pretext for the installation of neo-liberal regimes world-wide. And now that the ravages of neo-liberalism are plain for all to see, Harvey tells us, most graciously, that the 'profit-squeeze' argument has little relevance in the current period. Precisely when it was the duty of Marxist theorists to defend the working-class against the imperialists' lies and duplicity, Harvey fabricated a theory which was all things to all classes, except the working class. However imperfectly and falteringly the LTFRP 'purists' put their case, they did not leave the proletariat in the lurch.

Harvey's attitude towards the class struggle was as shifty and hypocritical as his attitude towards imperialism.

3. The new Proudhonism rampant

In elaborating his theory of imperialism, Harvey cast his ideological net far and wide, inventing a new terminology in the process. Instead of analysing the division between the Third World and imperialist countries, he considered the ways in which capital reproduces itself in 'space'. Similarly, when examining how capitalists overcome the barriers to accumulation, he focussed, not on the export of capital from the rich countries to the poor ones, but on what he termed 'spacial fixes', that is, the 'movement' of capital from one 'territory' to another. The

⁴³⁷ 'Comment on Commentaries', by David Harvey, in *Historical Materialism*, No 14, Volume 4, 2006, pp164-5.

category 'spacial-fix', therefore, was couched at a very high level of generality, applicable to capital flows within and between countries. Equally wide-ranging was his use of the term 'accumulation by dispossession', a term that covers a multitude of parasitic practices – including, among other things, corporate fraud, credit and stock manipulations, asset-stripping through mergers and acquisitions, the promotion of debt levels that impoverishes whole populations, the raiding of public finances through privatisation, and asset destruction through inflation – all of which bear heavily on workers throughout the world.

While many of Harvey's critics have dwelt on the vagueness and sweeping character of his terminology, they have not come to grips with the Kautskyite content of his analysis. There is, in fact, a certain merit in the way Harvey formulates his ideas. For example, a thoroughgoing analysis of American capitalism will need to consider the 'movement' of capital both within and without American 'space'. Financial predators who shift their surplus capitals, say, from Detroit to Mississippi and Malawi, are engaged in what Harvey correctly terms 'vulture capitalism'. For at the same time as they strip Detroit of its social infrastructure, they subject both Mississippians and Malawians to 'development' of a most injurious kind.⁴³⁸ Urban blight in the US and the super-exploitation of workers within and beyond the US's borders are inseparably connected, the consequences of the over-accumulation of capital. Our primary focus, however, is not the 'movement' of capital in 'space', but the division between super-exploiting and super-exploited *nations*, the most basic division in the imperialist epoch. It is by reference to this division that we must judge Harvey.⁴³⁹

So where Harvey speaks of capital 'moving out' a 'given territory'⁴⁴⁰, we shall take this to mean the *export* of capital from the *imperialist* countries to the *oppressed* ones. Although our focus may seem narrower than Harvey's, it will enable us to grasp his writings in their essentials. As useful as the category 'space' is in the analysis of capital accumulation, we need to keep in mind the distinction between imperialist 'space' and Third World 'space'.

⁴³⁸ Chemical and oil companies operate with virtual impunity in states like Mississippi, where they destroy wet lands and pollute the soil. To this day, the Federal government does not hold these companies accountable for their environmental destruction. Mississippi's biggest attraction, however, is not a pliant Federal Government but the low wages earned there. In 2005, the average income level in the State of Mississippi was a third lower than that in the USA and less than half that in the top earning states. In that year, some 20 percent of Mississippians lived below the poverty line. Among African Americans, the figure was as high as 35 percent. (*US Bureau of Census*, 2005) Super-exploitation and racism are very much features of the Mississippian economy.

⁴³⁹ I leave it to others to examine the ways in which imperialism engenders uneven development within the imperialist countries themselves.

⁴⁴⁰ 'The "New" Imperialism: Accumulation by Dispossession', by David Harvey, in 'The New Imperial Challenge', ed. Leo Panitch and Colin Leys, *Socialist Register*, Merlin Press, 2004, p66.

Frank and daring words

Harvey does not balk at examining the division between oppressed and oppressor nations. The category 'spacial fixes', though broadly framed, actually encompasses the plunder of the Third World by the advanced capitalist countries. His argument, stripped of its generalities, runs as follows: As accumulation takes place in the imperialist heartlands, the big corporations will inevitably come up against the tendency of the rate of profit to fall. To overcome this barrier, they can do one of two things. They can either export productive capital to countries where labour is cheap and capital is scarce or they can plunder those countries, denuding them of their wealth and leaving them poorer than before. Should they choose the former course (that is, promote expanded reproduction on a global scale), they will accelerate the tendency of the rate of profit to fall, since productive capital will eventually overaccumulate in the countries to which it has been exported. For this reason, the capitalists are likely to use their surpluses in predatory rather than productive ways. In Harvey's words:

'The balance between accumulation by dispossession and expanded reproduction has already shifted towards the former and it is hard to see this trend doing anything other than deepening, making this the hallmark of what the new imperialism is all about...'⁴⁴¹

Unlike most opportunists, Harvey does not seek to conceal capitalism's unsavoury features. Concurring with Lenin and Rosa, he stated that the credit system and finance capital are 'major levers of predation, fraud and thievery' and that these methods of accumulation have led to levels of Third World debt that 'reduce whole populations'.⁴⁴² The export of predatory capital, he repeatedly warned, is widespread and growing, threatening to lay waste to the planet. Fully backed by powerful imperialist states, predatory capital has given rise to vicious and barbaric forms of exploitation, a 'vulture capitalism' that gravely disrupts 'harmonious global development'.⁴⁴³ So although the imperialists' plundering activities abroad will delay the onset of falling profit rates, they will accentuate the gulf between rich and poor counties, and this in turn will result in international destabilisation, possibly even trigger another world war. Capitalism, in Harvey's estimation, has entered a perilous phase, one in which it 'internalizes cannibalistic as well as predatory and fraudulent practices.'⁴⁴⁴

Without doubt, Harvey's arguments have a certain radical tinge, especially when compared with those advanced by the hegemonists. The latter, as we have seen, regard the US as an essentially stabilising force, superintending global accumulation in the interests of all capitalists. The notion of a **thieving** US is one

⁴⁴¹ Ibid, p82.

⁴⁴² Ibid, p74.

⁴⁴³ 'The New Imperialism', by David Harvey, OUP, 2003, p136.

⁴⁴⁴ 'The "New" Imperialism: Accumulation by Dispossession', op cit, p75.

to which the hegemonists are emphatically opposed. Why, then, do we regard Harvey as an opportunist? Surely his analysis is a step in the right direction, a break from the hegemonists' nonsense about a predatory free imperialism? To answer these questions, we must consider another of Harvey's specialist categories, that of 'temporal fixes'.

Vance with a smiling face

For Harvey, the export of predatory capital to the Third World is one of the ways in which the imperialists can 'fix' the accumulation process. Another is for them to invest their surpluses *within* the imperialist countries, but in ways that *prolong* the absorption of capital in the accumulation process. For example, when capitalists invest in railway infrastructure, a relatively lengthy passage of time must pass before the project comes to an end. Only after a year or two will the organic composition of capital rise nationally. This type of investment, therefore, by slowing down the rate of accumulation, will ease the downward pressure on the rate of profit. If long-term investment projects 'prove productive', that is, 'facilitative of more efficient forms of capital accumulation later on', they will have exerted a stabilising effect on the economy.⁴⁴⁵ Harvey refers to this kind of remedy as a 'temporal fix', one that improves economic performance in the long-run while reducing the rate of accumulation in the short-run. By selecting their investment projects carefully, capitalists will be able to improve the way in which capital accumulates, not only *in space*, but also *over time* (hence the expression 'temporal fix'). As Harvey stated, investments within the advanced capitalist centres

'can be allocated away from current consumption to future-oriented projects in, say, highway construction or education, thereby re-invigorating the economy (including, perhaps, augmenting the demand for shirts and shoes by teachers and construction workers).'⁴⁴⁶

As readers will have gathered, Harvey's 'future-oriented projects' fulfil the same function as Vance's 'waste production'. In both cases, the capitalists are able to avert the worst excesses of capitalism by regulating the *pace* of accumulation. However, where Vance wallowed in death and gloom, Harvey looks forward to the stabilisation of capitalism by *socially desirable* means. In Harvey's scheme of things, welfare Keynesianism trumps the dreaded and much discredited military Keynesianism.⁴⁴⁷

⁴⁴⁵ 'The "New" Imperialism: Accumulation by Dispossession', by David Harvey, in 'The New Imperial Challenge', ed. Leo Panitch and Colin Leys, *Socialist Register*, Merlin Press, 2004, pp64-5.

⁴⁴⁶ Ibid.

⁴⁴⁷ Harvey evidently failed to grasp that 'temporal fixes' will offset falling profit rates only if a growing proportion of the total social capital takes the form of 'future-oriented' investments. In terms of his analysis (if taken to its logical conclusion), the rate of accumulation will ultimately slow down to zero, *eliminating profits altogether*. (What a marvellous counterweight to the

Although Harvey disassociated himself from the ‘underconsumptionist’ doctrine, he nonetheless warmed to the idea of workers being showered with shirts and shoes by a morally regenerated bourgeoisie. Having had their living standards slashed in the 1980s (thanks to the bosses’ ‘anti-profit-squeeze’ offensive), the workers may now enjoy rising living standards, but in an orderly fashion, consistent with the requirements of capital accumulation. Thus Harvey:

‘The U.S. could turn away from its current form of imperialism by engaging in a massive redistribution of wealth within its borders and seek paths to surplus absorption through temporal fixes internally (dramatic improvements in public education and repair of aging infrastructures would be good places to start). An industrial strategy to revitalize manufacturing would also help. ... [This] might be one of the only ways to protect Western capitalism internally from its self-destructive tendencies.’⁴⁴⁸

Harvey is not wholly unrealistic. He recognises that the vast amounts of capital which are needed to achieve a ‘temporal fix’ will necessitate ‘the mediating help of financial and/or state institutions’.⁴⁴⁹ He also recognises that the world’s most powerful state, the US, is under the control of reactionary and rapacious neo-conservatives. Which force, then, will inaugurate a programme of ‘temporal fixes’ sufficient to restore global stability? Will the US imperialists willingly forego their predatory ‘fixes’ to reconstitute capitalism on a healthy ‘temporal’ foundation? Is there a faction among them with which the left can forge a meaningful and enduring alliance? In addressing these questions, Harvey came forward as an avowed Kautskyite, his reformism bubbling to the surface.

The ‘new’ reformism

Convinced that a judicious dose of ‘temporal fixes’ will save the imperialists from themselves, Harvey explained what the left’s response to the crisis of global accumulation ought to be. He stated, with commendable frankness:

‘In my own view, there is only one way in which capitalism can steady itself temporarily and draw back from a series of increasingly violent inter-imperialist confrontations, and that is through the orchestration of some sort of global “new” New Deal. This would require a considerable realignment of political and economic practices within the leading capitalist powers (the abandonment of neo-liberalism and the reconstruction of some sort of redistributive Keynesianism) as well as a coalition of capitalist powers ready to act in a more redistributive mode on the world

tendency of the rate of profit to fall!) Vance, at least, was consistent in his opportunism, weaving the notion of capitalism’s ‘automatic collapse’ into his theory of ‘the permanent arms economy’.

⁴⁴⁸ ‘The “New” Imperialism: Accumulation by Dispossession’, by David Harvey, in ‘The New Imperial Challenge’, ed. Leo Panitch and Colin Leys, *Socialist Register*, Merlin Press, 2004, p80.

⁴⁴⁹ *Ibid*, p64.

stage (a Karl Kautsky kind of ultra-imperialism). For people on the left, the question is whether we would be prepared to support such a move ... I am inclined to support it ... as a temporary respite and as a breathing space within which to try to construct a more radical alternative. Otherwise, I fear a catastrophic beginning to the twenty-first century that will bring death and mayhem to even more of the world's population than is now afflicted.'⁴⁵⁰

The stakes are high, Harvey sombrely warned. Should the US fail to adopt a more benign form of imperialism, the world will lapse into inter-imperialist conflicts of a most menacing kind. The signs of a return to 1914 are already there, with the US flexing its military muscles as never before, and with the cannibalistic and vulture like features of capitalism coming increasingly to the fore. We stand on the edge of a precipice from which humanity might never be able to step back, Harvey declaimed.

And yet, for all his dire predictions, Harvey is an 'optimist', in much the same way as Negri and Panitch are. The only thing that is needed to 'fix' imperialism is the imperialists' desire for a 'fix', together with popular pressures to make that desire a reality. The progressive forces are legion and growing, as the vibrancy of the anti-war and anti-capitalist movements attests. No less importantly, sections of the imperialists themselves are coming round to the view that the current phase of capitalism is too fraught with dangers to be of value to anyone. To divert the US from its present course, therefore, the left must build a multi-class movement, one that brings together 'all manner of oppositional forces', including 'dissident voices' within the dominant classes, like those of 'George Soros, Paul Krugman or Joseph Stieglitz.'⁴⁵¹ However uncomfortable or unbearable this 'straddling of political positions' may be for socialists, they must bear in mind – just as the Social-Democrats of old did – that

'reformists and revolutionaries can often make common cause in a particular conjuncture, the only discernible differences sometimes being the long-term goals rather than the short term actions. Given the political and military violence of neo-conservatism, coupled with the economic violence of neo-liberalism, it seems to me that a powerful reformist movement deserves every ounce of support we can give it.'⁴⁵²

Mr Fix-it did not stop at waxing lyrical about the virtues of 'temporal fixes'. The adoption of a new and milder form of imperialism – a new 'New Deal' – would have a favourable impact on the nature of the 'spacial fixes' themselves. For under the command of a sensible and rational bourgeoisie, capital exports would assume productive rather than predatory forms. The balance between

⁴⁵⁰ 'Interview with David Harvey', by Nader Vossoughian, 3 November, 2003.

[www.agglutinations.com/archives/oooo13.html]

⁴⁵¹ Ibid.

⁴⁵² Ibid.

accumulation by dispossession and expanded reproduction would accordingly shift towards the latter, ***enabling capitalism to fulfil its historically progressive destiny.***

They also serve who only stand and wait

Like all opportunists, Harvey believes that capitalism has yet to reach full maturity. He was very clear about this, stating that there are 'still possibilities for further revolutionary transformation along capitalist lines'. He added:

'The "historical mission" of the bourgeoisie is not accomplished overnight, nor are the "material conditions of a new world" created in a day. The intensification and spread of capitalism is a long drawn-out revolutionary transformation accomplished over successive generations. ...

'It takes many generations before the labourer is ultimately made "free" as a pure wage labourer. There are many intermediate steps on that road ... But as the revolutionary power of capitalism gathers strength, so the intermediate forms give way to wage labour pure and simple.'⁴⁵³

The world, then, is not yet ripe for socialism, since non-capitalist forms of labour persist. However, as productive capital spreads around the globe, it will sweep aside all non-capitalist impediments, leaving in its trail 'wage labour pure and simple'. Until then, socialists must fight for a benevolent form of imperialism. This is the most they can achieve at present, given the level of the development of the productive forces internationally. In its present form, capitalism is rotten to the core, but under pressure from a multi-class mass movement it can become a progressive force once more, Harvey insisted.

Not surprisingly, Harvey regarded Lenin and Rosa's view that imperialism is the highest and last stage of capitalism as fundamentally flawed. Drawing strongly on Hannah Arendt's analysis of imperialism, he maintained that the global order that emerged at the end of the nineteenth century was 'the first stage in the political rule of the bourgeoisie rather than the last stage of capitalism', as Lenin and others argued.⁴⁵⁴

Exactly where this leaves the Third World is not difficult for us to surmise. As Harvey himself stated:

'The real battleground where this [the anti-imperialist struggle] has to be fought out, of course, is within the United States. ...

'The current difficulties within the new neo-liberal model and the threat it now poses to the United States itself may even provoke calls for an

⁴⁵³ 'The Limits to Capital', by David Harvey, Verso, 2006, pp436-7.

⁴⁵⁴ Ibid, p42 and p127. So impressed was Harvey by Arendt's formulation that he quoted it twice.

alternative logic of territorial power to be constructed. Whether or not that happens depends critically upon the balance of political forces within the United States. While this may not be determinant it will play a huge role in our individual and collective futures. With respect to that the rest of the world can only watch, wait, and hope.⁴⁵⁵

The rest of the world can only watch, wait, and hope! We should engrave these words on the entrance to every educational establishment where our modern-day Kautskyites ply their trade. They will serve as a salutary reminder to Third World students of where professorial 'Marxists' stand on the question of proletarian support for oppressed peoples in the anti-imperialist struggle.⁴⁵⁶

For all his radical outpourings about 'vulture capitalism', Harvey remains an opportunist, firm in his conviction that imperialism can be reformed, not only within a capitalist framework, but also on the basis of an alliance between the imperialists and Western proletariat. If socialists succeed in winning over the ***benevolent*** imperialists, he contends, 'spatio-temporal fixes' will assume productive and socially desirable forms. This in turn will eliminate the threat of local and world wars, while at the same time preparing the ground for the peaceful transition to socialism. In his goals, if not in the details of his analysis, Harvey differs not a jot from the rest of the opportunist pack, not even when addressing the issue of 'hegemony'.

Hegemony revisited

Harvey readily accepts the idea of the necessity of global superintendence but has serious doubts about the US's capacity for fulfilling this role. He thus posed the question of whether the US is 'resorting to domination through coercion or exercising leadership through hegemony?'⁴⁵⁷ Again and again he returned to this question, but without ever denying the ***validity*** of the notion of imperialist 'hegemony'.⁴⁵⁸

Rather than challenge the hegemonists' standpoint in its fundamentals, Harvey pontificated over the question of whether the US will ***continue*** to act as the global co-ordinator or embark on a course of domination 'to realize its own far narrower strategic interests'.⁴⁵⁹ In the end, he came round to the view, as Negri and Hardt had, that the US is pursuing its own predatory interests. He thus called

⁴⁵⁵ 'The New Imperialism', by David Harvey, OUP, 2003, pp210-12.

⁴⁵⁶ After the revolution in the US, we can expect Harvey to follow in Cliff's footsteps and deliver the following message to oppressed people's world wide: 'Thank you, dear suffering souls, for patiently awaiting delivery from on high. With your sweat and blood you created the mines, factories and farms in your countries. Now they are yours! Workers throughout the world – take.' (See Chapter 4 above for an account of Cliff's entrance into the field of revolutionary broadcasting.)

⁴⁵⁷ 'The New Imperialism', op cit, p78.

⁴⁵⁸ Ibid, p31, p35.

⁴⁵⁹ Ibid, p24.

for the **re-establishment** of some form of global co-ordination, 'a Karl Kautsky kind of ultra-imperialism', as he put it.

Harvey's understanding of Kautskyism is exceedingly limited. He thus stated that the Europeans are 'attracted to a Kautskyian vision of ultra-imperialism in which all the major capitalist powers will supposedly collaborate on an equal basis.'⁴⁶⁰ Yet Kautsky, as we have seen, held to the 'equality' version of 'ultra-imperialism' for a brief period only, when Germany was facing the prospects of military defeat. Thereafter he reverted to his 'hegemonist' outlook, presenting the US rather than Europe as the ideal representative of global capital.

Blissfully unaware of Kautsky's shiftiness, Harvey unfolded his own solution to the 'co-ordination problem'. Eschewing Negriite extremes, he refrained from calling for a 'hegemonic displacement', that is, for Europe to wrest global control from the US. He had sense enough to realise that the US imperialists will not voluntarily loosen their grip without unleashing an inter-imperialist war. Standing mid-way between the Negriites and hegemonists, Harvey looked forward to the creation of a **new** 'hegemonic' order, one in which both the US **and** Europe would jointly assume 'hegemonic' responsibilities.⁴⁶¹

Harvey is not immune to shiftiness. At any moment, he may turn his back on the US and call for the establishment of a European led coalition of imperialist states. His analysis, in contrast to those of the other opportunists, is sufficiently elastic to allow for such a shift. At no time has he suggested that the US is 'uniquely' suited to the task of 'hegemon', or that Europe lacks the capabilities to play the role of global 'hegemon'. If, therefore, he campaigns in favour of the European imperialists, he will do so, not in the manner of some thoughtless Negriite, not by abandoning his current theory, but in conformity with it.⁴⁶²

As matters stand, Harvey remains a confirmed supporter of the notion of 'dual-hegemony'. Once the West's Social-Democratic movements have put an end to imperialism's parasitic features, Europe, together with a reformed US, will be able to superintend global accumulation in accordance with the requirements of productive capital. In his words:

'...the construction of a 'New Deal' led by the United States and Europe, both domestically and internationally ... is surely enough to fight for in the present conjuncture. ... This does seem to propose a far less violent and far more **benevolent** imperial trajectory than the raw militaristic

⁴⁶⁰ 'The "New" Imperialism: Accumulation by Dispossession', by David Harvey, in 'The New Imperial Challenge', ed. Leo Panitch and Colin Leys, *Socialist Register*, Merlin Press, 2004, p81.

⁴⁶¹ 'The New Imperialism', by David Harvey, OUP, 2003, p210.

⁴⁶² The pre-2003 Negri, it will be remembered, looked upon inter-imperialist rivalry as a 'structural impossibility'.

imperialism currently offered up by the new-conservative movement in the United States.’⁴⁶³

In 1911, the liberal Hobson looked forward to the emergence of a ‘mild imperialism’ superintended by Britain and the US; today, nearly a century on, the ‘Marxist’ Harvey calls for the creation of a ‘benevolent imperialism’ superintended by Europe and the US. The passage of time, it would seem, has done little to instil the value of creative thinking in our modern-day opportunists.

Harvey is perceptive enough to realise that the prospects for world peace hinge on the relationship between Europe and the US. Will these giants jointly purge capitalism of the threat of war or will they fly at each other’s throats, leaving behind a scorched planet and an irradiated humanity? Harvey cannot bring himself to answer this question in a straightforward manner. Nor can he bring himself to abandon his attachment to reformism. In the end, he says that two ‘configurations’ are possible, one indicating the soundness of Lenin’s thesis, the other that of Kautsky’s. He wrote:

‘...withdrawal into regional power blocs exercising exclusionary practices while engaging in inter-bloc competition is exactly the configuration that spawned the crises of global capitalism in the 1930s and 1940s. Lenin will be proven right. And no one, presumably, wants to revisit that, which makes the slow but discernible drift towards such a resolution even more disconcerting. ...

‘The only possible, albeit temporary, answer to this problem within the rules of any capitalistic mode of production is some sort of new ‘New Deal’ that has a global reach. ... The effect will be a return to a more benevolent ‘New Deal’ imperialism, preferably arrived at through the sort of coalition of capitalist powers that Kautsky long ago envisaged.’⁴⁶⁴

Harvey’s assertion that Lenin or Kautsky might be proven right reveals his utter inability to grasp what imperialism is. The proletariat does not need to wait for a war situation to develop before ascertaining whether or not a Leninist perspective is correct. Instead of helping to prepare the workers ideologically for the dictatorship of the proletariat (the means by which alone inter-imperialist wars can be averted), Harvey seeks to frighten them into accepting a Social-Democratic alternative. All his talk about Lenin’s ‘possible’ vindication is just the sort of concession to the left we have come to expect from him. And yet, as anti-Leninist as Harvey is, he stands to the left of the other opportunists, including the SWP opportunists.

⁴⁶³ ‘The New Imperialism’, by David Harvey, OUP, 2003, p210; emphasis added.

⁴⁶⁴ Ibid, p208 and p209.

The SWP revisited

Whereas Harvey portrays imperialism as it is, warts and all, the SWP prettifies it, going so far as to present the US as the *rational* custodian of *productive* capital. The export of capital, Callinicos insists, results in expanded reproduction and not in parasitism. As he and Sam Ashman argued in their criticism of Harvey's concept of 'accumulation by dispossession':

“...we dissent from the support [Harvey] occasionally gives to the idea that advanced – and especially US capitalism – is today predominantly predatory. ... A US corporation that off-shores some productive capacity to China or Mexico does not cease to be a productive capitalist; rather, it is, perfectly rationally, seeking to reduce its costs of production by relocating some of the value-creation that it directs to foreign sites where labour is cheaper.”⁴⁶⁵

And then, quoting approvingly from a confirmed hegemonist, Simon Bromley, Callinicos and Ashman stated that the power of the US is deployed, not only 'to protect the particular interests of the United States' but also 'to create the general preconditions' for capital accumulation on a global scale.⁴⁶⁶ So instead of taking Harvey to task for adhering to Kautsky's perspective, Callinicos and Ashman denied the existence of 'vulture capitalism' altogether.

Harvey is far too intelligent (and wily) to identify with SWP type apologetics. He knows that a denial of the real source of Third World misery will undermine the reformists' credibility, just as he knows that the elevation of the US to the status of a 'self-sacrificing co-ordinator' will invite ridicule from growing sections of the anti-capitalist and anti-war movements. He thus does exactly what Kautsky did in the months leading up to WWI – he denounces the evils of imperialism while at the same time holding out hope for the reconstruction of capitalism along 'benevolent' lines.

In contrast to the majority of opportunists, Harvey has little difficulty in acknowledging the existence of both 'accumulation by expanded reproduction' and 'accumulation by dispossession'. His analysis thus has a radical veneer, especially when compared with those of the parasitism deniers. However, instead of dealing with these two forms of accumulation in their mutual interaction, he counterposes them as the good to the bad, and then, on the basis of this false dichotomy, raises the question of whether 'accumulation by dispossession' is a *necessary* feature of imperialism. (Readers will recall Kautsky's signature theme: 'That imperialism was inevitable and therefore

⁴⁶⁵ 'Capital Accumulation and the State System: Assessing David Harvey's *The New Imperialism*', by Sam Ashman and Alex Callinicos in *Historical Materialism*, Volume 14, No 4, 2006, p128.

⁴⁶⁶ Ibid.

necessary – no one will deny... The debatable question is whether it is necessary in the future.⁴⁶⁷)

There is not another modern-day opportunist whose methodology resembles Kautsky's as closely as Harvey's does. Yet it would be a mistake for us to imagine that Harvey's ideological ancestry can be traced back no further than to the time of Kautsky's abandonment of revolutionary Marxism. A brief look at the divisions that emerged in the early Fabian movement will reveal that Harvey's opportunist standpoint, like Kautsky's, originated at the dawn of the imperialist epoch.

4. Opportunism past and present

In the late 1880s, a number of British socialists, organised in and around the Fabian Society, set about fashioning a theory of monopoly capitalism, one attuned to the needs of Britain's middle-class socialists. In the course of their analysis, they laid the basis for the development of the ideas that 'Marxist' opportunists would one day espouse throughout the capitalist world.

The fact that the Fabians openly repudiated Marxism did not diminish their influence among the 'Marxist' opportunists. Quite to the contrary! The Fabians had a major impact on the growth of reformism world-wide, especially in Germany, where Revisionism was rapidly emerging as the dominant form of opportunism. The relative freedoms and privileges enjoyed by Britain's post-Chartist labour movement made it unnecessary for the Fabians to masquerade as Marxists. As Lenin explained, opportunism 'can be expressed in terms of *any* doctrine *you like, including Marxism*'. If the leaders of Britain's labour movement, overwhelmingly under the ideological influence of the Fabians, found themselves in a situation in which masses of workers 'respected Marxism', they would think nothing of 'sweetening' their opportunism with 'Marxist turns of speech'. (18\363) The only difference between our modern-day opportunists and the early Fabians is that the former couch their opportunism in Marxist terms and avoid using the language of Liberal-Labourism, that is, of Fabianism. With this in mind, we shall turn to a consideration of the origins – the quintessentially **British** origins – of opportunist thought on the question of monopoly capitalism.

From early beginnings

In 1886, at a time when the world economy was undergoing the transition from competitive capitalism to monopoly capitalism, the Fabian Society published its famous Fabian Essays. Included in the collection was a work by William Clarke, a middle-class intellectual who abandoned liberalism in favour of socialism, or more precisely liberal-socialism. Entitled 'Industrial', Clarke's contribution was a milestone in the history of opportunist thought, enabling reformists to

⁴⁶⁷ Quoted in 39\268.

acknowledge the necessity of monopoly capitalism but without having to jettison their reformist outlook. What follows is a brief account of how liberalism evolved into liberal-socialism.

(i) Liberalism holds sway

Initially a supporter of the Liberal Party, Clarke was a follower of Cobden, the doyen of competitive capitalism. Like other liberals of his time, Clarke waxed lyrical about free markets, liberal democracy and the peaceful expansion of the global economy. He was highly critical of monopolies and violence of all sorts, including the violence of revolutionaries. Keenly aware of how the Chartists had brought Britain to the brink of civil strife, and of how Marxism was rapidly gaining ground in Europe, he advocated the gradual reform of capitalism to accommodate working-class aspirations. On the basis of liberal capitalism, society would be spared the pangs of revolutionary upheavals and economic decay. In a word, socialism would become unnecessary, an irrelevancy.

In keeping with his liberal outlook, Clarke looked upon the US as a shining example of how capitalist societies ought to be organised. America's liberal capitalism, he maintained, had bestowed great benefits upon the American people, raising their living standards and guaranteeing them peace and prosperity. In the near future, the US would be seen as a model for emulation by all capitalist countries, and this in turn would result in 'the adoption of democratic institutions' globally.⁴⁶⁸

The decades of the 1860s and 1870s were certainly ones of relative peace and a lessening of class tensions. Marx and Engels were being realistic rather than cynical when they said that sizeable sections of the British working class were becoming thoroughly imbued with the bourgeois outlook. Given Chartism's defeat, together with Britain's rise to a position of pre-eminence in world markets, the country's ruling classes were able to make just enough political and economic concessions to the working class to take the edge off class conflicts.⁴⁶⁹

⁴⁶⁸ 'The "Spoils" System in American Politics', by William Clarke, in *Contemporary Review*, XL, October 1881, p649; quoted in 'William Clarke: The Making and Unmaking of a Fabian Socialist', by Peter Weiler, in *The Journal of British Studies*, Nov 1974, p80.

⁴⁶⁹ 'In the most advanced land of capitalism and political liberty, the British bourgeoisie ... managed in the nineteenth century to **split** the British working-class movement. In the middle of the nineteenth century Britain enjoyed an almost complete monopoly in the world market. Thanks to this monopoly the profits acquired by British capital were extraordinarily high, so that it was possible for some crumbs of these profits to be thrown to the aristocracy of labour, the skilled factory workers.' (19\370)

It is important to note here that Lenin did not confine himself to stating that monopoly capitalism (together with the super-profits it generates) constitutes the material basis of opportunism. In addition, he showed that opportunism is 'nurtured' by bourgeois 'legalism' and 'peaceful' development. (21\247; 36\300) Another point that needs to be borne in mind is that Lenin did not regard wage levels as the sole, or even the main indicator of the Western workers' privileged existence. He wrote: 'Why is ... opportunism stronger in Western Europe than in our country? It is because the **culture** of the advanced countries has been, and still is, the result of their being able

By the 1880s, reality had begun to weigh heavily on the Cobdenites. Far from fostering competition, capitalism was engendering the opposite, the growth of massive combines, cartels and trusts, all of which had a corrosive effect on capitalism's liberal institutions. This was especially evident in Germany and the US, where the state either turned a blind eye to, or actively promoted, the formation of giant monopolies. Wherever these monopolies sprang to life, intense class conflicts followed. The course of capitalist development was confirming rather than refuting the socialist standpoint.

(ii) Disillusionment

The transition from competitive capitalism to monopoly capitalism caused confusion and dismay among the liberals. As 'internationalists', they kept a close watch on other countries, especially Europe, where Marxism was winning the respect of increasing numbers of workers. Hardly a day passed without the announcement of a new Marxist work making its appearance on the publishing scene. In Germany, moreover, the preparatory work of propaganda had given way to the period of party building, with workers exerting their influence as an independent political force. No less distressing for the liberals was the onset of a massive and prolonged slump in the previous decade, which wiped out some of the gains of Britain's privileged workers. A new breed of proletarians was beginning to leave its mark in the economic and political spheres. There was even talk of the workers forming their own independent party, a thought that horrified the likes of Clarke. 'One of the chief features in English affairs just now is the undoubted spread of socialist ideas', Clarke wrote in 1883.⁴⁷⁰ To cap it all, oppressed peoples were stirring as never before. In Egypt, following Britain's invasion in 1882, there emerged a modern nationalist movement, led by the Muslim, Christian and Jewish intelligentsia. The rallying cry of these progressive nationalists was 'Egypt for the Egyptians', and although they failed to expel the British invaders and were eventually crushed, they set alarm bells ringing in ruling class circles. British imperialism was being assailed, both from within and from without.⁴⁷¹

to live at the expense of a thousand million oppressed people. ... 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.' (31\230; emphasis added) Those who wish to apply Lenin's writings on the labour-aristocracy to the current situation must take into account both the nature of the post-war truce (the 'long peace') and the extent to which the imperialist countries' **culture** (improvements in the spheres of education, recreation, sport etc.) is dependent on Third World loot. Not accidentally, most of the opportunists mentioned in this work, including Anderson, Panitch, Harvey and Callinicos, 'toil' in the higher education sector. I examine Lenin's writings on the labour aristocracy in detail in Volume 3.

⁴⁷⁰ William Clarke to Henry Lloyd, 23 May, 1883, Henry Lloyd Papers, Madison, 1970, quoted in 'William Clarke: The Making and Unmaking of a Fabian Socialist', by Peter Weiler, in *The Journal of British Studies*, Vol 14, No 1, Nov., 1974, p81.

⁴⁷¹ Until they allowed themselves to be duped by the Zionists and British imperialists, Jews looked upon the countries in which they lived as their motherlands. Religion was never a divisive element

The 1880s, then, was a turning point for British liberalism, with some liberals ignoring what was going on around them, others preaching the restoration of competitive capitalism, and still others acknowledging the realities of monopoly capitalism. Clarke's abandonment of the American dream was a clear indication of the direction in which he was moving. He wrote:

'I am humbled and saddened, to tell the truth, by the whole course of things in America. The trading in politics and the huge growth of monopolies are portentous signs of the times. ... I must confess I have had to take stock of my whole category of political beliefs and to revise my judgements.'⁴⁷²

The response of the left-liberals to competitive capitalism's demise was to form a new type of socialist organisation, one committed to steering the workers away from independent political life. In alliance with the Liberal Party, the left-liberals argued, the skilled and educated workers would gradually change the world from within the existing social structures, on the basis of the recognition of the necessity of monopoly capitalism. Thus was born the Fabian Society, which came into being in 1884, two years before the publication of *Fabian Essays*. This, broadly, was the context in which Clarke wrote his renowned work 'Industrial'.

The opportunist theory of monopoly capitalism

Steeped in reformist politics, but acutely aware of the rising tide of socialism, Clarke realised that the old liberal nostrums were utterly worthless. The liberals' 'attachment to peace', he maintained,

'did not prevent Cobden himself from declaring for a powerful navy as an instrument of commercial insurance. Nor did it prevent Manchester from supporting Palmerston's nefarious Chinese policy in 1857, or the equally nefarious aggression in Egypt in 1882: both being regarded as helpful to Manchester trade. ... Adventurers like Emin, Stanley, and Bartelott are employed to "open up" Africa to the gentle influences of civilization by the agency of rum and revolver, under the pretence of putting down the slave trade.'⁴⁷³

In addition to exposing the hypocrisy surrounding capitalism's so-called 'peaceful' phase, Clarke openly distanced himself from the Cobdenites. They were now reactionaries, he stated, for in proposing anti-monopoly legislation they sought to

in relations between Jews and Muslims in the Middle-East. In Egypt, pregnant Jewish women would visit Mosques to have their children blessed. ('The origins of modern Arabic fiction', by Matti Moosa, Three Continents Press, 1997, p41.)

⁴⁷² William Clarke to Henry Lloyd, 22 October, 1884, quoted in 'William Clarke: The Making and Unmaking of a Fabian Socialist', by Peter Weiler, in *The Journal of British Studies*, Vol 14, No 1, Nov., 1974, pp81-2.

⁴⁷³ 'Industrial', by William Clarke, in 'Fabian Essays in Socialism', Ball Publishing, 1911, p74.

bring back the very economic conditions from which monopoly capitalism had emerged. Rather than support 'any effort to call back the past', the Fabians would prepare the proletariat for socialism, the foundations of which were being laid by the monopoly capitalists themselves. (p92)

Having declared his commitment to socialism, Clarke proceeded to elaborate on his theory that socialism, like monopoly capitalism, was a necessity.

(i) The basic laws of capital accumulation

According to Clarke, the growth of monopolies was an inherent feature of capitalism and not some aberration against which the state could legislate. Rebutting the liberals' claim that competitive capitalism was a viable alternative to monopoly capitalism, he outlined his case as follows:

To survive in open markets, capitalists had to sell their goods at competitive prices. To this end, they invested in labour saving machinery, the surest method of raising output and lowering costs. In the manufacture of paper, for example, 10 labourers did the work 'formerly done by 100 persons' and did it 'much better.' (p63) By constantly revolutionising the conditions of production in this way, capitalism fulfilled a progressive function, raising society's productive capacity immensely. (p56, p59) However, when the capitalists introduced 'improved machinery', they added enormously to the 'aggregate' of their capital, as well as discharged large numbers of workers, who served as a reserve army of labour. (p61) To earn sufficient profits on their ever enlarging investments, the capitalists made use of the high levels of unemployment to drive down the workers' living standards. The development of capitalism, therefore, far from fostering class harmony, reduced countries 'to a condition which aggregated capital on the one hand and unemployed labour on the other'. (p64) Moreover, in the same measure as machinery displaced labour, **so the stronger capitalists devoured the weaker ones.** (p61, p65) This devouring process transformed many small firms into a few huge enterprises, the existence of which made a mockery of the notion of political liberty and economic freedom. Competitive capitalism, for all its virtues, inevitably led to the 'concentration of capital', the 'deplorable' increase in unemployment and the 'crushing out of the small concerns'. (p66) Under monopoly capitalism, 'the mere forms of freedom remain, but monopoly renders them nugatory'. (p79) The ultimate effect of this latest stage of capitalism 'must be the destruction of that very freedom which the modern democratic State posits as its first principle.' (p89) The development of capitalism and that of democracy were thus **mutually exclusive**, 'comparable to two trains approaching each other from different directions on the same line.' (p89) Democracy, however, would ultimately triumph, for the emergence of monopoly capitalism was preparing the ground for socialism, as inevitably as night followed from

day. On the one hand, monopoly capitalism was rapidly socialising the means of production, creating 'cosmopolitan capital' on a truly global scale (p76, p78). On the other, it was turning the old functioning capitalists into salaried managers, the mere hirelings of others. In marked contrast to the days when the owners of capital participated in the production process, the modern exploiter was a rent, interest or dividend receiver, reaping where the salaried managers and wage labourers, 'a whole multitude of people', sowed. (p77, p90) Eventually the whole world would be split irreconcilably into two hostile camps, one made up of the toiling masses and the other of parasitic wastrels. For these reasons, capitalism would make way for a higher and more rational form of economic organisation, that is, for socialism. Just as society 'now does without the slave-owner or feudal lord, both of whom were formerly regarded as necessary to the well-being and even the very existence of society', so it must now do without the bourgeoisie, 'a useless possessing class'. (p90, p92)

In arguing along these lines, Clarke certainly held the attention of labour leaders who were seriously considering socialist doctrines. His forthright depiction of 'the inevitable drift and tendency of things' reflected the workers' actual experience. Far from raising their living standards, monopoly capitalism was 'keeping down wages and ever widening the margin of the unemployed class'. (p57, p61) Clarke's analysis, it seemed, was fully consistent with Marx's.⁴⁷⁴

(ii) Plagiarism of the worst type

Clarke was highly impressed by Marx's 'Capital', having studied it systematically and carefully.⁴⁷⁵ More than any other Fabian, he was aware of the immanent tendencies in capitalism, including the rising organic composition of capital, the formation of giant monopolies and the creation of a vast reserve army of labour. Yet as enamoured as Clarke was of Marx's 'Capital', he purposely avoided mentioning it, notwithstanding the fact that he frequently coquetted with Marx's expressions. So whereas Marx had written the following:

'One capitalist always kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever-extending scale, the co-operative form of the labour-process...the entanglement of all peoples in the net of the world-market, and with this, the international character of the capitalist regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the

⁴⁷⁴ According to Eric Hobsbawm, Clarke based his approach 'squarely on the Marxist historical analysis.' ('The Lesser Fabians', by Eric Hobsbawm.

[www.amielandmelburn.org.uk/collections/shs/pdf/28%20less%20fabians.pdf])

⁴⁷⁵ 'William Clarke: The Making and Unmaking of a Fabian Socialist', by Peter Weiler, in *The Journal of British Studies*, Vol 14, No 1, November 1974, p87.

mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working-class, a class always increasing in numbers, and disciplined, united, organised by the very mechanisms of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated.

'The capitalist mode of appropriation, the result of the capitalist mode of production, produces capitalist private property. This is the first negation of individual private property, as founded on the labour of the proprietor. But capitalist production begets, with the inexorability of a law of Nature, its own negation. It is the negation of negation.'⁴⁷⁶

Clarke wrote

'...the capitalist class has become cosmopolitan, has broken up old habits, destroyed local associations, spared nothing either beautiful or venerable where profit was concerned. It has assimilated the conditions of life in various lands, and has brought about a general uniformity which accounts for much of the ennui [dullness] felt in modern life....

'This immense power, the greatest in the modern world, is mainly in the hands of monopolist corporations, among whom there is the same necessary tendency to aggregation [the substitution of capital for labour], only far more marked, as is found in productive industries. ...

'The modern State ...cannot secure freedom of competition to its citizens; and yet it was on the basis of free competition that capitalism rose. Thus we see that capitalism has cancelled its original principle – is itself negating its own existence.'⁴⁷⁷

So capitalism, originally founded on freedom of competition, necessarily called forth its antipode, monopoly capitalism. The way forward, therefore, lay in the socialist reorganisation of society and not in the restoration of a bygone age. Such was the startling and apparently radical conclusion that the Fabian Society drew in the late 1880s, when class conflicts were intensifying in Britain and abroad.

⁴⁷⁶ 'Capital', by Karl Marx, Volume I, Lawrence and Wishart, 1961, p763.

⁴⁷⁷ 'Industrial', by William Clarke, in Fabian Essays in Socialism, The Ball Publishing Co, 1911, p75, p79, p85.

The Fabian Society borrowed from 'Capital' (albeit discreetly), not for the purpose of throwing light on the workings of monopoly capitalism, but in order to turn Marx's statement about 'the negation of the negation' into a liberal chant. The core of Clark's argument lay in his belief that 'the story of the growth of capitalism is not yet complete'. (p85) Although most fully developed in England, capitalism had still to extend to all lands, especially Asia and Africa, which were 'inhabited by barbarous tribes' and where 'the relics of the dead and buried civilizations' lingered. Only when 'the whole globe' had been industrialised and an all embracing monopoly had come into being, would the fruits of the tree of capitalism fall into the laps of the workers. (p61, p75) Until then, socialists must allow monopoly capitalism to fulfil its globalising mission, by which time the Fabians would have educated the workers to 'take up the threads' of modern society. By struggling to improve their economic position within the existing order, and by gradually gaining control of municipal councils and parliament, the workers would facilitate the transformation – the *peaceful* transformation – of monopoly capitalism into socialism. The 'real reformer' in society, therefore, was the Fabian socialist and not the Cobdenite liberal. (p92)

All opportunists, of whatever hues, uphold the idea that imperialism must be allowed to run its full course before it can make way for socialism.⁴⁷⁸ When, therefore, the Fabians spoke of the 'necessity' of monopoly capitalism, they did so in the sense of recognising the 'necessity' of monopoly capitalism's *further* development. Their radical pronouncements about the evils of exploitation and the desirability of socialism were thus devoid of radical substance, just as Harvey's were when he stated that capitalism had yet to reach its final stage of development.

The parallels between Harvey's and Clarke's standpoints stand out in bold relief when we consider Clarke's attitude towards imperialism.

Clarke shifts to the 'left'

In formulating their views on the export of capital, the Fabians punctuated their pseudo-socialist commentaries with expressions of heart-wrenching sorrow. As capital spread around the world, conquering country after country, it would cause much pain and suffering, alas, alas, but would nonetheless lay a firm and indispensable basis for the transition to socialism. For this reason, the Fabians declared in unison, monopoly capitalism fulfilled a historically progressive role. Through the export of their capital, the big corporations would sweep aside national barriers, leaving in their wake a truly internationalised economy, without which socialism would be impossible to achieve,.

Despite their agreement on fundamental issues, the Fabians were not a harmonious group. Some like Clarke were acutely aware of the destructive and

⁴⁷⁸ The mistake Negri and Hardt made as opportunists was to have presented 'Empire' as the finished product.

reactionary nature of British finance. Addressing the issue of Britain's colonial expansion, Clarke maintained that capital exports ought to be of a productive rather than a predatory kind. Capitalism's true mission was to raise the productive forces in all countries, a mission that was being sullied by the grasping financiers who were putting their own selfish interests before the needs of others. If a war were to break out, it would be the result of an unholy alliance between two distinct but inter-linked forces – those of the predatory financiers and those of the reactionary nationalists. He wrote, as early as 1885, that the 'real-motive power' of territorial aggrandisement

'is by no means a great humanitarian movement for securing peace on earth and goodwill among men. It is, stripped of all the pretentious verbiage and vague rhetoric with which it has been adorned, an attempt on the part of certain interests to maintain their hold over mankind. ***The militaristic and aristocratic class has joined hands in this matter with a large section of the capitalist class in order to secure the promotion of English financial interests...***'⁴⁷⁹

The following year, in his work 'Industrial', Clarke touched on the question of inter-imperialist rivalry, noting, almost as an aside, that Britain, America, France and Germany were determined to 'move on the vast market of China'. Such a development, he predicted, would bring the powers into sharp competition with one another.⁴⁸⁰ But he said nothing more on this topic, eager as he was to console the masses with hopes of peace being possible under monopoly capitalism. One of the main thrusts of the Fabian message was that the ***internationalisation of capital*** would undermine nationalism and preserve world peace.

While the Fabians were preaching the virtues of the internationalisation of capital, an incident occurred which gave fresh impetus to Clarke's anti-militarism, as well as forced the Fabians and other liberal-socialists to confront the issue of imperialism. In 1895, the colonial administrator of Southern Rhodesia, Leander Jameson, orchestrated a British backed raid on the Transvaal Republic. Although the British government publicly disassociated itself from this act of terrorism, it signalled to the world at large that a full-scale British invasion was likely to follow. Tensions mounted still further when the Kaiser congratulated Kruger on crushing the invaders.

Following the Jameson raid, Clarke was in little doubt about the course monopoly capitalism was following. He wrote, in 1897:

⁴⁷⁹ 'An Imperialist Bubble', in 'William Clarke: A Collection of His Writings', Eds. Herbert Burrows and John A. Hobson, London, 1908, p88; quoted in 'The Fabians and the British Empire, Part II, by Joseph Sramek. [www.suite101.com/article/cfm/british_history/33732/1]

⁴⁸⁰ 'Industrial', by William Clarke, in Fabian Essays in Socialism, The Ball Publishing Co, 1911, p74.

‘Although in its essence capitalism is international, and although it will prove in the long run one of the leading factors in breaking down nationalism, for the present it is accustomed to find in exaggerated forms of nationalism its most potent ally. The music-hall patriot is encouraged to howl for Jameson or any other hero of the hour, when in reality he is howling for the financiers who are making of Jameson their tool.’⁴⁸¹

In the above, lies the whole difference between the right and left opportunists (between the Panitch and Harvey type opportunists, if you will). Although both groups believe that the story of the growth of global capitalism is not yet complete, the former denies the predatory character of finance capital while the latter acknowledges it. The disagreements between these two groups can become very acrimonious. When the majority of Fabians supported Britain’s invasion of the Transvaal Republic, many of the minority either resigned or opposed the war through their activities in the fledgling Independent Labour Party (ILP). Clarke himself, enraged beyond words, withdrew from politics altogether, which is perhaps the most honourable thing an opportunist can do. His writings, however, continued to leave their mark on the left opportunists.

In the main, the ILP leaders blamed the war on Jewish-German finance which, they insisted, was seeking to degrade the Transvaal Republic’s white miners (mostly British citizens) to the level of backward ‘niggers’. The war, in their estimation, was a class war, waged between civilised labour and Jewish-German finance, to which the British government was lamentably and shamefully beholden. Although Clarke did not stoop to this chauvinistic level, his left Fabian argument – that predatory financiers had joined forces with reactionary nationalists to impede the internationalisation of capital – served the labour aristocrats’ cause admirably.⁴⁸²

⁴⁸¹ ‘The Genesis of Jingoism’, by William Clarke, in ‘William Clarke: A Collection of His Writings’, Eds. Herbert Burrows and John A. Hobson, London, 1908, p114, quoted in ‘The Fabians and the British Empire, Part III, by Joseph Sramek. [www.suite101.com/article/cfm/british_history/33733]

⁴⁸² According to Hobsbawm, the ‘peace movement’ has ‘always been abnormally strong in Britain’ and relatively weak elsewhere. The reason for this, he maintained, is that ‘a moral dislike for aggression and war as such has always been deeply ingrained in the British labour movement’. As an example, he cited the Independent Labour Party’s opposition to the Anglo-Boer war. (‘Labouring Men’, by E.J. Hobsbawm, Weidenfeld and Nicolson, 1971, pp382-3.) Echoing Hobsbawm’s views, Iain McLean asserted that the Independent Labour Party, under the direction of Keir Hardy, ‘never wavered from a policy of downright hostility to the war, even while the whole country was gripped by a war fever that now appears pathetic and degrading.’ (‘Keir Hardie’, by Iain McLean, Allen Lane, 1975, p72.) What is pathetic and degrading is the way in which British labour historians, when recounting the Anglo-Boer War, attempt to conceal a) the subordination of the British labour movement to the liberal bourgeoisie, and b) the social chauvinist character of the Independent Labour Party’s ‘hostility’ to the war.

In 1900, in a leaflet entitled ‘Labour Leaders and the War’, the ILP’s position was made abundantly clear. Signed by as many as 83 of the country’s labour leaders, **including Keir Hardy**, it complained that the mine-owners wished to prevent South Africa from becoming a genuine British colony, a lucrative sphere of employment for British miners. The Anglo-Boer war was ‘a war waged by Capitalists with the object of gaining greater profits through cheap “nigger labour”.’ The leaflet continued in the following uplifting vein: ‘This is the real reason why war was

Old wine for new bottles

It is not difficult for us to embed Harvey's 'two logics' theory in the left Fabian narrative. According to Harvey, imperialism is the result of the interaction of two distinct but dialectically intertwined logics. On the one hand, there is the logic of capital, 'the open spatial dynamics of endless capital accumulation' (what Clarke called the internalisation of capital). On the other, there are 'the territorial logics of power, which tend to be awkwardly fixed in space'. At any given historical moment, 'one or other of the logics may dominate'. In some periods 'the capitalistic logic typically dominates', although in others 'the territorial logic comes to the fore'.⁴⁸³ When the former happens, capital will reveal its essentially international character, breaking down national barriers and socialising the forces of production on a global basis. To ensure that capitalism fulfils its historically progressive mission, socialists must bend all efforts towards combating the predatory capitalists and reactionary nationalists. To this end, they must work towards forging an alliance with the progressive capitalists, an alliance that is strong enough to overcome the territorial logics of power, what Clarke termed 'exaggerated nationalism'.

Harvey's 'two logics' theory of imperialism is but an extension of the arguments the left-Fabians advanced at the time of the Anglo-Boer war, and which Kautsky espoused after Hitler's rise to power. In the early 1930s, when his liberalism was at its strongest, Kautsky divided the bourgeoisie into two great camps – those who promoted capitalism's progressive features and those who did not. The former, he insisted, were far-sighted and peace loving while the latter, principally the big financiers, were narrow-minded and militaristic. Kautsky did not explain why some exploiters belonged to the first camp and others to the second. His object was to 'prove' that wars were the result, not of capitalism as such, but of an alliance between the predatory financiers and pre-capitalist elites. The fusion of interests of these groups 'leads to a revival of colonial expansion – imperialism.'⁴⁸⁴ Well may Kautsky have argued that imperialism was the result of the dialectical interplay between the capitalist and territorial 'logics' of power.

Opportunists like Clarke, Kautsky and Harvey sing from the same hymn sheet. There are similarities in their goals and modes of expression, striking enough to

inevitable. Do not think that this means a splendid opening for British labour; it means nothing of the kind. The plan is to apply as little British labour as possible... Where does the British working men come in? ... British working men under such circumstances would not work at all. ... Away, then, with the delusion that this war is waged in order to open up new territory to British Colonists.' ('Labour Leaders and the War', 1900, in 'The War against the Dutch Republics in South Africa', by J. J. Ogden, National Reform Union Publications, 1901, pp81-85.) I return to an analysis of the ILP in Volume 3, where I examine the nature and origins of social-chauvinism.

⁴⁸³ 'The New Imperialism', by David Harvey, OUP, 2003, p 33.

⁴⁸⁴ 'Hitlerism and Social Democracy', by Karl Kautsky, Chapter IV.

[www.marxists.org/archive/kautsky] I examine this and related works in detail in Volume 2.

reveal how little things have changed ideologically over the decades. As for the hegemonists, their theories can be traced to early Fabian thinking, also.

Fabian hegemonists

To the right of the Clarke faction stood the Fabian hegemonists. When Britain invaded the Transvaal Republic, they bayed for blood. The Boers represented backward society and therefore had to make way for capitalism's historically progressive advance, they argued. Standing astride the world's largest reserves of gold, Kruger was holding back the development of the productive forces, as well as acquiring weapons of mass destruction, sufficient to pose a major threat to world peace. The Anglo-Boer war, therefore, was not an imperialist war. Rather it was driven by progressive ideals, the belief that capitalism had still to fulfil its progressive, civilising mission. For these reasons, Britain was duty bound to wrest the gold-mines – so crucial to the functioning of world capitalism – from Boer control. As was stated in the Fabian Manifesto, issued in response to the Anglo-Boer war:

'... the fact remains that a Great Power [i.e., Britain], consciously or unconsciously, must govern in the interests of civilization as a whole; and it is not to those interests that such mighty forces as gold-fields and the formidable armaments that can be built upon them, should be wielded irresponsibly by small communities of frontiersmen.'⁴⁸⁵

The Fabian's case for war was a lie, of course. The Transvaal Republic's economic programme was designed to facilitate rapid industrialisation, against which Britain was implacably opposed. The Boers were ready and able, in alliance with imperialist Germany, to fashion a powerful and independent state, the existence of which would have weakened Britain's financial oligarchy immensely.⁴⁸⁶

Even more alarming for the British imperialists were the developments that had been taking place in the camp of the black oppressed for a number of years. As

⁴⁸⁵ 'Fabianism and the Empire: A Manifesto by the Fabian Society', edited by George Bernard Shaw, Grant Richards, 1900, p23.

⁴⁸⁶ In 1899, a few weeks before the outbreak of the Anglo-Boer War, *The Standard*, the Government Gazette for the Transvaal, announced that the Transvaal Republic would press ahead with its industrialisation programme regardless of what Britain said or did. With a keen eye on German developments, the paper stated: 'All men cannot be gold-miners, nor can the State live by gold-mining alone. Somehow or other ... manufactures have to be encouraged if the ultimate condition of the State is to be sound. Monopolies [in the form of protective tariffs and State concessions] has its weak points; but they are means to an end, and they come most conveniently to Pretoria's hand. Its idea, where it is at all protective is to give the initial impetus to industry. ... Besides, the Transvaal is no exception in a matter of pursuing a protective policy and seeking to develop and reserve the home market. At one time or other most States and most countries have trod the highway of protection, and have passed through the stage of high tariffs and better things. ... When protection and monopolies have served their end this State will get into line with other centres...' (*The Standard*, 2 Sept, 1899)

early as the 1850s, revolutionary black democrats (including workers and farmers), had mapped out a progressive path of capitalist development for South Africa, much as the radical petty-bourgeois democrats, the Narodniks, would do in Russia in the first decade of the 20th century.⁴⁸⁷ By the time of the Anglo-Boer war, South Africa's Black Narodniks, the forerunners of South Africa's national liberation movements, had revealed their determination to create a non-racial South Africa, the emergence of which would have posed a major threat to both the Boer colonisers and British imperialists. Britain invaded the Transvaal Republic, not to clear the path for capitalist development, but in order a) to forestall the emergence of Boer imperialism and b) to strengthen white supremacy in the region. The idea that the Anglo-Boer war was the result of a conflict between modern capitalism and agrarian backwardness was an imperialist lie.

Yet it was just the sort of lie that persists to this day.

A mess of confusion

Translated into the *lingua franca* of modern day opportunism, the above extract from the Fabian Manifesto reads as follows:

As the world's 'hegemon', Britain must deploy its power, not only to protect the particular interests of Britain, but also to create the general preconditions for capital accumulation internationally.

Substituting the term US for Britain, we arrive at the Panitch line, unrefined and unalloyed. Panitch, as noted, is opposed to Harvey's theory of 'two logics', not because of its eclecticism, but because it admits of the possibility (though no more than the possibility) of an inter-imperialist war. As the world's 'hegemon', the US has undertaken the burdensome task of safeguarding global accumulation against 'aberrant' states. And since capitalism has yet to reach its final stage of development, the US's military interventions are historically progressive. The revolutionary Marxists' view of imperialism, their insistence on

⁴⁸⁷ In 1851, the Cape Colony's black troops (the mainstay of the Colony's standing army) turned their guns on their oppressors and, together with black farmers and workers, endeavoured to create a Black Republic based on revolutionary-democratic principles. The white establishment was aghast. The *Cape Town Mail*, a leading liberal organ, bemusedly asked how the Cape Colony's blacks – those 'who have been regarded throughout the world as the lowest of all races in intelligence' – could have 'actually formed the project of founding an independent republic...' (*Cape Town Mail*, Feb 8, 1851) For all its outpourings of sympathy for South Africa's oppressed blacks, the *Cape Town Mail* supported Britain's military campaign against the insurrectionists.

I examine the question of the different paths of South African capitalist development in Volume 3, where I deal with the SWP's chauvinist attacks on the notion of 'colonialism of a special type'. Adapting Lenin's 'The Agrarian Programme of Social-Democracy in the First Russian Revolution' to South Africa's special colonial conditions, I show that South African capitalism could have developed along one of two paths at the time of the Anglo-Boer war, along either the progressive black republican path or the reactionary white republican path. (The British imperialists, those supposed pioneers of capitalist progress, stood for capitalist *under*development.)

the primacy of inter-imperialist rivalry, is fallacious in the extreme, a reckless piece of polemics that has bedevilled socialist theorising ever since Lenin produced his 'Imperialism'. Down with Leninism – long live hegemony! Blah, blah, blah!

Harvey, who is far more in tune with the needs of the reformist movement than Panitch, steers clear of social-chauvinist bluster. He defends reformism, not by piling derision on Leninism, but by presenting it as a doctrine that is 'possibly' flawed. The struggle for socialism, he states, has yet to determine whether Lenin or Kautsky were correct. In arguing thus, he leaves the proletariat ideologically ill-prepared for the great battles that lie ahead. This suits him perfectly, for it is only in an ideologically confused and indecisive socialist movement that the likes of Soros, Krugman and Stieglitz can emerge with a semblance of credibility, if not dignity.

Typically, Callinicos seeks to straddle the Panitch-Harvey divide. He speaks admiringly of the hegemonists because they reject the notion of parasitism; yet at the same time he champions Harvey's doctrine of 'two logics' because it acknowledges the existence of inter-imperialist rivalry. In attempting to hold the opportunist ring in this way, Callinicos ties himself in knots. For by dispensing with Harvey's distinction between productive capitalism and vulture capitalism, he renders the theory of 'two logics', over which he incessantly coos, *meaningless*.

Harvey's theory, by contrast, is perfectly intelligible, despite its major flaws. For once we divide the bourgeoisie into two great camps – parasites on the one hand and productive capitalists on the other – then it follows that wars can be averted on the basis of an alliance between the productive capitalists and the working class. As Clarke argued many years ago, wars are most likely to occur when the interests of vulture capitalists fuse with those of reactionary nationalists. Since Callinicos denies the existence of 'vulture capitalism', his theory of 'two logics' makes no sense at all, is in fact superfluous to his analysis. Why then does he espouse it?

Callinicos seeks to be all things to all opportunists, blissfully ignorant of the fact that, by remodelling the 'two logics' theory to *exclude* parasitism, he has emasculated that theory completely. What he should have argued is that the absence of parasitism precludes the possibility of a 'fusion' between vulture capitalism and reactionary nationalism. Had he done so, however, his affinity with the hegemonists would have become glaringly obvious, making it impossible for him to play a mediating role among the opportunists. He therefore endeavoured to combine into a single whole the different opportunist perspectives, but failed dismally. His perspective can be likened to a jigsaw puzzle whose misshaped pieces have been forced together to produce a jagged and unfathomable picture. What is surprising is that no one in the SWP, not a single member, has ever criticised Callinicos' theory of imperialism. The fawning and intellectually asinine nature of the SWP membership beggars belief.

When considering Callinicos' muddled rendition of the 'two logics' theory of imperialism, we need to keep in mind the SWP's initial assessment of Lenin's 'Imperialism'. That assessment, we have seen, was clearly expressed in Kidron's 'Imperialism, Highest Stage But One' (*International Socialist Journal*, No 9, 1962) and subsequently endorsed by the leadership on numerous occasions. In 1973, for example, in the introduction to the second edition of Kidron's 1962 article, the SWP insisted that Lenin's great work was '**no longer tenable**' because the plunder of the Third World by the imperialist powers was '**no longer central to the survival of capitalism**'.⁴⁸⁸ The SWP has **never** deviated from that line. When the Soviet Union collapsed, the SWP needed a new theory to explain why inter-imperialist wars were 'improbable', and to this end Callinicos developed a **sanitised** version of Harvey's 'two logics' theory, one which upheld the old SWP argument that parasitism had ceased to be a feature of imperialism.

At bottom, Callinicos belongs to the camp of the hegemonists. Whether or not he is able to sustain this position remains to be seen. In the near future, when the crisis of imperialism takes hold, the SWP will have to choose between Harvey's refined opportunism and the hegemonists' crude social-chauvinism. If the SWP fails to emerge as a centrist organisation of the classical Kautskyite type, it will fall by the wayside, ineffectually yelping at the heels of the revolutionary Marxists as they advance towards their goals.

If the SWP ever gains a foothold in the working class, it will embrace Kautskyism in a systematic and thoroughgoing way, shedding many of its chauvinistic and incoherent formulations. In the process, it will emerge as a shifty organisation of a truly dangerous kind, striving, as the SDP centre once did, to reconcile revolutionary Marxism and reformism. At present, the SWP is too wedded to its reactionary petty-bourgeois outlook to make significant headway in the working class. The future of the organisation is thus uncertain.

To make sense of the arguments advanced by our modern-day opportunists, we need to pay close attention to Kautsky's theoretical and political interventions, as well as to the revolutionary Marxists' response to them. For Lenin, an examination of the origins and nature of Kautskyism was inseparable from the struggle against opportunism. However, before we turn to such an examination (which we undertake in Volumes 2 and 3), we need to draw readers' attention to an important aspect of the ideological struggle we have so far ignored.

⁴⁸⁸ *International Socialism*, No 61, Summer 1973, p1; emphases added.

5. Opportunism carried to its repulsive extreme

Painful purgatives

The continued existence of imperialism – that is, the prolongation of *dying* capitalism – has given rise to opportunist formulations of a most base sort. I refer to the argument (from which Kautsky himself would have recoiled) that inter-imperialist wars are a counter to the tendency of the rate of profit to fall. In vain will readers scrutinise the early SDP writings for evidence of such a standpoint. Not even the social-chauvinists of WWI days dared to liken inter-imperialist wars to a ‘purgative’, a kind of cleansing agent for ridding the capitalist system of its over-accumulated capital. Yet such a theory has found its way into the ideological armoury of the modern-day opportunists. Consider the following, written typically by a leading SWP member:

‘The central consequence of Marx’s theory is that there is a long term tendency for the rate of profit to fall. The only way in which the capitalist class can restore the rate of profit is to increase the rate of exploitation (lengthen hours, lower wages and welfare spending or raise productivity) or to destroy capital. The latter is the historic effect of slumps and wars. Both destroy capital and so offset the rising organic composition of capital.’⁴⁸⁹

Proceeding from a similar line of thought, another opportunist wrote:

‘Since the fundamental problem in any crisis is the relative surplus of capital (which results in the collapse of profits, etc.), the only fundamental means of resolving the crisis is the destruction of that surplus capital ... In short, imperialist war plays a purgative function in the overall imperialist world crisis to the extent, and only to the extent, that it physically destroys the means of production.’

‘The basic “problem” with World War I (with respect to its purgative ability) was that it was not destructive enough. World War II on the other hand was quite destructive of physical capital and this is the primary reason why there was a quarter century post-war boom in the capitalist world.’⁴⁹⁰

⁴⁸⁹ ‘The new imperialism’, by John Rees, in ‘Marxism and the New Imperialism’, Bookmarks, July, 1994, p95.

⁴⁹⁰ ‘Imperialist War and Capitalist Economic Cycles: Letter to Bob Avakian, Chairman of the Central Committee of the Revolutionary Communist Party, 1979, by H Scott.’ [//members.aol.com/ScottH9999/essays/econ_cycles.htm] Diane Fieldes, a leading theoretician of Socialist Alternative (Australia), wrote: ‘By wiping out the least productive firms, crises allow the survivors to acquire their capital cheaply. Some productive capacity is totally wiped out as firms simply close their doors. Both these effects drive down the value of constant capital and thus restore the rate of profit. In a further indication of the irrationality of capitalism, **wars do the same thing**. ... It was World War II, with massive government spending on arms and the destruction of huge amount of capital, which allowed profit rates to revive once more. Not only did the war make

This is not the place for us to refute the opportunists' pseudo-socialist explanations of why inter-imperialist wars are inevitable. We shall have ample opportunity to purge the 'purgative' theory in Volume 3, after a study of Lenin's and Rosa's accounts of the causes of WWI. Suffice it to state here that the 'purgative' theory was espoused by the SWP many years ago, though held in abeyance until recently. In an article entitled 'Crisis and the core of the world system', Nigel Harris wrote:

'The period of stagnation, interspersed by "recessions", is governed by the low level of the world profit rate. ...To restore the world profit rate and so world investment, requires a massive collapse of capital values ... In contrast to nineteenth century capitalism, only war [has] the capacity to wipe out a chunk of capital large enough to restore the profit rate.'⁴⁹¹

For a number of years, the SWP leaders refrained from elaborating on the 'purgative' theory, referring to it only occasionally and in passing. There were two reasons for this. Up until the time of the Soviet Union's collapse, they could fall back on the theory of 'fearful stability' (according to which war was not an option as a solution to crises), as well as delude themselves that the 'super-imperialists' had cushioned the effects of falling profit rates by means of armaments expenditure. The SWP leaders thus confined themselves to the argument that the post-war boom was due both to the physical destruction of capital carried out in WWII and to the ensuing permanent arms economy which the 'super-imperialists' had initiated. In those days, it was left to Harvey to merge the 'purgative' theory into the analysis of imperialism.

Boldly, without a modicum of shame, Harvey declared that inter-imperialist wars are 'a means to resolve the internal contradictions of capitalism'.⁴⁹² He went on to amplify his assertion by explaining that inter-imperialist wars are both the result of the law of the tendency of the rate of profit to fall and the means of stabilising capitalism in the long run, 'provided enough capital is destroyed *en route*'.⁴⁹³

recovery possible, but post-war arms spending during the Cold War made it possible to sustain the recovery for the next quarter century – the longest boom in capitalism's history.' ('Understanding Marxism: capitalist crisis', by Diane Fieldes, *Socialist Alternative*, April, 2007; emphasis added. [<http://www.sa.org.au/mag-archive-from-old-website/99-edition-87/685-understanding-marxism-capitalist-crisis>]) Predictably, she went on to argue that profit rates fell from 1972 onwards because of a decline in arms spending. Her devotion to the Cliff/Kidron line of opportunist thought is touching.

⁴⁹¹ *International Socialism*, No 10, Winter 1980/81, p49.

⁴⁹² 'The Limits to Capital', by David Harvey, Verso, 2006, p324.

⁴⁹³ *Ibid*, p438. Bukharin denounced 'the monstrous theoretical constructions that draw conclusions about the beneficial influence of war on national economic life'. (Quoted in 'Arms expenditure and the 'Permanent Arms Economy', by Mick Brooks, in 'Socialist Appeal', 1989. [www.socialist.net/arms-expenditure-permanent-arms-economy.htm]) The fact that a refined opportunist like Harvey can hold to the 'purgative' theory is an indication of how bankrupt modern-day opportunism is. I wager that, at the first sign of a major recession, increasing numbers of

Why Harvey advanced the ‘purgative’ theory is not clear, since his ‘two logics’ theory served opportunist purposes perfectly. He was evidently keen to place Marx’s theory of crisis, which is likely to gain popularity in the coming period, at the centre of an analysis of imperialism. He thus introduced the 2006 edition of ‘The Limits of Capital’ with the following: ‘Some way had to be found, I ... felt, to weave theories of imperialism back into the fabric of Marxian models of crisis formation...’.⁴⁹⁴ In setting himself this task, Harvey clearly overreached himself, effectively denying the importance of the distinction he had drawn between accumulation by extended reproduction and accumulation by dispossession. As someone who has always stood to the left of the opportunist pack, Harvey would have done better to leave the ‘purgative’ theory to the likes of the SWP, confining himself instead to upholding the false dichotomy between good productive capitalists and bad parasitic ones. Should he continue to espouse the ‘purgative’ theory, he will doubtless lose credibility in the anti-war movement, just as the SWP did when it argued that armaments expenditure has a stabilising effect on capitalism.⁴⁹⁵

Brotherly looting turned sour

Closely associated with the ‘purgative’ argument is the ‘hostile brothers’ theory of inter-imperialist rivalry, according to which declining profit rates will provide the imperialists with the impulse to fight one another over the division of ‘the loot’. In 2003, when the Anglo-American imperialists were preparing to invade Iraq, Callinicos wrote:

opportunists, including those in the SWP, will champion the ‘purgative’ theory, that ‘monstrous theoretical construction’.

⁴⁹⁴ ‘The Limits to Capital’, by David Harvey, OUP, 2003, pxviii.

⁴⁹⁵ As far as I am aware, the first opportunist to ‘weave theories of imperialism back into the fabric of Marxian models of crisis formation’ was Paul Mattick, a social-chauvinist who stood to the right of the SWP. He wrote: ‘The compulsion to imperialism is inherent in capitalist production, but it is the development of the latter which accounts for its specific manifestations at any particular time. For Lenin, however, capitalism became imperialistic “only at a definite and very high stage of capitalist development”, a stage that implied the rule of national and international monopolies which, by agreement or force, divided the world’s exploitable resources among themselves. In his [false] view ... the big imperialist powers, and a part of their labouring populations, [enjoy] an increasingly parasitical existence at the expense of the subjugated regions of the world.’ (‘State and Counter-revolution’, by Paul Mattick, 1983.

[www.geocities.com/CapitalHill/Lobby/2379/pm_sacr.htm])

Unlike many opportunists, Mattick did not deny capitalism’s susceptibility to economic crises. He bandied about phrases like ‘the inner contradictions of capital’ and ‘the crisis of the over-accumulation of capital’, even expressed approval of Marx’s theory of the law of the tendency of the rate of profit to fall. Yet for all his enthusiastic references to Marx’s ‘Capital’, he had nothing worthwhile to say about imperialism. Throughout his writings, he failed to consider the laws of capital accumulation in relation to capitalist **decay**. As he saw it, imperialism was not a definite **stage** of capitalist development but an ‘expression’ of the ‘inner contradictions of capitalist production’, a mere counter to the tendency of the rate of profit to fall. He thus argued that WWII, by ridding capitalism of its over-accumulated capital, fulfilled the same function as economic crises had in the 19th century. I criticise his perspective in detail in Volume 3.

'The socialist Karl Marx long ago described the capitalist class as "hostile brothers". He meant that they fight over their share of the loot but are bound together by the fact that the loot comes from the same source – the exploitation of the working class.'⁴⁹⁶

Callinicos' perspective was quickly taken up by the International Socialist Organisation (ISO), the SWP's sister organisation in the US. As it stated in *Socialist Worker*:

"Capitalists are like hostile brothers", Marx wrote, "who divide among themselves the loot of other people's labour". Throughout history, they alternatively fight each other – using armies made up of the same workers who produce their profits – and close ranks to suppress working class revolt from below. These two dynamics – brotherliness and hostility – play out over and over again. In the first World War – a war fought between the capitalist class of the dominant nations over how to "divide among themselves the loot of other people's labour" – millions of workers were sacrificed for the sake of plunder.'⁴⁹⁷

But why should the world's looting brothers periodically experience the pangs of family dissolution? Why should they continually waver between hostility and brotherliness, as if some Madame Marneffe were in their midst? In short, what is the source of the discord among them? It is none other than the law of the tendency of the rate of profit to fall, the SWP tells us. For when profit rates actually do fall (so the argument runs), the imperialists will become very angry, might even take up arms against one other. In the words of Joseph Choonara:

'When the rate of profit falls the health of the whole system comes into question. Competition between capitalists intensifies, as does competition between states linked to these capitalists – leading not just to economic competition but also military conflict.'⁴⁹⁸

Having once attempted to refute Marx's theory of the tendency of the rate of profit to fall, the SWP opportunists now advocate it. To those who genuinely defended Marx's 'Capital' during the struggles of the 1970s, the SWP's about-turn may seem extraordinary. As we shall learn, however, there is method in the organisation's shiftiness.

⁴⁹⁶ 'What Bush Wants' by Alex Callinicos, *Socialist Worker*, 15 February, 2003.[www.socialistworker.co.uk/article.php?article_id=3292]

⁴⁹⁷ 'Dividing the loot of others' labour', *Socialist Worker Online*, 21 March, 2003, p9. [www.socialistworker.org] In the summer of 2003, the SWP severed its links with the ISO, despite the fact that the latter continued to uphold the SWP line. To this day, it is unclear why the 'split' occurred.

⁴⁹⁸ 'How crises are built into the system', by Joseph Choonara, *Socialist Worker*, 28 April, 2007, p6. For revolutionary Marxists, the 'health of the whole system' came into question with the onset of the imperialist epoch.

Setting up Marx against Lenin

In Volume III of 'Capital', Marx gave a clear and comprehensive account of the law of the tendency of the rate of profit to fall. He did so, however, only **after** having explained how and why an average rate of profit is formed. The 'loot' to which Marx referred was the result of the capitalists' **collective** endeavours, their **joint** exploitation of the working class. (See Volume III, Part II: 'Conversion of Profit into Average Profit'.) Franz Mehring, an outstanding revolutionary Marxist, had a keen grasp of this aspect of Marx's analysis. He wrote:

'Quite unconsciously, and without any agreement amongst themselves the capitalists exchange their commodities in such a fashion that each capitalist contributes the surplus-value which he has extracted from his workers to a general pool, and the total result of their combined exploitation is then divided fraternally amongst the capitalists, each of whom receives a share in accordance with the size of his capital. ... What penetrating insight into the real and material basis of capitalist class solidarity are we offered by this apparently dry-as-dust law of the "average rate of profit"! We observe that although the capitalists are hostile brothers in their daily activities, nevertheless, as far as the working class is concerned they represent a sort of Freemasonry interested intensely and personally in the total result of all the exploitation conducted by all its members.'⁴⁹⁹

However, under imperialism, as Mehring and other revolutionary Marxists noted, the financial oligarchies do **not** contribute their **super-profits** to a general pool. The very notion of such a pool – a general pool of **plunder** – is an absurdity, a denial of the existence of imperialism. At no time, not even during periods of rapid economic growth and rising profit rates, will the world's financial oligarchies distribute the loot among themselves in a 'fraternal' manner. If during the post-war boom these oligarchies represented a sort of Freemasonry, they did so only because Europe and Japan lacked the capabilities of combating the US.

For Callinicos, 'the loot' is nothing but the total social surplus-value that has been extracted from the workers (primarily in the OECD region) and then divided among the 'many capitals' in accordance with competitive market norms, as Marx described in Volume III. For revolutionary Marxists, by contrast, 'the loot' originates in imperialist plunder, that is, in outright robbery and fraud, **the very things which the SWP denies**.

Imperialism – the division of the planet by a handful of super-exploiting financial oligarchies – absolutely precludes the formation of an average rate of profit. When Lenin wrote that the relations between two super-exploiting countries is governed by the existence of 'the loot' (35\264), he had in mind, not the

⁴⁹⁹ 'Karl Marx' by Franz Mehring, Allen & Unwin, 1966, pp379-80.

extraction of surplus-value from workers who toil under competitive conditions, but the plunder of poor and weak nations by the imperialist powers. During the period of competitive capitalism, the capitalists divided the total social surplus-value in accordance with the size of their capitals (via the transformation of values into prices of production). Under monopoly capitalism, the imperialists divide the fruits of their plundering activities in accordance with their **strength**. Force alone will determine what a 'fair' division is. (21\301, 303, 341; 22\253, 275-6)

During the heyday of the post-war boom, when peace and prosperity seemed assured, the SWP theoreticians adopted a dismissive attitude towards Marx's theory of crisis, especially towards his theory of the tendency of the rate of profit to fall. In Kidron's memorable words:

'Naturally Lenin could not have envisaged – no one in his day could conceivably have done so – the role of the permanent arms economy in stabilising mature capitalism, fixing it on a course of almost automatic growth and in transposing the locus of stagnation from mature capitalist countries to backward ones.'⁵⁰⁰

Now, with economic and political crises dogging capitalism's every turn, and with the question of imperialism occupying the centre stage of political debate, the SWP opportunists are in desperate need of a credible alternative to Lenin's 'Imperialism'. And what better alternative is there than Marx's 'Capital'? Having once pitted the enlightened von Bortkiewicz against the muddle-headed Marx, the SWP opportunists now pit the enlightened Marx against the monopoly obsessed Lenin. Marx versus Lenin, such is the crass dichotomy to which the SWP has recourse in the current period.⁵⁰¹

Given the fact that the term 'imperialism' is now all the rage, Callinicos and other opportunists are happy to use Marxist sounding expressions like 'the loot' and 'hostile brothers', but only because they wish to use Marx's 'Capital' as a substitute for Lenin's 'Imperialism'. Revolutionary Marxists, therefore, are required to defend Marx's 'Capital', as they did in the 1970s, but this time by emphasising the connection between Marx's analysis of the capitalist mode of production and Lenin's analysis of capitalist decay.

The progression from Marx's 'Capital' to Lenin's 'Imperialism'

In 'Capital', Marx explained how accumulation takes place under competitive conditions, where parasitism is the exception rather than the rule. The 'hostility'

⁵⁰⁰ 'Imperialism, Highest Stage But One', by Michael Kidron, in *International Socialism Journal*, No 9, Summer 1962, p8. Reprinted in *International Socialism*, No 61, Summer 1973.

⁵⁰¹ This does not mean that the SWP has foresworn the old shibboleths. As we have seen, it has cultivated the skills of adhering to conflicting theories at the same time and of switching between them as the need arises.

to which he referred was the hostility of capitalists who, in the face of a relative decline in the total social surplus-value that has **already** been converted into an average rate of profit, engage in sharp business practices. However, although Marx presupposed the existence of many capitals and an average rate of profit, he brilliantly anticipated future developments. He thus predicted that the inevitable growth of monopolies would reproduce 'a new financial aristocracy, a new variety of parasites in the shape of promoters, speculators and simply nominal directors; a whole system of swindling and cheating by means of corporation promotion, stock issuance, and stock speculation.'⁵⁰²

Rather than consider the real linkages between Marx's 'Capital' and Lenin's 'Imperialism', Callinicos focuses narrowly on the 'many capitals' passages only. Little does he realise that Marx set out, not to analyse competitive capitalism as such, but to disclose the special laws that regulate 'the origin, existence, development, and **death** of a given social organism and its replacement by another and higher organism.' (1\167; emphasis added) Marx, we know, died before the advent of the imperialist epoch and therefore was unable to analyse capitalism's **dying** phase concretely. It was left to other revolutionaries, especially Lenin, to give Marx's 'Capital' its finishing touches. As Lenin astutely observed, monopoly capitalism 'is **already** dying capitalism'. (23\107)

Hostile the new financial aristocrats are, but brothers they are not, which is why Lenin likened them to **beasts of prey**, rather than to members of some dysfunctional family. When in 1912 Germany felt strong enough to take on Britain, it began to make preparations for war, despite the fact that the economy was booming and the rate of profit was rising. What petty-bourgeois 'Marxists' cannot or will not accept is that the world's 'beasts of prey' will turn on each other at a moment's notice, whenever they feel ready to do so, **regardless of what is happening to the rate of profit**. Such barbaric venality is beyond the comprehension of the privileged petty-bourgeoisie, especially those who have enjoyed unparalleled comfort and prosperity for so many decades.

Taken together, the 'purgative' and 'hostile brothers' theories boils down to the following article of faith:

If capitalism does not plunge into a deep and ongoing recession, then all will be well. Capitalists, who by and large are rational creatures, will not fight among themselves during a period of economic growth. Rather they will share their loot in brotherly fashion, according to the size of their capitals.

This wishful thinking represents a desperate attempt on the part of the privileged petty-bourgeoisie a) to put pressure on the imperialists to avert a recession and b) to explain wars without reference to parasitism, the very parasitism from which the privileged petty-bourgeoisie draws its crumbs.

⁵⁰² 'Capital', Volume III, by Karl Marx, Lawrence and Wishart, 1962, p429.

To use Marx's theory of the tendency of the rate of profit to fall to account for military conflicts is to give imperialism – **decaying** capitalism – a cyclical rationality it does not and cannot have. An understanding of Marx's 'Capital' is indispensable to explaining why competitive capitalism underwent the transformation into monopoly capitalism. Only Lenin's 'Imperialism', an extension of Marx's 'Capital', will explain why inter-imperialist wars will inevitably take place.⁵⁰³

But more of the 'purgative' and 'hostile brothers' theories later. The only reason I mention them in this volume is to alert readers to the fact that there are certain reactionary formulations that they will not encounter in the writings of the opportunists of old. This does not mean that there is a gulf between opportunism past and opportunism present. As Volumes 2 and 3 will show, the degeneracy of modern-day opportunism follows logically from Kautsky's renegacy.

And so, without further ado, we shall turn to a study of the past, first to Kautsky's writings and then to those of the revolutionary Marxists.

⁵⁰³ Significantly, Lenin made no mention of the tendency of the rate of profit to fall in his account of the causes of WWI. In fact, he went so far as to argue that 'under no circumstances should crises and wars be tied up together.' (26\163) The opposite approach was adopted by Sander. Writing in *Internationalist Perspective Texts*, he insisted that the two world wars were the result of 'the underlying build-up of the need for massive devalorization of capital'. He added: 'The hallmark of capitalist decadence is not that there is permanent stagnation or no development of the productive forces but that periods of massive violent destruction become an integral, essential part of its "life" cycle.' ('Why was there (so far) no third world war?' by Sander, in *Internationalist Perspective Texts* No 40, April 2002. [//users.skynet.be/ippi/3t15%20iptex.htm]) Not surprisingly, Sander said nothing about the parasitic nature of imperialism. In his estimation, the imperialists went to war, not to redivide the global loot in accordance with their varying strengths, but to 'devalorize' capital.