Political Economy

Imperialism Part

Nankai University
Political Economy Department
Institute of Economics

Political Economy

Imperialism Part

(Revised Edition)

March, 1976

Table of Contents

Preface 1

Chapter One: Imperialism Is Monopoly Capitalism 7

Section One: Concentration of Production and Monopoly 9

Free Competition Becomes Monopoly 9

The Forms and Essence of Monopoly Organizations 19

Monopoly Profits and Monopoly Price 23

Monopoly and Competition 27

Section Two: Finance Capital and Financial Oligarchy 31

The Emergence of Finance Capital 31

Rule of the Financial Oligarchy 36

Section Three: Export of Capital 46

The Inevitability of Export of Capital 46

The Export of Capital is the Foundation of Monopoly Capital's External Exploitation and Domination 49

Multinational Corporations 57

Section Four: Economic Division of the World by Monopoly Capital 60

The International Monopoly Alliance of Monopoly Capital 60

The International Monopoly Alliance Cannot Eliminate the Contradictions Among Imperialisms 69

Section Five: Territorial Division of the World by Imperialism 73

The New Role of Colonies in the Imperialist Stage 73

Redistribution of Colonies and the Inevitability of Imperialist Wars 77

Section Six: State Monopoly Capitalism 79

The Emergence of State Monopoly Capitalism 79

The Content and Essence of State Monopoly Capitalism 84

The Economic Base of Soviet Social Imperialism 93

Chapter Two: Imperialism Is Parasitic or Decaying Capitalism 103
Section One: Manifestations of the Parasitic and Decaying Nature of Imperialism 104
The Stagnation and Decay of Production and Technological Development 104
The Growth of the Rentier Class and the Formation of the Rentier State 116
Politics Becomes Thoroughly Reactionary, Social Crisis Grows Increasingly Severe 120
Section Two: The Connection between Revisionism and Imperialism 126
The Emergence of Revisionism 126
The Struggle Against Imperialism Must Be Closely Linked With the Struggle Against Revisionism 131
Chapter Three: Imperialism Is Moribund Capitalism 136
Section One: Deepening of the Contradictions of Imperialism 137
The Intensification of Contradictions Among Imperialist Countries 137
The Intensification of Contradictions Between the Oppressed Nations and Imperialist Countries 171
The Sharpening of Contradictions Among the Imperialist Countries 195
Section Two: The Socialist System Will Eventually Replace the Capitalist System 207
Imperialism is the Eve of the Proletarian Social Revolution 207
Characteristics of the Law of Uneven Economic and Political Development in the Imperialist Stage 210
Principle of the Possibility of Socialism First Achieving Victory in Individual Countries 215
Socialism Will Ultimately Triumph Throughout the World 220

Preface

At the end of the nineteenth century and the beginning of the twentieth century, capitalism developed into a new stage, namely, the stage of imperialism. Human history entered the era of imperialism and proletarian revolution.

In *Capital*, Marx scientifically analyzed the capitalist relations of production, revealed the laws governing the movement of the capitalist mode of production, and founded Marxist political economy. Under the historical conditions of the time, Marx had already discussed in general the dialectical relationship between competition and monopoly. Later, when compiling Volume III of *Capital*, on the basis of the cartels and trusts that had emerged in Britain, the United States, Germany, and other countries, Engels added material on and gave a clear account of monopoly associations. He foresaw that "**the old boasted freedom of competition has reached the end of its tether and must itself announce its obvious, scandalous bankruptcy**," and pointed out: "**Competition has been replaced by monopoly…, and the road has been paved, most gratifyingly, for future expropriation by the whole of society, the nation.**"[1] However, since they both lived during the stage of free competition under capitalism, they "**could not concretely know certain laws peculiar to the era of imperialism beforehand, because imperialism, the last stage of capitalism, had not yet emerged and the relevant practice was lacking; only Lenin and Stalin could undertake this task.**"[2]

---

[1] Note from Friedrich Engels. Karl Marx, "Chapter 27. The Role of Credit in Capitalist Production," in *Capital*, Vol. III (International Publishers, NY).

[2] Mao Zedong, "On Practice," in *Selected Works of Mao Zedong*, Vol. I (Foreign Language Press, Peking, 1965), 299.

Under the new historical conditions, Lenin applied the basic principles of Marxism to conduct an in-depth study of the new stage of capitalist development and established the theory of imperialism. Lenin elucidated the basic economic features, political characteristics, and profound contradictions of imperialism; revealed the laws governing the movement of modern capitalism; made the scientific judgment that imperialism is monopoly, parasitic or decaying, moribund capitalism, and the eve of the proletarian social revolution; and put forward the principle that, under the conditions of imperialism, socialism could first achieve victory in several, or even one, capitalist country. Based on this analysis, Lenin correctly distinguished the era and pointed out that, with the stage-specific changes in capitalist development, a new era—the era of imperialism—had begun. In this new era, the intensification of the various contradictions inherent in capitalism would inevitably give rise to wars and revolutions; the proletariat had become the center of the era; and the proletarian world revolution had become its principal content. Therefore, the era of imperialism is also the era of proletarian revolution. Lenin's theory of imperialism greatly enriched and developed Marxist political economy. *Imperialism, the Highest Stage of Capitalism* is Lenin's principal work on the theory of imperialism and a direct continuation of Marx's *Capital*.

Under the guidance of Lenin's theory of imperialism and proletarian revolution, the Russian proletariat was the first to break through the weakest link in the chain of imperialist rule and achieve the great victory of the October Socialist Revolution, thereby advancing the development of the proletarian world revolutionary movement. "**Imperialism is the eve of the**

social revolution of the proletariat. This has been confirmed since 1917 on a world-wide scale."[1]

In the half-century since Lenin passed away, the world situation has undergone tremendous changes. China and a number of other countries have achieved great victories in socialist revolutions, strengthening the forces of the revolutionary peoples of the world. In particular, the victory of the Chinese Revolution has significantly altered the balance of class forces worldwide, greatly inspiring and advancing the revolutionary struggles of the oppressed nations and oppressed peoples. National liberation movements in the colonies and semi-colonies have surged, and a series of Asian, African, and Latin American countries have successively achieved political independence. The Third World has become increasingly awakened and powerful, vigorously striking at the foundations of imperialist rule and becoming the main force opposing imperialism, colonialism, and hegemonism. The proletariat of Europe and North America is undergoing a new awakening; revolutionary mass movements have made new developments, while the parties and organizations of Marxism-Leninism have emerged and grown through their struggle against modern revisionism. The imperialist countries are beset by contradictions, troubled both domestically and internationally, and surrounded by crises; they find themselves in the predicament of "helplessly the fallen flowers drift away."[2] In short, the forces of the revolutionary peoples of the world are growing ever stronger, imperialism is becoming increasingly decadent and moribund, we are getting better day by day, and the enemy

---

[1] Vladimir Ilyich Lenin, "Preface to the French and German Editions, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works* (Progress Publishers, Moscow, 1963).

[2] Note from translator: Yan Shu, "Huan Xi Sha · A New Poem and a Cup of Wine." English translation is from Chinese Text Project.

is rotting away day by day. This is precisely the manifestation and characteristic of the development of the era of imperialism and proletarian revolution.

Lenin pointed out: "**In each of [historical epoch] there are and will always be individual and partial movements, now forward now backward; there are and will always be various deviations from the average type and mean tempo of the movement.**"[1] The transformation of socialist Soviet Union into social imperialism is a temporary, localized historical phenomenon of regression in our era. The Soviet Union was originally the birthplace of the October Revolution, the world's first socialist country under the dictatorship of the proletariat, founded by Lenin. After Stalin's death, the Khrushchev-Brezhnev revisionist clique, the group in authority taking the capitalist road that had long been concealed within the Soviet party, usurped power over the party and government, transformed the dictatorship of the proletariat into the dictatorship of the big bourgeoisie, and comprehensively restored capitalism. Once a socialist great power undergoes capitalist restoration, it will inevitably become a superpower and social imperialism. This is precisely what happened to the Soviet Union. Social imperialism and capitalist imperialism are exactly the same in essence: both are imperialism. After the Soviet Union become social imperialism, the laws of imperialism begin to operate. Lenin's analysis of the principles of capitalist imperialism applies fully to Soviet revisionist social-imperialism. Its economic essence is likewise monopoly; politically, it too has taken a reactionary path, imposing counterrevolutionary violent rule domestically, pursuing hegemonism abroad, and joining the ranks of international imperialism in partitioning the world. It both contends and colludes with U.S. imperialism, becoming the two hegemons of today's world, the

[1] Vladimir Ilyich Lenin, "Under a False Flag," in *Lenin's Collected Works*, Vol. 21 (Progress Publishers, Moscow, 1974).

two most vicious imperialist countries. Compared with capitalist imperialism, social imperialism is more devious and more dangerous. The emergence of social imperialism does not prove the strength of imperialism; on the contrary, it is a manifestation of the further decay and decline of the imperialist system. At the same time, its emergence cannot alter the balance of forces between the revolutionary people and imperialism. Today, national independence, national liberation, and people's revolution have become an irresistible historical trend.

Although the world situation is constantly changing, the fundamental factors determining the era have not changed in more than half a century. The rule of monopoly capital remains the economic foundation of imperialism; the fundamental contradictions of the world analyzed by Lenin still exist; and the tasks of proletarian world revolution are far from complete. Therefore, the era has not changed. Chairman Mao often taught us: "**We are still in the era of imperialism and the proletarian revolution.**"[1]

In the long struggle against imperialism and revisionism, Chairman Mao, based on the fundamental principles of Marxism-Leninism, has summed up the experience of the Chinese Revolution and world revolution, and inherited, defended, and developed the Marxist-Leninist theory of imperialism and proletarian revolution. For example: the era in which we live and its characteristics; the fundamental contradictions of the contemporary world; the origins and dangers of modern revisionism; the reactionary nature and paper-tiger essence of imperialism and social imperialism; the Three Worlds; the U.S.-Soviet rivalry and the danger of a new world war; the dialectical relationship between war and revolution; the economic structures, class relations, and revolutionary paths of colonies and semi-colonies; the major role of the Third

[1] Quote from Mao Zedong. "On the Situation and Our Tasks," Peking Review, No. 35-36 (1973).

World in the struggles against imperialism, colonialism, and hegemony; the strategy and tactics of the proletariat, oppressed nations, and oppressed peoples throughout the world in opposing imperialism and social imperialism; and so on.

Lenin and Chairman Mao's theory of imperialism is a powerful ideological weapon for the proletariat and revolutionary people to understand the era, analyze the situation, and oppose imperialism, social imperialism, revisionism, and reactionaries in all countries.

This part of *Political Economy* is about studying Lenin's and Chairman Mao's theory of imperialism.

Capitalist Mode of Production

(Monopoly Stage)

Chapter One: Imperialism Is Monopoly Capitalism

This chapter primarily elucidates the basic economic characteristics and economic essence of imperialism. Imperialism become a special stage of capitalism primarily because, in economic terms, it has acquired important characteristics distinct from the stage of free competition. These include, above all: first, concentration of production and concentration of capital have developed to such an extent that they have created monopoly organizations playing a decisive role in economic life; second, bank capital and industrial capital have merged into finance capital, on whose basis the financial oligarchy has emerged; third, the export of capital has acquired particular importance; fourth, the international monopoly alliance of capitalists for the economic partition of the world has been formed; and fifth, the major capitalist powers have completed the partition of the world's territories. These basic economic characteristics of imperialism are interconnected and inseparable. They constitute a unity of theory and history; that is, the step-by-step development of the theoretical analysis of these characteristics is consistent with the process of their historical development. At the same time, each preceding

characteristic forms the basis for the subsequent one, while the latter in turn promotes the development of the former.

Monopoly rule is the most essential content of the five basic economic characteristics, and is the concentrated expression and most fundamental feature of the relations of production in the imperialist stage. Therefore, Lenin said: "**In its economic essence imperialism is monopoly capitalism.**"[1] "**If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism.**"[2]

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1 (Progress Publishers, Moscow, 1963).

[2] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

Section One: Concentration of Production and Monopoly

A high degree of concentration of production and concentration of capital is the basis for the emergence and development of monopoly. Free competition leads to the concentration of production and capital; when the concentration of production and capital develops to a certain level, it gives rise to monopoly. This is "**general and fundamental law of the present stage of development of capitalism.**"[1]

Free Competition Becomes Monopoly

Before the emergence of monopoly, capitalism was dominated by free competition. In the course of its development, the dominance of free competition led to the continuous concentration of production and capital. In *Capital*, Marx profoundly analyzed and expounded this law governing the development of capitalist production. In order to extract more surplus value and gain an advantageous position in competition, individual capitals constantly accumulated capital and expanded the scale of production; in this process, large capital continually displaced and defeated small capital, causing "**the ruin of many small capitalists, whose capitals partly pass into the hands of their conquerors, partly vanish,**"[2] thereby giving rise to the concentration of capital. "**Centralisation completes the work of accumulation**"[3] and promotes the expansion of

[1] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Karl Marx, "Chapter Twenty-Five: The General Law of Capitalist Accumulation," in *Capital*, Vol. I (Progress Publishers, Moscow).

[3] Ibid.

the scale of capitalists' operations. The development of credit and joint-stock companies also served as powerful levers promoting the concentration of production and capital. At the same time, economic crises greatly intensified competition among enterprises, accelerated the process by which large capital absorbed small capital, and promoted the concentration of production and capital.

In the 1860s and 1870s, capitalist free competition reached its peak, while concentration of production and concentration of capital also attained a certain level. At the end of the nineteenth century and the beginning of the twentieth century, the concentration of production and capital developed even more rapidly. Two factors played an important role in this process: first, the tremendous development of industrial production technology; second, the successive outbreaks of severe economic crises.

During the last thirty years of the nineteenth century, industrial production technology underwent tremendous development in the major capitalist countries. Many new branches of production emerged, bringing about changes in the structure of industrial sectors, with heavy industry surpassing light industry and taking first place. Developments and changes in production technology and the structure of industrial sectors greatly promoted the expansion of the scale of production, the concentration of production capacity, and the growth of the proportion of fixed capital. The role of large enterprises—particularly some large enterprises in heavy industry—in social production and their position in competition were greatly strengthened. By contrast, small and medium-sized enterprises faced increasing difficulties and occupied an increasingly disadvantaged position in competition. This accelerated the process by which large capital displaced and absorbed small and medium-sized capital. At the same time, in order to

strengthen their competitive capacity and meet the need for huge investments required to adopt new technology and expand the scale of production, large enterprises also accelerated mergers, and joint-stock companies developed widely. All of this promoted the rapid concentration of capital and production.

In the late nineteenth and early twentieth centuries, capitalism's fundamental contradiction deepened steadily, and five economic crises broke out in succession, in 1873, 1882, 1890, 1900, and 1907. The severe crises intensified competition, giving rise to an unprecedentedly vigorous and large-scale wave of corporate takeovers and mergers in the history of capitalist development. In particular, the world crisis of 1873, with the crisis and the ensuing period of depression lasting for more than five years and intertwining with the agricultural crisis, led to a rapid development in the concentration of production and capital.

By the beginning of the twentieth century, the concentration of production in the principal capitalist countries had reached a very high level. Take the then-emerging United States and Germany as examples: in 1907, in Germany, 0.9% of enterprises employed 37% of all enterprise workers and possessed more than three-quarters of all steam and electricity; in 1909, nearly half of the entire production of all United States enterprises was controlled by 1% of giant enterprises (those with an annual output value exceeding $1 million). The emergence of a small number of giant enterprises was a prominent manifestation of the concentration of production. At the same time, combined enterprises also emerged, which was another form of the concentration of production. A combined enterprise is formed by organizing the production of different departments together. These departments either had a sequential processing relationship, such as from mining ore to iron smelting and steelmaking, or had a relationship in which certain

departments provide auxiliary services to others—for example, one department manufactures the main products, while the others process waste materials and manufacture by-products. Combined enterprises possessed the various advantages of large-scale production. They could "level out the fluctuations of trade and therefore assure to the combined enterprises a more stable rate of profit"; they have "the effect of eliminating trade," thereby reducing expenditures on transportation and circulation; they had "the effect of rendering possible technical improvements, and, consequently, the acquisition of superprofits over and above those obtained by the 'pure' (i.e,, non-combined) enterprises"; and they could "strengthen the position of the combined enterprises relative to the 'pure' enterprises, strengthen them in the competitive struggle in periods of serious depression, when the fall in prices of raw materials does not keep pace with the fall in prices of manufactured goods."[1] In short, combination gave enterprises a greater advantage in competition and both marked and promoted the development of the concentration of production toward a higher stage.

When concentration of production reached a relatively high level, it inevitably gave rise to monopoly. Lenin pointed out: "**From this it can be seen that at a certain stage of its development concentration itself, as it were, leads straight to monopoly, for a score or so of giant enterprises can easily arrive at an agreement, and on the other hand, the hindrance to competition, the tendency towards monopoly, arises from the huge size of the enterprises.**"[2]

First, the nature of capital requires monopoly.

---

[1] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Ibid.

The infinitely greedy pursuit of profit is in the nature of capital. In order to appropriate more profit, each capital, in addition to extracting as much surplus value as possible from the workers during the production process, must also engage in fierce competition in the market so as to realize the surplus value it has extracted more advantageously and secure a larger share of the total surplus value created by the working class as a whole. This determines that capital is exclusive by nature and demands monopoly. During the stage of free competition, because the concentration of production was not yet high, the disparity in strength among individual capitals was not substantial, and the objective conditions for forming a monopoly did not yet exist. At this time, although all individual capitals demanded monopoly, none could obtain a monopoly position. Once the concentration of production reached a sufficiently high level, a small number of giant enterprises already had a decisive role within a sector, and, driven by the nature of capital, monopoly inevitably became a reality.

Second, production became highly concentrated, making the emergence of monopoly possible.

When concentration of production and concentration of capital reached a sufficiently high level, giant enterprises emerged. A small number of giant enterprises controlled enormous amounts of capital, possessed excellent production equipment, employed skilled workers and the best technical personnel, and concentrated most of the production in their respective sectors. They were therefore able—in the various fields of production, circulation, and so forth—to exercise control and make decisions, making it possible for them to unite, reach agreements, and form monopolies. In particular, some giant enterprises in the heavy industry sector, because of

their important position in social production, found it easier to form monopolies. Historically, monopoly organizations also mostly first emerged in the heavy industry sector.

Third, the exclusivity of giant enterprises was strengthened, restricting free competition and giving rise to a tendency toward monopoly.

On the basis of the high concentration of production and capital, a small number of enterprises became enormous in scale, hindering, to some extent, the emergence of new enterprises. At this point, not only was it difficult for small and medium-sized capital, whose strength and competitiveness were relatively weak, to enter freely, but the investment of some large capitals was also affected. First, the amount of capital required by giant enterprises was enormous, which restricted the investment of new capital; second, the existing giant enterprises had already produced large quantities of products, flooding the market and even causing overproduction. If another large enterprise capable of competing with them were established, it would inevitably cause even more serious overproduction, sending prices plummeting and harming both new and existing enterprises; third, new enterprises would inevitably face the fierce competition, exclusion, and suppression of the old enterprises. Thus, giant enterprises acquired a monopoly position.

Fourth, intensifying competition promoted the formation of monopoly associations.

At the stage of highly concentrated production and capital, competition among a few giant enterprises became more intense and protracted, bringing immense harm and serious losses to both sides. Therefore, when they were evenly matched and locked in a stalemate, they had no choice but to seek a temporary compromise in order to avoid mutual destruction. At the same

time, this enabled them to collude with one another, control production and sales, and earn high profits. Fierce competition prompted them to reach agreements, unite, and form a monopoly.

Fifth, monopoly is the product of the sharpening of the fundamental contradiction of capitalism.

As production and capital rapidly concentrated, the scale of production continued to expand, the fundamental contradiction of capitalism became increasingly acute, and the contradiction between expanding production capacity and the relatively narrow market deepened. To resolve the problem of realizing commodities, the big capitalists joined together to monopolize the market and secure consistently favorable sales outlets.

From the late nineteenth century to the early twentieth century, the development of monopoly organizations went through three basic periods: (1) In the 1860s and 1870s, free competition reached its peak, while monopoly organizations were still only barely discernible sprouts. (2) After the crisis of 1873, monopoly organizations developed extensively, but they were not yet stable and remained a temporary phenomenon. (3) From the upsurge at the end of the nineteenth century through the crisis of 1900-1903, monopoly organizations were no longer a temporary phenomenon but had become a foundation of the entire economic life. Thus, the free competition of capitalism became the monopoly of capitalism, and capitalism became imperialism.

At the imperialist stage, monopoly occupies a dominant position. The superprofits appropriated by monopoly enterprises greatly exceeds average profit, and enables them to accelerate large-scale capital accumulation. The capital they controlled expands rapidly, the scale of production grows swiftly, and their monopoly position is thereby continuously strengthened.

As monopoly rule continues to intensify, the processes by which monopoly capital absorbs non-monopoly capital, large capital defeats small and medium-sized capital, large-scale production displaces small-scale production, the largest-scale production in turn replaces large-scale production, and the largest enterprises merge and consolidate with one another intensify considerably. This, in turn, propels a more vigorous and extensive concentration of capital and production, thereby promoting a continuous increase in the degree of monopoly.

The United States is a typical country in which monopoly capitalism is highly developed and is known as the "country of trusts." In 1879, the first trust in the United States—the Standard Oil Company—was established. World-famous large trusts, such as United States Steel Corporation and Ford Motor Company, were formed successively in the early twentieth century.

Over the more than half a century since the transition to the imperialist stage, and particularly after World War II, monopoly capital in the United States expands rapidly. The development of monopoly organizations in the United States was achieved mainly through large-scale mergers and acquisitions. The early years of this century and the 1920s were periods when mergers among United States enterprises were prevalent. After World War II, the wave of mergers among United States enterprises is even more vigorous than in the two periods mentioned above. Taking only industrial and mining enterprises in the United States, during the ten years from 1962 to 1971, the number of mergers reached 13,143, nearly twice the number of mergers from 1920 to 1929. The enterprises acquired included not only small and medium-sized enterprises but also a considerable number of large enterprises. During 1962–1971, as many as 1,111 large enterprises with acquired assets of more than $10 million were involved, accounting for 8.4% of the total number of mergers during the same period. The forms of merger were as

follows: (1) mergers among enterprises in the same sector, known as “horizontal mergers.” For example, in the United States automobile industry, continual mergers have resulted in three enormous automobile trusts now monopolizing automobile production in the United States. (2) mergers among enterprises in different sectors that are linked in production, such as the supply of raw materials and product processing, known as “vertical mergers.” For example, the United States Steel Corporation, through the continual absorption of enterprises in iron ore mining, coal mining, iron smelting, steel rolling, railways, and other fields, became a huge steel trust with mining, smelting, steel rolling, transportation, and sales organizations. (3) mergers with enterprises in other sectors that are neither in the same line of business nor connected through business relations, known as “conglomerate mergers.” Conglomerate mergers are a notable feature of corporate mergers after World War II. Between 1962 and 1971, among the large enterprises in the United States with assets exceeding $10 million that were acquired, conglomerate mergers accounted for as many as 875, or 79%. For example, since the 1960s, International Telephone and Telegraph Corporation has acquired many enterprises unrelated to telecommunications and electronics, including businesses in bread, synthetic fiber, construction, hotels, insurance, investment funds, taxi services, and other fields.

The result of large-scale corporate mergers is a further high concentration of production and a higher degree of monopoly. Compared with the beginning of this century, monopoly organizations now have the following characteristics:

(1) Monopoly organizations are growing increasingly large. In the United States, there was only one large company with assets exceeding $1 billion in 1901—the United States Steel Corporation. By 1960, there were 29 such companies in mining and manufacturing alone; by

1973, the number had risen further to 138. Moreover, after World War II, the United States saw the emergence of giant companies with assets exceeding $10 billion. In mining and manufacturing, there was one such company in 1960, rising to nine in 1973. In 1973, General Motors Company had assets of $20.3 billion, sales of $35.8 billion, and 810,000 employees. In 1971, its passenger-car production accounted for 56.5% of total production in the United States. Together with Ford Motor Company and Chrysler Corporation, it monopolized 97.2% of passenger-car production in the United States.

(2) Monopoly organizations are increasingly developing toward comprehensive diversification. Since conglomerate mergers became the principal form of mergers after World War II, monopoly organizations consequently came to control an ever-greater number of economic sectors and fields of production, becoming comprehensive companies producing a wide range of products. For example, the aforementioned General Motors Company and International Telephone and Telegraph Corporation are both diversified monopoly companies. General Motors Company, although nominally an automobile company, in fact produces not only automobiles but also tanks, armored vehicles, military aircraft, locomotives, space-travel equipments, missiles, and so on. It is estimated that the products manufactured by the 200 largest mining and manufacturing companies in the United States now span 2,200 industrial categories. It can be said that today there is no large monopoly organization that is not a diversified company.

(3) Monopoly organizations are increasingly developing in the direction of internationalization. After World War II, the phenomenon of monopoly organizations acquiring or establishing enterprises abroad, placing them under their control, and thereby becoming

international monopoly companies, namely multinational corporations, has became increasingly prominent.

The Forms and Essence of Monopoly Organizations

Monopoly organizations are large capitalist enterprises or corporate combinations that monopolize the production and sale of products in one or more sectors.

Monopoly organizations take various forms. Their methods of organization differ, reflecting different degrees of monopolization and certain differences in their nature. The main forms of monopoly organizations are: cartels, syndicates, trusts, and concerns.

1. Cartel. This is an agreement among enterprises producing similar commodities to control the market, maintain relatively high prices, and obtain high profits by reaching understandings on such matters as dividing the sales areas for their commodities and setting commodity output and selling prices. In accordance with the agreement, participating enterprises sell their own commodities in the designated sales areas; the selling prices must comply with the stipulated prices, and output must also remain within the prescribed quotas. However, the participating enterprises retain their respective independence in production, commerce, and legal matters. This monopoly association is unstable and short-lived. Once the relative economic strength of the participants changes, or market conditions and the conditions for selling the commodities change, the cartel disintegrates. Judging from past experience, cartel agreements generally seldom last more than five to ten years. When established, this type of monopoly

association often involves a formal agreement, but many cartels are also so-called gentlemen's agreements—that is, agreements made only verbally, without completing any formalities.

For example, in Japan, cartels developed considerably after World War II. In terms of the motives for concluding agreements and the participants, there are so-called "depression cartels," established to deal with the economic crisis; so-called "rationalization cartels," aimed at pursuing technological reform; and cartels of small and medium-sized enterprises. In terms of the matters stipulated, some specify only production quantities, sales quantities, sales prices, or the number of days production equipment is to be operated, while others specify production quantities, sales quantities, and minimum prices simultaneously. In terms of the procedures for implementation, there are "legal" cartels as well as so-called "gentlemen's agreements."

2. Syndicate. This is a monopoly association formed by enterprises producing similar goods in order to sell goods at high prices and purchase raw materials at low prices. In terms of stability, it represents an advance over the cartel. Although the participants remain independent in production and legally, they have already lost their commercial independence: the sale of goods and the procurement of raw materials are conducted jointly. The syndicate office is an institution that handles the commercial affairs of its members collectively. It concentrates all orders in its own hands and then distributes them among the participants according to prescribed quotas. The concentration of commercial operations enables the syndicate to sell its members' goods at inflated prices and purchase raw materials at depressed prices.

3. Trusts. This is an advanced form of monopoly organization. It combines many enterprises producing the same kinds of goods, or enterprises closely related in production, into a vast enterprise under unified operation and management. The original enterprises lose their

independence in production, commerce, and law, while their owners become shareholders of the trust. In reality, control is held by the largest capitalists. Trusts are further divided into various types:

Trusts based on fiscal control. Their participants retain formal independence but in reality are subordinate to the head office. The head office is usually called a holding company. A holding company differs from an operating company: the operating company's capital is invested directly in enterprises, whereas a holding company uses its capital to acquire controlling stakes in other companies' shares and exercise control over them. The participants in the holding company are the trust's largest shareholders.

Trusts based on the complete integration of enterprises. This type of trusts also have a head office, but this head office is an operating company. Under the head office, several divisions or branch companies are established to manage production according to product categories or differences in processes and techniques; in addition to exercising strict control over policies, plans, and finances, the head office also centrally handles certain activities that can be consolidated, such as bulk purchasing and sales.

A trust is a more stable form of monopoly organization than a cartel or syndicate. Regardless of which trust participant is involved, the only way to withdraw from the trust is to sell the trust shares belonging to them; however, the trust's capital is not thereby reduced.

4. Concern. This is the most complex form of monopoly organization. It is difficult to draw a completely clear boundary between a concern and a trust. In most cases, the difference between a concern and a trust is that the enterprises participating in a trust are integrated in terms of production: some produce the same products, while others produce different products but are

closely related in production. By contrast, a concern includes enterprises of all types, including enterprises from various industrial and transport sectors, as well as trading companies, banks, and insurance companies. It includes not only individual enterprises but also trusts. This necessarily means that a concern is based on fiscal control. A holding company is usually the core of a concern, and it is controlled by a small group of the largest capitalists. Although the participants in a concern remain formally independent, in reality they are subordinate to the holding company controlled by a small number of the largest capitalists.

For example, the six major monopoly groups that today control the lifelines of Japan's national economy—Mitsubishi, Mitsui, Sumitomo, Fuji, Sanwa, and Dai-ichi—are all concern-type monopoly associations. They were formed after World War II on the basis of the reorganization of enterprises belonging to the former prewar zaibatsu. Their principal members include banks, insurance companies and other financial institutions, industrial enterprises in many sectors, as well as commercial and foreign-trade organizations. These banks and enterprises are brought together into monopoly groups through credit relationships, mutual shareholding, and personnel ties. Before the war, Japan's former zaibatsu had a head office (holding company) as their supreme governing core. After the war, the head offices are dissolved. At present, each of the six major monopoly groups consists of a core made up of a bank and several major enterprises, which exercise control over the groups' directly and indirectly affiliated enterprises.

The capital owned and controlled by monopoly organizations is monopoly capital. It is enormous capital formed through the union of giant enterprises and controlled by a small number of the largest capitalists. Compared with free capital, monopoly capital differs not only

enormously in quantity; more importantly, it reflects a new development in capitalist relations of production and embodies a higher degree of capitalist ownership of the means of production and products. Thus, the vast monopoly organizations establish a monopoly position. Domestically, they concentrate control over the vast majority of natural resources, means of production, scientific and technological achievements, labor power, and manufactured goods; they control production and sales, dominate a considerable share of the world capitalist economy abroad, and play a decisive role in the economic and political spheres of modern capitalism. On the basis of this monopoly position, they employ everywhere various means characterized by domination and violence, including economic, political, and even criminal means. They intensify, a hundredfold, the exploitation and enslavement of the proletariat and other working masses; attack, marginalize, control, and expropriate small and medium-sized capital and even some larger capital; and carry out aggression and plunder against the majority of the world's nations and peoples. All this serves one purpose: to extract and appropriate the maximum possible monopoly superprofits. This is the essence of monopoly organizations, or monopoly capital.

Monopoly Profits and Monopoly Price

Profit is the sole motive and objective of capitalist production. What monopoly capitalists seek to appropriate is not just any profit—not ordinary average profit or surplus profits somewhat higher than average profit—but the maximum possible monopoly superprofits.

During the period of free competition, although capitalists also subjectively wished to obtain the maximum possible profit, competition between sectors caused profit rates to tend

toward equalization; consequently, capitalists in every sector could obtain only average profit, and all commodities could be sold only according to the price of production.

At the monopoly stage, the situation is different. At this time, monopoly capitalists not only seek to obtain the maximum possible profits, but also have the conditions and possibility to realize and consistently maintain high monopoly profits. On the basis of the high concentration of production and capital, a few giant enterprises control most of the production and sales in a sector, and the free transfer of capital among sectors is thereby obstructed to some extent. Monopoly capital can therefore manipulate the commodity market, sell commodities at monopoly prices higher than the price of production or higher than the value of the commodities, and employ various other means to extract monopoly superprofits far exceeding average profit.

Monopoly price is an important means by which monopoly capitalists seize superprofits. Its composition is not cost price plus average profit, but cost price plus monopoly superprofits. The fact that the monopoly price of commodities produced by monopoly enterprises is higher than the price of production or higher than the value of the commodities does not violate the law of value. For, viewed as a whole, this does not alter the total amount of commodity value and surplus value in the entire society. Marx pointed out: "**If equalization of surplus-value into average profit meets with obstacles in the various spheres of production in the form of artificial or natural monopolies, … so that a monopoly price becomes possible, which rises above the price of production and above the value of the commodities affected by such a monopoly, then the limits imposed by the value of the commodities would not thereby be removed. The monopoly price of certain commodities would merely transfer a portion of the profit of the other commodity-producers to the commodities having the monopoly**

price."[1] In other words, monopoly price must still be based on commodity value. Viewed from the perspective of society as a whole, the sum of commodity prices is always equal to the sum of commodity values. What monopoly price changes is only the distribution of surplus value among enterprises; it intensifies the exploitation of the working class and merely enables monopoly capitalists to seize a larger share of the total value created by the working people.

The source of monopoly superprofits is:

First, monopoly capitalists not only continually intensify the exploitation of wage labor in the production process and extract more surplus value created by workers, but also, through monopoly prices, further seize part of the value of workers' labor power in the sphere of circulation. A large amount of surplus value and part of the value of labor power are transformed into monopoly profits.

Second, monopoly capitalists ruthlessly plunder small-scale producers by selling their goods at high prices and purchasing raw materials at low prices. In particular, they exploit the vast numbers of small farmers by continually widening the "scissors differential" between the prices of industrial products and agricultural products. In this way, monopoly capitalists turn part of the value created by small-scale producers into their monopoly profits.

Third, monopoly capitalists, relying on their monopoly position, purchase at low prices the parts, components, and raw materials produced by non-monopoly enterprises, thereby transferring into their hands part of the surplus value extracted by the capitalists of those non-monopoly enterprises and forming their monopoly profits.

---

[1] Karl Marx, "Chapter 50. Illusions Created By Competition," in *Capital*, Vol. III.

Fourth, monopoly capitalists directly establish industrial and mining enterprises, transportation, public utilities, and other operations in colonies, semi-colonies, and underdeveloped countries; they exploit the local cheap labor power and raw materials, ruthlessly extract surplus value, and, through unequal exchange[1], frantically plunder the peoples of these countries—selling their commodities at monopoly prices far exceeding their value, while acquiring the agricultural products and mineral raw materials of these countries at purchase prices far below their value—and thereby turn the blood and sweat of these peoples into monopoly profits.

Fifth, monopoly capitalists place large military orders with monopoly enterprises through the state, continually raise the monopoly prices of arms and other military supplies, provide them with military-industrial production equipment and funds for experimental research, and grant various subsidies, thereby implementing a redistribution of national income that benefits monopoly capitalists and harms working people, and transforming the large amounts of funds extorted by the state from working people into monopoly profits for monopoly capitalists.

"**The securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy.**"[2] This is the fundamental economic law of monopoly capitalism. It reflects the essence of modern capitalism,

---

[1] Note from translator: The unequal exchange here means monopoly prices of imperialism. It is different from Arghiri Emmanuel and Samir Amin's theory of "unequal exchange," which distorts the Marxist labor theory of value.

[2] Joseph Stalin, "7. The Basic Economic Laws of Modern Capitalism and of Socialism," in *Economic Problems of the USSR* (Foreign Languages Press, Peking, 1972).

determines all the principal aspects and processes of the development of modern capitalism, and determines the expansion and deepening of the contradictions of capitalism.

After World War II, as monopoly capital expands rapidly and monopoly rule intensifies, the monopoly superprofits extracted by United States monopoly enterprises increase sharply year by year. From 1940 to 1949, the average annual pretax profits of United States companies amounted to $24.356 billion; from 1950 to 1959, they amounted to $42.120 billion; and from 1960 to 1969, they increased further to $67.470 billion. In 1974, calculated on the basis of after-tax profits, they soared to as much as $85.4 billion.

Monopoly and Competition

"**Monopoly is the exact opposite of free competition.**"[1] Monopoly restricts free competition, but it cannot eliminate competition; on the contrary, it makes competition even more intense. Competition is the law governing all commodity production based on private ownership of the means of production. The transformation of capitalist free competition into capitalist monopoly does not alter the capitalist private ownership of the means of production. At the same time, although monopoly organizations occupy a dominant position at the imperialist stage, large numbers of small and medium-sized enterprises still exist in society; "absolute monopoly" and "pure imperialism" do not exist. Moreover, the development of monopoly organizations themselves is uneven. Therefore, conflicts of interest and fierce struggles among capitalists are inevitable. Lenin pointed out: "**The monopolies, which have grown out of free**

[1] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

competition, do not eliminate the latter, but exist above it and alongside it, and thereby give rise to a number of very acute, intense antagonisms, frictions and conflicts."[1]

In reality, fierce competition exists within monopoly organizations, among monopoly groups, and between monopoly enterprises and non-monopoly enterprises.

First, within monopoly organizations, large capitalists have an aspect of reaching compromises in order to jointly manipulate the market and maintain monopoly prices. However, in dividing up profits, competing for leadership, and other matters, they are constantly engaged in fierce struggles. For example, the large capitalists participating in cartels and syndicates engage in intense competition to obtain the most advantageous markets and secure larger shares of production and sales; when the balance of power changes, the agreements break down. Among the large capitalists participating in trusts and concerns, overt and covert struggles to seize actual control and obtain greater profits are also extremely intense.

Second, fierce struggles are taking place among monopoly organizations and among groups of monopoly capitalists to seize commodity markets and sources of raw materials, expand their own monopoly power, and control a particular economic sector or region. These struggles involve competing for monopoly position and monopoly hegemony. For example, after World War II, the Kuhn-Loeb & Co., an old American financial group known as the "Railway Kingdom," weakened as a result of the decline of the railway transport industry. One of the largest monopoly groups in the United States, the Rockefeller & Co., took the opportunity to absorb Manhattan Bank, which this corporation controlled. Having lost the support of this major bank, the Kuhn-Loeb & Co. declined further in strength; as a result, its core enterprise—the

[1] Ibid.

Pennsylvania Railroad Company—also lost control to another of the largest monopoly groups in the United States, the J.P. Morgan & Co..

Third, the struggle between monopoly organizations and enterprises that have not joined monopoly organizations is extremely fierce. As Lenin said, "**Here we no longer have competition between small and large, between technically developed and backward enterprises. We see here the monopolists throttling those who do not submit to them, to their yoke, to their dictation.**" "**Domination, and the violence that is associated with it, such are the relationships that are typical of the 'latest phase of capitalist development.'**"[1] Monopoly organizations employ every coercive means to strangle enterprises that refuse to submit to them: depriving them of raw materials, labor power, credit, and means of transport; dumping and buying them out; and even using violent measures such as burning down or blowing up their factory and mining facilities. Therefore, competition between monopoly and non-monopoly organizations has the character of domination and resistance to domination, and is marked by extreme brutality.

Competition under monopoly capitalism is far more intense than in the era of free competition. The purpose of competition is to seize monopoly profits. The means of competition are varied and brutal, and consequently its destructiveness is also enormous. It causes tremendous destruction and waste of material and financial resources, the burden of which is ultimately shifted onto the proletariat and other working people. At the same time, competition drives capitalists to intensify exploitation and accumulation, further deepening the class contradiction between the bourgeoisie and the proletariat, as well as the contradiction between

[1] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

production and consumption. Monopoly and competition intensify the uneven development of capitalist enterprises and sectors, making the anarchy and disorder of capitalist production even more serious. All this shows that the fundamental contradiction of capitalism has become further aggravated. Therefore, upon entering the imperialist stage, economic crises inevitably break out more frequently and become more profound. This is the law governing the development of the monopoly capitalist economy. Yet the apologists for modern capitalism, in order to conceal the nature and contradictions of monopoly capitalism, willfully distort and deny the dialectical relationship between monopoly and competition. They make the absurd claim that "competition is giving way to the union of capitalist forces," that establishing the rule of a small number of large companies in the economy means "the decline of competition," and then proclaim that the rule of monopoly organizations "has fundamentally changed capitalism" and "can eliminate the anarchy of capitalist production and economic crises," and so on. This is nothing but a pack of lies. As Lenin vehemently denounced it: "**The statement that cartels can abolish crises is a fable spread by bourgeois economists who at all costs desire to place capitalism in a favorable light.**"[1]

[1] Ibid.

Section Two: Finance Capital and Financial Oligarchy

The previous section discussed industrial monopoly, "**but we shall only have a very insufficient, incomplete, and poor notion of the real power and the significance of modern monopolies if we do not take into consideration the part played by the banks.**"[1] In fact, industrial monopoly in turn gave rise to banking monopoly and changes in the role of banks, and further led to the fusion of bank capital and industrial capital into finance capital, transforming the rule of capital in general into the rule of finance capital. The characteristic of the pre-monopoly capitalist era was the dominance of industrial capital; in the imperialist stage, finance capital, which stands above all other forms of capital, actually occupies the position of supreme monopoly rule. Lenin pointed out: "**The characteristic feature of imperialism is not industrial but finance capital.**"[2]

The Emergence of Finance Capital

In the process through which concentration of production, concentration of capital, and monopoly organizations emerged, banks played a tremendous role. Marx once pointed out that competition and credit are the two most powerful levers of concentration. The credit system developed alongside capitalist production. "**The credit system … in its first stages furtively creeps in as the humble assistant of accumulation, drawing into the hands of individual or**

[1] Ibid.

[2] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

associated capitalists, by invisible threads, the money resources which lie scattered, over the surface of society, in larger or smaller amounts; but it soon becomes a new and terrible weapon in the battle of competition and is finally transformed into an enormous social mechanism for the centralisation of capitals."[1]

As credit institutions, banks concentrate scattered idle funds in society by accepting deposits and then transfer these concentrated funds to industrial and commercial capitalists for use by providing loans. This accelerates the expansion of industrial capital and the concentration of production. Conversely, the concentration of production provides banks with more deposits and capital available for use, while also requiring them to obtain larger amounts of loans, thereby promoting banks to expand and concentrate increasingly.

The concentration of banks, like that of industrial production and capital, is an inevitable result of competition. In the course of competition, small banks were squeezed out by large banks, eventually going bankrupt or being absorbed by large banks. Large banks also merged in order to increase their strength, replacing one large bank with an even larger one, so that bank capital and bank deposits and loans became increasingly concentrated in the hands of a few of the largest banks. Large banks also subordinated small banks to themselves through such means as purchasing or exchanging shares and establishing debt relationships, turning them into affiliated banks. Lenin said: "**It is one of the most important distinguishing features of modern capitalist concentration.**"[2] A few large banks each controlled dozens or even hundreds of branches or affiliated banks, extending their dense banking networks throughout the country

---

[1] Karl Marx, "Chapter Twenty-Five: The General Law of Capitalist Accumulation," in *Capital*, Vol. I.

[2] Vladimir Ilyich Lenin, "II. Banks and Their New Role, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

and concentrating almost all idle capital and monetary income. Banking thus progressed from concentration to monopoly.

Banking monopoly takes different forms. In Britain, banking giants developed rapidly. After repeated mergers, only more than ten commercial joint-stock banks remained after World War I, of which only 11 clearing banks participated in the London Clearing House. Since the late 1960s, these 11 have merged further into six; these six banks monopolize all commercial banking business in Britain. In 1974, the four largest banks had more than 14,000 branch offices, spread throughout the country. In the United States, the principal forms of banking monopoly are chain banking and group banking. They are formed when large banks control banks that are formally independent by purchasing shares or through interbank dealings, or when they establish banks that are formally independent themselves. Because the laws of some U.S. states restrict the establishment of branch offices, there are many banks that appear independent; at the end of 1971, there were 13,781 commercial banks, large and small. In reality, however, the overwhelming majority of small and medium-sized banks are subsidiary banks of large banks and become members of chain banking or group banking. Lenin wrote: "**America has 26,000 'Lilliputian' banks—and all to no purpose!! In reality the multi-millionaires rule and control. A change in the laws will merely lead to a change in the form of their rule.**"[1] In 1973, total deposits in all U.S. banks amounted to approximately $556.5 billion, and the 50 largest banks held deposits amounting to 65.5% of total deposits, excluding formally independent subsidiary banks. These large banks were themselves controlled by several monopoly consortia. The scale of the large are is also growing steadily. For example, by the end

[1] Vladimir Ilyich Lenin, "EXTRACTS FROM DIE BANK [2], NOTEBOOK 'β'," in *Lenin's Collected Works*, Vol. 39.

of 1973, Bank of America had assets of as much as $49.404 billion, First Citibank had assets of $44.02 billion, and Chase Manhattan Bank had assets of $36.79 billion.

After World War II, non-bank financial institutions such as insurance companies, finance companies, savings and loan associations, and others have also developed rapidly. Life insurance companies, in particular, increasingly became an important tool for monopoly capitalists to concentrate social funds. Like banks, life insurance companies continuously expanded and concentrated, becoming monopoly organizations dominated by a very small number of huge life insurance companies. For example, Prudential Life Insurance Company, the largest insurance company in the United States, had assets of $35 billion in 1973.

The concentration and monopoly of banks have fundamentally changed the role of banks and the relationship between banks and industry. At first, banks served merely as intermediaries in matters of funds, and their relationship with industrial enterprises was simply one of general credit. However, once bank capital and deposits become highly concentrated, the loans provided by banks to industrial enterprises not only grow steadily in amount, but the proportion of long-term loans also continue to increase. Close and fixed financial ties are formed between large banks and industrial enterprises. Based on this new development in credit relations, large banks find it necessary and possible to understand and supervise the business activities of enterprises accurately. Because enterprises have established fixed credit relationships with large banks, the turnover of their capital is fully reflected in the current accounts that the banks opened for them. Through these current accounts, banks can gain detailed knowledge of the business affairs of the enterprises closely connected with them, as well as of the dealings between enterprises. At the same time, banks often use the pretext of protecting the security of their loans to send

representatives directly into enterprises to supervise them, and learn all their secrets by inspecting their books. Thus, large banks have established control over enterprises, influencing and manipulating them by expanding or reducing, facilitating or obstructing credit, and ultimately determining their fate entirely, even depriving them of their capital. As Lenin pointed out: "**As banking develops and becomes concentrated in a small number of establishments, the banks grow from modest middlemen into powerful monopolies.**"[1]

On the basis of the increasingly close relationship between banks and industrial enterprises, banking monopoly capital and industrial monopoly capital gradually merge and become intertwined. Banking monopoly capital enters the industrial sectors by purchasing shares in industrial enterprises and establishing industrial enterprises, while industrial monopoly organizations likewise penetrate the banking industry by purchasing bank shares and establishing banks. At the same time, banks and industrial enterprises also implement personnel integration or exchange: the managers and directors of banks and industrial enterprises mutually serve as directors or supervisors of the other's organizations.

Thus, through the three principal forms of financial ties, interweaving of capital, and interlocking personnel, monopoly bank capital and monopoly industrial capital have merged, and give rise to a new type of monopoly capital: finance capital. Lenin pointed out: "**The concentration of production; the monopolies arising therefrom; the merging or coalescence of the banks with industry—such is the history of the rise of finance capital and such is the content of that concept.**"[2]

---

[1] Vladimir Ilyich Lenin, "II. Banks and Their New Role, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "III. Finance Capital and the Financial Oligarchy, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

After World War II, bank capital and industrial capital have further merged in the major capitalist countries. In the United States, for example, between 1945 and 1971, the financial assets of corporations increased fourfold, while funds borrowed from credit markets increased ninefold; the proportion of borrowed funds accounted for by bank loans rose from 15.5% to 25.3%. According to a 1967 investigative report by the United States House Banking and Currency Committee Subcommittee on Domestic Finance—commonly known as the Patman Committee because its chairman was Wright Patman—the 49 major banks in the ten largest American cities appointed 8,019 interlocking directors to 6,591 companies nationwide and collectively held more than 5% of the shares of 5,270 companies.

Rule of the Financial Oligarchy

On the basis of the emergence of finance capital, the financial oligarchy takes shape. The financial oligarchy is the personification of finance capital, a group of the largest monopoly capitalists—a small handful who control finance capital. Finance capital is monopoly capital that stands above all other forms of capital. The principle it follows everywhere is to monopolize everything, dominate everything, and rule everything. This characteristic is expressed in concentrated form by the financial oligarchy. The financial oligarchy has become the supreme master of every aspect of capitalist society.

The financial oligarchy controls enormous monopoly enterprises in banking, mining, industry, trade, transportation, and many other sectors. This is achieved primarily through the "holding system." The so-called "holding system" means exercising control over enterprises by

holding a certain amount of equity. The financial oligarchy first controls a head office and then uses that head office to control a certain number of shares in other companies, bringing those companies under its control and turning them into numerous "subsidiaries." Each "subsidiary" then uses a similar method to control other companies, turning them into numerous "sub-subsidiaries." In this way, the financial oligarchy stands as if at the top of a "pyramid," exercising control at successive levels through the "holding system." It thereby controls capital many times greater than its own, takes control of many sectors of the national economy, and imposes powerful monopoly rule over the national economy as a whole.

Financial oligarchs also expand their influence and strengthen monopoly rule by establishing enterprises, monopolizing land and mineral resources, issuing securities, handling government bonds, engaging in speculation, and so on; they extract enormous profits and speculative windfalls, imposing tribute on society as a whole.

The financial oligarchs now ruling the United States economy are mainly the following eight major financial groups: Rockefeller, J. P. Morgan, Bank of America, First Citibank, Chicago, Boston, Mellon, and Texas. Among them, Rockefeller and J. P. Morgan are the two largest finance-capital monopoly groups in the United States and in the capitalist world. By the end of 1972, the assets of each of these two groups had exceeded $200 billion, and together they accounted for approximately 62% of the total assets of the eight major financial groups. The other groups all have certain ties with them. The United States today is, in reality, controlled by these two groups.

The Rockefeller financial group is an old financial group centered on the Rockefeller family and based primarily on petroleum, known as the "Petroleum Empire." It has expanded

rapidly after World War II, overtook the Morgan financial group, and rose to first place among the eight major financial groups. In finance, it is centered on Chase Manhattan Bank, the third-largest bank in the United States, and controls Chemical New York Corporation, the sixth-largest bank in the United States, as well as the second- and third-largest insurance companies in the United States, Metropolitan Life Insurance Company and Equitable Life Assurance Society. Industrially, it is centered on Exxon Corporation, the largest petroleum trust in the United States and the world (originally named Standard Oil Company [New Jersey]), and controls petroleum companies such as Texaco and Mobil. These huge petroleum monopoly organizations control most of the production and sale of petroleum in the United States, as well as a substantial portion of the petroleum resources of the capitalist world. United States Steel Corporation, the largest steel trust in the United States, had long been controlled by the J. P. Morgan financial group, but gradually passed into Rockefeller's hands during the 1960s. In addition, in sectors such as chemicals, electrical equipment, electronics, aerospace, atomic energy, and public utilities, this financial group also controls many huge monopoly enterprises. After World War II, it becomes even more active in intervening in the emerging arms industry.

The J. P. Morgan financial group is an old financial group established by the Morgan family through arms sales, stock speculation, railway development, and steel operations. The United States Steel Corporation was controlled by it for a long period, and it was therefore once known as the "steel king." Up until World War II, it consistently held an overwhelming advantage among the monopoly financial groups in the United States. After the war, its development is slower than Rockefeller's, and its relative strength has declined; it has been surpassed by Rockefeller and falls to second place among the eight major financial groups. In the

financial sector, it controls the United States' fourth-largest bank, Morgan Guaranty Trust Company; its eighth-largest bank, Bankers Trust Company; its largest insurance company, Prudential Life Insurance Company; its fourth-largest insurance company, New York Life Insurance Company; and others. In industry, this financial group holds an important position in the basic industries and arms industry of the United States, particularly in steel, electrical equipment, electronics, automobiles, chemicals, nonferrous metals, and other sectors. It controls the United States' largest electrical-equipment trust, General Electric Company, and its second-largest automobile trust, Ford Motor Company, among others. These monopoly enterprises are also the United States' largest arms contractors.

At the stage of free competition, the establishment of the rule of industrial capital consisted in controlling and appropriating the labor of the proletariat. With the advent of the monopoly stage, the establishment of the rule of finance capital requires not only greater control and appropriation of the labor of the proletariat, but also the control and domination of the capital of other capitalists. This is achieved mainly through the "holding system." Lenin pointed out that the "holding system" "**serves enormously to increase the power of the monopolists.**"[1] The "holding system" presupposes that enterprises take the form of joint-stock companies. By the imperialist stage, joint-stock companies had developed on a much broader scale. At this time, because of the expansion of enterprise size, the issuance and ownership of shares tended to become more dispersed: the denominations of shares tended to decrease, while the number of shareholders gradually increased. This provided favorable conditions for the development of the "holding system." Some monopoly organizations are in fact not operating companies but holding

[1] Ibid.

companies. Their activities consist mainly in purchasing and holding a certain amount of a company's shares in order to intensify penetration and control. After World War II, holding companies develop further; in the United States, bank holding companies have also emerged. Because United States laws stipulate that banks can not hold shares in enterprises, the capital of large banks, in order to facilitate "participation" or control, have established formally independent companies (holding companies) to conduct these activities. By the end of 1972, there were already 1,607 bank holding companies in the United States, controlling 2,720 banks and 13,441 branch banks. Today, the large banks of the United States have in fact all become bank holding companies.

However, "**instead of revealing the 'mechanics' of the formation of an oligarchy, its methods, the size of its revenues 'impeccable and peccable,' its connections with parliaments etc., etc.,**" apologists for modern capitalism "**obscure or gloss over them.**"[1] They fabricate all kinds of sophisms and do their utmost to distort the essence of the monopoly rule of finance capital.

The so-called "democratization of capital" is one such deceptive fallacy. The bourgeoisie and revisionists make much of the trend toward the dispersal of stock issuance and ownership, claiming that this is the "democratization" of stock ownership, which can lead to "democratization of capital"—capitalism has undergone a "qualitative change," becoming "people's capitalism," in which "everyone can be a capitalist." This is utterly absurd nonsense. Marx revealed the essence of the "joint-stock company" long ago and wrote: The more the joint-stock system expands, the more it offers "**absolute control within certain limits over the**

[1] Ibid.

capital and property of others, and thereby over the labour of others."[1] Lenin, addressing this fallacy, put it even more incisively: "**The 'democratization' of the ownership of shares, from which the bourgeois sophists and opportunist so-called 'Social-Democrats' expect (or say that they expect) the 'democratization of capital,' the strengthening of the role and significance of small scale production, etc., is, in fact, one of the ways of increasing the power of the financial oligarchy.**"[2] The more dispersed the issuance and ownership of shares are, the more advantageous it is for some major shareholders to control an entire company by holding only a small proportion of its shares. And this is indeed what has happened. For example, in the United States, after World War II, as enterprises grow increasingly large and the issuance and ownership of shares become ever more dispersed, the proportion of shares required to control an enterprise shows a tendency to decline steadily. In describing the control exercised by major U.S. banks over industrial companies, the "Patman Committee Report" openly acknowledged that "a 5 percent or larger holding of one class of stock was significant in judging the potential influence of a bank trust department's stockholding on a particular corporation."[3]

In recent years, in the United States, following the bankruptcy of the notorious "people's capitalism," the bourgeoisie has once again been disseminating, on a large scale, the theory of a "qualitative transformation" of modern capitalism, this time through another form of sophistry. One of its important representatives is the Canadian-American bourgeois economist John Kenneth Galbraith. He claims that capitalism has undergone a "qualitative" change because

---

[1] Karl Marx, "Chapter 27. The Role of Credit in Capitalist Production," in *Capital*, Vol. III.

[2] Vladimir Ilyich Lenin, "III. Finance Capital and the Financial Oligarchy, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[3] U.S. Congress, House Committee on Banking and Currency, Subcommittee on Domestic Finance, *Commercial Banks and Their Trust Activities: Emerging Influence on the American Economy: Staff Report*, 90th Cong., 2d sess., vol. 1 (Washington, DC: U.S. Government Printing Office, 1968), 23.

"shareholders are powerless" today and power has shifted into the hands of the so-called "technostructure" (including senior corporate managers, technicians, administrators, and others). Starting from this absurd premise, he goes on to claim that "the entrepreneur's goal is no longer maximum profit," and so forth. This is a gross distortion of the reality of monopoly capitalism.

The general characteristic of capitalism is that ownership of capital is separated from its use in production; money capital is separated from industrial capital or productive capital; and rentiers who live entirely on the income from money capital are separated from all those directly involved in employing capital. In the imperialist stage, the rule of finance capital—particularly the development of holding companies after World War II—marks the point at which this separation has reached an extremely high degree. However, this separation can only demonstrate the parasitic and decaying nature of monopoly capitalism; it shows that the big capitalists have lost their connection with the production process and become mere parasites, that is, rentiers, but it absolutely does not mean that capitalists are no longer the owners of the means of production. The rule of finance capital means the supreme power of the financial oligarchy, embodying their ruthless exploitation and comprehensive control, founded on a high concentration of economic strength—not that they have become "powerless." As for the claim that "the goal of entrepreneurs is no longer maximum profit," this is even more an arbitrary fabrication. The purpose and motive of capitalist production have always been the pursuit of surplus value. The extraction and appropriation of enormous monopoly profits by monopoly capitalists is the basic economic law of monopoly capitalism. However much the ownership and use of capital may be separated, the capitalistic nature of pursuing profit will not change. As for finance capital, it relies even more on the enormous economic strength under its control and on its monopolistic

position, extracting the maximum possible profits through the blood-sucking tubes it extends into every sphere of domestic life and every corner of the capitalist world.

The sophistry peddled by the likes of Galbraith is nothing new either; it is merely a rehash of the so-called "managerial revolution" theory that was popular in the United States immediately after World War II. Like the sophistry of the "democratization of capital," it serves to meet the needs of the monopoly bourgeoisie under conditions of mounting crises in capitalism, wantonly distort the truth about capitalist society, conceal capitalism's fundamental contradictions, paralyze the revolutionary will of the working class and the other broad working masses, and thereby obstruct the awakening of the American people and their pursuit of revolutionary struggle.

The foregoing describes the economic rule of the financial oligarchy.

Lenin pointed out: "**A financial oligarchy … throws a close network of dependence relationships over all the economic and political institutions of present-day bourgeois society without exception.**"[1] The financial oligarchy not only rules the entire national economy, but also extends its influence into every aspect of social life, particularly by establishing political rule. This is achieved mainly through the exchange of personnel, or "personal union." The financial oligarchy buys off government officials or dispatches agents to enter state organs; it even takes office itself, assuming leadership positions in state organs, in order to manipulate the government directly and make it obey its will. Lenin pointed out that, on the basis of the

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

development of monopoly capitalism, "t**he 'personal link-up' between the banks and industry is supplemented by the 'personal link-up' between both of them and the government.**"[1]

after World War II, the "personal union" between the financial oligarchs and governments of the imperialist countries developed further. For example, all successive U.S. administrations after the war were typical "plutocratic cabinets." According to an analysis of the "plutocratic cabinet" of the Eisenhower administration, of the 272 decision-makers or senior administrative officials, at least 150 were big capitalists; the remaining 122 were also bureaucrats, lawyers, military personnel, and politicians with close ties to big capitalists. Eisenhower himself was brought into the White House with the backing of the Rockefeller financial group. His successor, U.S. President Kennedy, was a member of a family belonging to the Boston financial group; Johnson is a capitalist from Texas; and Nixon is an agent entirely supported by the California financial group. The incumbent U.S. President Ford previously served as a manager of the ? Company[2] and became president through the support of Morgan and the Rockefeller financial group. The incumbent Vice President Nelson Rockefeller is a member of the Rockefeller family and is known as the financial group's "political star." The key departments of the American government are all directly controlled by monopoly groups. For example, John Foster Dulles, secretary of state in the Eisenhower administration, was a director of the Rockefeller Foundation; Charles Erwin Wilson, secretary of defense, was general manager of General Motors Company; and George Magoffin Humphrey, secretary of the treasury, was head of M. A. Hanna Company, a

---

[1] Vladimir Ilyich Lenin, "II. Banks and Their New Role, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Note from translator: The original Chinese text says "罗斯帕奇," which is not the name of any notable company in the United States. Also, the public record of Gerald Ford also shows that before he became the president, he was only briefly hired as a business manager for the Grand Rapids Rangers in the short-lived Professional Basketball League of America, which was not particularly influential or important.

major enterprise of the Cleveland financial group; Dean Rusk, secretary of state in the Kennedy and Johnson administrations, was president of the Rockefeller Foundation; Robert McNamara, secretary of defense, was general manager of Ford Motor Company; C. Douglas Dillon, secretary of the treasury; was head of Dillon, Read & Co. and an agent of the Rockefeller financial group. Melvin Laird, secretary of defense in the Nixon administration, was a major capitalist with close ties to the California financial group. They are as Lenin pointed out: "**A minister today, a banker tomorrow; a banker today, a minister tomorrow.**"[1]

The financial oligarchy promotes the principle of monopoly everywhere: it not only imposes monopoly rule domestically but also necessarily extends the tentacles of monopoly abroad, to establish a world system governed by finance capital. The following three sections will discuss in detail the international rule of the financial oligarchy.

[1] Vladimir Ilyich Lenin, "Banks and Ministers," in *Lenin's Collected Works*, Vol. 24 (Progress Publishers, Moscow, 1964).

Section Three: Export of Capital

The characteristic feature of capitalism in the era of free competition was commodity export. Although a small amount of capital export also emerged at that time, its role was very limited. In the process of the transition from free competition to monopoly, capital export grew rapidly, increasingly assumed particular importance, and became a characteristic of monopoly capitalism. Capital export played a considerable role in forming the international network of dependence and ties of finance capital; it is the basis of finance capital's exploitation and plunder abroad.

The Inevitability of Export of Capital

The export of capital is a product of the development of the contradictions of capitalism. The emergence of monopoly organizations, on the one hand, concentrated ever larger amounts of money capital in the hands of monopoly capitalists; on the other hand, due to the ruthless exploitation by monopoly capital, the contradiction between the expansion of production and the relative contraction of social purchasing power became increasingly acute, "overproduction" grew ever more serious, and domestic investment outlets capable of yielding the maximum profit were no longer sufficient. Thus, large amounts of "surplus" capital emerged in the hands of monopoly capitalists. At the same time, a small number of economically advanced capitalist countries exploited and plundered the majority of the world's countries and peoples, appropriating enormous wealth and further accelerating the accumulation of this "surplus"

capital. As Lenin pointed out: "**On the threshold of the twentieth century we see the formation of a new type of monopoly: firstly, monopolist associations of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which the accumulation of capital has reached gigantic proportions. An enormous 'surplus of capital' has arisen in the advanced countries.**"[1]

This "surplus" capital was not genuinely surplus. In these countries, the proletariat and the broad working masses were suffering from hunger and cold, and their living conditions were extremely harsh; moreover, production was developing unevenly, with agriculture lagging far behind industry. If this capital could have been used to expand production, develop agriculture—which lagged far behind industry—and raise the living standards of the broad population, there would have been no "surplus" capital. But in that case, capitalism would no longer be capitalism, because doing so would reduce the capitalists' profits. The capitalists' capital could only be used to extract profits and would never be used to raise the living standards of the people. Therefore, this large amount of "surplus" capital inevitably had to be exported abroad, to backward countries. This was because in these countries capital was scarce, land prices were low, wages were low, and raw materials were cheap, making it possible to obtain high profits. At the same time, the conditions for exporting capital existed. The development of capitalism had drawn many backward countries into the sphere of the capitalist world market. In these countries, the self-sufficient natural economy gradually disintegrated, the commodity economy developed to a certain extent, and small-scale producers in the cities and countryside differentiated, creating large numbers of wage laborers; the principal railways had already been completed or had begun

[1] Vladimir Ilyich Lenin, "IV. Export of Capital, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

construction, and the basic conditions for developing industry were in place. Thus, at the beginning of the twentieth century, the export of capital developed rapidly.

The export of capital consists of the private export of capital by monopoly capitalists and the state export of capital carried out by them through the governments. It takes two basic forms: (1) the export of loan capital, that is, high-interest loans extended by the banks or enterprises of monopoly capitalists, or by governments on their behalf, to the governments or private enterprises of other countries; and (2) the export of productive capital, that is, monopoly capitalists exporting capital abroad for direct investment, establishing enterprises in other countries or infiltrating existing enterprises, exploiting local raw-material resources, exploiting the local cheap labor force, and extracting enormous monopoly profits.

Before World War I, Britain was the country with the largest export of capital. In 1914, the total capital exported by Britain, France, Germany, the United States, Japan, and other countries amounted to $44–48 billion, of which Britain accounted for $19.3 billion, approximately 40% of the total. France and Germany ranked next.

The two World Wars fattened U.S. monopoly capital, causing its export of capital to increase sharply. In 1914, U.S. capital exports amounted to only $3.5 billion, accounting for just 8% of the aforementioned total. In 1970, U.S. capital exports were estimated to have reached $155.5 billion, more than 43 times the amount before World War I, accounting for approximately 52% of the $300–320 billion total capital exports of imperialist countries that year. By 1971, U.S. capital exports had increased further to $168.5 billion, including approximately $134.3 billion in private capital exports and approximately $34.2 billion in State export of capital. U.S. imperialism is the world’s largest capital-exporting country today.

After the Soviet Union evolved into social imperialism, it follows in the footsteps of capitalist imperialism and vigorously pursues the export of capital. To date, the Soviet revisionists have exported capital totaling more than 10 billion rubles to "Council for Mutual Economic Assistance" member countries in the forms of "equipment loans," "trade loans," and the like. Between 1954 and 1972, the Soviet revisionists exported $16.7 billion in capital to Third World countries through "aid." The Soviet Union has become another major capital-exporting country in the world.

The Export of Capital is the Foundation of Monopoly Capital's External Exploitation and Domination

Lenin pointed out that the export of capital is "**a sound basis for the imperialist oppression and exploitation of most of the countries and nations of the world.**"[1]

Through the export of loan capital, imperialist countries first subject debtor countries to ruthless usury; second, they open the way for expanding commodity exports, forcing these countries to purchase their high-priced goods. This is how finance capital "**[skins] the ox twice**"[2]: the first skin is the interest obtained from loans, and the second is the profit earned when the same loans are used to purchase high-priced goods from creditor countries; finally, such loans also carry various conditions, enabling creditor countries to obtain political, economic, and military privileges.

---

[1] Ibid.

[2] Vladimir Ilyich Lenin, "IX. Critique of Imperialism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

Imperialist countries, through the export of productive capital, directly exploit the labor and sweat of the people of underdeveloped countries and control their economic lifelines.

Old China was a typical example of a country subjected to imperialist exploitation. By 1941, imperialist capital in China was estimated at approximately $9.16 billion, of which investments in enterprises and real estate in mining, manufacturing, transportation, finance, trade, and other sectors amounted to approximately $8.22 billion; railway loans amounted to approximately $190 million; and military and fiscal loans amounted to approximately $750 million. In China, imperialism not only built railways directly, but also used railway loans to place China's "state-owned" railways under its control. Coastal and inland-waterway shipping, as well as aviation, also came under its control. It also established banks in China and monopolized China's financial and fiscal systems through military and fiscal loans. They established industrial and mining enterprises in China, oppressed China's national industry, and controlled its coal and iron resources and major industrial sectors. In 1937 (before the outbreak of the War of Resistance Against Japanese Aggression), 78% of China's modern coal-mining production was controlled by capital from Japan, Britain, and other countries; 95% of its modern iron-mining and iron-smelting industries was controlled by Japanese capital; 77% of the electricity generated by its power industry was controlled by capital from the United States, Japan, and other countries; and, in the textile industry, where China's national capital was most developed, 60% of spinning and weaving equipment was also controlled by capital from Japan, Britain, and other countries.

From the victory of the War of Resistance Against Japanese Aggression in 1945 until liberation, the whole of old China, except for the liberated areas, was completely controlled by

U.S. imperialism. During this period, the United States provided Chiang Kai-shek with more than $4.346 billion in “aid”; in substance, the United States supplied the money and weapons while Chiang Kai-shek supplied the personnel, waging counterrevolutionary civil wars to turn China into a U.S. colony. In 1946, the United States and Chiang Kai-shek signed the “Sino-American Treaty of Commerce,” seizing unprecedented privileges. U.S. monopoly capital, including the Rockefeller financial group’s Standard Oil petroleum trust and the Mellon financial group’s Westinghouse electrical-equipment trust, among others, signed contracts with Chiang Kai-shek’s reactionary government and formulated plans to establish a comprehensive monopoly over China’s petroleum, electrical machinery, and other industrial and mining sectors; these plans were thwarted only by the rapid victory of the Chinese people’s revolution.

The export of capital, like a vampire, sinks its fangs into economically backward countries and regions, and sucks the blood and sweat of their people to seize enormous profits. Between 1966 and 1973, profits from United States foreign direct investment totaled $71.6 billion, averaging nearly $9 billion per year. According to a statistical report by the Business International Corporation, the average profit rate on United States foreign direct investment in 1972 was 13.2%; among these investments, the profit rate was 16.6% in Africa, 43.5% in Asia, and as high as 119.4% in the Middle East.

Although the export of capital has some stimulating effect on the development of the commodity economy and capitalism in economically backward countries, imperialism is by no means intended to turn economically backward countries into developed capitalist countries. On the contrary, monopoly capitalists export capital to economically backward countries precisely to exploit their cheap labor power and raw materials, extract higher monopoly profits than they

could in their own countries, plunder these countries' resources, attack and undermine their national industry, obstruct the development of their productive forces, keep these countries in a backward economic position indefinitely, and make them objects of exploitation and enslavement.

For a long time, under the oppression of monopoly capital from the United States and other imperialist countries, the national economies of many Asian, African, and Latin American countries have been brutally ravaged, becoming one-sidedly developed into single-crop economies that mainly produce one or several mineral raw materials and cash crops entirely for export and suited to the needs of foreign monopoly capital. For example, in 1971, petroleum accounted for 92.2% of total exports in Venezuela; petroleum accounted for 99.5% in Libya; copper and nitrates accounted for 74.2% in Chile; rice accounted for 50.1% in Myanmar; groundnut products accounted for 92.5% in Gambia; and cocoa accounted for 68% in Ghana. Venezuela was formerly a country capable of meeting its own needs in agricultural and livestock products. Since United States monopoly capital began extracting petroleum, the structure of the national economy has changed, agricultural production has steadily declined, and today the country depends on the United States not only for grain but even for vegetables. The oppression and plunder of imperialism have also caused the finances and economies of many Asian, African, and Latin American countries to become dependent on high-interest loans from imperialist countries. According to statistics, the developing countries' outstanding foreign debt totaled $66.7 billion in 1970. Some countries have even fallen into the situation of borrowing new debts to repay old ones. In 1970, for example, the developing countries borrowed $11.1 billion, of

which nearly $5.9 billion was used to repay old debts and pay interest; they actually received less than half of the amount borrowed.

Lenin pointed out: "**The characteristic feature of imperialism is precisely that it strives to annex not only agrarian territories, but even most highly industrialized regions.**"[1] Imperialism exports capital not only to economically backward countries but also to highly developed capitalist countries. Especially after World War II, the export of capital becomes a tool used by the imperialist powers to penetrate and expand into other developed capitalist countries, most prominently in the United States' export of capital to Second World countries. In the early postwar period, taking advantage of the severe weakening of the Western European countries, the United States engaged in large-scale exports of capital to these countries, primarily in the form of state capital; through the export of capital, it tightened its economic control over these countries in order to establish United States hegemony in Western Europe. Subsequently, United States private capital exports to the Western European countries, particularly direct investment, increased substantially. In 1950, United States private foreign direct investment amounted to approximately $11.8 billion, of which investment in Latin America accounted for about 39% of the total, Canada about 31%, and Western Europe only 14%. By 1972, United States private foreign direct investment had grown to approximately $94 billion, with Latin America accounting for 18%, Canada 27 %, and the share of Western Europe rising to 33 %. This is mainly because:

[1] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

(1) Europe is the principal focus of rivalry between the two superpowers, the United States and the Soviet Union. The United States seeks to achieve political control through economic penetration and thereby establish its hegemonic position.

(2) differences exist among the imperialist countries in the level of average profit rates. Countries with a high organic composition of capital and a low average profit rate can export capital to countries with a low organic composition of capital and a high average profit rate. At the same time, since the rate of exploitation of wage laborers is also an important factor determining the level of the average profit rate, countries with relatively high wage levels can export capital to countries with low wage levels in order to obtain a higher profit rate. In general, the fixed capital of the Western European countries was been renewed during World War II; their production equipment was obsolete, and their organic composition of capital after the war was lower than that of the United States. United States wage levels are also more than twice as high as those in Western Europe. Consequently, during the 1960s, the average rate of return on investment was 9% in the United States, compared with 12.7% in Western Europe. This prompted United States monopoly capital to flow into Western Europe in search of more favorable investment outlets.

(3) In the competition for commodity sales markets, imperialist countries have all adopted tariff-barrier policies to resist foreign goods and protect their domestic markets. In order to evade tariff barriers and strengthen the competitiveness of their commodities, a country would export capital to another country to engage directly in production and sell locally. In the late 1950s, six Western European countries formed the European Common Market and implemented a unified tariff policy, strengthening tariff barriers against the outside world. In order to maintain

its hegemony in the commodity market and continue controlling the Western European market, the United States has rapidly increased capital exports through private direct investment.

(4) As national liberation movements swept across Asia, Africa, and Latin America, and the anti-imperialist, anti-colonial, and anti-hegemonic struggles of the Third World countries intensified, United States monopoly capital, concerned about the prospects for investment, regards Western Europe as a "safe" place for investment.

At the same time, in order to foster Japan and turn it into a base for the United States to pursue its policy of aggression and policy of war in Asia, and to exploit Japan's cheap labor power and seize enormous monopoly profits, the United States first exported large amounts of capital to Japan mainly in the form of state capital, and later mainly in the form of private capital. In the export of private capital, before the 1960s this was mainly in the form of loan capital; after the 1960s, the proportion of direct investment has steadily increased. Through direct investment, U.S. monopoly capital increasingly penetrates Japanese enterprises, mainly monopoly enterprises, and is largely concentrated in basic industries and emerging industry sectors as electricity, steel, and petroleum. On this basis, U.S. monopoly groups seek to subordinate Japanese monopoly capital to themselves and thereby bring Japan's economy under their control.

After World War II, one prominent characteristic of the export of capital is the rapid growth of state export of capital carried out by governments of the monopoly bourgeoisie. Such capital exports are often undertaken under the banner of "aid." In 1914, the United States still had no government foreign investment; after World War II, from 1946 to 1971, "U.S. aid" had reached $149.6 billion. The capital exports by Soviet revisionism are basically carried out in the

form of "Soviet aid." Such "aid" enables the capital-exporting countries to reap enormous benefits.

First, it constitutes brutal exploitation of the countries receiving "aid." For example, an "aid" from Soviet revisionism involves four layers of exploitation: obtaining high interest from the loan is the first layer; using the same loan to purchase Soviet revisionist equipment or materials at high prices is the second; stipulating that the loan be repaid in kind and at low prices is the third; and forcing the recipient country to accept Soviet revisionist "experts" and "advisers," who enjoy high salaries and various privileges, is the fourth.

Second, such "aid" is also a tool by which the capital-exporting countries enslave the recipient countries politically, economically, and militarily and carry out aggression and expansion. The two superpowers, the United States and the Soviet Union, control the economic lifelines of many countries through "aid." For example, by early 1972, Soviet revisionism controlled 20% of India's Iron and steel industry, 80% of its petroleum exploration and extraction industry, 35% of its petroleum processing industry, 85% of its heavy machine manufacturing industry, 20% of its electricity industry, and so on. The two superpowers, the United States and the Soviet Union, also cobble together military blocs, acquire military bases, interfere in the internal affairs of the recipient countries, and pursue a policy of aggression and a policy of war through so-called "aid." This makes the nature of such "aid" perfectly clear. Chairman Mao pointed out long ago that imperialism's so-called aid is conditional: "**What is the condition? Follow the United States [and other imperialist powers].**"[1]

---

[1] Mao Zedong, "Farewell, Leighton Stuart!," in *Selected Works of Mao Zedong*, Vol. IV (Foreign Language Press, Peking, 1961), 437. Note from translator: The original Chinese text in "Farewell, Leighton Stuart!" says "What is the condition? Follow us," in which "us" here is means the United States. The meaning of this quote in this specific context means imperialism in general, not just the United States.

Multinational Corporations

In the export of capital, monopoly capital, centered on the head office in its home country, establishes branch offices in one or several foreign countries through private foreign direct investment, thereby forming multinational corporations. Multinational corporations are also called MNC, multinational enterprise (MNE), transnational enterprise (TNE), transnational corporation (TNC), international corporation, stateless corporation, and so forth. This is one way in which the major monopoly organizations of capitalist countries export capital, and it serves as a tool for their exploitation, expansion, plunder, and aggression abroad.

The establishment of overseas branch offices by multinational corporations may take the form of direct investment by the head office to build factories there; the acquisition of local enterprises; or joint operations with local capital, or even with capital from several countries.

Multinational corporations are the inevitable product of the concentration of capital and production and the development of monopoly organizations. Once monopoly organizations control domestic production and sales, they expand abroad and establish branch offices in other countries, extend the scope of their exploitation from the domestic sphere to the international sphere and become international monopoly corporations. Multinational corporations began to emerge in the late nineteenth and early twentieth centuries. For example, such major monopoly organizations as the Royal Dutch Shell Company and the Standard Oil Company had already become international monopoly corporations at that time. As monopoly rule in imperialist countries intensifies and their external expansion proceeds further, the number of multinational corporations continues to grow and their scale continues to expand. Particularly after World War

II, multinational corporations have developed rapidly and became a prominent international phenomenon. According to a survey by a United Nations special group, in 1968–1969 the multinational corporations of 15 major capitalist countries numbered 7,276, of which 2,468 were in the United States, accounting for 33.9%. The corresponding figures for their foreign enterprises were 27,300 and 9,691, with the United States accounting for 35.5%. In 1971, each of the world's ten largest multinational corporations had a net output exceeding $3 billion, a figure greater than the gross national product of many countries in the world.[1]

Multinational corporations, through their own branch offices, plunder the resources of other countries, directly exploit local labor, seize sales markets, and ultimately control the economic lifelines of the countries in which they operate. For example, by the end of 1970, United States multinational corporations controlled 54.8% of Middle Eastern petroleum production; that same year, the wage costs of the overseas enterprises of United States multinational corporations amounted to only one-third of their domestic wage costs. During the 1960s, United States multinational corporations controlled 50% of Britain's domestic automobile market and 46% of its petroleum-products sales market. Half of Canada's industrial capital was owned by United States and British multinational corporations; 40% of Australia's manufacturing and extractive industrial production was controlled by United States multinational corporations, while 10% was controlled by multinational corporations from Western European countries. Consequently, multinational corporations appropriate enormous monopoly profits.

The branch offices of multinational corporations continue to form "states within states" in the countries where they are located, interfering in internal affairs and even plotting reactionary

---

[1] United Nations, Department of Economic and Social Affairs, *Multinational Corporations in World Development* (New York: United Nations, 1973)

coups. For example, the United States' United Fruit Company, known by the people of Latin America as the "Green Devil," orchestrated the Guatemalan reactionary military coup in 1954, overthrowing the nationalist Árbenz government. In 1970, the United States International Telephone & Telegraph Corporation planned to donate a "seven-figure" sum to fund activities so that the Central Intelligence Agency of the United States could prevent Allende from being elected President of Chile. After Allende took office, International Telephone & Telegraph Corporation submitted an eighteen-point plan to the White House in 1971 to carry out extensive acts of sabotage in Chile. With the support of United States multinational corporations and intelligence agencies, Allende's Popular Unity government was ultimately overthrown.

In developing multinational corporations on a large scale, Soviet revisionist social-imperialism is unwilling to lag behind. The so-called "combined enterprises" and "joint ventures" that it actively promotes are simply replicas of multinational corporations. By early 1975, the Soviet Union has established fourteen "joint ventures" in twelve Asian, African, and Latin American countries. In a trading company in Ethiopia, the Soviet Union owns 51% of the shares. In Nigeria, the Soviet Union has acquired 80% of a company's shares. In addition, it has established such joint ventures in Egypt, Morocco, India, and other countries.

The development of multinational corporations has intensified the various contradictions inherent in capitalism, particularly the contradictions between imperialism and social imperialism, on the one hand, and the oppressed nations and peoples, on the other. In recent years, countries throughout the Third World have adopted a series of measures, such as restricting foreign monopoly capital, acquiring equity stakes, and carrying out nationalization, thereby dealing a heavy blow to the rampant activities of multinational corporations.

Section Four: Economic Division of the World by Monopoly Capital

The rule of the financial oligarchy and the expansion of the export of capital inevitably lead the largest monopoly organizations in the imperialist countries to compete for and divide up the world market, and partition the world economically.

The International Monopoly Alliance of Monopoly Capital

In imperialist countries, a small number of giant monopoly organizations control the vast majority of production and sales in every sector. They first divide up the domestic market, set monopoly prices, and extract the greatest possible profits. However, capitalism had long since created the world market. As the export of capital increases, and as the foreign connections and spheres of influence of monopoly organizations expands, the largest monopoly organizations in each country inevitably engage in fierce struggles to seize the world market. To avoid mutual losses in competition, they reach temporary compromises, conclude agreements, form international monopoly alliances, and divide up the capitalist world market.

Compared with domestic monopoly organizations, an international monopoly alliance is a super-monopoly, "**a new stage of world concentration of capital and production, incomparably higher than the preceding stages.**"[1]

[1] Vladimir Ilyich Lenin, "V. Division of the World Among Capitalist Associations, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

The main form of international monopoly alliances is international cartels: the largest monopoly organizations in several countries that control most of the production of similar products conclude international agreements to divide the world market, set monopoly prices, and obtain monopoly superprofits.

International cartels had already emerged between the 1860s and the 1880s. For example, the International soda cartel and the International alkali cartel appeared in 1872. In 1884, amid a crisis of overproduction in Europe, an international rail cartel composed of rail manufacturers from Germany, Britain, and Belgium was established; it allocated 66% of the world market to Britain, 27% to Germany, and 7% to Belgium.

From the late nineteenth century to the early twentieth century, international cartels developed rapidly. According to statistics, before World War I, there were 116 international cartels with formal agreements. The most prominent included:

International aluminum cartel. In 1896, the Pittsburgh Reduction Company of the United States (predecessor of the Aluminum Company of America, now the largest aluminum monopoly organization in the United States) and the Aluminium Industrie Aktien concluded an agreement to divide the world market. On this basis, the first international aluminum cartel was established in 1901. Its participants were the Swiss Aluminium Industrie Aktiengesellschaft (predecessor of Alusuisse), British Aluminium Company, French Société des Produits Chimiques d'Alais et de la Camargue (predecessor of Pechiney), and Canadian Northern Aluminum Company (predecessor of Alcan Incorporated). The aluminum monopoly organization of the United States did not formally participate, but through its subsidiary, Northern Aluminum Company, it took part in the activities of the international aluminum cartel. This international aluminum cartel collapsed in

1908. In 1912, after intense price wars, a second international aluminum cartel was established. In addition to the members of the first international aluminum cartel, its participants also included Italian Società Italiana per la Fabbricazione e la Lavorazione dell'Alluminio and British Aluminium Corporation Ltd. It stipulated the following export quotas for each member: Aluminium français, 38.9%; Aluminium Industrie Aktiengesellschaft, 21.4%; British Aluminium Company, 19.9%; Northern Aluminum Company, 16%; Società Italiana per la Fabbricazione e la Lavorazione dell'Alluminio, 1.9%; and Aluminium Corporation Ltd., 1.9%. This international aluminum cartel was interrupted by the outbreak of World War I.[1]

International Shipping Agreement. It was concluded in 1903 by German Hamburg-Amerikanische Packetfahrt-Actien-Gesellschaft (Hamburg America Line) and Norddeutscher Lloyd (North German Lloyd) with the Anglo-American shipping trust to divide the world market. The treaty explicitly stipulated which seaports "belonged" to whom.[2]

International electrical cartel. The electrical industry was an emerging industrial sector representing the latest technological achievements at the end of the nineteenth century and the beginning of the twentieth century. It was most developed in the two emerging capitalist countries, the United States and Germany. At the beginning of the twentieth century, on the basis of the highly developed concentration of production, two major trusts were formed: one was German Allgemeine Elektrizitäts-Gesellschaft (AEG), and the other was the United States General Electric Company. These two electrical trusts engaged in fierce competition for the

---

[1] Note from translator: For more information, see *The International Aluminium Cartel, 1886-1978: The Business and Politics of a Cooperative Industrial Institution*.

[2] Note from translator: For more information, see page 23 of *Report of the Committee on the Merchant Marine and Fisheries on Steamship Agreements and Affiliations in the American Foreign and Domestic Trade Under H. Res. 587.*

world market. To avoid mutual losses in competition, they reached a temporary compromise in 1907 and concluded an agreement to divide the world market. The United States General Electric Company received the markets of the United States and Canada, while German AEG received those of Germany, Austria, Russia, the Netherlands, Denmark, Switzerland, Turkey, and the Balkan countries.

International Zinc Syndicate. It was established in 1909. It clearly allocated production among five monopoly groups in Germany, Belgium, France, Spain, and the United Kingdom.

During this period, international cartels were mostly limited to particular regions. Many were agreements concluded by monopoly organizations from two or three countries, and their content was also largely confined to such areas of circulation as dividing up the world market and setting prices.

After World War I, international monopoly alliances underwent broader development. According to statistics, by the period before World War II, there were approximately 1,200 international cartels in total. The characteristics of the international cartels during this period were as follows:

First, the scope and degree of their control were broader and more comprehensive than before World War I. They had acquired a worldwide character; their control over, and determining influence on, the world market and prices had strengthened, and their activities had also expanded to include the division of the world's mineral resources, sources of raw materials, investment outlets, and other areas. One example is the international petroleum cartel, which gradually formed after 1928. It mainly comprised the five major United States petroleum companies—the Standard Oil Company (New Jersey), the Standard Oil Company of New York

(Mobil), Gulf Oil, Standard Oil Company of California, and The Texas Company (Texaco)—and seven petroleum trusts, including the Anglo-Iranian Oil Company (the predecessor of British Petroleum) and Royal Dutch Shell. They controlled the primary petroleum-producing regions, refining and transportation facilities, and sales agencies in the capitalist world. The cartel agreement they concluded stipulated production and sales quotas for each company, divided market areas, and established the domestic United States petroleum price as the benchmark for maintaining international monopoly petroleum prices. The domestic United States crude oil price was the highest crude oil price in the capitalist world. It was usually determined by the Texas petroleum price announced by Humble Oil, the domestic subsidiary of the Standard Oil Company (New Jersey). To maintain high monopoly prices, the monopoly groups deliberately reduced the number of production days for oil wells in Texas, stipulating that petroleum can only be produced for 15 days each month. In addition, the international copper cartel, established in 1935, is another prominent example. It mainly included the following monopoly groups: the two major United States copper monopoly organizations, Anaconda Copper Company and Kennecott Copper Corporation, which controlled copper production in Chile and Mexico; the British monopoly organization, which controlled copper production in Northern Rhodesia in Africa (now Zambia); and the Belgian-British monopoly organizations, which controlled copper production in the Belgian Congo (now Zaire). This cartel agreement stipulated copper production quotas for Chile, Mexico, Northern Rhodesia, the Belgian Congo, Spain, and other areas, and established an “Adjustment Committee” to reduce copper production and raise copper prices. The copper price in mid-1935 was $7.8 per hundred pounds; by early 1937, it had risen to $17 per hundred pounds. In less than two years, the copper price increased by 1.2 times.

Secondly, during this period, the organizational forms of international cartels became more diverse. For example, international cartels emerged in which the participants jointly established a joint-stock company to centralize sales, divide markets, and set prices. Prominent examples include the fourth international aluminum cartel, established in 1931, as well as the international match cartel and the international electric-light-bulb cartel.

Third, after World War I, and particularly after the severe economic crisis of the capitalist world from 1929 to 1933, besides the fact that the vast majority of international cartels were composed of private monopoly organizations from various countries, many intergovernmental commodity agreements between producing and consuming countries of raw materials and agricultural products also emerged, such as international agreements on tin, wheat, rubber, and so on. They reflected the interests of the monopoly organizations exporting or processing these products and were international monopoly organizations of a state monopoly capitalist nature.

During World War II, the vast majority of international cartels were interrupted or dissolved because of the war.

After World War II, international monopoly organizations have undergone further development. Their characteristics are:

First, the emergence of national economic blocs. After the war, because of the continually changing balance of power among the monopoly groups of the capitalist countries, the deepening economic and political crises, and the development of state monopoly capitalism, national economic blocs have emerged. These are formed by states through the signing of international treaties. Examples include the European Coal and Steel Community, the European Atomic Energy Community, the European Common Market, and the European Free Trade Association.

This represent a higher stage in the development of international monopoly organizations of a state monopoly capitalist nature.

Second, international cartels increasingly take the form of secret agreements and become more covert. After World War II, U.S. imperialism becomes the hegemon of the capitalist world. In order to carry out foreign economic expansion and achieve world domination, U.S. monopoly capital does everything possible to obstruct the restoration of international cartels that are unfavorable to it. However, as the economies of Western Europe, Japan, and other countries, which were temporarily weakened by the war, recover and develop, the struggle among the monopoly organizations of various countries for the capitalist world market, sources of raw materials, and investment outlets intensify, causing the trend toward restoring and establishing international cartels to grow gradually stronger. In particular, the world economic crisis of capitalism in 1957–1958 greatly promoted the formation of international cartels. By the early 1960s, most of the prewar international cartels had been restored in either open or covert forms. In opposition to the two superpowers, the United States and the Soviet Union, the activities of the monopoly capital of Western European countries in forming monopoly alliances have intensified greatly. It is estimated that between 1957 and 1962, the monopoly organizations of Western European countries signed at least 3,000 various cartel agreements, approximately half of them between France and West Germany. Because of the threat posed by the relative superiority of U.S. monopoly capital, and also because of the constraints imposed in Western Europe by the unifying policies of the Common Market, international cartels increasingly take the form of gentlemen’s agreements or secret agreements and become more covert.

Third, the alliance of monopoly capital among the countries of the Common Market continued to develop. With the support of the governments of the Common Market countries, monopoly enterprises in West Germany, France, and other countries have signed a series of agreements to cooperate in production, sales, and patent rights. They have also adopted measures such as mergers and the joint establishment of factories to strengthen their alliance further. For example, in February 1959, the Compagnie générale de la télégraphie sans fil, controlled by Banque de Paris et des Pays-Bas, and West German Resista Fabrik Elektrischer Widerstände jointly established the Compagnie Européenne de Résistances (Eurista). According to statistics, between 1963 and 1970, more than 1,000 merger or cooperation agreements were concluded among the Western European Common Market countries, the most numerous being the joint establishment of subsidiaries by major enterprises from different countries. In 1971, West German Hoesch AG merged with the Dutch Koninklijke Nederlandse Hoogovens en Staalfabrieken (Hoogovens) to form Estel, the second-largest steel company in Western Europe. The intensification of this trend toward transnational capital mergers is mainly intended to strengthen their power in order to confront competition from United States monopoly capital. Compared with international cartels limited merely to dividing up the world market or setting monopoly prices, capital alliances of this kind are more closely integrated and more firmly established. In particular, transnational capital mergers constitute international monopoly organizations of a trust-like nature.

An international monopoly organization originally referred to a monopoly association formed by the monopoly groups of several imperialist countries in order to divide the world economically. However, the imperialists and modern revisionists also describe organizations of

raw-material-producing countries formed after World War II through the anti-imperialist, anti-colonial, and anti-hegemonic struggles of the countries of the Third World as international cartels. This is a wanton confusion and distortion of the concept and essence of international monopoly organizations. International monopoly organizations are based on the rule of monopoly capital in individual countries, reflecting the relations through which it cruelly exploits and plunders the broad masses of the colonies, semi-colonies, and their peoples. By contrast, today, organizations of raw-material-producing countries and similar bodies formed by Third World countries joining together are necessary measures and just means adopted to safeguard national sovereignty and resources; to conduct the anti-imperialist, anti-colonial, and anti-hegemonic struggle more effectively; to break completely free from the oppression and plunder of imperialism and colonialism; and to win genuine national independence and economic autonomy. Thus, they are fundamentally different from the international monopoly alliances of imperialism. The apologists for imperialism forcibly impose the notorious name of international cartels on organizations of raw-material-producing countries in the Third World in a vain attempt to conceal, through the inversion of right and wrong and the confusion of black and white, the essence of imperialist international monopoly organizations and their contradictions with the countries and peoples of the Third World; to slander and obstruct the anti-imperialist, anti-colonial, and anti-hegemonic struggles of the countries and peoples of the Third World; to undermine the unity of the people of the world engaged in revolution; and to sow division in the Third World. However, this is entirely futile.

The International Monopoly Alliance Cannot Eliminate the Contradictions Among Imperialisms

Monopoly cannot eliminate competition, and international monopoly alliances likewise cannot eliminate the contradictions between imperialisms.

What nonsense do the apologists for imperialism and revisionists talk about when they claim that international cartels, as one of the clearest manifestations of the internationalization of capital, have given people hope of achieving peace under imperialism? Kautsky, the revisionist chieftain of the Second International, loudly propagated the view that "from the purely economic point of view, it is not impossible that capitalism will yet go through a new phase, that of the extension of the policy of the cartels to foreign policy, the phase of ultra-imperialism," and that this new policy of ultra-imperialism would replace the mutual struggle among the finance capitals of individual countries with "the joint exploitation of the world by internationally united finance capital."[1] All this is entirely reactionary sophistry designed to conceal the essence and contradictions of imperialism.

The irreconcilable contradictions among imperialist countries are determined by the economic base of imperialism. As Lenin said: "**Economically, imperialism is monopoly capitalism. To acquire full monopoly, all competition must be eliminated, and not only on the home market (of the given state), but also on foreign markets, in the whole world.**"[2] As long as imperialism exists, the contradictions among imperialist countries cannot be reconciled,

---

[1] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "3. What Is Economic Analysis?, A Caricature of Marxism and Imperialist Economism," in *Lenin's Collected Works*, Vol. 23 (Progress Publishers, Moscow, 1964).

and the struggle among the monopoly groups of various countries to seize and divide up the world market is likewise inevitable. Therefore, the policies adopted by imperialist countries must never be separated from the economic base of imperialism, nor can the forms of struggle adopted by monopoly capital be separated from the essence of the struggle determined by the economic base.

An international monopoly alliance is a form of struggle through which monopoly capital groups divide up the world market. Lenin pointed out: "**International cartels show to what point capitalist monopolies have developed, and the object of the struggle between the various capitalist associations. This last circumstance is the most important; it alone shows us the historic-economic meaning of what is taking place; for the forms of the struggle may and do constantly change in accordance with varying, relatively specific and temporary causes, but the substance of the struggle, its class content, positively cannot change while classes exist.**"[1] The content of the struggle among the monopoly organizations of different countries lies in economically dividing up the world. Whether their open rivalry or their temporary compromises, these are merely different forms of struggle. Therefore, their compromises are temporary, relative, and conditional, whereas struggle is absolute. The reason for this, as Lenin pointed out, is that the capitalists divide up the world "**because the degree of concentration which has been reached forces them to adopt this method in order to obtain profits. And they divide it 'in proportion to capital,' 'in proportion to strength,' because there cannot be any other method of division under commodity production and**

[1] Vladimir Ilyich Lenin, "V. Division of the World Among Capitalist Associations, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

capitalism."[1] Every agreement they conclude reflects a compromise based on a particular balance of forces. However, because capitalist economic and political development is uneven, this balance of forces is constantly changing. Changes in the balance of forces will inevitably lead to a renewed economic division of the world. Therefore, an international monopoly alliance can never eliminate the contradictions and struggles among the monopoly capital groups of different countries.

The history of the continual reorganization and division of the world by the international rail cartel is a good example. As mentioned earlier, in 1884, rail manufacturers from Britain, Germany, and Belgium formed a cartel to overcome the crisis. At that time, Britain was the strongest, and it received 66% of the International market. But in 1886, after the economies of the capitalist countries of the world entered a period of prosperity, two British companies withdrew because they were unwilling to be bound by the agreement, causing the cartel to collapse. The open struggle for markets continued for eighteen years, and by 1904 the cartel had been reestablished. At that time, Britain received 53.5% of the world market. Later, a third struggle to repartition the world began, and competitors from France, the United States, Austria, and Spain, among other countries, successively joined the cartel. Thus, after repeatedly collapsing and reorganizing, the international rail cartel had reached its eighth division of the world by the eve of World War II. The cartel expanded from the three countries that had initially divided the world to eleven countries: Britain, Germany, Belgium, France, the United States, Italy, Luxembourg, Hungary, Poland, and Czechoslovakia. By then, Britain's strength had been greatly weakened, and it could receive only 30.9% of the world market.

---

[1] Ibid.

All of the foregoing fully demonstrates that the claim that so-called international cartels can eliminate the contradictions among the monopoly groups of the imperialist countries, as well as the fallacy of "ultra-imperialism," is utterly absurd in theory and sophistry in practice.

Revisionists propagate such fallacies as "ultra-imperialism" with the sole reactionary aim of distracting people from the profound contradictions among imperialist powers and creating the illusion that permanent peace can be achieved under the capitalist system. Their fallacies contain nothing apart from the deception of the masses.

Section Five: Territorial Division of the World by Imperialism

The external monopoly rule of the financial oligarchy inevitably leads not only to monopoly capital's struggle for the world market, thereby dividing the world economically, but also to the imperialist countries' struggle for colonies, thereby dividing the world territorially.

The New Role of Colonies in the Imperialist Stage

Before the monopoly stage, capitalist countries had already begun to occupy colonies. Even during the period of primitive accumulation of capital, these countries relied on conquering colonies, plundering colonial wealth, and conducting predatory trade to concentrate vast amounts of capital and materials and accelerate the development of capitalism. By the late nineteenth century, when capitalism was transitioning from the stage of free competition to the monopoly stage, all capitalist countries fiercely competed for colonies, launching a great "surge" in the seizure of colonies. In the late nineteenth and early twentieth centuries, capitalism developed into imperialism, and the largest imperialist powers had completed the division of the world's entire territory among themselves. By 1914, the colonial territories occupied by the six imperialist powers—Britain, Russia, France, Germany, the United States, and Japan—amounted to 65 million square kilometers, nearly four times the area of their homelands (16.5 million square kilometers). In addition, the 14.5 million square kilometers of territory belonging to China,

Persia, and Turkey had also become their semi-colonies. Belgium, the Netherlands, and other countries additionally occupied approximately 9.9 million square kilometers of colonial territory.

The completion of the division of world territory is a characteristic of the imperialist period. In this period, the entire world is divided into two parts: one consists of a small number of imperialist countries that exploited and oppressed the colonies and semi-colonies, while the other consists of the colonies and semi-colonies, which account for the overwhelming majority of the world's population, thereby forming a colonial system of imperialist enslavement and oppression of the majority of the world's population.

The colonial policy of the imperialist stage differs significantly from the colonial policies of all previous eras, reflecting different economic relations. The colonial policy of imperialism is a product of finance capital. Lenin pointed out: "**To the numerous 'old' motives of colonial policy, finance capital has added the struggle for the sources of raw materials, for the export of capital, for spheres of influence, i.e., for spheres for profitable deals, concessions, monopoly profits and so on, economic territory in general.**"[1] In other words, during the imperialist stage, colonies have acquired a new role different from that of the past.

First, in the era of imperialism, the significance of the colonies as sources of raw materials becomes even greater.

One of the important characteristics of imperialism is the formation of monopoly alliances among the largest entrepreneurs. Monopoly organizations promote the socialization of production, and created large-scale technical production units. The greater the scale of production, the more raw materials are required; the larger the competing monopoly

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

organizations, the more urgent their demand to control sources of raw materials. This is because monopolizing sources of raw materials is not only important for monopoly capitalists to maintain continuous reproduction, but is also of great significance for strengthening their competitive capabilities, depriving competitors of sources of raw materials, and consolidating their monopoly position. Lenin pointed out: "**These monopolies are most firmly established when all the sources of raw materials are captured by one group.**" In order to seize foreign sources of raw materials, the most reliable method for monopoly capitalists is to occupy colonies.

When finance capital competes for colonies, it not only values already discovered sources of raw materials but also seizes places where no raw materials have yet been found. As science and technology and geological exploration develop, places that appear today to have no raw materials may tomorrow yield large quantities of rare metals or other mineral deposits; land that is useless today may become useful tomorrow. Therefore, the financial oligarchy always seeks, by any means necessary, to acquire as much land as possible, regardless of whether the land is good or bad or where it is located. Lenin said: "**The more capitalism is developed, the more strongly the shortage of raw materials is felt, the more intense the competition and the hunt for sources of raw materials throughout the whole world, the more desperate the struggle for the acquisition of colonies.**"[1]

Second, colonies are the most favorable investment outlets for monopoly capital.

When finance capital engages in large-scale export of capital, it not only encounters competition from other imperialisms but also deepens its contradictions with capital-importing countries. To safeguard the interests of the export of capital, colonies are naturally particularly

[1] Ibid.

advantageous investment outlets. The direct rule of imperialism over colonies provides the political guarantee for finance capital to carry out the export of capital. Investment in colonies makes it easiest to eliminate competition from other imperialisms and ensure a monopoly over investment outlets. Therefore, Lenin said: "**The interests pursued in exporting capital also give an impetus to the conquest of colonies.**"[1]

Third, in the era of imperialism, the role of colonies as sales markets becomes even more important.

As the struggle for the international market intensifies, the tendency to seize colonies grows stronger. This is because colonies are reliable sales markets for monopoly capital. In the colonies, competitors can be excluded, monopoly prices can be set, and monopoly profits can be extracted.

Fourth, the colonies also have social and political significance for imperialism.

In the era of imperialism, the contradiction between the monopoly bourgeoisie and the proletariat has intensified. The monopoly bourgeoisie seeks to divert the attention of the proletariat and other working people from their struggle by launching colonial wars and plundering colonies; it also uses part of the enormous profits plundered from the colonies to buy off a small number of the upper echelons of the working class in its own country, splitting and undermining the workers' movement in order to maintain the rule of monopoly capital.

It can thus be seen that colonies are a basic condition on which imperialism depends for its survival. As Chairman Mao pointed out, "**this is the period of the final struggle of dying imperialism--imperialism is 'moribund capitalism.' But just because it is dying, it is all the**

[1] Ibid.

more dependent on colonies and semi-colonies for survival."[1] This is also the fundamental reason why imperialism is frantically seizing colonies.

Redistribution of Colonies and the Inevitability of Imperialist Wars

After imperialism has completed the division of world territory, it will inevitably lead to a redivision of world territory. Lenin pointed out: "**The characteristic feature of the period under review is the final partitioning of the globe—final, not in the sense that repartition is impossible; on the contrary, repartitions are possible and inevitable.**"[2]

At the end of the nineteenth century and the beginning of the twentieth century, the world's territories had been divided up for the first time. However, this division was extremely uneven among the imperialist powers. Britain was an old-line capitalist country and had seized the most colonies; by 1914, they covered 33.5 million square kilometers, equivalent to 111.7 times the area of Britain itself. By 1914, France had occupied approximately 10.6 million square kilometers of colonies, equivalent to 21 times the area of the homeland. Germany and Japan were both roughly comparable to France in terms of area and population. Yet the area of France's colonies was almost three times the combined area of the colonies of Germany and Japan.

The fundamental reason for the uneven division of colonies is the disparity in the economic strength of the imperialist countries, because the imperialist partition of the world is carried out according to capital and strength. In addition, geography, history, and other conditions

---

[1] Mao Zedong, "On New Democracy," in *Selected Works of Mao Zedong*, Vol. II (Foreign Language Press, Peking, 1965), 354

[2] Vladimir Ilyich Lenin, "VI. Division of the World Among Capitalist Associations, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

also influence the size of colonial territories on the basis of economic strength. However, because of the operation of the law of uneven economic and political development under capitalism, the balance of power among the imperialist countries is constantly changing. In the 1860s and 1870s, Britain and France were the powerful countries of the world. After entering the imperialist stage at the beginning of the twentieth century, the industrial production of the United States and Germany had already taken a far-leading position in the world. Thus, the uneven division of the colonies came into conflict with the new balance of power among the great powers. The late-emerging imperialist powers, the United States and Germany, demanded more colonies; however, there was no unclaimed land left in the world, so they could only seize colonies from the declining imperialist powers. This intensified the contradictions among the imperialist powers. The only way to resolve these contradictions was an imperialist war to redivide the colonies. Lenin pointed out: "**What means other than war could there be under capitalism to overcome the disparity between the development of productive forces and the accumulation of capital on the one side, and the division of colonies and spheres of influence for finance capital on the other?**"[1] The conclusion, therefore, is that imperialist war is inevitable.

[1] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

Section Six: State Monopoly Capitalism

State monopoly capitalism is a form of monopoly capitalism and a higher stage of monopoly rule in the era of imperialism.

After the outbreak of World War I, general monopoly capitalism began to develop into state monopoly capitalism. After World War II, state monopoly capitalism has developed rapidly and become a widespread and prominent phenomenon of imperialism. After the Soviet Union evolved into social imperialism, state monopoly capitalism becomes its economic base.

The Emergence of State Monopoly Capitalism

State monopoly capitalism arose on the basis of the development of monopoly capitalism. It constitutes a combination of monopoly organizations and state power, with the latter subordinated to the monopoly organizations. Lenin pointed out: Monopoly capital groups "**combining the colossal power of capitalism with the colossal power of the state into a single mechanism and bringing tens of millions of people within the single organization of state capitalism.**"[1] Chairman Mao also pointed out: "**… monopoly capital, combined with state power, has become state-monopoly capitalism.**"[2]

[1] Vladimir Ilyich Lenin, "War and Revolution," in *Lenin's Collected Works*, Vol. 24.

[2] Mao Zedong, "The Present Situation and Our Tasks," in *Selected Works of Mao Zedong*, Vol. IV (Foreign Language Press, Peking, 1961), 167

The development of general monopoly capitalism into state monopoly capitalism is the inevitable result of the rule of monopoly capital and the sharpening of the contradictions of capitalism.

Marx had already predicted in *Capital* that the emergence and development of joint-stock companies would give rise to monopoly, and that the emergence of monopoly would lead to direct state intervention in economic life. He wrote: Joint-stock companies "**establishes a monopoly in certain spheres and thereby requires state interference.**"[1]

Based on the abundant evidence of the development of state monopoly capitalism in the capitalist countries during the imperialist era, particularly after the outbreak of World War I, Lenin profoundly revealed the law that monopoly organizations inevitably combine with state power. He pointed out: "**A monopoly, once it is formed and controls thousands of millions, inevitably penetrates into every sphere of public life,**"[2] and merge with state power.

First, this is demanded by the nature of monopoly capital. To strengthen their monopoly power and ruling position, control the economic lifelines of the entire country, exercise comprehensive control over social life, extract the maximum possible profits, and levy tribute on the whole of society, the financial oligarchs must inevitably extend their claws into every field of the superstructure, directly control the state apparatus, and make it serve their private interests.

Second, state monopoly is a product of the intensification of the fundamental contradiction of capitalism. The fundamental contradiction of capitalism is the contradiction between the socialization of production and the capitalist private ownership of the means of

---

[1] Karl Marx, "Chapter 27. The Role of Credit in Capitalist Production," in *Capital*, Vol. III.

[2] Vladimir Ilyich Lenin, "III. Financial Capital and the Financial Oligarchy, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

production. The economic crises that repeatedly erupt are a prominent manifestation of this contradiction. In the imperialist stage, the rule of the financial oligarchy, on the one hand, intensifies competition and the anarchy of production, causing production to develop ever more blindly; on the other hand, it causes society's purchasing power to decline relatively, thereby deepening the fundamental contradiction of capitalism and making economic crises more frequent and profound. To evade and overcome economic crises, the monopoly bourgeoisie turns to state monopoly capitalism, using the state to implement so-called "regulation," "intervention," and other "anti-crisis" measures, administering "cardiac stimulants" and "stabilizers" to the capitalist economy. Engels pointed out: under conditions in which the fundamental contradiction of capitalism is continually intensifying and economic crises are continually deepening, "**the official representative of capitalist society — the state — will ultimately have to undertake the direction of production.**"[1]

Third, the intensification of class contradictions prompts the development of general monopoly into state monopoly. The brutal exploitation and oppression by Monopoly capital has intensified the contradictions between the bourgeoisie and the proletariat, as well as other working people. In order to suppress the resistance of the proletariat and the revolutionary people, the monopoly bourgeoisie uses the state apparatus to strengthen violent dictatorship on the one hand, while employing economic measures such as "welfare" programs on the other, using the counterrevolutionary twin tactics of the big stick and the carrot to destroy the revolutionary movement and maintain its reactionary rule.

---

[1] Frederick Engels, "II. Theoretical, Part III: Socialism," in *Anti-Dühring. Herr Eugen Dühring's Revolution in Science* (Progress Publishers, 1947).

Fourth, war is an accelerator in the transformation of general monopoly into state monopoly. In the era of imperialism, competition among the monopoly groups of various countries becomes increasingly fierce, while the struggle among the imperialist powers to redivide the world intensifies, thereby giving rise to predatory imperialist wars. In order to secure advantageous and privileged positions in the international market, defeat their rivals in competition and predatory imperialist wars, and reap enormous profits, the monopoly bourgeoisie of every country urgently needs to rely on the power of the state. During World War I, the imperialist belligerents—Germany first and foremost—implemented on a large scale the so-called "economic mobilization," exercised comprehensive supervision, regulation, and control over domestic labor, production, and resources, thereby brought about the widespread development of state monopoly capitalism. As Lenin pointed out: "**The imperialist war has immensely accelerated and intensified the process of transformation of monopoly capitalism into state-monopoly capitalism.**"[1]

After World War II, the rapidly expanding financial oligarchy of the United States, in pursuit of its arrogant plan to dominate the entire world, and the monopoly groups of Britain, France, West Germany, Japan, and other countries, seeking their own recovery and development and attempting to resist and oppose the penetration and control of U.S. monopoly capital, together with the development of monopoly capitalism, the intensification of uneven economic development among countries, and the growing sharpness of contradictions within countries and among them, led to the very rapid and extensive development of state monopoly capitalism in the major capitalist countries. Today, U.S. imperialism is increasingly trapped in a situation of

[1] Vladimir Ilyich Lenin, "Preface to the First Edition, The State and Revolution," in *Lenin's Collected Works*, Vol. 25 (Progress Publishers, Moscow, 1977).

mounting contradictions, difficulties at home and abroad, profound crisis, and rapidly declining international standing. In order to escape this predicament and to compete and collude with Soviet revisionist social-imperialism in dividing up the world, the U.S. monopoly groups inevitably have an even greater need to control and utilize the state apparatus. Therefore, representatives of the monopoly bourgeoisie and their subservient scholars loudly advocate strengthening government "intervention" in the economy. They proclaim that government "management" of the economy "can avert crises," "can strengthen a country's position in the international economy," "facilitates the expansion of foreign-trade markets," and so on. The American monopoly-bourgeois economist Galbraith, in his book *The New Industrial State*, argued that industrial enterprises depended heavily on the state in five areas: (1) the supply of trained and educated manpower; (2) regulation of aggregate demand; (3) wages and prices stabilization; (4) technological development (space exploration, atomic energy, new weapons, etc.); and (5) the state as an important consumer, particularly through military procurement. This economic "theory" precisely reflects the desire of the monopoly bourgeoisie to strengthen state monopoly capitalism.

After World War II, in order to oppose the control and expansion of the two superpowers, the United States and the Soviet Union, the Western European countries have also formed the economic alliance known as the European Common Market, to unite and jointly regulate the economy. This constitutes a higher form of the development of state monopoly capitalism.

The Content and Essence of State Monopoly Capitalism

In capitalist society, the bourgeois state apparatus, as part of the superstructure, has from the outset served the capitalist economic base. However, before the imperialist stage, the bourgeois state mainly functioned in general as an external condition, using such means as violence, law, free trade, and tariff barriers to safeguard capitalist private ownership and promote the development of the capitalist economy. With the advent of the imperialist stage, under conditions of state monopoly capitalism, the state apparatus not only generally serves the capitalist economic base as an external condition, but also becomes internally integrated with monopoly organizations. Under the control of the financial oligarchy, the state's economic functions and activities rapidly expand, becoming part of the movement of monopoly capital. This is how the state monopoly capitalist economy was formed and developed.

The main contents of state monopoly capitalism are as follows:

First, implementing “nationalization” and constructing so-called “state-run enterprises.”

So-called “nationalization” is the process by which a bourgeois state uses purchase to transform certain private enterprises into “state-owned” enterprises. Such “state-owned” enterprises are state monopoly capitalist enterprises: nominally owned by the state, but in reality subordinate to monopoly organizations, and a transformed form of bourgeois ownership. It is “**merely a means of increasing and guaranteeing the income of millionaires in some branch of industry who are on the verge of bankruptcy.**”[1] The nationalization implemented by Britain after World War II fully illustrates this point.

---

[1] Vladimir Ilyich Lenin, “II. Banks and Their New Role, Imperialism, the Highest Stage of Capitalism,” in *Lenin's Selected Works*, Vol. 1.

After the war, the British government carried out "nationalization" of the Bank of England and such sectors as coal, railways, and electricity. The Bank of England had originally been a private bank conducting central banking business on an agency basis. After "nationalization," the bank's capitalists retain their original positions, although they are now appointed by the government; the capitalists' shares are exchanged for government bonds at high prices, and they enjoy generous interest. At the same time, the bank provides large amounts of funds to the entire monopoly bourgeoisie. Lenin pointed out: the state savings bank and private banks in capitalist countries are "**two department managers in the same office,**" "**the millions entrusted to the savings-banks are in the final analysis actually controlled by these *very same* bank capital magnate.**"[1] As for the several industrial sectors that are "nationalized," they were generally declining sectors of the British economy at the time. The coal and railway sectors in particular had outdated equipment and high costs, and were in a nearly untenable position. During "nationalization," the British government mainly provided substantial compensation payments in the form of bonds, whose interest is often higher than the original dividends. This way, the capitalists not only got rid of dilapidated enterprises, but also recovered their capital, obtained stable and high interest income. They also invested the recovered capital in other sectors to seize profits. In addition, through these "nationalized" enterprises, the British government provided the monopoly bourgeoisie with fuel, raw materials, and power at low prices.

Apart from carrying out "nationalization," imperialist countries also establish so-called "state-run enterprises" through fiscal appropriations and direct investment. Like "nationalized"

[1] Ibid.

enterprises, these are nominally owned by the state but in reality are subordinate to monopoly organizations. For example, during World War II, the United States government used $17.2 billion in state funds to establish more than 1,690 “state-owned” factories, 70% of which were leased to monopoly capitalists for operation, enabling them to use equipment financed through state investment to obtain enormous monopoly profits. The essence of the state-owned economy under state monopoly capitalism can be further illustrated through “denationalization.”

The so-called “denationalization,” also known as the “transfer system,” means that bourgeois states transfer “state-owned” enterprises into the ownership of private capitalists, enabling monopoly capitalists to make huge profits and greatly strengthening the power and rule of monopoly capital. For example, immediately after the end of World War II, the United States government transferred most of the “state-owned” enterprises built during the war to monopoly capitalists at low prices ranging from one-quarter to one-half of their original construction costs. In Britain, as the economy recovered and developed, the British government sold “nationalized” enterprises—which had received new investments and equipment from the state—back to their original owners or to other monopoly groups at the original prices, or even at reduced prices, at which they had been brought under “state ownership.” In 1971, the British government, under the pretext of “increasing efficiency,” “auctioned off” approximately 900 profitable nationalized enterprises. Monopoly capitalists benefits enormously from this.

At times, enterprises that monopoly capitalists are unwilling to operate or that are on the verge of bankruptcy are transferred to the government, or enterprises are established with state investment to meet the needs of monopoly capitalists; at other times, enterprises that have become profitable after the state has modernized their equipment are transferred back to

monopoly capitalists, or enterprises established with state investment are sold cheaply to monopoly groups. This clearly demonstrates that private monopoly and state monopoly are intertwined and, in reality, are merely individual links in the process by which the financial oligarchy uses state funds to strengthen its capital and extract the greatest possible profits.

Second, state procurement.

It refers to bourgeois governments providing funds, reliable markets for goods, and enormous profits to monopoly capitalists through the fiscal budget, in the form of government orders.

The fiscal budget under capitalism has always been an important tool used by bourgeois states to redistribute national income in ways beneficial to capitalists. During the imperialist stage, particularly after the 1929–1933 world economic crisis of capitalism, monopoly capitalists attached great importance to using this tool. After World War II, the monopoly groups of the imperialist countries relied even more heavily on fiscal budgets to pursue their own development. In this respect, the United States was the most prominent.

After the war, to pursue a policy of aggression and a policy of war aboard, the United States has constantly expanded military expenditure in the fiscal budget and increased military procurement. The enormous military expenditures and military procurement have enriched United States monopoly capital and become one of the principal means by which United States monopoly capital escapes the economic crisis and stimulates economic development. First, military procurement has created extensive outlets for the goods of monopoly enterprises and a “guaranteed” market. Second, when contracts for military procurement are concluded, the government pays part of the funds in advance, providing monopoly enterprises with substantial

capital. The government also finances the production of new weapons, while the production equipments are placed at the disposal of monopoly enterprises; research and testing costs are also advanced by the government, to avoid any investment risks for monopoly enterprises. Third, military procurement guarantees monopoly enterprises monopoly prices for their goods. Monopoly capitalists also collude with the government's military departments, continually raising weapons prices and providing monopoly enterprises with enormous profits. In short, the large amounts of state funds held by the government, derived mainly from taxes paid by the people, flowed continuously into the pockets of Monopoly capitalists through military procurement. As Lenin pointed out: "**Capitalist 'war' economy (i.e., economy directly or indirectly connected with war contracts) is systematic and legalized plunder [of the state]."**[1]

In recent years, the military departments of the United States government and the military industry of United States monopoly capital have become closely integrated, forming a vast "military-industrial complex." This is an important aspect of postwar United States state monopoly capitalism.

Third, the government's various regulatory measures.

In matters such as prices, taxation, and credit, the monopoly bourgeoisie employs the state's administrative and legislative means to formulate various economic policies and measures, thereby implementing the state's direct intervention in economic life and so-called regulation.

After World War II, the United States government suppresses the Workers' movement through various anti-labor legislation, seriously violates and deprives the United States working

[1] Vladimir Ilyich Lenin, "Abolition of Commercial Secrecy, The Impending Catastrophe and How to Combat It," in *Lenin's Collected Works*, Vol. 25.

class of its political rights, and subjugates it under the brutal exploitation and oppression of monopoly capital. In order to accelerate capital accumulation and the renewal of fixed capital by monopoly enterprises, the United States government has implemented the "Rapid Tax Amortization Program," stipulating that the depreciation period for fixed capital deductions of large enterprises closely associated with arms production would be five years (depreciation of machinery and equipment in civilian industry took twenty years, while that of factory buildings took fifty years). This has enabled monopoly capitalists to treat a large portion of their profits as depreciation expenses, thereby greatly reducing their tax payments. The measures adopted by the United States government to intervene in and "regulate" the economy mainly includes: the government undertaking "public works" to support the construction industry, one of the three major pillars of the United States economy, and stimulate economic recovery[1]; the government purchasing large quantities of "surplus" agricultural products and providing subsidies to farmers, reducing the cultivated area, raising the prices of agricultural products, and providing export subsidies for agricultural products to strengthen dumping abroad, thereby easing and shifting the agricultural crisis[2]; in response to the needs of monopoly capital, the state bank (Federal Reserve) adjusting market interest rate and market funds, so that when goods were unsalable and market funds were tight, the state bank would lower the rediscount rate and market interest rate, enabling monopoly enterprises to obtain low-interest loans; changing tax rates to stimulate or restrain investment and consumption; and the government prescribing wage freezes, thereby raising the rate of surplus value of monopoly enterprises; and so on. The so-called "New

[1] Note from translator: Public Works Administration.

[2] Note from translator: Agricultural Adjustment Act.

Economic Policy" promulgated by the United States government on August 15, 1971,[1] and the Tax Reduction Act of 1975 by Ford, the incumbent president of the United States, are examples of this state monopoly capitalism approach. For example, the "New Economic Policy" includes such measures as "stimulating investment in new machinery and equipment through tax reductions," "abolishing the 7% consumption tax on automobiles," and "freezing prices and wages for ninety days," among others.

Through all these means and measures, monopoly capitalists accumulate enormous wealth, while the exploitation and oppression suffered by the working class and the broad masses of working people grow increasingly severe. As Lenin pointed out: "**Both America and Germany 'regulate economic life' in such a way as to create conditions of *war-time penal servitude* for the workers (and partly for the peasants) and a *paradise* for the bankers and capitalists. Their regulation consists in 'squeezing' the workers to the point of starvation, while the capitalists are guaranteed (surreptitiously, in a reactionary-bureaucratic fashion) *profits* higher than before the war.**"

Fourth, the foreign economic expansion and export of capital by imperialist countries, as well as the various economic organizations and economic alliances established under state auspices, are all important components of state monopoly capitalism.

In summary, monopoly organizations and state power become integrated, with state power subordinated to monopoly organizations. This closely fuses the state's economic functions and activities with the movement of monopoly capital, serving to strengthen the power and rule

[1] Note from translator: Commonly known as "Nixon shock."

of monopoly capital and to secure the maximum monopoly profits. This is the essence of state monopoly capitalism.

The contemporary bourgeoisie and its hired scholars make every effort to conceal the essence of state monopoly capitalism, proclaiming that modern capitalism differs from capitalism of the past and that the single private economy has become a "mixed economy"; they also absurdly claim that state intervention in and "regulation" of the economy can make the "defects" of capitalism disappear and eliminate economic crises. Modern revisionists, adapting to the needs of imperialism, likewise make every effort to distort the essence of state monopoly capitalism, asserting that state monopoly capitalism contains "socialist factors" and that, through "nationalization," it is possible to "abolish" capitalist ownership and achieve "peaceful integration into socialism," and so forth. All these teachings are entirely reactionary sophisms that deliberately confuse right and wrong.

State monopoly capitalism is still capitalism: it is capitalism in which monopoly organizations and state power are combined. The nature of the "state-owned" economy is determined by the nature of the state. An imperialist state is a tool used by monopoly capitalists to oppress and exploit domestically and to commit aggression and plunder abroad; the state ownership of an imperialist state can likewise only be a tool for monopoly capitalists to intensify their exploitation of working people and obtain the maximum possible profits.

Engels once pointed out: "**But the transformation, either into joint-stock companies, or into state ownership, does not do away with the capitalistic nature of the productive forces. … The modern state, no matter what its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the total national capital. The more it**

proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage-workers — proletarians. The capitalist relation is not done away with. It is rather brought to a head."[1]

The development of general monopoly into state monopoly by no means signifies the disappearance of capitalism's inherent contradictions; on the contrary, it has made them deeper and sharper. The "anti-crisis" measures of state monopoly capitalism can indeed stimulate the capitalist economy temporarily, but they cannot eliminate crises. The result is precisely the opposite: they make crises even more severe. The development of state monopoly capitalism in the United States and the frequent occurrence of economic crises after World War II fully demonstrate this point.

State monopoly capitalism has merely created the complete material prerequisites for socialism and further prepared the conditions for the demise of capitalism; it means that the proletarian revolution is already near, but emphatically does not mean that it is itself a "socialist factor" or that capitalism can transform into socialism without the proletarian revolution. Lenin pointed out: "**State-monopoly capitalism is a complete material preparation for socialism, the threshold of socialism**"[2]; "**but still capitalism, without a doubt. The "proximity" of such capitalism to socialism should serve genuine representatives of the proletariat as an argument proving the proximity, facility, feasibility, and urgency of the socialist revolution, and not at all as an argument for tolerating the repudiation of such a revolution and the**

---

[1] Frederick Engels, "II. Theoretical, Part III: Socialism," in *Anti-Dühring. Herr Eugen Dühring's Revolution in Science.*

[2] Vladimir Ilyich Lenin, "Can We Go Forward If We Fear To Advance Towards Socialism?, The Impending Catastrophe and How to Combat It," in *Lenin's Collected Works*, Vol. 25.

efforts to make capitalism look more attractive, something which all reformists are trying to do."[1]

The Economic Base of Soviet Social Imperialism

After the Khrushchev–Brezhnev renegade clique usurped the party and government power of the Soviet Union, it pursues a counterrevolutionary revisionist line, greatly expanding the political and economic power of the privileged strata of the Soviet bourgeoisie, from which emerged a bureaucratic monopoly bourgeoisie that controlled the entire state apparatus and dominated all of society's wealth. This new bureaucratic monopoly bourgeoisie uses the political power it stole to fundamentally change the nature of socialist public ownership, and transform the socialist economy into a state monopoly capitalist economy. Thus, the socialist Soviet Union has evolved into Soviet revisionist social-imperialism.

State monopoly capitalism is the economic base of Soviet revisionist social-imperialism. This is another type of state monopoly capitalism, slightly different from the state monopoly capitalism of capitalist imperialism.

The state monopoly capitalist nature of the social economy of Soviet revisionism can be analyzed and demonstrated from the following aspects.

First, the social economy of the Soviet revisionists is entirely owned and controlled by the bureaucratic monopoly bourgeoisie.

---

[1] Vladimir Ilyich Lenin, "Chapter IV: Supplementary Explanations by Engels, The State and Revolution," in *Lenin's Collected Works*, Vol. 25.

As with any social economy, the nature of Soviet revisionist social economy is determined by the economic relations it embodies, namely, the relations of production.

The ownership of the means of production is the foundation of the relations of production. Which class owns and controls the means of production determines the nature of the relations of production and, consequently, the nature of the social economy.

Before the Khrushchev–Brezhnev renegade clique usurped the Party and government power, the Soviet Union's social economy was socialist in character. It consisted of two forms: public ownership and collective ownership. Public ownership was the state ownership of the dictatorship of the proletariat. Collective ownership was a cooperative economy under the leadership of the proletariat, consisting mainly of working peasants among the working masses. Both of these forms of economy were socialist public ownership. This is demonstrated by the lines and operating policies implemented by enterprises under public ownership and collective farms under collective ownership at that time; their purpose of production was "**the securing of the maximum satisfaction of the constantly rising material and cultural requirements of the whole of society.**"[1]

After the Soviet revisionist renegade clique usurped power, it has changed the Party's line and made the extraction of maximum profits the sole purpose of production. The reemergence of this capitalist economic law means that the entire social economy of the Soviet Union has become a tool for a small handful of people to amass wealth. Formally, it is still a "state-owned economy" and still bores the socialist label, but its nature has fundamentally changed. A state-owned economy only indicates that the economy is owned by the state; it does not explain what

[1] Joseph Stalin, "7. The Basic Economic Laws of Modern Capitalism and of Socialism," in *Economic Problems of the USSR*.

kind of state it is. Historically, there have been state-owned economies of various kinds. Capitalist society has a bourgeois state-owned economy. The state-owned economy of feudal society could only belong to the feudal landlords. The nature of a state-owned economy has always depended on the nature of the state. Lenin pointed out: "**It is an organization of the ruling class — in Germany, for instance, of the Junkers and capitalists. And therefore what the German Plekhanovs (Scheidemann, Lensch, and others) call 'war-time socialism' is in fact war-time state-monopoly capitalism, or, to put it more simply and clearly, war-time penal servitude for the workers and war-time protection for capitalist profits.**"[1] Accordingly, the state-owned economy of the Soviet Union should be determined by the nature of the Soviet state. Chairman Mao pointed out: "**The rise to power of revisionism means the rise to power of the bourgeoisie.**" "**The Soviet Union today is under the dictatorship of the bourgeoisie, a dictatorship of the big bourgeoisie, a dictatorship of the German fascist type, a dictatorship of the Hitler type.**"[2] This is the essence of the matter. The state-owned economy of the Soviet Union has long since evolved into ownership by the big bourgeoisie, namely, the bureaucratic monopoly bourgeoisie. According to the *Regulations on the Socialist State Production Enterprise* approved by the Soviet revisionist Council of Ministers, enterprises have the right to sell off surplus equipment; they can lease out temporarily unused buildings, equipment, and means of transport; they can independently determine the number of employees, average wages, and labor productivity; and they can recruit and dismiss workers independently. At the same time, the regulations stipulate that enterprise managers and factory directors are to

---

[1] Vladimir Ilyich Lenin, "Can We Go Forward If We Fear To Advance Towards Socialism?, The Impending Catastrophe and How to Combat It," in *Lenin's Collected Works*, Vol. 25.

[2] Quote from Mao Zedong. The Editorial Departments of *Renmin Ribao*, *Hongqi* and *Jiefangjun Bao*, "Leninism or Social-Imperialism," *Peking Review*, No. 17 (1970).

be appointed and removed by higher-level authorities. It is not difficult to see that enterprises had considerable power. But the workers are no longer the masters of the enterprises. The power of the enterprises is concentrated in the hands of the managers and factory directors under "one-man management"; these people are the masters of the enterprises. The managers and factory directors of the enterprises are in turn representatives of the Brezhnev renegade clique, and ultimately it is they who monopolized everything and ruled everything. Thus, the bureaucratic monopoly bourgeoisie has become the true owners of the state-owned economy.

Under the rule of the bureaucratic monopoly bourgeoisie, collective ownership is no longer of a socialist character either. The principal form of collective ownership in the Soviet Union was the collective farm, which was a form of cooperative economy. A cooperative is merely an organizational form; its character must also be assessed according to its specific class content. Lenin pointed out: "**In the capitalist state, cooperatives are no doubt collective capitalist institutions.**"[1] In the Soviet Union, after the revisionists come to power, the rule of the bourgeois privileged stratum within the collective farms has formed and consolidated. The collective farms have evolved into ownership by the farm privileged stratum under the control of the bureaucratic monopoly bourgeois state.

This change in the ownership of the means of production determines changes in people's position in production and in their interrelations. Since the broad masses of workers and other working masses are no longer the owners of the means of production and can be dismissed at any time, their relationship with enterprises has in fact become employment relations; their labor power has once again been transformed into a commodity, and they have become wage slaves.

---

[1] Vladimir Ilyich Lenin, "On Cooperation," in *Lenin's Collected Works*, Vol. 33 (Progress Publishers, Moscow, 1965).

Their relationship with the bureaucratic monopoly bourgeoisie has become entirely one of domination and subordination, of oppression and being oppressed. This relationship is strengthened not only because the bureaucratic monopoly bourgeoisie has monopolized all the means of social production, but also because they simultaneously control the state apparatus, thereby making the domination and oppression suffered by the working class a hundred times more severe.

The changes in the relations of production are also manifested in the relations of distribution. Relying on their political and economic privileges, the bureaucratic monopoly bourgeoisie and the privileged strata have devised all kinds of pretexts, utilized various means, such as high wages and bonuses, and seized enormous amounts of social wealth. Their wages and other income amount to over a thousand rubles per month, and sometimes even several thousand rubles. By contrast, workers' wages are very low, with the minimum wage amounting to only several dozen rubles per month. The incomes of collective-farm members, especially those engaged in fieldwork, are even lower. The distribution of these individual consumer goods is now completely unrelated to distribution according to work; distribution according to work retains only an outer shell. It fully embodies the relationship of exploitation and being exploited between the bourgeoisie and the proletariat. The income of the bureaucratic monopoly bourgeoisie is in no way the result of labor, but income from exploitation; it is the appropriation of the material wealth created by the working people and a transformed form of surplus value. The share of consumer goods received by the bureaucratic monopoly oligarchs is determined not by the amount of "labor" they provide, but by the extent of the privileges they have usurped within the state ruling apparatus. Political privilege determines their possession of and control

over social wealth. Therefore, this mode of distribution is also deeply stamped with the mark of state monopoly capitalism.

It can thus be seen that the bureaucratic monopoly bourgeoisie directly controls the state-owned economy through the state and indirectly controls the collective economy, thereby ruling the entire national economy. They monopolize everything, rule everything, and control everything.

Second, imitating the monopoly organizations of capitalist imperialism, vigorously promoting combines and further strengthening the rule of the bureaucratic monopoly oligarchy.

Khrushchev once proposed: “Apparently, the creation of production associations of various types is a promising and economically expedient undertaking.” Subsequently, Brezhnev also clamored: “The policy of establishing associations and combines must be pursued more resolutely; in the long run, they should become the basic self-accounting units of social production.” Thus, combines are vigorously promoted in the Soviet Union. The Soviet revisionists’ pet economists loudly extol them, claiming that combines are the foundation of a developed socialist economy. The Soviet revisionists have always boasted that theirs is a “developed socialism.” In reality, this is nothing more than a synonym for social imperialism.

The Soviet revisionists’ combines are of two types: production combines and industrial combines.

The so-called production combine is a state Monopoly organization characterized by the merger of enterprises. It mainly has two organizational forms:

1. The enterprises participating in the production combine become one of its production units and are no longer independent enterprises; all business activities are concentrated in the

hands of the company. Its management system and operating methods resemble those of the trust under capitalist imperialism, which is based on the complete merger of enterprises.

2. The "main enterprise" participating in the production combine concentrates the principal management functions, while the other enterprises retain their legal-person status and maintain relative independence. It resembles the capitalist imperialist monopoly organization known as the Syndicate.

In addition, there are production combines formed by mixing the two forms mentioned above, as well as "scientific-production combines" organized primarily around large research institutions.

A so-called industrial combine is a state monopoly organization characterized by strengthened centralized management of a sector. Building on production combines, the Soviet revisionists also implemented a "two-level (or three-level) management system," establishing industrial combines under the industrial ministries. It consists of production combines, industrial enterprises, scientific research and design institutions, and other bodies, and serves as an intermediate management link between the industrial ministries and the production combines. It controls all its subordinate bodies, implements economic accounting based on responsibility for its own profits and losses, and performs both production and business operations as well as administrative management. This is established entirely on the model of the monopoly capital organizations of Western countries.

According to statistics, the Soviet revisionists had two production combines in 1960; by July 1974, the number had reached 1,541, incorporating 6,084 enterprises. Soviet revisionist combines generally control the production and sales of an entire sector or region. Their rapid

development greatly intensifies the concentration of production and capital and strengthens the bureaucratic monopoly bourgeoisie's monopoly rule over the entire national economy.

The above analysis fully demonstrates that the economy of Soviet revisionism is a state monopoly capitalist economy.

The state monopoly capitalism of Soviet revisionist social-imperialism and the state monopoly capitalism of capitalist imperialism are essentially the same: both serve the big bourgeoisie and oppose the proletariat. However, they also exhibit certain different characteristics. Comparing the state monopoly capitalism of the two, their nonessential difference lies in the following respects:

First, the processes by which they arose are different. In capitalist-imperialist countries, monopoly arises from the concentration of production; on the basis of private monopoly, monopoly capital combines with state power, causing state power to submit to monopoly organizations and giving rise to state monopoly capitalism. This is the product of the development of private monopoly capitalism and its contradictions. Soviet revisionist social-imperialism, however, is different. After revisionism came to power, it has transformed the dictatorship of the proletariat into the dictatorship of the bureaucratic monopoly bourgeoisie, thereby subverting the socialist economy into a state monopoly capitalist economy. It is the result of the restoration of capitalism in a socialist country and a temporary historical regression.

Second, their forms of manifestation differ. In capitalist imperialism, it is the financial oligarchy that monopolizes everything; social imperialism, however, is ruled over by a bureaucratic monopoly oligarchy that controls everything. The financial oligarchy, based on the industrial monopoly capital and banking monopoly capital under its control, proceeds to control

state power. The bureaucratic monopoly oligarchy, because it directly controls state power, simultaneously controls the entire national economy. Therefore, the bureaucratic monopoly oligarchy itself signifies state monopoly. Although the Soviet revisionist renegade clique has completely betrayed Marxism-Leninism, it nevertheless continues to fly the banner of socialism, using the socialist label to conceal the essence of state monopoly capitalism. It is therefore more deceptive than the state monopoly capitalism of capitalist-imperialist countries.

Third, the degree of monopoly differs. State monopoly capitalism in capitalist imperialist countries has many aspects, among which the state-owned economy does not occupy a dominant position. The proportion is somewhat higher in certain Western European countries; in France, where it is highest, the assets of the state-owned economy accounted for no more than 33.5% of the country's total assets in 1968. In the United States, the proportion is even smaller: in 1970, the assets of the state-owned economy amounted to only $400 million. This shows that although state monopoly capitalism in capitalist imperialist countries has developed considerably, it is intertwined with private monopoly and based on private monopoly. Soviet revisionist social-imperialism directly controls the state-owned economy and indirectly controls the collective farms. Its state-owned economy has become the foundation of the entire national economy, encompassing all banks, almost all industry, transportation, finance and trade, as well as a considerable portion of agriculture. Therefore, its state monopoly capitalism is more highly monopolized than that of capitalist imperialism.

The economy is the foundation, and politics is the concentrated expression of the economy. The state monopoly capitalist economy of the Soviet revisionists determined that their political character is thoroughly reactionary, and that their social-imperialist nature consists in

imposing fascist rule at home and carrying out aggression and plunder abroad. State monopoly capitalism is the economic base of Soviet revisionist social-imperialism, as well as the economic base of its external expansion and pursuit of hegemonism.

Chapter Two: Imperialism Is Parasitic or Decaying Capitalism

The previous chapter explained that imperialism is monopoly capitalism and that monopoly is the economic essence of imperialism. However, as Lenin said, if one takes into account not only the basic, purely economic concept, but also the historical position occupied by capitalism at its present stage within capitalism in general, or the relationship between imperialism and the two main trends in the workers' movement, then one can and should give imperialism another, more precise and comprehensive definition: "**We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism.**"[1] On the basis of the previous chapter, this chapter explains the parasitism and decay of imperialism that arose along with monopoly. This is "**yet another significant aspect of imperialism.**"[2]

[1] Vladimir Ilyich Lenin, "Imperialism and the Split in Socialism," in *Lenin's Collected Works*, Vol. 23.

[2] Vladimir Ilyich Lenin, "VIII. Parasitism and Decay of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

Section One: Manifestations of the Parasitic and Decaying Nature of Imperialism

Lenin pointed out: "**Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations—all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism.**"[1] The parasitic and decaying nature of imperialism is caused by monopoly, and it manifests itself in every aspect of social life, including the economic, political, and cultural spheres.

The Stagnation and Decay of Production and Technological Development

Under the capitalist system, on the one hand, in order to obtain surplus profits, enhance their competitive capacity, and expand capital accumulation, capitalists always make every effort to improve production technology, raise labor productivity, and reduce product costs; on the other hand, precisely because improvements in production technology are entirely subordinate to the narrow aim of obtaining more profits, the development of production and technological progress are also constrained. In other words, if an improvement in production technology does not indicate that it will increase profits, capitalists will not adopt the new technology. At the same time, as capitalism develops, economic crises erupt periodically, and the productive forces are

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

continually destroyed. Both promoting and restricting, and even destroying, the development of the productive forces—this is how capitalist relations of production affect the productive forces. However, during the stage of free competition, generally speaking, capitalist relations of production were still a powerful factor promoting the development of production technology; at that time, there were not yet any social forces capable of artificially preventing technological progress.

Upon entering the monopoly stage, the gap between the potential of science and technology and the possibility of applying it in production grows increasingly wider, because a social force that artificially obstructed technological progress—capitalist monopoly organizations—has emerged. The development of production technology thus shows a tendency toward stagnation and decay. This means that capitalism has already embarked on a downward path, and that capitalist relations of production have changed from factors that previously promoted the development of the productive forces into obstacles hindering the development of the social productive forces. This is one manifestation of the decay of imperialism and constitutes the essence of this decay.

The stagnation and decay tendency in the development of production technology during the imperialist stage does not mean the absolute cessation of production and technological development, nor does it preclude the relatively rapid development of individual enterprises, individual sectors, and individual countries during certain periods. The actual situation is that the rule of monopoly organizations causes the tendency toward stagnation to become intricately intertwined with the tendency toward the development of the productive forces—even the tendency toward accelerating the development of the productive forces. As Lenin pointed out: "**It**

would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies."[1]

"**Competition becomes transformed into monopoly. The result is immense progress in the socialization of production. In particular, the process of technical invention and improvement becomes socialized.**"[2] This is the foundation that enables the productive forces to develop, and even to develop rapidly, under the conditions of monopoly rule. Monopoly organizations possess enormous capital, concentrating control in their own hands over the production of a particular product or even multiple products, and of one sector or even several sectors; they control scientific laboratories and research institutions, thereby strengthening their capacity to conduct research in science and technology, apply research findings, and develop new production equipment, and providing the possibility of developing production technology at a speed that was impossible before monopoly. Monopoly intensifies competition, and fierce competition in domestic and International markets compels monopoly capitalists to seek improvements in production technology. The pursuit of maximum profits by monopoly groups, the benefits they derive from the militarization of the national economy and the launching of wars, as well as measures associated with state monopoly capitalism, among other factors, all promote technological development. All of this constitutes the potential driving force and possibility for the accelerated development of the productive forces during the imperialist stage.

---

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

However, the development of production technology during the imperialist stage—even the rapid development of individual enterprises, individual sectors, and individual countries during certain periods—has not altered the overall trend, characteristic of production technology under monopoly rule, toward stagnation and decay. The rapid economic development of individual enterprises, individual sectors, and individual countries is partial, temporary, and distorted, and falls far short of the enormous potential offered by modern science and technology. Marx explained on many occasions that, under capitalism, the productive forces of society appear as the productive forces of capital; the productive forces created by social labor are enjoyed by the capitalists and become a means by which the capitalists exploit the workers. This contains a profound contradiction. Lenin also wrote: monopoly gives rise to extensive socialization of production, "**but the immense progress of mankind, which achieved this socialization, goes to benefit . . . the speculators**"[1]—that is, the monopoly oligarchy. In other words, every advance in production technology during the imperialist stage will in turn strengthen the rule of Monopoly capital and the fundamental contradiction of monopoly capitalism. This is precisely the source of the tendency toward decay. Thus, increasing decay is an inevitable tendency in the development of monopoly capitalism and a fundamental characteristic of imperialism.

First of all, this decaying trend is directly manifested in the deliberate obstruction of the invention, adoption, and dissemination of new technology.

Under capitalism, the development and advancement of production and technology are means by which capitalists seek profits. During the period of free competition, capitalists could

[1] Ibid.

obtain surplus profits only through technological innovation. Once the monopoly stage has reached, monopoly groups, relying on their monopolistic position, can exploit their monopoly rule by setting monopoly prices and by engaging in rampant speculation, entrepreneurship, and various vile and brutal practices, "**all sorts of shady and dirty tricks,**"[1] in order to seize huge profits and levy tribute on society as a whole, without necessarily having to improve production technology. Thus, "**the motive cause of technical and, consequently, of all other progress disappears to a certain extent**."[2]

Monopoly capitalists not only have no need to seek improvements in production technology but also do their utmost to obstruct the adoption and dissemination of new technology. This is because the use and dissemination of new technology could affect the maintenance of monopoly prices and monopoly superprofits, cause the devaluation of existing fixed capital, and threaten their own position under monopoly rule. Therefore, monopoly capitalists use every possible means to buy up and control the patent rights to scientific and technological inventions: they neither use them themselves nor allow others to do so, and they adopt various measures to obstruct and sabotage technological innovation by enterprises competing with them. Such examples are common in imperialist countries. For instance, the invention of glass-blowing machine that could have revolutionized the glass bottle-making industry was shelved for a long time[3]; the widespread use of fluorescent lamps was delayed for decades; the peaceful application of atomic energy encountered various obstacles; and many

---

[1] Vladimir Ilyich Lenin, "III. Finance Capital and the Financial Oligarchy, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "VIII. Parasitism and Decay of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[3] Note from translator: Automatic bottle machine invented by Michael Joseph Owens.

scientific and technological inventions were left unused and eventually disappeared into obscurity, among other examples. Thus Lenin said: Capitalism "**has solved the most complicated technical problems—and has blocked the application of technical improvements because of the poverty and ignorance of millions of the population, be cause of the stupid avarice of a handful of millionaires.**"[1] Lenin called this phenomenon, whereby monopoly capitalism artificially obstructs technological progress, "civilized barbarism."

Secondly, the frequent underutilization of enterprises and the existence of a large number of chronically unemployed people are important manifestations of this decadent trend.

Relative overpopulation is a population law peculiar to capitalism. Before the monopoly stage, various forms of the industrial reserve army already existed. Generally speaking, however, it is only during economic crises that the number of unemployed increases on a large scale. Capacity utilization of production equipment likewise drops sharply basically only during economic crises. In the monopoly stage, particularly after the onset of the general crisis of capitalism, enterprises frequently operate below capacity, and large numbers of unemployed are continually present. This shows that modern capitalism can no longer fully utilize its existing production capacity—the production equipment and the basic productive force of society, labor power. It thereby fully exposes the fact that the capitalist system has entered a stage of decay and decline.

The fundamental reason for this phenomenon is that monopoly rule has intensified the fundamental contradiction of capitalism, as well as the contradiction between the blind expansion of production and the increasingly narrow relative scope of the market. The persistent

[1] Vladimir Ilyich Lenin, "Civilised Barbarism," in *Lenin's Selected Works*, Vol. 19 (Progress Publishers, Moscow, 1977).

existence of large numbers of unemployed people is also attributable to the fact that monopoly promotes concentration of production and concentration of capital and, on this basis, accelerates capital accumulation, further raising the organic composition of capital. As for the persistent underutilization of enterprises' capacity, there are also human factors involved. For example, under the conditions of modern capitalism, the level of capacity utilization of production equipment depends to a large extent on the size of monopoly profits; monopoly capitalists often maintain monopoly prices and high monopoly profits by reducing production.

Third, the militarization of the national economy is a prominent manifestation of the increasing decay of production and technological development.

In the imperialist stage, "**the whole of social life is now being militarized**"[1]; the monopoly bourgeoisie gradually sets the national economy on the path of militarization. On the one hand, this is to prepare for and wage imperialist wars and contend for world hegemony; on the other hand, it is also because economic crises increasingly deepen during the imperialist stage. In order to escape crises and preserve the capitalist system in its dying state, the monopoly bourgeoisie turns to state monopoly capitalism, and implements militarization of the national economy as a "miracle cure" and "cardiac stimulant" for stimulating and promoting the development of the capitalist economy.

The militarization of the national economy stimulates the distorted development of military-industrial production. Military-industrial production occupies and consumes vast amounts of human, material, and financial resources. Its products can serve neither as means of production nor for personal consumption; they can only be used to launch aggressive wars and

[1] Vladimir Ilyich Lenin, "The Military Programme of the Proletarian Revolution: II," in *Lenin's Collected Works*, Vol. 23.

be stockpiled in arms depots. Moreover, with the rapid development of military technology, these means of destruction are constantly being updated; obsolete weapons are destroyed and turned into piles of scrap metal. This is an enormous waste of social wealth and a serious destruction of the productive forces of society. At the same time, under the influence of the militarization of the national economy, many new technologies emerge, and these technologies are often first applied to military-industrial production. As Chairman Mao pointed out: "**True, the United States has science and technology. But unfortunately they are in the grip of the capitalists, not in the hands of the people, and are used to exploit and oppress the people at home and to perpetrate aggression and to slaughter people abroad.**"[1] Science and technology do not benefit humanity; instead, they serve as tools of aggression and murder. This is an expression of the reactionary and decadent nature of imperialism and of imperialism's desperate struggle in its death throes.

In the imperialist stage, the monopoly bourgeoisie not only artificially obstructs the development and progress of production and technology, preventing the full use of existing production equipment and labor power and directing science and technology toward the manufacture of deadly weapons, but also, because monopoly intensifies the fundamental contradictions of capitalism and deepens the economic crisis, seriously undermines the productive forces of society. At the same time, with the development of monopoly capitalism, an increasing share of social labor is detached from production and devoted to nonmaterial production. These are also important manifestations of the stagnation and decay of imperialism in the development of production and technology. In addition, it should be noted that the massive

[1] Mao Zedong, "Farewell, Leighton Stuart!," in *Selected Works of Mao Zedong*, Vol. IV (Foreign Language Press, Peking, 1961), 437.

export of capital is also a cause of the tendency toward stagnation and decay in the development of production and technology in imperialist countries. Lenin wrote: "**The export of capital may tend to a certain extent to arrest development in the capital-exporting countries.**"[1]

The actual economic development of capitalist imperialist and social-imperialist countries fully confirms Lenin's scientific conclusion that the tendency toward stagnation caused by monopoly intersects with the tendency toward the development of the productive forces, while the overall tendency is toward increasing decay.

Take Japan after World War II as an example. After the war, Japan's monopoly capitalist economy has enjoyed a period relatively rapid of recovery and development; particularly in the 1960s, it experienced even more rapid expansion. From 1950 to 1960, the average annual growth rate of gross national product was 9.1%, rising to 11.3% from 1960 to 1970. During the same period, the United States saw only slight growth, increasing from 3.2% in 1950–1960 to 4.2% in 1960–1970; Britain, by contrast, declined, from 2.8% to 2.7%; West Germany fell from 7.9% to 4.7%. The capitalist world once called this "high-speed" development of the Japanese economy a "miracle." However, this so-called "miracle" can not conceal the weakness and decay of the Japanese economy. First, the rapid expansion of the Japanese economy is an abnormal form of development. What grew rapidly is industry, while agriculture remains in a state of prolonged stagnation and decline; within industry, the main sectors undergoing rapid expansion are heavy industry and chemical industry, while other sectors develop slowly; a small number of highly concentrated and monopolized zaibatsu enterprises develop rapidly, whereas large numbers of small and medium-sized enterprises are attacked and brought under control, with many declaring

[1] Vladimir Ilyich Lenin, "IV. Export of Capital, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

bankruptcy; the rapidly developing heavy industry and chemical industry form the basis of the military industry, and many of these enterprises have the character of a "military-industrial complex" (in which industry and the military industry are closely integrated), constituting a special form of the militarization of the national economy; resources and markets are depended overwhelmingly on foreign countries, making the foundation extremely weak, like a structure built on sand. The newspapers of the Japanese monopoly bourgeoisie openly admitted: "Japan's collapse would not require an atomic bomb explosion; stopping the supply of petroleum for one month would be enough."[1] Second, economic crises repeatedly strikes the Japanese economy. The postwar Japanese economy is developed under the operation of the fundamental economic laws of modern capitalism and the law of competition. On the one hand, this causes Japanese monopoly capital and the scale of production to expand rapidly; on the other hand, it continually intensifies the impoverishment of the Japanese proletariat and the broad masses of working people. At the same time, the market problem becomes increasingly acute, thereby further deepening capitalism's fundamental contradiction and causing economic crises to erupt frequently. During the period from 1951 to 1971 alone, when the Japanese bourgeoisie was loudly proclaiming "prosperity" and "economic boom," Japan experienced five economic crises. Each economic crisis caused serious destruction to the productive forces.

Thus it can be seen that even for Japan's so-called "high-growth" economy, as Lenin pointed out, "**the tendency to stagnation and decay, which is characteristic of monopoly, continues to operate.**"[2]

---

[1] Note from translator: I cannot find the original text.

[2] Vladimir Ilyich Lenin, "VIII. Parasitism and Decay of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

It must be pointed out that since entering the 1970s, Japan's economic growth in production has declined sharply, displaying an evident state of stagnation and fully exposing its decay. The myth of the so-called "miracle" has collapsed, and the dreams of "long-term prosperity" and "high-speed growth" harbored by Japan's monopoly oligarchs have been shattered. In particular, beginning in the winter of 1973, Japan became further engulfed in the storm of the world economic crisis of capitalism.

Soviet revisionist social-imperialism is also subject to the same laws. The Soviet economy is increasingly revealing a trend toward stagnation and decay and is sinking ever further into a state of utter disorder and severe difficulties. Its decay is manifested most prominently in the following respects:

(1) The rate of production growth is continually declining. After the end of World War II, the people of the Soviet Union, under the leadership of the Communist Party of the Soviet Union and Stalin, rapidly restored the economy destroyed by Nazi fascism. From 1951 to 1953, the average annual growth rate of industrial production was over 13%. After the Khrushchev renegade clique usurped power, industrial production began to decline steadily. From 1954 to 1958, the average annual growth rate was 11.3%. During the fake-communist Seventh Plan (1959–1965) launched by Khrushchev, the average annual growth rate fell to 9.1%. After Brezhnev came to power, during the Eighth Plan (1966–1970), the average annual growth rate fell further to 8.5%. The Ninth Plan (1971–1975) stipulated an annual increase of only 8%, but in practice even this reduced target was not met: during the first four years, growth was only 7.8%, 6.5%, 7.4%, and 8%, respectively. With industry like this, agriculture can only be even worse.

(2) The adoption of new technology is severely obstructed. Today in the Soviet Union, many technological inventions and innovations remain unadopted and unapplied for long periods, and the national plan for adopting new technology is not completed year after year. According to the 1973 *Collection of Resolutions of the Soviet Government*, "only about one-third of the inventions registered domestically each year are applied in the national economy."[1] The Soviet revisionist *Economic Gazette* also reported that, among registered new technologies, the Ministry of Chemical and Petroleum Machine Building adopted only 12% in 1973, while the Ministry of Construction, Road-Building and Municipal Machine Building adopted only 21%. The Soviet revisionist *Pravda* openly admitted: "Factory gates block the workshops like dams, preventing new technology from entering," because "if new processes and new technology are adopted and equipment is modernized, output, bonuses, and profits will decline for a certain period, which is a disaster for enterprise managers."[2] Because the adoption of new technology is deliberately obstructed, industrial enterprises in the Soviet Union have ended up with obsolete equipment, backward technology, and low labor productivity. Calculations based on materials published in the Soviet press show that in 1971, 34% of the Soviet Union's metal-cutting machine tools and 25–30% of its textile machines were outdated products that had been obsolete for many years.

(3) The militarization of the national economy is being vigorously pursued. It is estimated that 60% of Soviet industrial enterprises are used directly or indirectly for military purposes; over the past decade and more, expenditure on nuclear weapons alone has reached tens of

---

[1] Note from translator: I cannot find the original text.

[2] Note from translator: I cannot find the original text.

billions of dollars; Soviet military spending accounts for approximately one-third of total budgetary expenditure in the relevant years and about 20% of national income. Today in the Soviet Union, arms production continues to expand while civilian industry remains extremely backward; ever more missiles, aircraft, artillery pieces, and warships are manufactured, while residents face a severe shortage of daily consumer goods.

(4) Enterprises are operating below capacity. According to reports, three-quarters of the enterprises in such sectors as metallurgy, fuel, chemical industry, and light industry in the Soviet Union are operating below capacity.

The Growth of the Rentier Class and the Formation of the Rentier State

In the imperialist stage, money capital is accumulated in large quantities in the hands of the monopoly capitalists of a few countries. This money capital increasingly takes the form of securities, thereby causing a serious separation between ownership of capital and the right to use it. As a result, the number of rentiers—those who rely on income such as dividends and interest, and live solely by "clipping coupons"[1]—has increased considerably. Take the United States as an example: in 1962, among the property owned by the wealthiest stratum in the United States, stocks accounted for 43.3% and government bonds for 6.4%; together, they accounted for nearly 50%. This means that half of their property existed in the form of coupons. According to statistics, the number of millionaires in the United States' rentier class was 13,000 in 1948 and rose to 300,000 in 1969. As the rentier class continued to expand, rentier income also continues

[1] Note from translator: A coupon is the interest payment that a bond issuer promises to pay a bondholder regularly from the date of issuance until the date of maturity of a bond. At the date the coupon is due, the owner would detach the coupon and present it for payment (an act called "clipping the coupon").

to increase. Dividends and personal interest income in the United States amounted to $19.5 billion in 1950, rose to $50.3 billion in 1963 (more than India's total national income of $36.9 billion that same year), and reached as much as $104 billion in 1972. Large numbers of rentiers have completely lost all connection with the production process, do not engage in business operations at all, idle away their days, live decadent, dissipated, and shamelessly extravagant lives, and have become total parasites.

"**Export of capital is parasitism raised to a high pitch.**"[1] It not only completely separates the rentier class from production, but also turns imperialist countries that export large amounts of capital into rentier states exploiting colonies and other countries. Lenin called these countries, which claimed to be "civilized," "**a parasite on the body of hundreds of millions in the uncivilized nations.**"[2] As early as 1899, the old-established imperialist power Britain received income from foreign investment that was four times higher than its income from foreign trade. The largest international exploiter of the modern era, U.S. imperialism, obtains rentier income through the export of capital that far exceeds that of the old-established imperialist countries of that time. In 1970, profits from U.S. private foreign direct investment reached $8.1 billion—three and a half times the 1950 figure and more than nine times the 1946 figure. Cumulatively, profits from U.S. private foreign direct investment from 1950 to 1970 reached as much as $88.1 billion, equivalent to 114% of the total U.S. private foreign direct investment in 1970. The vampire of U.S. capital export extends into virtually the entire capitalist world: it not only ruthlessly sucks the blood and sweat of the peoples of Third World countries, but also

---

[1] Vladimir Ilyich Lenin, "Imperialism and the Split in Socialism," in *Lenin's Collected Works*, Vol. 23.

[2] Ibid.

plunders enormous profits from economically developed countries such as those in Europe and North America. Lenin once pointed out: "**They have profited more than all the rest. They have converted all, even the richest, countries into their tributaries. They have grabbed hundreds of billions of dollars. And every dollar is sullied with filth.**"[1]

The Soviet revisionists are another major rentier state and international exploiter of our time. According to incomplete statistics, from 1954 to 1972 the Soviet revisionists exported 16.7 billion dollars in capital to the Third World under the guise of "aid." By 1972, the capital exported to the Council for Mutual Economic Assistance countries had exceeded 10 billion rubles in economic aid alone. In 1974, Mongolia's debt to the Soviet revisionists amounted to as much as 1,600 rubles per person on average. In addition, the Soviet revisionists engaged extensively in "joint ventures" and "combines," vigorously promoting this Moscow-branded form of multinational corporations. Through the export of capital, the Soviet revisionists appropriated astonishing amounts of interest and profit. The Indian press exposed the fact that "For every 100 rupees it receives as 'aid' and 'loans' from the Soviet Union, India has to repay 160 rupees in the same year."[2] The Soviet revisionists has become a thoroughly usurious creditor state. In 1975, in order to repay the usurious debts owed to the Soviet revisionists, Egypt was forced to use the large amounts of foreign exchange obtained by exchanging cotton and other exported goods, as well as 30% of its export commodities, to pay off the debt. But the Soviet revisionists were not satisfied with this; they went on to demand repayment again and again, requiring Egypt to produce approximately $400 million annually for principal and interest

---

[1] Vladimir Ilyich Lenin, "Letter To American Workers," in *Lenin's Collected Works*, Vol. 28 (Progress Publishers, Moscow, 1965).

[2] Note from translator: I cannot find the original text.

payments. Even the Soviet revisionist renegade clique is forced to admit: "Foreign-exchange income obtained from loan repayments by developing countries has increased year by year, making a significant contribution to the balance of international payments of the Soviet Union."[1] As for the degree of exploitation of workers in the host countries by the Soviet revisionists' "joint ventures," it was no less severe than that practiced by the Multinational corporations of capitalist imperialism. For example, according to a report in Nigerian *Daily Times*, the West African Automobile Engineering Company, jointly established by the Soviet revisionists and Nigerian businessmen, with the Soviet revisionists holding 60 percent of the shares, made enormous profits, while its workers' wages were the lowest in the local industry. Regarding "this naked exploitation," the company's trade-union official said: "The workers have had enough."[2] In addition, through the export of capital, the Soviet revisionists sell obsolete machinery, equipment, and manufactured industrial goods to debtor countries at high prices, forcing debtor countries to repay their debts at low prices with mineral raw materials and other primary products. According to statistics, from 1955 to 1974, the Soviet revisionists sold more than $19.1 billion worth of manufactured goods to Third World countries, while plundering more than $22.7 billion worth of primary products. Relying on its status as a creditor country, Soviet revisionism caused African countries to lose nearly $2 billion between 1960 and 1972 through unequal exchange.

---

[1] Semyon Skachkov, article in *Pravda*, March 29, 1973.

[2] Note from translator: I cannot find the original text.

Lenin pointed out that the "**sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies.**"[1] This parasitic nature of Soviet revisionist social-imperialism has become increasingly evident.

Politics Becomes Thoroughly Reactionary, Social Crisis Grows Increasingly Severe

During the period of free competition under capitalism, the bourgeoisie often flaunted hypocritical democracy, using the slogan "liberté, égalité, fraternité" to deceive the people. In the imperialist stage, monopoly replaced free competition: "**The political superstructure of this new economy, of monopoly capitalism … is the change from democracy to political reaction.**"[2]

One obvious manifestation of this political reaction is the development of militarism everywhere. Lenin pointed out: "**Modern militarism is the result of capitalism. In both its forms it is the 'vital expression' of capitalism—as a military force used by the capitalist states in their external conflicts … and as a weapon in the hands of the ruling classes for suppressing every kind of movement.**"[3] Under the conditions of the general crisis of capitalism, as the various contradictions of capitalism intensify, imperialism moves further

---

[1] Vladimir Ilyich Lenin, "VIII. Parasitism and Decay of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "3. What Is Economic Analysis?, A Caricature of Marxism and Imperialist Economism," in *Lenin's Selected Works*, Vol. 23.

[3] Vladimir Ilyich Lenin, "Bellicose Militarism and the Anti-Militarist Tactics of Social-Democracy," in *Lenin's Collected Works*, Vol. 15 (Progress Publishers, Moscow, 1973).

toward fascism politically, imposes open terror at home, pursues an unabashed policy of war abroad, brutally suppresses national liberation movements, and acts as the world police.

In the imperialist countries, the state apparatus safeguarding bourgeois reactionary rule has been greatly strengthened; the size of the army and police has increased to an unprecedented level, secret police agencies and fascist organizations are spread throughout the country, courts and prisons have multiplied astonishingly, and various reactionary laws have emerged one after another. For example, in the United States, active military personnel numbered more than 330,000 in 1939, but by 1969 this figure had risen to more than 3.4 million. The United States' police and detectives numbered more than 550,000 in 1960, and the country had in fact become a "police state." The number of secret police organizations and intelligence personnel in the United States has also reached an unprecedented scale. According to reports, there were nearly 100 secret police agencies in 1958, among them the Federal Bureau of Investigation and the Central Intelligence Agency, which maintained branch offices and operational bases in many places at home and abroad. In addition, the United States has various fascist organizations.

To preserve its reactionary rule, the Soviet revisionist ruling group continually strengthens its fascist dictatorship and suppresses the resistance of the Soviet people. The Brezhnev group repeatedly advocates strengthening "law and order," clamors for "strengthening social order in every sphere of life" and demands that the people "absolutely obey" their rule. Since 1965, it has further concocted a series of reactionary laws, regulations, and resolutions, such as the "On Measures to Strengthen the Fight against Violations of Public Order," the "Decision on Strengthening Labor Discipline," and the "Regulations on Pretrial Detention," thereby intensifying its persecution of the Soviet people. It has transformed the "State Security

Committee" (KGB) into a huge secret police organ that is directly manipulated by the Soviet revisionist central authorities and closely monitors the broad masses and cadres. In 1966, the "Ministry of Public Order Protection" was established and renamed to "Ministry of Internal Affairs" in 1968. Along with it, the number of police has also greatly increased, and additional "night militia departments" and special motorized militia units have been set up. In today's Soviet Union, concentration camps, forced-labor camps, "madhouses," and prisons are scattered throughout the country. Anyone who expresses dissatisfaction with or struggles against the Soviet revisionist ruling group will be monitored, followed, summoned for questioning, sent to a "psychiatric hospital," or even arrested, exiled, or imprisoned. Worse still, the Soviet revisionists mobilize military and police units, tanks, and even paratroopers to carry out bloody suppression of the Soviet people when they rise up in resistance. The Soviet revisionist ruling group intensifies its persecution even more against the non-Russian nationalities within the Soviet Union. They inherit the mantle of the old tsars and pursue a policy of "rapprochement among nationalities." In reality, the so-called "rapprochement among nationalities" means forcibly Russifying more than one hundred non-Russian nationalities and ethnic groups, thereby creating a "single" Russian nation within the Soviet Union.

Abroad, imperialism frantically exports counterrevolution, establishes military bases around the world, cobbles together military blocs such as the present-day Warsaw Treaty Organization and North Atlantic Treaty Organization, and so on; it props up reactionaries in various countries to launch counterrevolutionary civil wars, and even sends troops directly to suppress the revolutionary struggles of the peoples of various countries or interferes in the internal affairs of other countries, for example, the Soviet revisionists' invasion of

Czechoslovakia and the war in Indochina launched by the United States; it establishes an extensive network of spy bases around the world, carries out conspiratorial acts of sabotage, attempts to subvert socialist countries and nationally independent countries, and seeks to dominate the entire world.

The all-round reaction of imperialism does not mean that it is strong; on the contrary, this is precisely a manifestation of imperialism's decay and extreme weakness. As Stalin said: "**The bourgeoisie is no longer able to rule by the old methods of parliamentarism and bourgeois democracy**"; "**It is no longer able to find a way out of the present situation on the basis of a peaceful foreign policy, and, as a consequence, is compelled to resort to a policy of war.**"[1] Chairman Mao further pointed out: "**Hence, imperialism and all reactionaries, looked at in essence, from a long-term point of view, from a strategic point of view, must be seen for what they are -- paper tigers.**"[2]

As the economic and political decay of imperialism deepens, its ideology and cultural life also becomes increasingly depraved, and the social crisis grows ever more severe. In many imperialist countries, hoodlums and gangsters run rampant, drug use and binge drinking become widespread, and books, newspapers, and films promote obscenity and degeneracy; social morality is utterly corrupt. In the United States, which calls itself a "civilized country," criminal cases involving theft, robbery, fraud, rape, murder, and other offenses happen one after another. In the United States alone, seven types of criminal cases (murder, rape, robbery, assault, burglary, theft, and auto theft) numbered three to four million annually during 1960–1965; five to more

---

[1] Joseph Stalin, "Report to the Seventeenth Party Congress on the Work of the Central Committee of the C.P.S.U. (B.)," in *Problems of Leninism*, (Foreign Languages Press, Peking, 1976).

[2] Mao Zedong, "Talk With the American Correspondent Anna Louise Strong," in *Selected Works of Mao Zedong*, Vol. IV, 99.

than seven million annually during 1966–1969; and more than eight million annually after 1970, including 8.6 million in 1973. Theft accounted for the largest number of offenses. From 1970 to 1973, more than 900,000 automobiles were stolen nationwide each year. Many young people smoke marijuana cigarettes and drink marijuana liquor, become corrupt and depraved, and embark on a path of crime. For example, among the offenders arrested by police departments across the United States in 1973, young people under 18 accounted for approximately one quarter. Such a large number of criminal cases is entirely a product of the utterly decayed imperialism.

Soviet society under the rule of the Soviet revisionist bureaucratic monopoly bourgeoisie presents a picture of decay and corruption everywhere. In addition to obtaining incomes dozens or even hundreds of times higher than those of ordinary workers and peasants through high wages, high bonuses, and high manuscript fees, a small clique of the bureaucratic monopoly bourgeoisie and privileged strata also use their official powers to embezzle and steal, engage in speculation and profiteering, and amass huge fortunes. They lead parasitic, decadent, extravagant, and dissolute lives, wantonly squandering the fruits of labor they have seized from the Soviet people. For example, the bourgeois privileged strata have built many luxurious private residences and villas. Besides splendid reception rooms, these residences and villas also contain "billiard rooms," "swimming pools," and gardens with fountains; some even have exquisite sculptures, marble staircases, and bathrooms. They all have private cars, and some even have several. The bourgeois privileged strata also frequently go to luxurious restaurants opened exclusively for them to feast and drink heavily, spending several hundred rubles on a single meal. Under the influence of the bourgeois privileged strata and the corrosive influence of

bourgeois ideology, many young people in the Soviet Union pursue fame and profit, crave enjoyment, and become infatuated with the Western bourgeois way of life. Jazz music, swing dancing, miniskirts, and bell-bottom trousers are highly popular among young people. Some students even "sell foreign goods," take drugs, and embark on a path of degeneration and crime. Alcohol abuse has now become rampant in Soviet society, and prostitution has become a commonplace phenomenon. Commodity-money relations have penetrated every sphere of society; even official titles, academic degrees, and diplomas have become commodities. It is particularly worth noting that, in order to maintain their reactionary rule, the Soviet revisionist renegade clique has gone all out to use religion to numb the people. They openly claim that the Eastern Orthodox Church is a "tool for transforming social relations" and that Christianity has become "communist Christianity." They restore churches and publish the *Bible* and prayer books. According to reports, there are currently about 50 million believers of various faiths in the Soviet Union, accounting for more than 20% of the entire Soviet population.

Section Two: The Connection between Revisionism and Imperialism

Lenin pointed out: "**The rentier state is a state of parasitic, decaying capitalism, and this circumstance cannot fail to influence all the socio-political conditions of the countries concerned, in general, and the two fundamental trends in the working-class movement, in particular.**"[1] The economic basis of revisionism is the parasitic and decaying nature of capitalism, a phenomenon peculiar to the imperialist stage.

The Emergence of Revisionism

Chairman Mao pointed out: "**It is revisionism to negate the basic principles of Marxism and to negate its universal truth.**"[2] "**Revisionism, or Right opportunism, is a bourgeois trend of thought.**"[3]

Revisionism has profound roots. The social pillar of revisionism is the labor aristocracy. The labor aristocracy is a product of the monopoly bourgeoisie's policy of bribery. Upon entering the imperialist stage, the contradiction between the proletariat and the bourgeoisie has intensified. The bourgeoisie can increasingly no longer maintain its rule through its own power alone, and is compelled to seek agents among the workers, and create divisions within the

---

[1] Vladimir Ilyich Lenin, "VIII. Parasitism and Decay of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Mao Zedong, "Speech at the Chinese Communist Party's National Conference on Propaganda Work," in *Selected Works of Mao Zedong*, Vol. V (Foreign Language Press, Peking, 1977), 435.

[3] Mao Zedong, "On the Correct Handling of Contradictions Among the People," in *Selected Works of Mao Zedong*, Vol. V, 411.

workers' movement so that its tottering reactionary rule could limp along. This has created the need to buy off the upper strata of the workers. At the same time, monopoly rule has made such bribery possible. Through setting monopoly prices and other means, the monopoly bourgeoisie can regularly obtain maximum profits; in particular, through the export of capital and the plunder of colonies, it has extracted surplus profits far greater than those available in its own country. From its enormous monopoly profits, the monopoly bourgeoisie could easily set aside a small fraction to buy off workers' leaders and the upper elements among the workers. The methods of bribery are diverse, including high wages and petty favors, as well as establishing hundreds and thousands of desirable positions for cooperative leaders, trade union leaders, and parliamentary leaders—direct and indirect, open and covert methods. "**The whole thing boils down to nothing but bribery.**"[1] As a result, the ranks of the working class are split, and a relatively broad and stable, yet numerically small, labor aristocracy stratum is formed. The labor aristocracy stratum is a privileged layer among workers who have become bourgeoisified; from their way of life and wage levels to their entire worldview, they have been completely bourgeoisified. They generally enjoy very high wages, often earning several or even dozens of times more than ordinary workers; some have even become millionaires, living the same utterly rotten and debauched lives as the bourgeoisie. Lenin wrote: "**The Roman proletarian lived at the expense of society. Modern society lives at the expense of the modern proletarian. Marx specially stressed this profound observation of Sismondi. Imperialism somewhat changes the situation. A privileged upper stratum of the proletariat in the imperialist countries lives partly at the**

[1] Vladimir Ilyich Lenin, "The Second Congress Of The Communist International," in *Lenin's Collected Works*, Vol. 31 (Progress Publishers, Moscow, 1965).

expense of hundreds of millions in the uncivilized nations."[1] For example, in 1968, Frank Fitzsimmons, president of the United States International Brotherhood of Teamsters, received an annual salary of $86,200, plus $6,981 in travel expenses, for a total income of $93,231. That same year, George Meany, head of the AFL-CIO, had a total income of $72,471. The scraps thrown out by the bourgeoisie have enabled the labor aristocracy to escape the disasters and suffering endured by the masses of workers, but they have also caused them to lose the revolutionary spirit possessed by workers and the laboring masses. They sell their souls and degenerate into the genuine agents of the bourgeoisie within the workers' movement, accomplices and lackeys of imperialism. In 1965, when the United States government expanded its war of aggression against Vietnam, provoking strong opposition from the people of the United States and the whole world and leaving the government more isolated than ever, the executive committee of the AFL-CIO, manipulated by George Meany and his ilk, nevertheless passed several successive resolutions supporting the aggressive actions of the United States government and demanded that American workers "without reservation" "follow behind the American president"; George Meany also personally telegraphed Johnson to express support for bombing the Democratic Republic of Vietnam.

The labor aristocracy, in order to safeguard its vested interests and thereby preserve bourgeois rule, inevitably moves toward opposition to the proletarian revolution. It urgently demands that this reactionary desire be "systematized" and "theorized" in order to curry favor with the bourgeoisie and corrupt the working class. However, by the 1890s, Marxism had already achieved complete victory in the workers' movement and had become the theoretical foundation

[1] Vladimir Ilyich Lenin, "Imperialism and the Split in Socialism," in *Lenin's Collected Works*, Vol. 23.

guiding the workers' movements of all countries. Lenin pointed out: "**The dialectics of history were such that the theoretical victory of Marxism compelled its enemies to disguise themselves as Marxists. Liberalism, rotten within, tried to revive itself in the form of socialist opportunism.**"[1] Thus, revisionism emerged as the political representative of the labor aristocracy stratum. It can therefore be seen that "**these thousands of millions in super-profits that form the economic basis of opportunism in the working-class movement.**"[2]

Marx and Engels noted as early as the mid-nineteenth century the connection between opportunism at that time and the imperialist features of British capitalism, and observed the growth of opportunism in Britain. At that time, viewed on a world scale, the era of imperialism had not yet begun; however, from the mid-nineteenth century onward, Britain already possessed the two major features of imperialism: a monopoly over the colonies and a monopoly position in the world market. Britain therefore exploited the entire world and was able to use part of its enormous profits to bribe the upper strata of the workers. As a result, part of the British proletariat became bourgeoisified, while another part of the proletariat willingly submitted to the leadership of those who had been bribed by the bourgeoisie or at least received remuneration from the bourgeoisie. A labor aristocracy and opportunism emerged in Britain. At that time, however, this opportunism had not yet developed into a universal international ideological trend.

However, by the beginning of the twentieth century, the situation had changed. At that time, Britain's monopoly position was replaced by the monopoly positions of several countries. It was no longer Britain alone that exploited the world, but several imperialist powers. In order to

---

[1] Vladimir Ilyich Lenin, "The Historical Destiny of the Doctrine of Karl Marx," in *Lenin's Collected Works*, Vol. 18, (Progress Publisher, Moscow, 1975).

[2] Vladimir Ilyich Lenin, "The Second Congress Of The Communist International," in *Lenin's Collected Works*, Vol. 31 (Progress Publishers, Moscow, 1965).

maintain their monopoly rule, they all did their utmost to foster, bring about, and consolidate opportunism. Revisionism began to run rampant in all the imperialist countries, forming an international ideological trend.

In addition to the reasons mentioned above, the roots of revisionism also lie in the following:

First, "**an extremely important cause of differences among those taking part in the labour movement lies in changes in the tactics of the ruling classes in general and of the bourgeoisie in particular.**"[1] In order to maintain its rule, the bourgeoisie always adopts two methods: the method of violence and the "liberal" method, alternating between them at times and combining them in complex ways at others. Violence may cause some weak elements to defect; under a more cunning "liberal" policy, some people may be deceived. Changes in the bourgeoisie's tactics strengthen revisionism within the workers' movement and often turn internal disagreements within the workers' movement into open splits.

Second, the small-scale producers who are continually thrust into the ranks of the proletariat, together with the bourgeois worldview and its influence, constitute the class basis and ideological root of revisionism. Monopoly rule not only drives large numbers of small-scale producers into bankruptcy, but also "**a number of new "middle strata" are inevitably brought into existence again and again**"[2]; these small-scale producers likewise cannot avoid becoming proletarians. Thus, during the imperialist stage, reformist tendencies arising from the class position of the petty bourgeoisie are also brought into the ranks of the proletariat. At the same

---

[1] Vladimir Ilyich Lenin, "Differences in the European Labour Movement," in *Lenin's Collected Works*, Vol. 16 (Progress Publishers, Moscow, 1974).

[2] Vladimir Ilyich Lenin, "Marxism and Revisionism," in *Lenin's Collected Works*, Vol. 15.

time, the bourgeois worldview—including idealism and metaphysics—continually penetrates workers' parties, causing "**certain individuals or groups constantly exaggerate, elevate to a one-sided theory, to a one-sided system of tactics, now one and now another feature of capitalist development, now one and now another 'lesson' of this development.**"[1] This consequently leads to revisionism.

The Struggle Against Imperialism Must Be Closely Linked With the Struggle Against Revisionism

Opportunism and revisionism have caused serious harm to the workers' movement and the cause of the proletarian revolution.

The bourgeoisie understands that using opportunist and revisionist elements within the workers' movement to maintain bourgeois rule is better than taking action themselves. Revisionists cloak themselves with Marxism, infiltrate the workers' movement, and even operate under the banner of the Communist Party, using the tactic of waving the red flag to oppose the red flag while carrying out counterrevolutionary activities. Therefore, before their treacherous nature is exposed, they can easily confuse people and deceive some of the uninformed masses. In this way, they play a role that the bourgeoisie itself cannot play in paralyzing the revolutionary will of the proletariat, sabotaging the workers' revolutionary struggle, and obstructing the development of the proletarian revolution. Thus, revisionists are the bourgeoisie's political force, the bourgeoisie's infiltrators and scabs planted within the proletarian revolution. Revisionist

[1] Vladimir Ilyich Lenin, "Differences in the European Labour Movement," in *Lenin's Collected Works*, Vol. 16.

elements distort and emasculate the revolutionary soul of Marxism, do their utmost to conceal the nature and fundamental contradictions of imperialism, beautify imperialism, oppose and sabotage the workers' movement, and betray the fundamental interests of the working class. Lenin called them "**watchdogs of capitalism and corruptors of the labour movement.**"[1] Therefore, revisionists are accomplices of imperialism; they uphold the reactionary rule of imperialism. Lenin said: "**Without their leadership of the workers, the bourgeoisie could not remain in power.**"[2] In the developed capitalist countries and imperialist countries, one major reason why the revolutionary movement of the proletariat has been obstructed is the spread of revisionism. For example, during World War II, the Communist Parties of France and Italy organized people's armed forces numbering hundreds of thousands in both countries, and the revolutionary situation of the proletariat was excellent. However, some leaders of the French and Italian Communist Parties, represented by Maurice Thorez and Palmiro Togliatti and their ilk, did not take advantage of the excellent revolutionary situation created by the war to further mobilize and lead the proletariat and the broad masses of the people to seize victory in the revolution. On the contrary, they pursued a revisionist line advocating the parliamentary road, handing over the armed forces of the people's revolution to bourgeois governments in exchange for a few ministerial and deputy-premier posts in those governments. As a result, the revolution was ruined, and they themselves met the shameful fate of traitors. In the United States, the revisionist leader Earl Browder simply dissolved the Communist Party of the United States and threw himself completely into the embrace of imperialism. One may ask: How could the

---

[1] Vladimir Ilyich Lenin, "Imperialism and the Split in Socialism," in *Lenin's Collected Works*, Vol. 23.

[2] Vladimir Ilyich Lenin, "The Second Congress Of The Communist International," in *Lenin's Collected Works*, Vol. 31.

workers' movement under the control of these revisionist parties develop and become a revolutionary movement of the proletariat? As Lenin incisively pointed out: "**Unless the labour movement rids itself of them, it will remain a bourgeois labour movement.**" "**Unless determined and relentless struggle is waged all along the line against these parties—or groups, trends, etc., it is all the same—there can be no question of a struggle against imperialism, or of Marxism, or of a socialist labour movement.**"[1]

Before the proletariat seizes power, revisionists do everything they can to sabotage the workers' movement and oppose the proletarian revolution. After the proletariat seizes power, revisionists oppose the continuing the revolution under the dictatorship of the proletariat and conspire to overthrow the dictatorship of the proletariat and restore capitalism. After the October Revolution, the Soviet Union was subjected to armed intervention by fourteen imperialist countries; during World War II, it was invaded by millions of troops of Nazi fascism. None of this brought down the Soviet Union. However, after the Soviet revisionist renegade clique usurped power, it restored capitalism and become social imperialism. This painful historical lesson also demonstrates the seriousness of the harm caused by revisionism: it played a role that imperialism could not play, doing what imperialism wanted to do but could not accomplish. Therefore, revisionism is the most dangerous enemy of the proletariat.

It can be seen from the foregoing that opportunism, revisionism, and imperialism have extremely profound economic and political ties. This determines that the proletariat's struggle against imperialism must be closely combined with the struggle against opportunism and revisionism. Lenin pointed out: "**The most dangerous of all in this respect are those who do**

[1] Vladimir Ilyich Lenin, "Imperialism and the Split in Socialism," in *Lenin's Collected Works*, Vol. 23.

not wish to understand that the fight against imperialism is a sham and humbug unless it is inseparably bound up with the fight against opportunism."[1]

The struggle between Marxism and revisionism is a prolonged one. So long as imperialism and the bourgeoisie exist, revisionism will emerge. For more than half a century, the struggle between Marxism and revisionism has continued to unfold fiercely. The emergence of modern revisionism centered on the Soviet revisionist renegade clique is a sharp line struggle within the international communist movement. Chairman Mao pointed out: "**The existence of bourgeois influence is an internal source of revisionism, while surrender to imperialist pressure is its external source.**"[2] This teaching of Chairman Mao, together with Chairman Mao's recent series of important instructions concerning the theory of the dictatorship of the proletariat and his instructions issued in the struggle to criticize Deng Xiaoping and beat back the Right deviationist attempt to reverse correct verdicts, has profoundly revealed to us the fundamental reasons for the emergence of revisionism in a socialist country and has also pointed out the direction for our struggle against and prevention of revisionism. Under socialist conditions, classes, class contradictions, and class struggle still exist; bourgeois right still exists; and the soil and conditions for the emergence of new bourgeois elements and revisionism still exist. Therefore, we must earnestly study Chairman Mao's latest series of instructions, take class struggle as the key link, resolutely implement the Party's basic line and policies, persist in continuing the revolution under the dictatorship of the proletariat, create step by step the

---

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] *Complete text of the Declaration of the Twelve Communist and Workers Parties, Meeting in Moscow, USSR, Nov. 14-16, 1957, on the Occasion of the Fortieth Anniversary of the Great October Socialist Revolution* (New Century Publishers, New York, 1957).

conditions under which the bourgeoisie can neither exist nor emerge again, gradually eradicate the soil that produces revisionism, and ultimately achieve the lofty ideal of communism.

Chapter Three: Imperialism Is Moribund Capitalism

The economic essence of imperialism is monopoly. This determines that imperialism is "**capitalism in transition, or, more precisely, as moribund capitalism.**"[1] Its fundamental reason is that monopoly has sharpened all the contradictions of capitalism. Most importantly, it has intensified the contradiction between the two major classes, the proletariat and the bourgeoisie. The intensification of the class contradiction between the proletariat and the bourgeoisie must inevitably lead to the outbreak of the proletarian revolution. Therefore, Lenin said: "**Imperialism is the eve of the social revolution of the proletariat.**"[2]

Stalin wrote: "**Lenin called imperialism 'moribund capitalism.' Why? Because imperialism carries the contradictions of capitalism to their last bounds, to the extreme limit, beyond which revolution begins.**"[3]

---

[1] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "Preface to the French and German Editions, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol 1.

[3] Joseph Stalin, "I. The Historical Roots of Leninism, The Foundations of Leninism," in *Works*, Vol. 6 (Foreign Languages Publishing House, Moscow, 1953).

Section One: Deepening of the Contradictions of Imperialism

The great leader Chairman Mao pointed out: "**When the capitalism of the era of free competition developed into imperialism, there was no change in the class nature of the two classes in fundamental contradiction, namely, the proletariat and the bourgeoisie, or in the capitalist essence of society; however, the contradiction between these two classes became intensified, the contradiction between monopoly and non-monopoly capital emerged, the contradiction between the colonial powers and the colonies became intensified, the contradiction among the capitalist countries resulting from their uneven development manifested itself with particular sharpness.**"[1]

The Intensification of Contradictions Among Imperialist Countries

The contradiction between the socialization of production and the capitalist form of private ownership is the fundamental contradiction of capitalism. After capitalism entered the monopoly stage, on the one hand, monopoly organizations centrally control large-scale enterprises and production, unify the direction of "**all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles**"[2], can roughly estimate and manipulate most of the sources of raw materials and market capacity in the

[1] Mao Zedong, "On Contradictions," in *Selected Works of Mao Zedong*, Vol. I, 325.

[2] Vladimir Ilyich Lenin, "X. The Place of Imperialism in History, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

country and even throughout the world, and so forth, thereby bringing production to a high degree of socialization; on the other hand, ownership of the means of production, products, and even the entire social wealth become increasingly concentrated in the hands of a small group of monopoly oligarchs. "**Production becomes social, but appropriation remains private.**"[1] Therefore, capitalism's fundamental contradiction becomes increasingly acute.

As the fundamental contradiction of capitalism has intensified, economic crises have deepened. The period before World War II clearly showed that crises have become more frequent. In the twenty years between the two world wars, three crises broke out (1920-1921, 1929-1933, and 1937-1938), an average of one every seven years. Before that, they occurred roughly once every ten years on average. At the same time, crises became more severe. For example, the crisis of 1929-1933 became the most serious crisis in the history of capitalist development. It lasted for more than four years and swept across the entire capitalist world, causing industrial production throughout the capitalist world to decline by 37%; in 1933, the total number of unemployed reached 30 million. This crisis was also intertwined with an agricultural crisis, further increasing its depth and severity. Another characteristic was that the recovery and upswing phases after crises were extremely unstable and were often interrupted by localized declines in production. In particular, after the crisis of 1929-1933, a special depression emerged in the capitalist world: although there was a certain degree of recovery after the depression, it did not lead to a new upswing before the crisis of 1937 broke out again. Moreover, insufficient operation of enterprises and mass unemployment had already become common phenomena.

---

[1] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol 1.

After World War II, under new conditions and particularly as a result of the development of state monopoly capitalism and the militarization of the national economy, the socialization of production has reached an even higher level, and the fundamental contradiction of capitalism becomes further intensified. At this time, the tremendous development of the socialization of production is manifested mainly in the following aspects:

1. The combination of combination develops more rapidly and extensively, and industrial conglomerates in particular has undergone further development. Industrial conglomerates not only greatly expand the scale of monopoly enterprises but also considerably broaden their scope of operations. Industrial conglomerates enable monopoly organizations generally to control the entire production process for several, or even many, products, while also establishing sales agencies and retail networks. As a result, the social integration of the production process becomes more direct, closer, and broader, and production and sales are also brought into close integration.

2. Multinational corporations has developed rapidly, and the operations of monopoly organizations becomes more internationalized. Through their subsidiaries and branch offices distributed domestically and abroad, multinational corporations directly and closely link the production and sale of certain products, and even of certain sectors, throughout the capitalist world. This marks the attainment of a higher stage of socialization of production.

3. The degree of socialization in the process of technological invention and improvement has increased. After the war, many monopoly organizations have established or controlled specialized scientific and technological research institutions, and placed the invention and improvement of production technology under the unified control of monopoly organizations.

According to reports, in 1971, the share of scientific research and technological design for 300 largest companies in the United States' industrial sectors reached 92% (with the four largest accounting for 22.6%); in Britain, 77% (with the four largest accounting for 25.9%); in France, 95% (with the four largest accounting for 20.9%); and in Japan, 71.4%. In addition, the monopoly organizations of various countries both compete with one another in production technology and cooperate to varying degrees to reach monopoly agreements. They transfer patent rights by charging licensing fees or controlling certain shares, thereby engaging in technology export. According to statistics, during the period from 1951 to 1971, the United States exported more than 5,600 technologies to Japan.

4. The development of banking and credit institutions has further advanced the socialization of production.

Lenin pointed out: "**We see the rapid expansion of a close network of channels which cover the whole country, centralizing all capital and all revenues, transforming thousands and thousands of scattered economic enterprises into a single national capitalist, and then into a world capitalist economy.**"[1] Today, in the major capitalist countries, in addition to banks, there are also insurance companies, savings institutions, securities companies, trust companies, and other financial institutions, as well as various state-run credit agencies, which together form a complex credit system. From cities to remote rural areas, and from domestic to international markets, it closely links the various economic activities of society as a whole, greatly advancing the socialization of production.

[1] Vladimir Ilyich Lenin, "II. Banks and Their New Role, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

5. The development of state monopoly capitalism has greatly raised the degree of socialization of production. The development of state monopoly capitalism means that the economic functions and activities of the bourgeois state have become more closely integrated with the movement of monopoly capital. Through the state's fiscal budget, procurement and contracting, credit from the state bank and other financial measures, as well as various policies of "intervention" in and "regulation" of economic life, the social economy has been interconnected on a broader scale, thereby advancing the socialization of production to a higher form.

The highly advanced socialization of production has created an even greater demand for organization in social production, requiring close coordination, cooperation, and mutual adaptation among production sectors. Only in this way can highly socialized production proceed smoothly. However, after World War II, because of the development of monopoly capitalism, the inherent disorder and anarchy of capitalist social production became further aggravated. Lenin pointed out: "**The monopoly created in *certain* branches of industry increases and intensifies the anarchy inherent in capitalist production *as a whole.* The disparity between the development of agriculture and that of industry, which is characteristic of capitalism in general, is increased. The privileged position of the most highly cartelized, so-called *heavy* industry, especially coal and iron, causes 'a still greater lack of co-ordination' in other branches of industry.**"[1] Lenin's observation is fully proven by the actual economic development of the imperialist countries after the war.

First, agriculture has lagged behind industry, and the problem of agriculture and industrial development being out of step has become more serious.

---

[1] Vladimir Ilyich Lenin, "I. Concentration of Production and Monopolies, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol 1.

1. The concentration of production and capital in industry is far higher than in agriculture. Although the concentration of production and capital in agriculture has also developed to a considerable extent, there are still a large number of small and medium-sized peasant households, and monopoly organizations directly engaged in agricultural production are not yet widespread. Lenin once pointed out: "**The enterprises in agriculture are much more numerous and much smaller. That is an expression of its backwardness, parcellization, and dispersion.**"[1] After the war, in the United States, where capitalist agriculture is the most developed, although the total number of farms has declined sharply and large farms has increased significantly, their average size is still much smaller than that of industrial enterprises, and the gap has become even greater. For example, in 1969, small farms of fewer than 99 acres accounted for 40% of all farms, while farms with product sales of more than $40,000 accounted for only 12.8% of so-called commercial farms.

2. Agriculture's level of production technology is far behind that of industry. At the beginning of the twentieth century, capitalist industry had already entered the stage of large-scale machine production. At that time, Lenin wrote of the United States, where capitalist agriculture had reached its highest level of development: "**Capitalism in agriculture is at a stage more akin to the manufactory stage than to the stage of large-scale machine industry.**"[2] After World War II, because large banks control vast amounts of land through land investment and loans secured by land, they have strengthened the monopoly of land ownership and raised the ground-rent level; because large industrial corporations intervene in agriculture and have

---

[1] Vladimir Ilyich Lenin, "15. A Comparative Picture of Evolution in Industry and Agriculture, New Data on the Laws Governing the Development of Capitalism in Agriculture," in *Lenin's Collected Works*, Vol. 22 (Progress Publishers, Moscow, 1974).

[2] Ibid.

established corporate farms, they have strengthened their control over agriculture and their attacks on small and medium-sized farms, and widened the "scissors differential," thereby further obstructing the development of agricultural production. Since WWII, although the degree of agricultural mechanization has increased considerably, compared with the automation of industrial production, the backwardness of its production technology remains substantial.

3. After the war, the development of state monopoly capitalism and the militarization of the national economy has intensified the backwardness of agriculture relative to industry. For example, in order to pursue a policy of aggression and a policy of war, the United States frantically engages in arms expansion and war preparations and, through state procurement and military procurement, greatly promotes the development of industry, particularly industrial sectors related to military production. Similarly, in order to accelerate the restoration and development of the Japanese monopoly capitalist economy and compete with other major capitalist countries, the Japanese government openly announced after the war that it would implement a policy of "sacrificing agriculture to develop industry."

Second, the imbalance in the development of the various industrial sectors has intensified, and the anarchy and disorder of social production becomes even more severe.

1. Between light and heavy industry, the degree of monopoly in heavy industry is relatively high, and it therefore develops more rapidly. By contrast, light industry develops much more slowly.

2. After the war, with the development of science and technology, emerging industries are growing and expanding rapidly, while traditional industries increasingly decline. The mass production of synthetic fibers has led to the decline of the cotton textile industry, while the rise of

petroleum fuel is increasingly replacing coal as energy source, and so on—these are obvious examples. As new industrial sectors continue to emerge, sectors related to emerging industries also develop accordingly. This causes the structure of industrial sectors to undergo continuous adjustments and changes. This process happens spontaneously and blindly, thereby resulting in disorder.

3. After the war, under the conditions of the development of state monopoly capitalism and the militarization of the national economy, the military industry expands rapidly, and industries related to arms production have also develop swiftly. Civilian industry, by contrast, falls increasingly behind. At the same time, most military products are ordered by the state or procured by the government. Changes in the government's priorities for military procurement and purchasing directly affect the prosperity or decline of the related enterprises and sector. This further aggravates the disorder in social production.

4. The enormous military expenditures of imperialist countries has led to huge fiscal deficits and increasingly severe inflation, which deepens the fiscal and financial crisis. The fiscal and financial crisis also greatly exacerbates the disorder in the national economy as a whole.

5. Under the conditions of the development of monopoly capitalism and state monopoly capitalism, the rule of the financial oligarchy has strengthened, and competition within monopoly organizations, among monopoly groups, and between monopoly enterprises and non-monopoly enterprises has become more intense. The struggle between the financial oligarchy and major arms dealers to control the government and secure more arms orders has intensified increasingly; at the same time, certain industrial sectors and enterprises with the highest degree of monopoly, particularly enterprises in the heavy industry sector, rely on their monopoly position and

important role in social production to forcefully suppress and attack other relevant sectors and enterprises, causing them to suffer from an even more serious lack of planning. All this has inevitably aggravated the anarchy of social production.

6. After the war, as the rule of finance capital and the role of bank capital greatly intensifies, the blind expansion and contraction of bank credit exerts an increasingly significant influence on the development of industrial and commercial enterprises, and also contributes to the disorder in the national economy.

In short, after World War II, production becomes further socialized on the one hand, while on the other hand social development becomes even more chaotic and anarchic. A profound contradiction exists between them; this is one manifestation of the sharpening of the fundamental contradiction of capitalism in the postwar period.

Another specific manifestation of the fundamental contradiction of capitalism is "**the contradiction between the colossal *growth* of capitalism's potentialities of production, … and the relative reduction of the effective demand of the vast masses of the working people.**"[1] After World War II, this contradiction has also intensified greatly in the capitalist countries. This is because production has become highly socialized, while the concentration of production and the scale of production have both undergone tremendous growth, thereby creating the material foundation for the rapid expansion of production; in order to seize maximum profits and strengthen its competitive power, monopoly capital makes every effort to increase investment, renew production equipment, and raise the level of technology, particularly under the stimulus of state monopoly capitalism measures and the militarization of the national economy,

[1] Joseph Stalin, "Political Report of the Central Committee to the Sixteenth Congress of the C.P.S.U.(B.)," in *Works*, Vol. 12 (Foreign Languages Publishing House, Moscow 1955).

resulting in an even more blind expansion of postwar production. On the other hand, the tremendous development of the socialization of production has further increased production's dependence on the market, making the market problem increasingly prominent. However, as monopoly capitalism and state monopoly capitalism develop—and, in the United States, also because of the frenzied pursuit of a policy of aggression and a policy of war—the monopoly bourgeoisie has greatly intensified its exploitation of the working masses. The absolute, universal law of capitalist accumulation revealed by Marx is operating on a broader scale and at a deeper level. Social polarization and the impoverishment of the proletariat become even more severe. Consequently, the effective demand of the people is confined to a narrow scope. Compared with the blind expansion of production capacity, the domestic market for personal consumption grows relatively smaller and smaller. As for the international market, after the war, the victory of revolutions in China and other countries have greatly reduced the scope of the capitalist world market; the vigorous rise of the national liberation struggle in the Third World, particularly as Third World countries become independent one after another and actively develop their national economies, the foreign markets of imperialism have also greatly reduced. All this further relatively narrows capitalism's markets, and the contradiction between production and the market grew increasingly acute.

After World War II, as the fundamental contradiction of capitalism becomes increasingly acute, economic crises are bound to break out in an even more profound form. As early as 1947, Chairman Mao gave a penetrating account, with reference to the situation in the United States, of the inevitable course of further development of economic crises, pointing out: "**The economic power of U.S. imperialism, which grew during World War II, is confronted with unstable**

and daily shrinking domestic and foreign markets. The further shrinking of these markets will cause economic crises to break out. The war boom in the United States of America was only temporary."[1] The postwar economic development of the United States and other imperialist countries has fully confirmed Chairman Mao's scientific analysis and wise conclusion.

The postwar economic crisis has the following characteristics:

1. Crises occur more frequently, and the cycle has become shorter.

From the end of World War II to 1972, the United States, Britain, and Japan each experienced five economic crises, West Germany four, and France three. At the end of 1973, the most serious world crisis of the postwar period broke out. In other words, on average, a crisis erupts every four to five years after the war. Moreover, the capitalist production cycle—that is, the interval between crises—is becoming progressively shorter. For example, among the six postwar economic crises in the United States, the interval from the first to the second was four years and nine months; from the second to the third, three years and eight months; and from the third to the fourth, two years and ten months. The interval from the fourth to the fifth was longer—nine years and eight months—because, as the war of aggression against Vietnam expanded, the large-scale military purchases and orders of the United States government temporarily provided a certain stimulus to economic development. The interval from the fifth to the sixth then shortened again to three years. Engels once wrote: "**This circle is gradually narrowing; that the movement becomes more and more a spiral, and must come to an end, like the**

[1] Mao Zedong, "The Present Situation and Our Tasks," in *Selected Works of Mao Zedong*, Vol. IV, 172

movement of the planets, by collision with the centre."[1] The progressive shortening of the postwar capitalist production cycle shows that modern capitalism is advancing along this road toward collapse.

2. The crisis phase is relatively prolonged, while the recovery and boom phases are highly unstable; severe underutilization of enterprise capacity and widespread unemployment become common even during the boom phase.

In the postwar capitalist production cycle, the crisis phase accounts for a relatively longer period of time. During the thirty years from 1945 to 1975, the United States was in crisis-induced production decline for more than one-fifth of the time, which was unprecedented in the history of capitalist development. Moreover, successive crises tend to last progressively longer, while the recovery of production is generally rather slow. In addition, the recovery and boom phases are highly unstable: some production sectors often enter a new crisis before they have truly reached "prosperity." For example, after the crisis of 1957-1958 had passed, the entire national economy of the United States did not experience any marked boom before the crisis of 1960-1961 broke out. After the fifth crisis in the United States reached its peak in November 1970, production took no less than 17 months to recover, followed by a brief boom; at the end of 1973, the sixth crisis broke out. In other words, once an economy falls into crisis, it becomes increasingly difficult to overcome the crisis and enter the recovery and boom phases.

A prominent problem in the postwar imperialist economy is the severe overcapacity of production and the persistent existence of an reserve army of unemployed. During the successive postwar crises, capacity utilization fall to very low levels, with a trend of becoming increasingly

[1] Frederick Engels, "II. Theoretical, Part III: Socialism," in *Anti-Dühring. Herr Eugen Dühring's Revolution in Science.*

severe. For example, capacity utilization in United States manufacturing industry reached a low of 82% during the 1948-1949 crisis; during the 1957-1958 crisis, it fell to 76%; during the 1969-1970 crisis, it fell further to 72%; and during the sixth crisis, capacity utilization reached only 66%. The growth of the Army of unemployed was unmistakable. Statistics show that during the first postwar crisis in the United States, the peak total number of unemployed was 3.39 million; during the second, 3.70 million; during the third, 5.20 million; during the fourth, 5.70 million; and during the fifth, 5.50 million. In the sixth crisis, the unemployment problem became even more severe: the total number of unemployed in the United States reached as high as 8.53 million, and the unemployment rate rose to 9.2%, the highest level since 1941. It is worth noting that astonishing overcapacity and large numbers of unemployed existed not only during crises but also in the "prosperity" years. In the United States, for example, average capacity utilization in manufacturing industry was approximately 87% in the 1950s; it fell to 84% in the 1960s and was even lower in the 1970s, reaching only about 80%. Employment growth rate declined after crises. For example, the employment growth rate of the non-agricultural population in the United States was 8.1% in 1950, after the first crisis, but had fallen to 1.7% by 1971, after the fifth crisis. According to the greatly reduced figures officially published, even during the "prosperity" stage, the United States regularly maintains an reserve army of unemployed of 3 million, while a huge underemployed population also exists.

3. One of the most prominent new features is the interweaving and simultaneous occurrence of the crisis of overproduction, the fiscal and financial crisis, and the international financial crisis.

After the war, as crises of overproduction break out frequently, fiscal and financial crises also deepen. This is manifested in the following ways:

(1) Government expenditure is enormous, and fiscal deficits accumulated steadily. For example, in the United States, the federal government expenditure was $43.15 billion in fiscal year 1950, $92.22 billion in 1960, reached $211.43 billion in 1971, and more than $300 billion in 1975. Massive government expenditure produces huge fiscal deficits. Of the fourteen fiscal years before the 1960s in the postwar period, the United States had a deficit in seven; of the ten fiscal years in the 1960s, eight had deficits; and since entering the 1970s, it has deficits continuously. Moreover, fiscal deficits accumulate steadily: from 1950 to 1974, cumulative fiscal deficits amounted to approximately $179 billion.

(2) National debt increases sharply. To make up for huge fiscal deficits, one method adopted by bourgeois governments is to pile up debt by issuing government bonds. For example, the national debt of the United States federal government rises continuously in a straight line after the war: it was $256.731 billion in 1950, $290.373 billion in 1960, reached $449.747 billion in 1972, and rose further in 1974 to the astronomical figure of approximately $500 billion.[1]

(3) Inflation becomes increasingly severe. To make up for fiscal deficits, bourgeois governments, in addition to borrowing and raising taxes, also embark on the path of recklessly issuing paper money and causing inflation. Take the amount of paper currency issued by the United States as an example: during 1951-1960, it increased by a total of $5.2 billion; during 1961-1970, an additional $24.2 billion was issued; and in the short three-year period from 1971 to 1973, an additional $15.4 billion was issued. The increase in the money supply far exceeded

[1] Note from translator: Currently (October 2026), the national debt of the United States is $40.56 trillion.

the pace of production growth, which inevitably caused inflation. The rate of inflation can be approximately reflected by the rate at which prices, driven up by inflation, soared. The rate of increase in consumer prices in the major capitalist countries was 2-5% in the 1950s and 2-6% in the 1960s. After entering the 1970s, it grows rapidly, reaching 6-12% in 1973; in 1974, it generally reached double digits. In October 1974, compared with the same period of the previous year, consumer prices rose by 12.2% in the United States, 17.1% in Britain, 14.9% in France, and 26.2% and 25.7% in Japan and Italy, respectively.

As the fiscal and financial crisis deepens, even during an economic crisis, the situation generally no longer manifests itself as falling prices; instead, prices continue to rise. This further weakens the real purchasing power of the working masses, making it more difficult to sell off surplus goods and thereby deepening the economic crisis. As the economic crisis sinks ever deeper, it in turn forces monopoly bourgeois governments to increase government spending further, expand credit, and accelerate inflation to administer a "cardiac stimulant" to the economy in crisis, with the result that the fiscal and financial crisis worsens still further. The two have become inseparably linked. This was particularly evident during the sixth economic crisis, when inflation became even more severe and pronounced. Faced with rapidly developing inflation and a profound economic crisis, the monopoly bourgeois governments of various countries were stunned and helpless. U.S. President Ford declared inflation to be the "number-one enemy" to be dealt with. Bourgeois economists coined the new term "stagflation" (short for "stagnation-inflation") to describe this complex economic situation. "Stagflation" means the interweaving of economic stagnation or economic crisis with inflation; it fully demonstrates that

the monopoly oligarchs of the imperialist countries today have been caught between attacks from both sides and are in an impossible predicament.

After the war, as the crisis of overproduction and the fiscal and financial crisis deepen, the capitalist international financial crisis also becomes increasingly intensified. This originated in the dollar crisis.

In the initial period after World War II, U.S. imperialism, relying on its overwhelming economic superiority and basing itself on its vast gold reserves (in 1949, the United States possessed gold reserves amounting to $24.6 billion, accounting for more than 70% of the total reserves of the capitalist world), established the dollar's hegemonic position in the financial affairs of the capitalist world, thereby forming a dollar-centered capitalist world monetary system. It stipulated that $35 equaled one ounce of gold and that the governments or central banks of all countries could exchange dollars for gold from the United States government at this rate; the currencies of all countries were pegged to the dollar, thereby maintaining fixed exchange rates. The dollar became a currency equivalent to gold. However, as the economic and political conditions of the United States and the capitalist world developed, the dollar, once so prominent and a symbol of the United States' "gold-dollar empire," gradually fell into crisis. In 1971, the then U.S. president, Nixon, announced the implementation of the so-called "New Economic Policy," suspending the exchange of dollars for gold by foreign central banks with the United States. Taking this as a turning point, the dollar fell from the "throne" of the capitalist world's currency, and its hegemonic position collapsed. The dollar crisis was caused by U.S. imperialism's frenzied pursuit of a policy of aggression and a policy of war after the war, as well as enormous overseas military expenditures; economic crises and fiscal and financial crises

continued to intensify; under the influence of the law of uneven economic and political development under capitalism, the economic position of the United States increasingly declined, while the economic strength and economic position of Western Europe, Japan, and other countries gradually grew. Consequently, the foreign trade and International balance of payments of the United States continuously deteriorated, its gold reserves became increasingly depleted, and confidence in the dollar steadily declined. As a result, waves of dollar selling and purchases of gold or other "hard currencies" with relatively strong credit (such as the West German Deutsche Mark) repeatedly swept through the financial markets of the capitalist world, and the Dollar crisis erupted. Although the United States government adopted various "anti-crisis" measures, it was entirely unable to save the dollar from decline; instead, these measures further intensified various contradictions, causing the dollar crisis to deepen and develop further until it became impossible to control.

From the 1960s through 1973, ten dollar crises erupted. In August 1971, the United States government stopped converting dollars into gold; then, in December 1971 and February 1973, the dollar was devalued twice, while the currencies of Western Europe, Japan, and other countries successively announced the adoption of floating exchange rates. From then on, the financial system of the capitalist world becomes engulfed in an even more turbulent and severe crisis. At present, the Eurodollars in Western European financial markets—funds that flowed into Western Europe as a result of the United States' long-term international balance of payments deficits—have reached more than $100 billion. Whenever this huge pool of speculative capital encounters the slightest disturbance, it stirs up trouble and violently strikes the financial markets of the capitalist world. Waves of selling dollars and rushing to buy gold have followed one

another without respite. The free-market selling price of gold per ounce once approached $200 at the end of 1974, more than four and a half times the official price of $42.22. The financial markets of the capitalist world are filled with an atmosphere of panic and unease. Reform of the so-called monetary system of the capitalist world remains hopeless to this day.

In summary, the postwar imperialist economy suffers not from one disease, but from many. It is riddled with problems and beyond cure. This is an important manifestation of the deepening crisis of the capitalist system.

Economic crises are the inevitable companion of the capitalist system. Only by abolishing the capitalist system can crises be eliminated. However, in order to save capitalism from death, the monopoly bourgeoisie has vigorously promoted such notions as "regulated capitalism" and put forward various schemes in an attempt to "prevent and cure" economic crises. The so-called "Keynesianism" is precisely such a theory of the monopoly bourgeoisie. This theory was tested in the 1930s by the then United States President Roosevelt in the "New Deal" and, after World War II, was promoted even more widely by successive United States governments. Their methods are collectively called "anti-crisis measures"; that is, they require the state to step in to "regulate" and "intervene in" the economy. Marx and Engels pointed out long ago: "**And how does the bourgeoisie get over these crises? On the one hand by enforced destruction of a mass of productive forces; on the other, by the conquest of new markets, and by the more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented.**"[1] History has fully demonstrated the supreme correctness of this scientific

[1] Karl Marx and Friedrich Engels, "Chapter I: Bourgeois and Proletarians, Manifesto of the Communist Party," in *Marx/Engels Selected Works*, Vol. 1 (Progress Publishers, Moscow, 1969).

conclusion. The bourgeoisie has exhausted its resources, and all its miracle cures have failed. On the contrary, the result of its anti-crisis measures has been to make crises more frequent, more violent, and increasingly impossible to control.

Postwar United States becomes trapped in a vicious cycle in which state monopoly capitalism's "anti-crisis measures" and the ever-deepening economic crisis mutually reinforces each other and are mutually causal. An analysis of the following several major "anti-crisis measures" fully demonstrates this point.

First, stimulate demand and expand production fiscally by increasing government spending and reforming the tax system.

The monopoly bourgeoisie increasingly regards expanding government fiscal expenditure as the primary means of "countering the crisis." For example, it expands government military expenditure, increases investment in public works, has the state directly establish enterprises and undertake so-called social "welfare" programs, and so on, in order to stimulate private investment and promote social economy development. Although these measures temporarily have a certain effect in stimulating production and easing the crisis, the government's enormous expenditures are sustained through inflation, borrowing, and tax increases. This not only further reduces the purchasing power of the working masses and intensifies the contradiction between production and consumption, but also causes fiscal and financial conditions to deteriorate, thereby preparing the conditions for a more profound economic crisis.

Moreover, the monopoly bourgeoisie also stimulates investment through "tax reform" and tax policies. The so-called "Rapid Tax Amortization Program" is a way of legally enabling monopoly capitalists to evade taxes and stimulate investment. For example, the United States

government stipulates that the depreciation period for machinery and equipment in civilian industry is twenty years, and that for factory buildings is fifty years; however, for those accepting military procurement contracts, the depreciation period for their machinery and factory buildings is only five years. Depreciation allowances are not taxed, enabling monopoly capitalists to increase their profit income. Although this method provides a certain stimulus to investment in the short term, in the long term, growth in investment means an expansion of production, which inevitably creates an increasingly acute contradiction with the relative contraction of the market.

Second, stimulate investment through inflation, adjustments to interest rates, and "open-market operations" in the financial sphere.

Keynesianism holds that increasing the quantity of money can lower interest rates, and that lower interest rates can stimulate investment, thereby avoiding or reducing crises. Inflation therefore becomes one of the main means by which the monopoly bourgeoisie countered crises. Before the 1960s, the gradual development of inflation could both intensify the exploitation of workers, enabling the monopoly bourgeoisie to reap enormous profits, and temporarily stimulate the economy to a certain extent—truly a case of killing two birds with one stone! However, as inflation increasingly accelerates, especially since the beginning of the 1970s, it becomes like a runaway horse, charging wildly in all directions, battering the foundations of the capitalist system and becoming a serious political and economic problem. Faced with the rapid development of inflation, the monopoly bourgeoisie's delight has turned into fear.

The monopoly bourgeoisie adjusts the rediscount rate through the central bank to control market interest rates, thereby influencing the amount of credit loans provided by commercial banks to enterprises. Raising interest rates causes credit contraction; lowering them causes credit

expansion. In addition, the central bank controls credit through the purchase and sale of securities in the market, namely, “open-market operations.” Selling securities reduces the market money supply, thereby reducing credit capital and causing credit contraction; conversely, purchasing securities causes credit expansion. Credit expansion stimulates investment. For example, during the crisis of 1957-1958, the United States Federal Reserve lowered interest rates four times, from 3.5% to 1.7%, in order to expand credit, stimulate economic recovery, and overcome the crisis. From the end of World War II to 1971, the United States financial sector’s investment and lending to enterprises increased 11.7-fold, mortgage lending increased 17.5-fold, and consumer credit increased 23.2-fold, whereas the United States’ industrial production increased only 1.7-fold from 1947 to 1971. Credit expansion far outpaces the growth of production. Although this credit policy stimulates investment to some extent, it also widens the contradiction between production and the market. Moreover, under conditions of inflation, credit expansion further encourages widespread speculation and economic disorder; lower interest rates also promoted the export of capital and led to an outflow of gold, thereby creating conditions for the simultaneous outbreak of a financial crisis and a crisis of overproduction.

Third, in foreign trade, adopt measures such as expanding exports and restricting imports to shift the crisis elsewhere

For example, after the war, under the banner of “aid,” the United States dumps“surplus” goods everywhere. The various “aid” agreements that the United States government signed with different countries all contain harsh conditions, in which one indispensable provision being that “aid” loans have to be used to purchase American goods, thereby creating conditions for the export of American commodities. After the war, through the “Marshall Plan,” the “Agricultural

Trade Development and Assistance Act," the "Food for Peace Program," and others, the United States heavily promotes its goods. It also stimulates exports through "export subsidies" in order to shift the economic crisis elsewhere. At the same time, the United States restricts imports of goods through measures such as tariff barriers and trade restrictions. Expanding exports and restricting imports plays a certain role in shifting the crisis elsewhere, but does not solve the fundamental problem. The United States' trade with other countries, especially with the economically backward Asian, African, and Latin American countries, is conducted on the basis of unequal exchange, thereby making these countries increasingly impoverished. Moreover, the burden of the United States' "export subsidies" ultimately has to be shifted onto the American working people. All of these factors become additional causes of an even deeper economic crisis.

There are also many "anti-crisis measures"; despite their varied forms, they all boil down to the same thing: their fundamental method is to artificially stimulate investment, expand the market, and increase production. The inevitable result is intensified exploitation of the broad masses of the people, making them even poorer, thereby widening and exacerbating the contradiction between production and the market. Thus, for decades, the bourgeoisie have always racked their brains trying to "combat crises," but their efforts have produced the opposite result: crises have not only never ceased, but have become more frequent and severe. The bourgeoisie are utterly incapable of overcoming this irreconcilable contradiction of their own making.

History has already declared the bankruptcy of "anti-crisis measures." Today, even the monopoly bourgeoisie has been forced to acknowledge that the economic crisis is a "chronic cancer." This is a helpless lament in the face of the laws of history!

Under the rule of the Soviet revisionist renegade clique, the Soviet Union has increasingly fallen into serious economic disorder and difficulties since degenerating into social imperialism. The rate of production growth has continued to decline. The proportions among the various sectors of the national economy have become unbalanced: military-industrial production has expanded sharply, civilian production has contracted, agricultural output has declined, and Agriculture has increasingly lagged behind industry. Some industrial products are in surplus and have accumulated in warehouses, while many component parts are in short supply; daily necessities, in particular, are inadequately supplied. Capacity utilization of production equipment has declined. Inflation, rising prices, and fiscal and financial difficulties have become increasingly serious, forcing the country to rely on borrowing to get by.

The deepening of the economic crisis will inevitably intensify the contradiction between the bourgeoisie and the proletariat, leading to the proletarian revolution and a crisis of the capitalist system.

The class manifestation of the fundamental contradiction of capitalism is the contradiction between the proletariat and the bourgeoisie. Upon entering the imperialist stage, the rule of the financial oligarchy pushed this class contradiction to an exceptionally acute level.

In pursuit of maximum profits, monopoly capital has made its exploitation of the proletariat and other working masses a hundred times more severe, blatant, and intolerable. Monopoly prices have aggravated the burden of living borne by the broad working masses. The law of accumulation under monopoly capitalism has expanded the industrial reserve army. Every advance in science and technology means an improvement in the techniques used to extract the sweat and blood of workers. Imperialist wars for the redivision of the world have imposed heavy

burdens and brought terrible devastation and disasters upon the broad working masses. After World War II, the development of state monopoly capitalism has further created a paradise for the monopoly oligarchy and a penal camp for workers and impoverished peasants; the frequent outbreak of economic crises, chronic underemployment, and the prolonged unemployment of large numbers of workers have posed a serious threat to the lives of the broad masses of workers and other working masses; the militarization of the national economy and the increasingly severe fiscal and financial crisis have increased the tax burden on the proletariat and other working masses, while implementing a Redistribution of national income increasingly favorable to the monopoly bourgeoisie and detrimental to the working people; the soaring prices caused by inflation have rapidly increased the cost of living for the broad masses of the people, while the monopoly oligarchy has further extracted the flesh and blood of the people from the sphere of circulation; the constant widening of the "scissors differential" between industrial and agricultural products has accelerated the impoverishment and ruin of the peasants. Particularly under conditions of intensifying imbalanced capitalist economic and political development, fierce competition among the monopoly groups of different countries, and the intensified struggle for supremacy by the two superpowers, the United States and the Soviet Union, the monopoly bourgeoisie of all imperialist countries is inevitably compelled to strengthen its oppression and exploitation of the proletariat and other working masses by every possible means. This is the economic root of the intensification of the contradiction between the proletariat and the bourgeoisie.

While the monopoly bourgeoisie intensifies its economic exploitation of the proletariat and other working people, this is also accompanied by various forms of political oppression. "**A**

bourgeoisie armed against the proletariat is one of the biggest fundamental and cardinal facts of modern capitalist society."[1]

In the capitalist countries after World War II, the political oppression suffered by the proletariat and other working people becomes even more brutal, and their situation becomes even more difficult. In order to consolidate its domestic rule and strengthen the foundation for external aggression, and launch wars, the foremost capitalist-imperialist power, the United States, first attacks the people of the United States, and frantically suppresses the resistance of its own proletariat and the broad revolutionary masses. As Chairman Mao pointed out as early as 1946: "**To start a war, the U.S. reactionaries must first attack the American people. They are already attacking the American people - oppressing the workers and democratic circles in the United States politically and economically and preparing to impose fascism there.**"[2]

During the thirty years after the war, under the attacks of the reactionaries and the brutal exploitation and plunder of monopoly capital, the polarization between rich and poor in the imperialist countries has become increasingly severe; the lives of the proletariat and the other broad masses of working people grows increasingly more impoverished, while the threat and suffering of unemployment and hunger becomes increasingly acute.

First, the relative impoverishment of the proletariat has deepened. After the war, in order to extract the maximum possible profits and strengthen their competitive capabilities, the monopoly capital of various countries has generally accelerated the renewal of fixed capital and adopted new technologies such as automation and "rationalization," thereby increasing labor

---

[1] Vladimir Ilyich Lenin, "The Military Programme of the Proletarian Revolution: II," in *Lenin's Collected Works*, Vol. 23.

[2] Mao Zedong, "Talk With the American Correspondent Anna Louise Strong," in *Selected Works of Mao Zedong*, Vol. IV, 98-99.

productivity. As a result, the degree to which workers are exploited has increased substantially; the share of the bourgeoisie's profits in national income rises, while the share of the working masses' wage income in national income declines, and the relative impoverishment of the proletariat increasingly deepens. According to statistics, the rate of surplus value in the United States manufacturing industry was 146% in 1947 and rose to 237% in 1971. The total after-tax profits of United States monopoly enterprises increased from $24.9 billion in 1950 to $73 billion in 1973. Meanwhile, the wage income of the working class continued to decline relatively. For example, the proportion of wages earned by United States manufacturing workers in the national income created by that sector fell from 57.3% in 1964 to 44.07% in 1972.

Second, the extent of the proletariat's absolute impoverishment has also increased. Its main manifestations are as follows:

1. Real wages continually declines, and workers' wages fall below the value of labor power. After the war, although the nominal wages of workers in the imperialist countries have rose to some extent as a result of the struggles of the working class, they fall far short of keeping pace with the increases in prices and the cost of living caused by inflation. At the same time, taxes become increasingly burdensome. In the United States, for example, the average tax burden per person increased from $107 in 1939 to nearly $2,000 in 1974. According to statistics, in 1973, $36 out of every $100 of average per-person income was taken away in taxes. Consequently, workers' real wages continually decline. According to a report by United States authorities, the average after-tax real weekly wage of a worker supporting a family of four declined in five of the nine years from 1965 to 1973, and the scale of the decline grows increasingly larger. During the sixth economic crisis after the war, workers' real wages declined

even more markedly. In November 1974, the real income of workers in the United States was 6.2% lower than during the same period a year earlier.

It should be pointed out here that certain increases in the real wages of workers in the United States and other imperialist countries after the war occurred entirely during periods of economic "prosperity," while wages fell sharply during periods of crisis and depression; at the same time, it was only certain strata of workers whose wages increased; moreover, even when wages did increase, this often failed to compensate for the rise in labor intensity and the greater expenditure of physical energy. In addition, after the war, and particularly in recent years, the imperialist countries have also used decrees to freeze workers' wages in the name of combating inflation and preventing price increases, aggravating workers' living difficulties and enabling monopoly capitalists to reap superprofits. When the United States government implemented its so-called "New Economic Policy" in August 1971, it struck at the working class by freezing wages. In 1973, the British government also promulgated a decree freezing workers' wages. As a result of British workers' resistance and struggle, the Conservative government was forced to step down in February 1974. After the Labour government came to power in July of the same year, although it had no choice but to end the freeze, it once again stipulated, in the form of a government white paper, that increases in workers' wages could not exceed six pounds per week.

On the one hand, workers' real wages decline; on the other hand, with the rapid development of production technology, the demands placed on workers' cultural and technical level are increasing, and workers' labor intensity is also continually rising. This inevitably brings about changes in the material and cultural living conditions required by the working class, thereby determining that the material and cultural living content included in the value of labor

power has increased. The two are incompatible: workers' real wages are lower than the value of labor power, which is one of the main manifestations of the absolute impoverishment of the proletariat.

2. Unemployment becomes increasingly serious. After WWII, the development of production technology and automation of production in imperialist countries have further raised the organic composition of capital, causing the ranks of the unemployed to grow steadily and the numbers of the long-term unemployed and underemployed to increase continuously. It is estimated that, because of the adoption of automation, the United States loses 1.5 to 2 million employment opportunities each year. In regions with highly automated iron and steel industry and automobile industry, unemployment rates frequently reach 8% to 15%. Economic crises have also thrown large numbers of workers into the reserve army of unemployed. It is not difficult to imagine the miserable condition of unemployed workers, who have no means of livelihood and are sunk in extreme poverty. Some survive on pitifully small relief payments, living in semi-starvation. A fairly large proportion of unemployed and underemployed workers receive no relief at all. Some survive by taking gig jobs, while others make a living by scavenging discarded items. According to American newspapers, in 1974, when the sixth economic crisis deepened, many unemployed people in some large American cities stood in long queues outside relief stations waiting to receive a bowl of vegetable soup; many poor people even bought dog food and cat food to stave off hunger. In Japan, some unemployed workers, driven to desperation, are forced to literally sell their blood to capitalists.

It is also necessary here to expose the essence of the so-called "welfare measures" propagated by the imperialist countries. After the war, the governments and monopoly groups of

the various imperialist countries used a wide range of so-called welfare measures, such as unemployment insurance, unemployment benefits, and various subsidies and allowances, to numb and divide the broad working masses. In fact, the deceptive nature of these so-called "welfare measures" is obvious. First, for the broad working masses, so-called welfare measures are merely a drop in the bucket and can hardly maintain even the most basic standard of living. Unemployment benefits are limited not only in amount; the period during which they can be received is also extremely restricted. Second, these welfare benefits are available only to some workers. Gig and migrant workers, for example, receive none or far fewer welfare benefits than regular workers; moreover, receiving welfare assistance is subject to various stringent restrictions, such as not owning real estate. Third, the funds for all welfare measures come largely from insurance taxes and various deductions paid by working people. This in itself has already become a heavy burden on working people. Furthermore, these welfare funds are deposited in banks, invested in financial markets, or used for various fiscal loans and investment plans, where monopoly capitalists take them as capital to further exploit workers. Therefore, so-called "welfare measures" are less a form of relief for working people than a means of raising capital for monopoly capitalists and enriching them.

3. Labor intensity increases, the suffering endured by workers during production worsens, and industrial accidents become more frequent.

After the war, in the capitalist countries, because of the development of production mechanization and automation, labor loads continually increase, operating speeds accelerate greatly, and labor intensity has reached an unprecedented level. Automation not only intensifies the labor intensity of workers in certain processes that adopted automation devices, but, because

the processes are interconnected, it also inevitably compels workers in other processes that have not adopted automation devices to increase their labor intensity. As labor intensity increases and working conditions deteriorate, industrial accidents, occupational diseases, and premature aging become extremely widespread; together with severe environmental pollution, all this greatly have greatly deepened the suffering of the working class. A 1972 research report by the United States authorities was also forced to admit: "In the United States, most wage earners are almost like convicts sentenced to perform a single movement for life; they are tortured into illness and filled with hatred and resentment, while workers are forced to degenerate into apathetic, indifferent semiautomatic machines."[1] Each year in the United States, as many as 16,000 people die from industrial accidents, and more than 100,000 die from occupational diseases.

4. The debt burden has become heavier.

After World War II, as the market problem becomes increasingly serious, the monopoly capitalists of the imperialist countries have widely adopted consumer credit in order to sell their goods, intensifying their exploitation and enslavement of the proletariat and other working people. This consumer credit includes installment credit and home mortgage loans. For workers, this is a method of "eating next month's grain today" and advancing future purchasing power—a form of debt. If debts and the interest due could not be repaid on schedule, consumer credit institutions or hire-purchase companies would forcibly repossess the durable consumer goods or collateral purchased by the buyer and sell them off at low prices in order to recover the principal and interest. Most homes and automobiles owned by workers in the United States are bought in this way. According to statistics, consumer credit in the United States had risen to $190 billion by

[1] Note from translator: I am unable to find the original text.

1974. In other words, on average, each American had nearly $1,000 in debt resulting from consumer credit. In 1973, out of the American people's income after taxes, an average of one dollar out of every four had to be used to repay debts. Thus, the masses of workers become not only wage slaves but also debt slaves.

The decline in real wages, the increase in unemployment, the heavier debt burden, and so on inevitably produce a huge impoverished population. According to the greatly reduced figures released by the United States Census Bureau, in 1971 there were 25.6 million poor people in the United States living below the "poverty line," an increase of 10,000 over 1970 and 1.21 million over 1969, accounting for approximately 12.6% of the total population of the United States. In other words, one in every eight Americans is officially recognized by the United States authorities as poor. In reality, the number of impoverished people unable to maintain a minimum standard of living far exceeds this figure. It is estimated that approximately 50 million people—one quarter of the country's population—belongs to the impoverished population.

Regarding the impoverishment of the proletariat in the United States, the situation of Black people must also be given special emphasis. In the United States, Black working masses occupy the lowest strata. Their wages are the lowest, their unemployment rate the highest, and their economic position and living conditions are particularly deplorable.

Soviet revisionist social-imperialism, like capitalist imperialism, has driven the proletariat and working people back into impoverishment through the ruthless oppression and exploitation by the bureaucratic monopoly bourgeoisie. According to statistics, the rate of exploitation in Soviet industrial sectors reached 203% in 1972, twice as high as in the Tsarist era. In 1908, under Tsarist rule, the rate of exploitation in the industrial sectors was 102%. In 1972,

the working people's share of national income was 52.8%, while the remaining half was appropriated by the bureaucratic monopoly bourgeoisie and privileged bourgeois stratum. At the same time, the Soviet revisionist renegade clique also reduced the real income of workers and other laborers by raising prices, increasing taxes, and other means. Coupled with the continual intensification of labor, this pushed real wages below the value of labor power. According to statistics, the retail price index for basic daily necessities in the Soviet Union rose by approximately 30% from 1960 to 1973. During the same period, taxes on residents increased by 87.4%. The intensification of labor is even more astonishing. Emulating capitalist imperialism's "Taylorism," "Fordism," and other sweatshop wage systems, the Soviet revisionist renegade clique vigorously promotes the so-called "Shchekino experiment," "Zlobin method," and so on. In the Shchekino Chemical combined enterprise, the "layoff experiment" increased workers' labor intensity by combining trades, expanding the scope of work, and promoting multitasking, thereby laying off large numbers of workers. As labor intensity continue to increase, workers suffer physical and psychological harm, and industrial accidents become dramatically more frequent.

After World War II, the monopoly bourgeoisie in the imperialist countries has not only intensified their economic exploitation of the working class but also increasingly strengthened their political oppression.

The reactionary rule of the capitalist imperialist countries has reached an unprecedented level. Soviet revisionist social-imperialism has gone even further, implementing with increasing intensity the most reactionary, open terror dictatorship of the big bourgeoisie—that is, fascist rule. The reactionary ruling class, relying on its enormous state bureaucracy and

counterrevolutionary instruments of violence such as the army, police, and courts, as well as various reactionary laws, has intensified its persecution of the working class and other working people. Moreover, in suppressing the resistance struggles of the broad masses of working people, it has increasingly resorted to naked, bloody armed repression.

Wherever there is oppression and exploitation, there is resistance and struggle. The great leader Chairman Mao pointed out: "**In the final analysis, their persecution of the revolutionary people only serves to accelerate the people's revolutions on a broader and more intense scale.**"[1]

After World War II, the deepening impoverishment of the proletariat in the imperialist countries and the strengthening of reactionary rule have greatly stimulated the revolutionary fighting spirit of the broad working class and other working people. From the 1960s onward, the patriotic struggles waged by the broad masses of the Japanese people against the American and Japanese reactionaries' revival of Japanese militarism, for the removal of United States military bases, and for the abrogation of the U.S.-Japan Security Treaty have surged forward with tremendous force and achieved continuous victories. In the heartlands of imperialism in Europe, North America, and Oceania, large-scale people's revolutionary struggles have also erupted. Chairman Mao pointed out: "**The proletariat and working people of Europe, North America and Oceania are experiencing a new awakening.**"[2] This brilliant conclusion clearly identifies the new situation of the people's revolutionary struggles in these countries. In the Soviet Union,

---

[1] Mao Zedong, "Speech at the Moscow Meeting of Communist and Workers' Parties," in *Quotations From Chairman Mao Tse-Tung* (Foreign Language Press, Peking, 1966).

[2] Mao Zedong, "Message of Greetings to the Fifth Congress of the Albanian Party of Labour (October 1966)," in *Peking Review*, No. 22 (1968).

mass strikes and demonstrations have occurred continuously in recent years, challenging the rule of the bureaucratic monopoly bourgeoisie.

Western Europe and North America have long been regions where monopoly capital maintains extremely tight control. For many years, they have used the scraps left over from exploiting their own people and the peoples of the colonies to buy off a small handful of the labor aristocracy, employed right-wing socialists and revisionist elements to deceive the working people, numb the revolutionary will of the working class, and preserve their reactionary rule. However, over the past decade or more, with the intensification of domestic class contradictions and the development of the world revolutionary situation, the consciousness of the broad working class and other working people has rapidly begun to rise. The workers' movement, peasant movement, students' movement, women's movement, the struggle against racial discrimination, and the struggle against the reactionary policies of imperialism are closely integrated, forming a mighty torrent of the people's revolutionary struggle. "**The Afro-American struggle is not only a struggle waged by the exploited and oppressed Black people for freedom and emancipation, it is also a new clarion call to all the exploited and oppressed people of the United States to fight against the barbarous rule of the monopoly capitalist class.**"[1] The wave of strikes of the working classes of various countries against the rule of the monopoly bourgeoisie follows one another without interruption, often involving hundreds of thousands or even more than a million participants, with some lasting for several months. In 1974, there were more than 5,900 strikes in the United States, not including strikes by non-unionized workers or small-scale strikes; this was a "record figure" since official statistics began

[1] Mao Zedong, "Statement Chairman Mao Tse-tung, Chairman the Central Committee of the Communist Party of China, ln Support of the Afro-American Struggle Against Repression," *Peking Review*, No. 16 (1968).

to be compiled in the United States. Britain also reached 2,882 strikes in 1974. In recent years, the number of participants, frequency, duration, and scale of strikes in the capitalist world have been rarely seen in the past several decades. The political nature of strike struggles has become increasingly prominent; mass movements opposing imperialist policies of aggression and war have been gaining momentum, directly targeting the criminal rule of the monopoly bourgeoisie and the capitalist system. In the course of the struggle, not only have many progressive organizations emerged, but the form of struggle in which revolutionary violence resists counterrevolutionary violence is gradually being recognized and adopted by the peoples of various countries. These developments indicate that, in the imperialist countries, the objective conditions for the proletarian socialist revolution are maturing further. While helplessly confronting the economic crisis, the monopoly bourgeoisie has also fallen into a political crisis threatening its very existence.

At present, the task facing the proletariat is to establish a genuinely Marxist-Leninist party in the struggle against modern revisionism; under its leadership, to uphold the proletarian revolutionary line, unite with allied forces, overthrow bourgeois rule through armed struggle, and establish the dictatorship of the proletariat.

The Intensification of Contradictions Between the Oppressed Nations and Imperialist Countries

With the transition from free-competition capitalism to monopoly capitalism, the world territory was completely divided among a few capitalist powers. The vast majority of countries in

the world became colonies and dependent countries, forming the colonial system under imperialist rule. It is an important component of the world system of rule of finance capital. Colonies are of extremely important significance to imperialism, becoming the basic condition on which imperialism depended for its survival and development.

The colonies were seized by imperialism through fire and sword. Through massacres and deception, imperialism established bayonet rule by means of brutal colonial wars. Under imperialist aggression and plunder, the inhabitants of the colonies have no political rights, suffer severe discrimination and abuse, and even lose personal safety; they are subjected to all kinds of exploitation and plunder, including the export of capital, lease arrangements, and deceptive trade. Foreign monopoly capital not only controls the economic lifelines of these countries but also colludes with local feudal forces, fosters comprador capital, squeezes out national capital, and attacks small-scale producers, thereby intensifying the enslavement and oppression of the broad masses. Imperialism, feudalism, and bureaucratic capitalism become the three mountains weighing on the heads of the colonial peoples, forcing them to live in miserable conditions of hunger and cold. At the same time, this has made the economies of the colonies extremely backward, highly dependent, and unbalanced. This has inevitably sharpened the contradictions between the colonies and the colonial powers, and between the oppressed nations and the imperialist countries.

Imperialism's exploitation and oppression of the people of the colonies and dependent countries inevitably impels the people of these countries to embark on the revolutionary path, giving rise to liberation movements among the oppressed nations and eventually to national revolutionary war. Lenin pointed out: "**National wars waged by colonial, and semi-colonial**

countries are not only possible but inevitable in the epoch of imperialism."[1] Chairman Mao also pointed out: "**The contradiction between the colonies and imperialism is resolved by the method of national revolutionary war.**"[2] For the needs of aggression and plunder, imperialism has built railways, established factories, and manufactured guns and artillery in the colonies and dependent countries, thereby prepared the material conditions for revolution among the people of the colonies and semi-colonies. Imperialism's political, economic, military, and cultural aggression and oppression of the colonies and semi-colonies have led to the emergence of the proletariat and the bankruptcy of large numbers of peasants, intensified the broad masses' hatred of imperialism, impelled them to develop a revolutionary spirit, unite in struggle, and continually accumulate revolutionary experience. These are the spiritual conditions for revolution among the people of the colonies and semi-colonies. Imperialist wars have made imperialist countries weaken one another, while also restrain one another, thereby creating favorable conditions and opportunities for national revolution. The proletarian revolution in the imperialist countries and the national revolutions of the oppressed nations, as well as the national revolutions of the colonies and semi-colonies, supports one another, greatly strengthening the oppressed nations' power to oppose international monopoly capital and providing favorable conditions for the victory of national revolutionary war.

The national question is, in the final analysis, a question of class struggle. Chairman Mao pointed out: "**Unless imperialist rule is overthrown, the rule of the feudal landlord class cannot be terminated, because imperialism is its main support. Conversely, unless help is**

---

[1] Vladimir Ilyich Lenin, "The Junius Pamphlet," in *Lenin's Collected Works*, Vol. 22.

[2] Mao Zedong, "On Contradiction," in *Selected Works of Mao Zedong*, Vol. I, 321-322.

given to the peasants in their struggle to overthrow the feudal landlord class, it will be impossible to build powerful revolutionary contingents to overthrow imperialist rule, because the feudal landlord class is the main social base of imperialist rule in China and the peasantry is the main force in the Chinese revolution. Therefore the two fundamental tasks, the national revolution and the democratic revolution, are at once distinct and united."[1] It can thus be seen that the tasks of the national revolution and the democratic revolution must absolutely not be separated; to achieve complete victory in the national revolution, the task of the democratic revolution must be accomplished simultaneously. Lenin once said: "**It is beyond doubt that any national movement can only be a bourgeois-democratic movement.**"[2] The nature of the national-democratic revolution in the colonies and semi-colonies is that of a bourgeois-democratic revolution. This bourgeois-democratic revolution occurs in the era of imperialism, in the era of proletarian revolution; therefore, it is not a part of the bourgeois world revolution, but a part of the proletarian world revolution. It is no longer the old democratic revolution, but the new democratic revolution. As Chairman Mao pointed out: "**In this era, any revolution in a colony or semi-colony that is directed against imperialism, *i.e.,* against the international bourgeoisie or international capitalism, no longer comes within the old category of the bourgeois-democratic world revolution, but within the new category. It is no longer part of the old bourgeois, or capitalist, world revolution, but is part of the new world revolution, the proletarian-socialist world revolution. Such revolutionary colonies and semi-colonies can no longer be regarded as allies of the counter revolutionary**

[1] Mao Zedong, "The Chinese Revolution and the Chinese Communist Party," in *Selected Works of Mao Zedong*, Vol. II, 318.

[2] Vladimir Ilyich Lenin, "The Second Congress Of The Communist International," in *Lenin's Collected Works*, Vol. 31.

front of world capitalism; they have become allies of the revolutionary front of world socialism."[1] The new democratic revolution can achieve complete victory only under the leadership of the working class (through the Communist Party), by integrating the universal principles of Marxism-Leninism with the practice of revolution in the country, implementing a proletarian revolutionary line of Marxism-Leninism, taking the worker-peasant alliance as its foundation, uniting the national bourgeoisie and all revolutionary forces, and overthrowing the rule of the three mountains. This is the fundamental path by which the oppressed nations achieve victory. The national revolutionary war is an ally of the proletarian revolution in imperialist countries and a component of the proletarian revolutionary front of the world. Therefore, the proletarians of the whole world must unite with the oppressed nations, support one another, and launch a joint revolutionary offensive. In this way, imperialism is bound to perish.

World War I, in which imperialist bandits repartitioned the world, intensified the contradictions between imperialism and the peoples of the colonies and semi-colonies, and promoted the awakening of the oppressed nations. Under the influence of the victory of the October Revolution, the national liberation movement flourished, and armed uprisings against imperialism and colonialism broke out in many colonies and semi-colonies. The Chinese people, under the leadership of the Communist Party of China, carried out the great revolutionary struggle against imperialism, feudalism, and bureaucratic capitalism. All this dealt powerful blows to imperialism, shook the foundations of imperialist rule, and plunged the colonial system of imperialism into a profound crisis.

---

[1] Mao Zedong, "On New Democracy," in *Selected Works of Mao Zedong*, Vol. II, 343-344.

After World War II, contradictions between the peoples of the Colonies and semi-colonies and imperialism have further intensified. At the same time, as some countries embarked on the socialist path—particularly with the great victory of the Chinese Revolution—the people's revolutionary struggle in Asia, Africa, and Latin America has been greatly encouraged and supported. Consequently, national liberation movements have surged, national revolutionary wars happen one after another, and colonial and semi-colonial countries become politically independent successively. The old colonial system of imperialism has collapsed.

This new situation has compelled the imperialist countries to change their strategies. In order to maintain and strengthen colonial rule, they have continued to employ the methods of old colonialism while making greater use of the policies of neocolonialism. This has been determined by the new postwar economic and political conditions: (1) After the war, the national liberation movement in the vast regions of Asia, Africa, and Latin America has developed vigorously and achieved major victories one after another, forcing imperialism to change the methods of colonial rule; (2) After the war, with the further development of monopoly capitalism and state monopoly capitalism, the concentration of production and concentration of capital have increased to an unprecedented degree, the scale of production grows ever larger, and the rule of finance capital is further strengthened. At the same time, the sharpening of the market problem and the frequent occurrence of economic crises makes imperialism even more dependent on the colonies. The colonies increasingly become a matter of life and death for imperialism, so it has no choice but to maintain colonial enslavement and plunder by every possible means; (3) After the war, the intensification of the uneven development of the capitalist countries and the emergence of Soviet revisionist social-imperialism promote the struggle among the imperialist

powers to contend over and divide up the colonies and spheres of influence, while making this struggle increasingly intricate and complex. This also increases the necessity of changing the methods of colonialism; (4) The high level of development of state monopoly capitalism after the war enables finance capital to make fuller use of the state apparatus to deploy the tricks of neocolonialism, such as providing economic "aid." In short, neocolonialism is the product of the sharpening of the various fundamental contradictions in the contemporary world, especially the contradiction between imperialism and the oppressed nations.

Neocolonialism remains colonialism; its essence remains colonial rule, colonial enslavement, colonial plunder, and colonial exploitation. The only thing that has changed is the form of rule, enslavement, plunder, and exploitation.

After World War II, the main means of neocolonialism included the following:

1. Economically, under the guise of economic "aid," technical "aid," and "cooperative" development, and with states often taking the lead, continuing and intensifying large-scale commodity export and export of capital to Asian, African, and Latin American countries through loans, investment, trade, and other means; plundering these countries' resources, exploiting their cheap labor power, dumping surplus commodities, and extracting high monopoly profits.

Among these, economic and technical "aid," particularly that provided by the state, not only conceals the predatory nature of the export of capital, enabling imperialist countries to assume the position of "benefactors" and thereby buy influence, but also paves the way for the export of private capital. Ostensibly undertaken in the name of development through "cooperation" and equal reciprocity, it in fact entails harsh conditions of enslavement, thereby

securing and guaranteeing various privileges and subjecting the recipient countries to financial, monetary, economic, and even political and military control.

2. Politically, they appear to allow colonies and semi-colonial countries to become independent and to have "one head of state, one national flag, and one national anthem," but in practice they continue to impose colonial rule by means such as installing agents, establishing puppet regimes, fomenting national division or military coups, and carrying out subversive activities, thereby providing political guarantees for economic plunder and exploitation. In addition, they maintain colonial relations of rule by establishing "commonwealths" and "associated states."

3. Militarily, they exercise military control by cobbling together military blocs, providing military "aid," establishing military bases, dispatching military advisory missions, stationing troops, and other such means, thereby providing military guarantees for economic and political rule and compelling these countries to serve imperialism's policy of aggression and policy of war.

4. Culturally, taking advantage of the backwardness of the newly independent countries in culture, education, and science and technology, as well as their needs for development, it carries out cultural aggression and ideological infiltration (such as establishing schools and hospitals, accepting international students, and dispatching the "Peace Corps," among other measures), cultivates pro-imperialist intellectuals, erodes national consciousness and revolutionary will, and thereby consolidates colonial rule.

5. Using the United Nations or other international organizations to interfere in the internal affairs of these countries and subject them to military, economic, and cultural aggression.

Lenin's discussion of the colonial policy of imperialism provides us with a theoretical foundation for analyzing the essence of neocolonialism. Lenin wrote: "**We are living in a peculiar epoch of world colonial policy, which is most closely connected with the 'latest stage in the development of capitalism,' with finance capital.**"[1] The rule of finance capital is the economic base of modern colonial policy. Finance capital carries out colonial enslavement and plunder mainly in two different ways: "political annexation" and "economic annexation without political annexation." "Political annexation" means the open occupation and direct rule of underdeveloped countries through military conquest or other violent means, turning them into colonies. The colonial powers enjoy various privileges in the colonies, while the colonies are politically, fiscally, and economically completely subordinate to them. "Economic annexation without political annexation" means placing underdeveloped and small countries in a position of economic and financial dependence and subordination under the pretense of preserving their political independence. Semi-colonies and various dependent countries belong to this form. "**Of course, finance capital finds most 'convenient,' and derives the greatest profit from, a *form* of subjection which involves the loss of the political independence of the subjected countries and peoples.**"[2] However, when military conquest and direct rule are difficult to achieve or strategically inappropriate, or when intense competition among the imperialist countries mutually restrains them, finance capital can and must use "economic annexation without political annexation" as a means. Lenin also said: "**In this situation it is not only 'achievable,' from the point of view of finance capital, but sometimes even *profitable* for the trusts, for their**

[1] Vladimir Ilyich Lenin, "VI. Division of the World Among Capitalist Associations, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Ibid.

imperialist policy, for their imperialist war, to allow individual small nations as much democratic freedom as they can, right down to political independence."[1] Clearly, allowing oppressed nations to become independent is merely a strategic shift by imperialism. Moreover, this independence is only formal political independence; "**but in fact, are enmeshed in the net of financial and diplomatic dependence.**"[2] In short, the colonial policy of imperialism not only creates colonial powers possessing colonies and colonies themselves, but also "**give rise to a number of *transitional* forms of state dependence.**"[3] Such relations become a universal institution only in the era of imperialism, the era of the rule of finance capital. For "**finance capital is such a great, such a decisive, you might say, force in all economic and in all international relations, that it is capable of subjecting, and actually does subject, to itself even states enjoying the fullest political independence.**"[4]

Based on the foregoing, we can say that neocolonialism is merely a form of colonialism that, under new historical conditions, allows colonies to attain political independence in form and transforms direct rule into indirect rule. Under this form, imperialism primarily employs methods of "economic annexation without political annexation." Its allowing oppressed nations to be formally and politically independent by no means signifies that imperialism does not use violence. In fact, imperialism has always employed both political and military violence and

---

[1] Vladimir Ilyich Lenin, "4. The Example of Norway, A Caricature of Marxism and Imperialist Economism," in *Lenin's Collected Works*, Vol. 23.

[2] Vladimir Ilyich Lenin, "VI. Division of the World Among Capitalist Associations, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[3] Ibid.

[4] Ibid.

nonviolent means such as economic, cultural, and ideological measures in dealing with oppressed nations.

Neocolonialism is more sinister, more vicious, and more deceptive than old colonialism. Today, the most active and cunning practitioners of neocolonialism are U.S. imperialism and Soviet revisionist social-imperialism. The two superpowers, the United States and the Soviet Union, on the one hand, use it as a tool to stifle national liberation movements and impose colonial rule; on the other hand, they use it as a means of competing for colonies and redividing the world. After the war, while U.S. imperialism strives to maintain its control over Latin America, it is intensifying its aggression against Asia and Africa, gradually replacing the imperialist and colonialist forces of Britain, France, the Netherlands, and Belgium through the so-called "filling the vacuum" approach. After the Soviet Union degenerated into social imperialism, it not only uses such shackles as the "Warsaw Treaty Organization" and the "Council for Mutual Economic Assistance" to turn certain Eastern European countries and Mongolia into economic vassal states under its direct control in the name of "international division of labor" and "production specialization," but also, under the banner of "supporting national liberation movements" and "assisting underdeveloped countries," makes every effort to infiltrate and expand into Asia, Africa, and Latin America. It even provides funds and weapons to directly help the reactionaries in countries such as India massacre revolutionary people, crush the armed people's struggle in Asia, Africa, and Latin America, and suppress national liberation movements. Soviet revisionist social-imperialism and U.S. imperialism compete with and collude with each other; they are birds of a feather and have become the principal strongholds of contemporary colonialism.

However, in order to conceal the true nature of their social imperialism, the Soviet revisionist renegade clique has gone all out to distort the essence of neocolonialism and widely spread the theory that "colonialism has disappeared," in an attempt to obliterate the irreconcilable contradiction between imperialism and the oppressed nations. They claim that "there are no longer any spheres of influence reserved for imperialism anywhere in the world today," that the colonial system survives only in a few remnants in Africa, and that the eradication of colonialism has entered its "completion stage." This is entirely a reactionary fallacy that distorts reality, paralyzes the revolutionary will of the oppressed nations and peoples, and undermines and opposes the national liberation movement.

In fact, although the former colonies have achieved a certain degree of political independence, they remain surrounded by the web of finance capital. Through neocolonialism, imperialism continues, to varying degrees, to maintain its enslavement, exploitation, and plunder of the former colonies, now dependent countries. For example:

1. Imperialism and social imperialism still enjoy various privileges in many countries of Asia, Africa, and Latin America. They maintain military bases and station troops in many countries; interfere in the internal affairs of these countries and manipulate their foreign policies and diplomatic activities; enjoy land-leasing rights, rights to explore and exploit mineral resources, and financial and monetary privileges; and, through so-called "aid," impose various unequal treaties on these countries, among other things.

2. The capitalist imperialist countries still control the key production sectors and lifelines of the national economy in many countries, while Soviet revisionist social-imperialism is also intensifying its infiltration into many countries. They exploit the local cheap labor power to

extract various minerals and plunder the resources of Asian, African, and Latin American countries on a massive scale. Some operate mining industries, plantations, and farms through direct investment, while others use trade agreements to seize the food and raw materials they need. In recent years, their plunder of petroleum and nonferrous metals in Asian, African, and Latin American countries has intensified.

3. Imperialism and social imperialism, relying on their monopoly position or privileges in international trade, sell manufactured industrial goods at high prices and purchase primary products at low prices, subjecting Asian, African, and Latin American countries to unequal exchange and causing them substantial losses. As the scissors differential in the international market continues to widen, the losses suffered by the export trade of Asian, African, and Latin American countries are becoming increasingly severe. According to reports, from 1961 to 1972, unequal exchange caused Third World countries to lose as much as $98 billion, averaging $8 billion per year. In addition, because imperialism controls maritime transport and the insurance industry and implements trade discrimination and currency control, Asian, African, and Latin American countries have also suffered enormous losses. For example, at the end of 1971 alone, the devaluation of the US dollar and adjustments to the currency exchange rates of the major capitalist countries caused the debts of developing countries to increase suddenly by $2.6, while the purchasing power of their foreign exchange reserves declined by $600 million.

4. Imperialism and social imperialism are increasingly carrying out large-scale exports of capital to Asian, African, and Latin American countries. This seriously hinders the development of these countries' national economies and strengthens imperialist and social-imperialist control over them.

5. The colonial economic structure still exists. There are still serious obstacles and difficulties to the development of industry and the establishment of a national economy. (1) The foundation of capital accumulation has been destroyed. Of the enormous profits extracted by international finance capital from Asian, African, and Latin American countries, a small portion is used for reinvestment, while most is remitted to the home countries. In other words, the surplus value created by workers in Asian, African, and Latin American countries in enterprises owned by foreign monopoly capital flows mainly back to the countries exporting capital in the form of profits and interest, ending up in the pockets of monopoly capitalists. At the same time, so-called “aid” has become a heavy burden on these countries. This destroys the foundation of capital accumulation in Asian, African, and Latin American countries and weakens the conditions for their economic development. (2) The national market is particularly narrow. Industrialization and the development of the national economy require a certain national market. However, under the long-term exploitation and plunder by imperialism, the incomes of working people in Asian, African, and Latin American countries are meager, their lives are difficult, and their purchasing power is very low; consequently, their markets are extremely narrow. (3) National industry has suffered setbacks. Because imperialist countries have dumped large quantities of goods, they have undermined the handicrafts of Asian, African, and Latin American countries and dealt a blow to their national capitalist industries. In most countries, heavy industry is scarce. (4) The retention of a single-crop economy. Imperialist countries have long forcibly imposed single-crop economies in colonies and semi-colonies, causing the economies of these countries to develop in a distorted manner and making them highly dependent on the colonial powers. The daily-use industrial products needed by these countries needs to be imported from imperialist countries. In

many countries, even the grain necessary for residents' livelihoods cannot be produced domestically because of the one-sided development of cash crops, making it even more difficult to break free from dependence on imperialism and from the position of being controlled and exploited.

It can thus be seen that the contradiction between the oppressed nations and imperialism has not disappeared, and the revolutionary task of achieving the complete liberation of the oppressed nations has not yet been fulfilled. On the contrary, under the new circumstances, the contradiction between the oppressed nations and imperialism has manifested itself even more intensely. Today, a storm of struggle against imperialism, colonialism, and hegemonism, with the Third World as its main force, is sweeping across the globe, powerfully challenging the international old order founded on imperialism, colonialism, and hegemonism.

After World War II, a series of Asian, African, and Latin American countries successively achieved political independence and played an increasingly important role in international affairs; the socialist camp that had existed for a time after the war has now ceased to exist, owing to the emergence of Soviet revisionist social-imperialism and the satellite countries it enslaved; under the law of uneven economic and political development under capitalism, the capitalist imperialist blocs have also fallen into disarray. Amid great turmoil in the international situation, the world's various political forces underwent sharp division and reorganization through prolonged contention and struggle. Judging from the current state of international relations, the world today in fact consists of three interconnected yet mutually contradictory aspects, or Three Worlds. The two hegemonies, the United States and the Soviet Union, constitute the First World. The developing countries of Asia, Africa, Latin America, and other regions constitute the Third

World. The developed countries situated between these two constitute the Second World. China is a developing socialist country and belongs to the Third World.

The Third World is vast in territory and has a large population, accounting for the overwhelming majority of the world's countries. Their circumstances differ, but they share the characteristic that historically they were all colonies or semi-colonies and suffered imperialist oppression and exploitation for a long time. Chairman Mao pointed out: "**Imperialism is most afraid of the awakening of the Asian, African and Latin American peoples, the awakening of the peoples of all the countries.**"[1] It is precisely the Third World countries and peoples of this vast region of Asia, Africa, and Latin America who have become increasingly awakened after World War II and launched resolute struggles against imperialism, new and old colonialism, and hegemonism. The people of many countries have rose up and took up arms; after prolonged armed struggle, they have defeated imperialism, drove out the colonialists, and achieved the great victory of political independence. In particular, the revolutionary struggle of the peoples of the three Indochinese countries has defeated the leading capitalist empire, the United States, setting a brilliant example of a small and weak country defeating a large and strong country, and greatly strengthening the confidence of revolutionary peoples in defeating imperialism. The people of Palestine and the Arab countries unite and share a common hatred of the enemy. In the Middle East War of October 1973, they broke through the "neither war nor peace" situation created by the two superpowers, the United States and the Soviet Union, for their respective interests, defeated Israel, the aggressor supported by the two superpowers, the United States and the Soviet Union, and demonstrated the tremendous power of the Arab peoples' unity and

[1] Quote from Mao Zedong. "All-Out Support for the Soviet Struggle Against U.S. Aggression and Provocation," *Peking Review*, No. 21 (1960).

struggle. Africa, once considered the "Silent Continent," has now become a vibrant continent. In the struggle against imperialism, colonialism, and hegemonism, the African people support one another and fight heroically, achieving victory after victory. At present, the number of independent countries on the African continent has increased from three in the period before World War II to forty-six. Latin America, once treated by U.S. imperialism as its "backyard," is now ablaze with the flames of anti-imperialist struggle. The struggle, initiated under their leadership to uphold the maritime rights of the two-hundred-nautical-mile zone, has rapidly spread to the other continents. The United Nations, once a voting machine manipulated by the United States, later became an instrument in the rivalry between the United States and the Soviet Union, and has now become an important forum for Third World countries to expose, denounce, and condemn the crimes of the two superpowers, the United States and the Soviet Union. Countless facts prove that the Third World is the main force in the struggle against imperialism, colonialism, and hegemonism, and a great driving force advancing world history. Their struggle directly strikes at and weakens the power of imperialism, reduces imperialist territory, shakes the foundations of imperialist rule, and exerts a tremendous and far-reaching influence on the world situation and the development of the cause of proletarian revolution of the world.

Political independence is the prerequisite for economic independence, while economic independence is in turn the foundation and condition for consolidating political independence. Therefore, in recent years, the countries and peoples of the Third World, while actively developing their national economies in their pursuit of economic independence, have further launched an economic struggle against imperialism, new and old colonialism, and hegemonism —particularly against the two superpowers, the United States and the Soviet Union. This is an

"irresistible economic revolution" aimed at completely removing the "great mountain" that has weighed on the heads of the peoples of the Third World for several centuries.

First, nationalize foreign enterprises or subject them to supervision and restrictions. To safeguard national sovereignty and shake off colonialist exploitation and plunder, many Asian, African, and Latin American countries have nationalized foreign-funded enterprises in key economic sectors such as banking, transportation, electricity, insurance, and import and export trade, or have gradually increased their domestic shareholdings, restricted the scope of investment and the proportion of profits remitted abroad, and strengthened supervision and management of these enterprises. For example, African countries have achieved notable victories in their struggle for fiscal, financial, and autonomy in foreign trade. Today, the vast majority of countries in sub-Saharan Africa have nationalized foreign-funded banks, established new state banks, issued their own currencies, and effectively safeguarded their autonomy in fiscal and financial affairs. Multinational corporations are tools used by imperialism to pursue neocolonialism. Third World countries have waged a resolute struggle against them. The *Economic Declaration* adopted at the Fourth Conference of Heads of State or Government of Non-Aligned Countries, held in Algiers in September 1973, stated: "**The Conference also recommends that steps be taken by non-aligned countries for joint action on transnational companies.**"[1] Many Third World countries have adopted a series of firm measures against enterprises owned by foreign monopoly capital, especially multinational corporations, ranging from supervision and management to nationalization. In 1974, Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates broke through the agreements signed with Western petroleum

[1] Fourth Conference of Heads of State or Government of Non-Aligned Countries, *Economic Declaration*, Algiers, September 5–9, 1973, 69.

companies at the end of 1972 and, eight years ahead of schedule, obtained control of 60% of all foreign-owned shares. Venezuela nationalized its entire petroleum industry effective January 1, 1976. At present, the oil-producing countries of the Third World control most of the crude oil they produce. They are also actively striving to control the stages of petroleum exploration, extraction, processing, storage and transportation, sales, and utilization, while developing regional cooperation. These struggles have fundamentally struck at and shaken the foundations of imperialist and colonialist exploitation, plunder, and rule.

Secondly, actively develop the national economy. In recent years, the vast majority of Third World countries have embarked on a path of independence, self-reliance, and active development of their national economies. Many countries have paid close attention to developing agriculture, particularly food production. This is of great significance not only for solving the problem of feeding their own populations, but also for eliminating the single-crop economy created by colonialism over the long term, developing the national economy, and freeing themselves from dependence on imperialism. Equatorial Guinea declared: "Agriculture is the foundation of the national economy." Zaire is promoting the "Salongo" (labor) spirit and strove not to eat "imported grain." Sri Lanka is launching a food production campaign, relying on its own efforts to overcome food shortages. Mexico is regarding increasing agricultural production as an urgent priority. To develop agricultural production, many countries have adopted numerous active measures, such as increasing agricultural investment, loans, and subsidies; reducing agricultural taxes; vigorously improving irrigation and water conservancy; upgrading agricultural technology; raising the level of agricultural mechanization; training agricultural technicians; introducing high-yield varieties of food crops and cash crops; and so on. As a result of these

efforts, agriculture in Third World countries has developed relatively rapidly, particularly with a significant increase in food production. Some countries have achieved self-sufficiency or basic self-sufficiency, completely reversing their former passive situation of relying on food imports. For example, in Nepal, rice output in the 1973-1974 crop year broke the historical record; the country not only become self-sufficient in food, but also has surplus grain for export. Zambia's main food crop, corn, can be exported in addition to meeting domestic needs, with approximately 200,000 tons exported. Ghana, too, has ended its days of relying on foreign countries for food. The development of agriculture and food production in Third World countries dealt a powerful blow to the conspiracy of the two superpowers, the United States and the Soviet Union, to strangle the Third World by using food as a weapon. While developing agriculture, the vast majority of Third World countries also actively developed national industry. Some countries use domestic raw materials to produce the industrial products and daily necessities they need. These industries require little investment and yield quick results, making them relatively well suited to the needs of these countries' economic development. For example, Algeria built a number of small and medium-sized factories. In particular, the establishment of agricultural machinery factories has changed the previous situation in which agriculture depended entirely on imported machinery and equipment. Tanzania, whose industrial production had previously been almost nonexistent, is actively developing national industry. Government industrial investment increased by an average of approximately 20% annually from 1964 to 1972, and the country now has industries including iron smelting, textiles, sugar manufacturing, and brewing. Since gaining independence, Zambia has successively established coal mines and industries such as copper smelting, textiles, and cement, changing the previous situation in which, despite exporting

copper, it had to import even a single copper wire. Mexico's iron and steel industry was originally very backward, but annual output has now reached five million tons, achieving basic self-sufficiency. With the development of national industry, many Third World countries have produced the daily consumer goods and light industrial products they need, freeing themselves to varying degrees from their former dependence on imports. At the same time, they have accumulated capital and experience and trained personnel for the further development of national industry.

Third, the struggle to safeguard economic rights and interests and establish new international economic relations. The old international economic relations were founded on the oppression and exploitation of imperialism, colonialism, and hegemonism. Imperialism and the superpowers, relying on their monopoly position and privileges, ruthlessly drove down the prices of primary products and raised the prices of manufactured industrial goods in international trade, causing the terms of trade of developing countries to deteriorate steadily. It is estimated that between 1951 and 1973, developing countries suffered losses of more than $129.8 billion as a result of the deterioration in their terms of trade. Therefore, in order to change their disadvantageous position in trade and safeguard their own economic interests, the developing countries of Asia, Africa, and Latin America are launching increasingly broad and vigorous struggles against imperialism—particularly against the superpowers' monopolization of international trade and plunder of the natural resources of various countries—and are organizing and uniting for the collective struggle. In the early 1960s, Third World countries organized themselves and successively established organizations of raw-material-producing and exporting countries, including the Organization of the Petroleum Exporting Countries, the Organization of

Arab Petroleum Exporting Countries, the African Groundnut Council, the Cocoa Producers' Alliance, the Asian Coconut Community, and the Intergovernmental Council of Copper Exporting Countries. At the first United Nations Conference on Trade and Development in 1964, 77 developing countries and regions united to issue the *Joint Declaration of the Seventy-Seven Developing Countries*,[1] thereby forming the Group of 77, which has become an important force for developing countries' anti-imperialist and anti-hegemonic struggle in the international economic sphere. During the Middle East War in October 1973, Arab petroleum-producing countries used petroleum as a weapon and launched a petroleum struggle that shook the world. This was an initiative of the Third World countries in their anti-imperialist, anti-colonialist, and anti-hegemonic struggle. It opened up a new phase in the anti-imperialist, anti-colonialist, and anti-hegemonic struggle in the economic sphere. In 1974, the Sixth Special Session of the United Nations General Assembly adopted the *Declaration on the Establishment of a New International Economic Order*[2] and the *Programme of Action*,[3] drafted by the Group of 77. This reflected the new situation in the Third World countries' united anti-imperialist, anti-colonialist, and anti-hegemonic struggle. Many raw-material-producing and exporting countries are following the example of the petroleum-producing countries and uniting to establish various organizations of raw-material-producing and exporting countries. In 1974 alone, seven organizations of countries exporting raw materials and agricultural products—bauxite, iron, mercury, oilseeds, sugar, bananas, and meat—were established. At the same time, various regional economic organizations

---

[1] United Nations Conference on Trade and Development, *Joint Declaration of the Seventy-seven developing countries*, TD/412.

[2] United Nations General Assembly, *Declaration on the Establishment of a New International Economic Order*, A/RES/3201(S-VI).

[3] United Nations General Assembly, *Programme of Action on the Establishment of a New International Economic Order*, A/RES/3202(S-VI).

are emerging up rapidly and extensively. For example, 15 West African countries established the Economic Community of West African States, 25 Latin American countries established the Latin American Economic System, and 46 countries in Africa, the Caribbean, and the Pacific formed the African, Caribbean and Pacific Group of States. In Asia, regional economic cooperation among Southeast Asian countries also shows a trend toward development. In 1975, developing countries proposed the Integrated Programme for Commodities (establishing storage facilities for various commodities in order to stabilize the prices and incomes derived from developing countries' exports), and recommended implementing the "indexation of export raw material prices" (adjusting the prices of developing countries' exported goods and raw materials in accordance with an index linked to the prices of goods imported from developed countries, in order to stabilize raw-material export prices and seek reasonable prices for most raw materials), with the aim of breaking the monopoly of international monopoly capital over international trade and international commodity prices. More recently, Third World countries have extended their anti-imperialist struggle—particularly their struggle against the two superpowers, the United States and the Soviet Union—into the financial sphere, demanding reform of the old international monetary system and the establishment of new international financial relations. Countries including Iran, Saudi Arabia, Kuwait, and Qatar decisively severed the links between their national currencies and the dollar, using Special Drawing Rights as a means of holding foreign exchange reserves and conducting intergovernmental settlement, thereby changing the disadvantageous situation of the past, when their currencies were linked exclusively to the dollar.

Under the impact and impetus of the powerful struggles of the Third World, some Second World countries have begun seeking to adjust and develop their economic and trade relations

with the Third World, calling for stronger "dialogue" and contacts with the Third World. In February 1975, the forty-six countries of the African, Caribbean and Pacific Group signed the Lomé Convention on trade and economic issues with the European Common Market in Lomé, the capital of Togo. The European Common Market also seeks to improve bilateral and multilateral economic relations with some countries in Latin America and Southeast Asia. This not only helps improve the unequal economic relations between the Second World and the Third World but, in a certain sense, also helps in the common struggle against the two hegemonies of the United States and the Soviet Union.

At present, the two superpowers, the United States and the Soviet Union, are intensifying their competition for sources of raw materials, investment outlets, and sales markets in preparation for war, while desperately strengthening their exploitation, plunder, and control of Third World countries. Therefore, the Third World's struggle in the economic sphere against imperialism, and particularly against the two superpowers, the United States and the Soviet Union, is not only of great importance for safeguarding national sovereignty, developing the national economy, freeing itself from the control of the superpowers, and striving for true and complete independence; it is also of great significance for opposing the superpowers' arms expansion and war preparations, preventing them from launching aggressive wars, and safeguarding world peace.

The great leader Chairman Mao pointed out: "**Innumerable facts prove that a just cause enjoys abundant support while an unjust cause finds little support. A weak nation can defeat a strong, a small nation can defeat a big. The people of a small country can certainly defeat aggression by a big country, if only they dare to rise in struggle, dare to**

take up arms and grasp in their own hands the destiny of their country. This is a law of history."[1] The current tide of world revolution is developing precisely in accordance with this law of history. Today, it is not the Third World countries and peoples who fear the superpowers; rather, it is the superpowers who fear the Third World countries and peoples. Those with genuine strength are not one or two superpowers, but the Third World and the revolutionary peoples of all countries, united and daring to struggle and to achieve victory. As long as the Third World countries and peoples strengthen their unity and persist in struggle, they will certainly continue to achieve new victories.

The Sharpening of Contradictions Among the Imperialist Countries

The contradictions among imperialist countries are determined by the predatory nature of imperialism. The profound foundation of this reactionary nature lies in monopoly. The essence of monopoly capital is the pursuit of maximum profits. To this end, it drives monopoly-bourgeois governments to seize sources of raw materials, investment outlets, and sales markets. In pursuit of the interests of their respective national monopoly capital, all imperialist countries are inevitably compelled to follow this path; thus, when their narrow paths cross, they engage in fierce struggles. The more developed capitalism becomes, the larger monopoly organizations grow, the stronger monopoly capital becomes, and the more urgent the desire to pursue sources of raw materials, investment outlets, and sales markets becomes; accordingly, the predatory

[1] "Quotations From Chairman Mao," in *Peking Review*, Special Issue (1970).

nature of imperialism manifests itself more clearly, and the contradictions among imperialist powers grow sharper.

The intensification of the uneven development of the imperialist countries has further exacerbated their inherent contradictions. The imperialist countries divide the world among themselves according to their strength. However, under the law of uneven economic and political development under capitalism, the balance of power among the imperialist countries is constantly changing. The late-developing imperialist countries catch up with and overtake the old imperialist countries by leaps and bounds, and, relying on their increased strength, demand a greater share of the spoils. Yet the world has already been completely divided up. This inevitably gives rise to a struggle to redivide the world, prompting an especially fierce struggle between emerging imperialism seeking "a place in the sun" and aging imperialism clinging tenaciously to its spoils already obtained.

In the imperialist stage, frequent and profound economic crises severely strike monopoly capitalism. The monopoly groups of the various imperialist countries, in order to escape their own predicament, all seek to shift the crises outward, do everything possible to safeguard their own spheres of influence, and employ every means to seize others' sales markets, investment outlets, and sources of raw materials. This inevitably intensifies the contradictions among the imperialist powers. Therefore, each crisis causes trade wars, investment wars, struggles for raw materials, and other conflicts among the imperialist powers to become increasingly fierce.

The essence of the struggle among imperialisms is the division and redivision of world territory. It determines that "**an essential feature of imperialism is the rivalry between several**

great powers in the striving for hegemony."[1] In the struggle, every possible means is used to weaken the opposing side and destroy its hegemony. Therefore, the contradictions and struggles among imperialisms are inevitable and irreconcilable.

Lenin pointed out: "**'World domination' is, to put it briefly, the substance of imperialist policy, of which imperialist war is the continuation.**"[2] Owing to the intensification of contradictions among imperialist countries, two world wars had already broken out in the first half of the twentieth century. In World War II, Germany, Italy, and Japan were defeated, while Britain and France were severely weakened. Only U.S. imperialism profited enormously from the war; its economic and military strength expanded rapidly. After the war, the United States has replaced fascist Germany, Italy, and Japan, holding the dollar in one hand and brandishing the atomic bomb in the other. It runs rampant throughout the world, arrogant and overbearing, becoming the leader of capitalist imperialism and attempting to dominate the entire world. As Chairman Mao pointed out: "**Even towards its allies in Western Europe. North America and Oceania, U.S. imperialism is pursuing a 'jungle law' policy, trying hard to trample them underfoot.**"[3]

At the same time, the Soviet revisionist renegade clique has transformed the Soviet Union into social imperialism and joined the ranks of imperialist powers vying with one another, making the contradictions among the imperialist powers more complex, profound, and acute.

---

[1] Vladimir Ilyich Lenin, "VII. Imperialism as a Special Stage of Capitalism, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

[2] Vladimir Ilyich Lenin, "1. The Marxist Attitude Towards War and 'Defence of the Fatherland', A Caricature of Marxism and Imperialist Economism," in *Lenin's Collected Works*, Vol. 23.

[3] "Chairman Mao Tse-tung's Statement," *Peking Review*, No. 3 (1964).

When the Soviet Union evolved from socialism into social imperialism and entered the international arena to plunder the spoils, the world had already been repartitioned through World War II. The United States' spheres of influence extended across the globe, leaving no room for the Soviet revisionists to intrude. Yet, relying on the material foundation created by the socialist Soviet Union that they usurped, the Soviet revisionists treats it as the source of power and capital of social imperialism and, insatiably and greedily, demands a share of the spoils, with an appetite that grows ever larger. The Soviet revisionists are a newly emerging imperialist country, ambitious and dreaming of establishing a greater slavic empire larger in area and possessing more territory than the tsarist empire. They therefore have came into sharp conflict with the imperialist countries, especially with the leading capitalist imperialist power, the United States, whose contradictions with them becomes even more directly opposed. The United States and the Soviet Union are the two superpowers in today's world, and both seek to dominate the entire world. They are engaged in fierce competition to repartition the world. Yet under certain conditions, they must also temporarily compromise with each other. This gives rise to a relationship in which the two superpowers, the United States and the Soviet Union, compete with and collude with each other, with competition being primary. This is the form in which the contradictions and struggles between them manifest themselves. Their struggle for world hegemony is the principal contradiction within the imperialist camp at present. This contradiction constrains the contradictions among the other imperialist countries.

The rivalry between the two superpowers, the United States and the Soviet Union, extends across the world, with Europe as its main focus. This is determined by their respective economic, political, and military interests, as well as Europe's important strategic position.

Western Europe is the largest investment outlet for U.S. imperialism. By 1970, the total value of United States investments in Western Europe had reached $41.4 billion, accounting for approximately one-quarter of all foreign investment. Private direct investment amounted to $24.5 billion and had increased further to $30.8 billion by 1972, ranking first among United States private foreign direct investment in all regions. The total profits from United States private foreign direct investment amounted to $9.4 billion in 1971, of which more than $2.3 billion came from Western Europe. Western Europe is also the largest sales market for United States commodities. Since WWII, exports to Western Europe have consistently accounted for approximately one-third of total United States exports, reaching 32.2% in 1971 and 30.8% in 1972, for example. The value of its exports to Western Europe was $14.18 billion in 1971 and $15.34 billion in 1972. United States trade with the European Common Market ran a surplus every year, which helped improve its international balance of payments. It was not until 1972 that a deficit appeared for the first time. In addition, Western Europe is also one of the important sales markets for United States surplus agricultural products.

The European part of the Soviet revisionism concentrates more than three-quarters of the country's population and industrial output and is the center of its politics, economy, and culture. The Soviet revisionist renegade clique exerts tight control over some Eastern European countries, effectively turning them into affiliated processing plants, investment outlets, and sales markets of the Soviet revisionism. From 1966 to 1970, the Soviet revisionism's foreign trade with Eastern Europe reached 50 billion rubles, accounting for more than half of its total foreign trade. In the form of "economic aid," it also exported capital to these countries; by 1972, the total had exceeded 10 billion rubles, accounting for more than 50% of its total foreign economic aid.

Through “economic aid,” the Soviet revisionism not only sells its backward and obsolete machinery and equipment to the Council for Mutual Economic Assistance countries at high prices, thereby exploiting them, but also controls their economic lifelines. It also plunders these countries by monopolizing their imports and exports and using methods such as buying cheaply, selling dearly, and unequal exchange. For example, the nuclear reactors it sold to some Eastern European countries are four times more expensive than the international market price. During the twelve years from 1961 to 1972, the Soviet revisionism extracted more than 4.2 billion rubles in additional profits from the Eastern European member countries of the Council for Mutual Economic Assistance through exports of just five raw materials and fuels: petroleum, iron ore, pig iron, hard coal, and cotton lint.

Europe is the heartland of the capitalist world and, situated at a strategic crossroads, has always been a key region contested by imperialism. After World War II, U.S. imperialism strives to expand into Western Europe and used it as a bridgehead for its eastward advance. Eastern Europe is geographically contiguous with Soviet revisionism and serves as its forward position for expansion into Western Europe. In pursuit of their respective economic and political interests, U.S. imperialism and Soviet revisionism both deployed large forces in Europe. At present, Europe is the region where the two major military blocs—the North Atlantic Treaty Organization controlled by U.S. imperialism and the Warsaw Treaty Organization controlled by Soviet revisionism—are directly confronting each other. It is estimated that Soviet revisionism has concentrated three-fifths of its ground forces and more than three-quarters of its air forces in Eastern Europe and its European territory. The Warsaw Treaty Organization under Soviet revisionist control has a total strength of more than three million troops. The United States

stations more than 300,000 troops in Western Europe, accounting for one-third of all its combat divisions. The North Atlantic bloc under U.S. imperialist control has a force of 2.7 million. U.S. imperialism and Soviet revisionism both attach great importance to Europe. As former U.S. President Nixon said: "We can no more disengage from Europe than from Alaska."[1] Brezhnev also publicly acknowledged: "One extremely important aspect of the Soviet Union's active foreign policy has always been its activity in Europe."[2] Clearly, U.S. imperialism and Soviet revisionism both vainly aspire to control Europe and use it as a base for contending for global hegemony.

The rivalry between the two superpowers, the United States and the Soviet Union, not only causes the contradictions between them to become increasingly white-hot, but also leads to sharp confrontations with other imperialist countries.

After World War II, under the law of uneven economic and political development under capitalism, the balance of power among the capitalist-imperialist countries has changed significantly. The economies of the Western European countries and Japan have recovered and developed, while the United States begins to decline. In the early postwar period, the United States held an absolutely dominant position; beginning in the 1950s, this has gradually changed into a position of relative dominance. In terms of industrial production, the United States lags far behind other countries in its growth rate, and its share of the capitalist world continues to decline, while that of other countries (except Britain) continues to rise. In 1948, the United States accounted for 53.4% of industrial production in the capitalist world; by 1970, this had fallen to

---

[1] Richard Nixon, "First Annual Report to the Congress on United States Foreign Policy for the 1970's," February 18, 1970, *The American Presidency Project.*

[2] Note from translator: I am unable to find the original text.

40.9%. West Germany's share increased from 3.6% in 1948 to 9.7% in 1970, while Japan's rose from 1% in 1948 to 9.4% in 1970. In terms of trade, United States exports accounted for 32.4% of total exports in the capitalist world in 1947, but this fell to 15.5% in 1970. West Germany's share increased from 0.5% in 1947 to 12.3% in 1970, while Japan's rose from 0.4% in 1947 to 6.9% in 1970. In terms of gold and foreign exchange reserves, United States gold reserves amounted to $24.6 billion in 1949 but fell to $10.2 billion by 1971, whereas those of other countries all increased substantially.

Under these circumstances, the United States is striving to maintain and expand its position as the world hegemon. Soviet revisionist social-imperialism, however, has forced its way in, seeking to compete with the United States for world hegemony. On the one hand, the countries of Western Europe and Japan are doing their utmost to escape United States control and demanding markets, sources of raw materials, and spheres of influence commensurate with their economic strength, as well as corresponding political and military status; on the other hand, they must also resist Soviet expansion and infiltration. The development of this struggle has led to the division and reorganization of the imperialist bloc.

Although the countries of Western Europe have grown stronger, individually they still find it difficult to break free from United States control and resist Soviet revisionist expansion. This has drove them to unite in the struggle against hegemony. In 1958, France, West Germany, Italy, the Netherlands, Belgium, Luxembourg, and other Six Western European countries formed the European Common Market. This was an important manifestation of the division and reorganization of the imperialist bloc.

After the European Common Market was established, Britain's application to join was unsuccessful. It therefore maneuvered Switzerland and other countries into forming the European Free Trade Association in 1959 with seven members (Britain, Sweden, Norway, Denmark, Switzerland, Austria, and Portugal; Iceland joined later). From then on, Western Europe is divided into two economic blocs. In order to maintain its control, the United States also prompted the seventeen countries that had accepted U.S. aid to expand the Organization for European Economic Cooperation (the United States, Japan, Canada, and Spain joined successively) and reorganize it into the Organization for Economic Co-operation and Development. However, because of the numerous conflicts between the various countries and the United States, as well as among the other countries themselves, this "organization" has become a hollow shell in name only.

Of the two blocs in Western Europe, the economic strength of the "Seven" is far inferior to that of the "Six," and their economic relations are also much less close than those of the "Six." Throughout the 1960s, the European Common Market waged a fierce struggle of control and countercontrol against the United States, repeatedly engaging in fierce tariff wars, trade wars, currency wars, and so on. At the same time, the Soviet revisionists also made every effort to penetrate the Western European countries politically and economically.

In the struggle against U.S. imperialism and Soviet revisionism, the economic integration of the Europe Common Market has developed rapidly. It has established a customs union and, beginning on July 1, 1968, achieved the free circulation of industrial products, implemented a common agricultural policy, and began preparations for an economic and monetary union. It plans to implement a common fiscal policy by 1980, issue a unified currency, and form an

economic commonwealth in which goods, labor power, and capital could circulate freely. Economic "integration" also promotes the "political cooperation" of Western European countries. Under the slogan of "building a Europe of Europeans," they coordinate their foreign policies. Particularly since the 1960s, as the rivalry between the United States and the Soviet Union grows increasingly intense, Western European countries call for "Europe to speak with one voice in the world," and the trend of the Common Market developing from economic alliances toward a political alliance becomes increasingly apparent.

In the more than ten years following the establishment of the European Common Market, its economic strength has developed rapidly, while the European Free Trade Association remains stagnant and Britain is in a prolonged decline. Britain's reliance on the United States has resulted in the massive penetration of U.S. monopoly capital, which has taken control of many of Britain's industrial sectors. Britain therefore has to abandon the so-called "special relationship" between Britain and the United States and, from January 1973, formally joined the European Common Market together with Ireland and Denmark. In addition, the European Common Market signed treaties with Sweden and other countries to establish a Free Trade Area comprising seventeen countries. The European Common Market has expanded; this is a new development in the disintegration of the imperialist blocs. It reflects the decline of the United States' strength to control Western Europe and also demonstrates the greatly increased strength of the Western European countries as they united to oppose the two superpowers. According to statistics for 1970, the expanded European Common Market surpassed the United States and the Soviet Union in population; its gross national product was lower than that of the United States but higher than that of the Soviet Union, while its export trade volume and gold reserves were more than twice

those of the United States. In the future, the contradictions and conflicts between them and the two superpowers, the United States and the Soviet Union, will inevitably become more intense.

It must be pointed out that the countries participating in the European Common Market have intricate contradictions among themselves, which is determined by the nature of monopoly capital. As Lenin said: "**It is quite likely, of course, and we must not forget that no matter how solid the imperialist groupings may appear to be, they can be broken up in a few days if the interests of sacred private property, the sacred rights of concessions, etc., demand it.**"[1]

Although conflicts of interest also exist among the Western European countries, in the face of the aggression and expansion of the two superpowers, the United States and the Soviet Union, their contradiction with the two superpowers is currently the principal contradiction in relation to the contradictions among themselves, while the contradictions among themselves occupy a secondary and subordinate position. Therefore, as long as the situation of the United States and the Soviet Union contending for world hegemony does not change, and as long as they remain under the threat of aggression and expansion by the two superpowers, their joint struggle against hegemony will continue. This struggle is an expression of the contradiction between the First World and the Second World. Revolutionary peoples must recognize this contradiction and make use of it to oppose the principal enemy at present.

The two superpowers, the United States and the Soviet Union, want to devour each other and destroy each other; with such intense rivalry continuing, they will inevitably go to war one day. A war to repartition the world remains unavoidable. For "**one or the other side had to**

[1] Vladimir Ilyich Lenin, "Report On Foreign Policy," in *Lenin's Collected Works*, Vol. 27 (Progress Publishers, Moscow, 1972).

relinquish its colonies. Such questions are not settled voluntarily in this world of capitalists. This issue could only be settled by war."[1] Countless facts have proved that the two superpowers, the United States and the Soviet Union, are the source of unrest in the world and the breeding ground of a new world war, while the danger of war comes mainly from the ambitious Soviet revisionist social-imperialism.

[1] Vladimir Ilyich Lenin, "War and Revolution," in *Lenin's Collected Works*, Vol. 24.

Section Two: The Socialist System Will Eventually Replace the Capitalist System

Chairman Mao pointed out: "**The socialist system will eventually replace the capitalist system; this is an objective law independent of man's will. However much the reactionaries try to hold back the wheel of history, sooner or later revolution will take place and will inevitably triumph.**"[1] The demise of imperialism and the victory of socialism are the inevitable trend of historical development.

Imperialism is the Eve of the Proletarian Social Revolution

The development of the three major contradictions of imperialism has led to the increasingly mature conditions for proletarian revolution within the imperialist countries, the rising tide of national liberation movements in the colonies and semi-colonies, and the inevitable outbreak of war among the imperialist countries. Imperialist wars have weakened the imperialist powers relative to one another, creating weak links in the chain of imperialist rule. Imperialist wars have educated the people through their negative lessons and awakened the masses. Thus, on the basis of the worldwide economic devastation caused by the war, they have helped bring the world revolutionary crisis to maturity, accelerated the arrival of the moment for proletarian revolution, united the proletarian revolutionary front and the national liberation movement front into a single world revolutionary front, and set it against the world imperialist front. Lenin

[1] Mao Zedong, "Speech at the Meeting of the Supreme Soviet of the U.S.S.R. in Celebration of the 40th Anniversary of the Great October Socialist Revolution," in *Quotations From Chairman Mao Tse-Tung*.

summed all this up in a general conclusion: "**Imperialism is the eve of the socialist revolution.**"[1]

Lenin's scientific thesis shows that, once capitalism has developed to the imperialist stage, proletarian revolution has already become an immediate practical issue; that is, the period of preparing for revolution has already given way to a new period of directly attacking capitalism. The situation in the world today is already one of a final struggle between the two great forces of revolution and counterrevolution: on the one hand, the imperialist counterrevolutionary front; on the other, the proletarian revolutionary front and the national revolutionary front of the colonies and semi-colonies. The proletariat and oppressed nations of the entire world have already united, confronting the world imperialist front with the united front of the world proletarian revolutionary movement. Imperialism is now completely caught in a crisis of war and revolution.

Imperialism, as the eve of the socialist revolution, is so not only because it brings all the contradictions of capitalism to a climax, but also because it prepares sufficient material conditions for socialism. Monopoly associations controlled by a small handful of financial oligarchs have created a high degree of socialization of production that is increasingly incompatible with the forms of capitalist ownership. In particular, the emergence and development of state monopoly capitalism have brought the socialization of production to an even higher level. The high degree of socialization of production constitutes the material foundation for negating capitalist private ownership relations and establishing socialist public ownership relations. Lenin pointed out: "**State-monopoly capitalism is a complete material**

[1] Vladimir Ilyich Lenin, "Preface, Imperialism, the Highest Stage of Capitalism," in *Lenin's Selected Works*, Vol. 1.

preparation for socialism, the threshold of socialism, a rung on the ladder of history between which and the rung called socialism there are no intermediate rungs."[1]

However, this absolutely does not mean that the proletariat can rely on a complete material foundation and achieve the social transformation from capitalism to socialism without taking the revolutionary path. Yet the revisionists of the Second International, such as Eduard Bernstein and Karl Kautsky, vigorously propagated the fallacy that capitalism could "peacefully integrate into socialism." The modern revisionists' Khrushchev-Brezhnev renegade clique also desperately peddles the "peaceful transition" line. According to their view, by following the legal parliamentary road, it is possible to realize the proletariat's leadership over the state and enter socialist society. This is a betrayal of Marxism-Leninism and the cause of the proletarian revolution on the fundamental question of state and revolution. Whether or not one recognizes the universal principle of violent revolution has always been the dividing line between Marxism and all forms of opportunism and revisionism. Marxism tells us that, throughout history, all ruling classes have relied on violence to maintain their rule; they have never voluntarily relinquished political power and have always been the first to use violence to suppress the revolutionary struggles of the masses. As capitalism develops into the imperialist stage, the bourgeoisie, in order to maintain the rotten, moribund capitalist system, invariably seeks to use violence and implement all-round reaction in the political sphere, going even further than all the reactionary ruling classes in history. Therefore, the transition from capitalism to socialism can be achieved only through the violent revolution of the proletariat. Lenin pointed out: "**Civil war, without which not one of the great revolutions of history has taken place, and without**

[1] Vladimir Ilyich Lenin, "Can We Go Forward If We Fear To Advance Towards Socialism?, The Impending Catastrophe and How to Combat It," in *Lenin's Collected Works*, Vol. 25.

which not a single serious Marxist has conceived the transition from capitalism to socialism."[1] Chairman Mao further summed up the lessons of history and advanced the famous assertion that "**political power grows out of the barrel of a gun**,"[2] pointing out: "**The seizure of power by armed force, the settlement of the issue by war, is the central task and the highest form of revolution. This Marxist-Leninist principle of revolution holds good universally, for China and for all other countries.**"[3] It is evident that violent revolution is the midwife of the birth of socialist society, the only path by which the dictatorship of the bourgeoisie can be replaced by the dictatorship of the proletariat, and a universal law of proletarian revolution. This is a revolutionary truth repeatedly elucidated by Marxism-Leninism and Mao Zedong Thought.

Characteristics of the Law of Uneven Economic and Political Development in the Imperialist Stage

Lenin pointed out: "**Uneven economic and political development is an absolute law of capitalism.**"[4] Uneven economic development means differences in the rates of economic development and sharp changes in the relative economic strength among individual enterprises, individual branches of production, and individual capitalist countries; uneven political development means differences among countries in political and military strength, in the level of

---

[1] Vladimir Ilyich Lenin, "Prophetic Words," in *Lenin's Collected Works*, Vol. 27.

[2] Mao Zedong, "Problems of War and Strategy," in *Selected Works of Mao Zedong*, Vol. II, 224.

[3] Ibid, 219.

[4] Vladimir Ilyich Lenin, "On the Slogan for a United States of Europe," in *Lenin's Collected Works*, Vol. 21.

consciousness and organization of the proletariat, and in the degree to which the conditions for revolution have matured. Under capitalism, owing to the operation of the law of surplus value, competition, and the law of the anarchy of production, the development of individual enterprises, individual branches of production, and individual countries cannot be balanced. In the fierce competition for profits, some enterprises prosper and expand, while others close down and go bankrupt; some branches of production emerge and develop, while others stagnate and decline. Among capitalist countries, too, some often develop relatively rapidly and consequently become advanced, while others develop relatively slowly and are left behind; their economic strength is continually changing. The economy of the capitalist world as a whole develops amid these contradictions of unevenness. The unevenness of economic development among countries inevitably leads to uneven political development. Therefore, the unevenness of economic and political development is an objective inevitability determined by the capitalist system.

The law of uneven economic and political development already existed during the pre-monopoly capitalist period. However, this law has different characteristics and effects at different stages of capitalist development.

In the pre-monopoly stage of capitalism, capitalism as a whole was in a period of ascent. The socialization of production was not yet highly developed; enterprises were relatively dispersed and also relatively small in scale. Free competition was dominant. Capitalism developed in a comparatively steady and gradual manner. It took countries that developed later a considerable length of time to catch up with the advanced countries. At the same time, there were still territories on Earth that had not yet been completely divided among the capitalist countries. Countries that developed later could expand abroad relatively smoothly, occupying areas not yet

seized by other countries. Therefore, the struggles among the capitalist countries did not yet produce military conflicts on a world scale. Under these conditions, the characteristics of the uneven economic and political development of the capitalist countries were as follows: there were no leaps, there was no need to repartition the world, and wars on a world scale had not yet emerged.

After capitalism entered the monopoly stage, the situation has changed profoundly. The law of uneven economic and political development under capitalism has acquired new characteristics, and its effect is greatly strengthened.

First, the uneven development of capitalist countries becomes marked by leaps, enabling some countries to catch up with and surpass others in a relatively short period.

With the transition from free-competition capitalism to monopoly capitalism, the concentration and centralization of production and capital reached a very high level, science and technology made tremendous new advances, and emerging industrial sectors—particularly heavy industry—developed rapidly. Monopoly organizations possess vast monopoly capital and are fully capable of establishing, in an instant, new large-scale enterprises equipped with advanced technology, thereby rapidly developing emerging industrial sectors. Under these historical conditions, some late-developing capitalist countries often make direct use of the latest achievements in science and technology from the outset, rapidly establishing new large-scale enterprises and emerging industrial sectors through massive new investments. This greatly accelerates economic development, enabling them to catch up with and surpass the long-established capitalist countries within a relatively short period.

In contrast, in some long-established capitalist countries, monopoly rule allows the stagnating and decaying tendencies in the development of production technology to prevail. Old enterprises and traditional industrial sectors tie up large amounts of idle investment, making it impossible for these enterprises and sectors to renew their fixed capital rapidly, while new technology fails to spread quickly. Consequently, the pace of economic development in these capitalist countries based on old industrial sectors falls far behind that of capitalist countries that emerged later and in which emerging industries predominate. For example, Britain, a long-established capitalist country, once occupied a position far ahead of other capitalist countries because of its highly developed textile and coal-mining industries. Relying on the development of these two industrial sectors, it extracted enormous surplus profits from all over the world. However, after Britain entered the monopoly stage, the stagnating and decaying tendencies in the development of production technology becomes particularly pronounced. The once-glorious textile and coal-mining industries have become obsolete sectors compared with emerging industrial sectors equipped with modern technology. By contrast, late-developing capitalist countries such as Germany and the United States, armed with modern technology and emerging industrial sectors such as machinery, electricity, and chemicals, rapidly entered the arena of global capitalist competition, while Britain's monopoly position was significantly weakened.

The uneven development of the capitalist countries during the imperialist stage is also influenced by the export of capital. Some long-established capitalist countries, owing to their large-scale export of capital, obtain astonishing surplus profits from abroad, but this also affects the further development of domestic industry to some extent. By contrast, some younger

capitalist countries, owing to the large-scale inflow of foreign capital, have accelerated their own economic development to some extent.

For the above reasons, the uneven development of the capitalist countries during the imperialist stage takes on a leapfrogging character: the disparities in the pace of their industrial production grow increasingly pronounced, and their relative strength and position within the world capitalist system change dramatically. For example, in terms of the positions occupied by the capitalist countries in world industrial production, Britain ranked first in the 1860s, while France ranked second. But ten years later, the young United States had overtaken France and taken second place. Ten years after that, the United States surpassed Britain as well, rising to first place. At the same time, Germany caught up with France and ranked third. By the beginning of the twentieth century, Germany had overtaken Britain and become the second-ranked country, after the United States.

Secondly, the uneven development of the capitalist countries in the monopoly stage inevitably leads to imperialist wars to redivide the world.

As has already been pointed out, after capitalism entered the monopoly stage, the world territory has been completely divided among the imperialist powers, and there is no longer any "free," unoccupied land on the earth. The growing economic and military strength of the late-developing capitalist countries make them strongly demand new markets and sources of raw materials and the expansion of their spheres of influence. A sharp contradiction arises between the existing division of the world territory and the new balance of power. This contradiction can not be resolved by peaceful means. For the sole principle by which the capitalist countries divide up the world territory is strength; and the fundamental means of testing the relative strength of

each is war. Thus, imperialist wars to redivide the world according to the new balance of power becomes absolutely inevitable. The outbreak of the World War I II was the inevitable result of the uneven development of the capitalist countries during the imperialist stage and the sharpening of the contradictions among them.

It can thus be seen that, during the period of imperialism, the law of uneven economic and political development under capitalism played a powerful role in weakening and disintegrating the world capitalist system; it was of decisive significance for accelerating the demise of imperialism. Stalin summarized the characteristics and role of the law of uneven economic and political development under capitalism during the period of imperialism as follows: "**The spasmodic development of some countries relative to others, the rapid ousting from the world market of some countries by others, periodic re-divisions of the already divided world through military conflicts and catastrophic wars, the increasing profundity and acuteness of the conflicts in the imperialist camp, the weakening of the capitalist world front, the possibility of this front being breached by the proletariat of individual countries, and the possibility of the victory of socialism in individual countries.**"[1]

Principle of the Possibility of Socialism First Achieving Victory in Individual Countries

In the mid-nineteenth century, Marx and Engels believed that socialism could not achieve victory in a single country; it could succeed only if revolution broke out simultaneously in all, or

[1] Joseph Stalin, "The Seventh Enlarged Plenum of the E.C.C.I.," in *Works*, Vol. 9 (Foreign Languages Publishing House, Moscow, 1954).

at least several of, the most advanced capitalist countries. This conclusion was correct at the time. Capitalism was then still in a period of steady upward development; the division of the world's territory had not yet been completed, the uneven development of the capitalist countries was not yet particularly pronounced, and the contradictions of capitalism had not yet developed to the point at which prosperous capitalism becomes moribund capitalism. Under such historical conditions, socialist revolution could not break out and achieve victory in a single country.

When capitalism developed into the stage of imperialism, profound changes took place. Under the new historical conditions, Lenin reached a new conclusion: the possibility of the socialist revolution first achieving victory in one or several countries, rather than achieving victory simultaneously in all or most countries.

The law of uneven economic and political development under capitalism in the imperialist stage was the starting point of Lenin's theory that socialism could first achieve victory in individual countries. As noted earlier, in the imperialist stage, monopoly replaced free competition, and rising capitalism became moribund capitalism in decline. Under the operation of the law of uneven development in the capitalist countries, an imperialist war to redivide the world was inevitable. The war weakened the imperialist front, thereby making it possible for the proletariat to break through its weak link and first achieve victory in the socialist revolution in one or several countries.

The victory of the socialist revolution depends not only on the objective conditions of the revolution, but also on the level of consciousness and organization of the proletariat itself, and especially on whether there is a genuinely mature proletarian party and a Marxist-Leninist revolutionary line. During World War I, many countries experienced highly favorable

revolutionary conditions. However, because most of the parties of the Second International, having been bought off by imperialism, degenerated into revisionist and social-chauvinist parties, there could be no question of their leading the proletariat to victory in the socialist revolution. At that time, only Russia possessed the subjective conditions for victory in the socialist revolution. This shows that the subjective conditions for proletarian revolution cannot mature simultaneously in all capitalist countries. In some countries they may mature earlier, and in others later. The spread of revisionist currents will also cause the revolutionary paths of different countries to encounter difficulties and twists to varying degrees. This determines that the socialist revolution cannot achieve victory simultaneously in all or most countries, but will first achieve victory in one or several countries where the conditions for proletarian revolution have matured.

Lenin's theory of socialism first achieving victory in victory in individual countries demonstrates that the proletarian revolution does not necessarily first occur in countries with the most advanced industry, where the proletariat constitutes a majority of the population and the cultural level is relatively high. At the monopoly stage, capitalism has already become a world system under the rule of finance capital. The economies of individual countries are no longer isolated; instead, they have become links in the entire chain of the world economy under the rule of finance capital. At this point, when examining whether the objective conditions for the proletarian revolution have matured, one cannot analyze them solely and in isolation from the economic conditions of a single country; one must also consider the economic conditions of the capitalist world as a whole. The proletarian revolution is no longer merely the result of the development of internal contradictions within a particular country; it is the result of the chain of

the imperialist front breaking at its weak link. The weak links of the imperialist chain are those places and countries where political crises are acute, the rulers are corrupt and incompetent, and revolution can most easily develop. Clearly, whether a country becomes a weak link in the imperialist chain depends primarily not on the level of its industrial development, the size of its proletariat, or its cultural level. As long as there is a certain degree of capitalist development, and thus a certain number of industrial proletarians, the decisive factors are the development of domestic and international class contradictions, the correct leadership of the Marxist party, and the growth of revolutionary forces based on the worker-peasant alliance. In 1917, Russia became a weak link in the imperialist chain, on the one hand, because Russia was then a point of convergence of the various contradictions of imperialism, the Tsarist system was extremely corrupt, and the major imperialist countries were preoccupied with war, creating a favorable international environment. On the other hand—and this was the decisive aspect—it was because, under the leadership of the Bolshevik Party, the Russian proletariat defeated the Mensheviks' opportunist line with the Marxism-Leninism line, established a firm worker-peasant alliance, and launched a great people's revolutionary struggle, thereby acquiring the real strength to seize political power by revolutionary means. Therefore, although Russian capitalism was not highly developed at the time, the imperialist chain was relatively weak in Russia.

Lenin's theory of socialism first achieving victory in victory in individual countries creatively developed Marxism and is of great guiding significance for the revolutionary practice of the world proletariat. It pointed the proletariat of all countries toward the future of revolution, strengthened their initiative in confronting their own bourgeoisie, and bolstered their confidence

in achieving revolutionary victory. Armed with this new revolutionary theory, the Russian proletariat became the first to achieve the great victory of the October Revolution.

The victory of the October Revolution ushered in a new era in human history. From then on, the chain of imperialism was broken; the unified, all-encompassing capitalist world system ceased to exist, and a new social system—socialism—was born. Inspired by the victory of the great October Revolution, the world proletarian revolutionary movement continued to develop, while the national liberation struggle in the colonies and semi-colonies rose rapidly. At the same time, the economic crises of the various imperialist countries deepened, and contradictions among the imperialist countries intensified further. All this indicated that capitalism had entered a general crisis. This was a crisis of the entire capitalist system, a crisis in which the world capitalist system was heading toward complete collapse and death.

World War II "**is the result of the development of the general crisis of world capitalism which began with World War I.**"[1] The victory of World War II "**has opened up still wider possibilities for the emancipation of the working class and the oppressed peoples of the world and has opened up still more realistic paths towards it.**"[2] After the war, the revolutionary movement of the world proletariat and the national liberation struggle in the colonies and semi-colonies rose to an unprecedented level. In particular, the Chinese people achieved a great revolutionary victory, the world situation underwent profound changes, and the general crisis of capitalism deepened further.

---

[1] Mao Zedong, "On Protracted War," in *Selected Works of Mao Zedong*, Vol. II, 149.

[2] Mao Zedong, "Revolutionary Forces of the World Unite, Fight Against Imperialist Aggression!," in *Selected Works of Mao Zedong*, Vol. IV, 284.

Socialism Will Ultimately Triumph Throughout the World

Lenin pointed out: "**Socialism cannot achieve victory simultaneously in all countries. It will achieve victory first in one or several countries, while the others will for some time remain bourgeois or pre-bourgeois.**"[1] However, the other countries will never remain capitalist societies forever. Under the operation of the law that capitalism will inevitably be replaced by socialism, these countries will sooner or later enter socialist society. It can thus be seen that the demise of imperialism throughout the world and the victory of socialism throughout the world are inevitable. This is the inevitable direction and destination of the development of the historical era in which we live.

Since imperialism is capitalism in its death throes but not yet dead, the monopoly bourgeoisie will never voluntarily withdraw from the historical stage and is bound to make a desperate struggle; since imperialist wars are inevitable, they create favorable conditions and opportunities for the proletarian revolution; and since the degree of maturity of the proletarian revolution differs among capitalist countries, the death of imperialism, viewed on a global scale, can only occur piece by piece. Correspondingly, the victory of socialism can also only be achieved piece by piece, until socialism triumphs throughout the world. This is the task of an entire historical era. In this process, the proletariat that has already seized power bears an even greater and more arduous mission. Lenin pointed out: "**When we came to power, our task as the proletarian Communist Party, at a time when capitalist bourgeois rule still remained in the ether countries-our immediate task, I repeat, was to retain that power, that torch of**

[1] Vladimir Ilyich Lenin, "The Military Programme of the Proletarian Revolution: I," in *Lenin's Collected Works*, Vol. 23.

socialism, so that it might scatter as many sparks as possible to add to the growing flames of socialist revolution."[1] In order to preserve the torch of socialism, it is necessary to persist in continuing the revolution under the dictatorship of the proletariat, prevent the restoration of capitalism, and carry the proletarian revolution through to the end. At the same time, socialist countries in which the dictatorship of the proletariat has been established remain base areas of the world revolution; they must fulfill their proletarian internationalist obligations and provide material and moral support to the proletariat, oppressed nations, and oppressed peoples striving for liberation, so as to win the complete victory of the proletarian world revolution.

The victory of socialism throughout the world is the result of the operation of the law of social development whereby socialism inevitably replaces capitalism. However, the operation of any law can never be simple or linear; rather, it is a complex process arising from the movement of contradictions within things. This is even more true of the replacement of one social system by another. Like all new things in the world, the emergence, growth, and consolidation of a new social system is by no means a smooth, straight, or trouble-free path. As Lenin said: "**If we get down to brass tacks, however, has it ever happened in history that a new mode of production has taken root immediately, without a long succession of setbacks, blunders and relapses?**"[2] Chairman Mao also pointed out: "**Like every other activity in the world, revolution always follows a tortuous road and never a straight one.**"[3] The bourgeois revolution in Britain took approximately more than two hundred years, and in France more than

---

[1] Vladimir Ilyich Lenin, "Speech At a Joint Session of the All-Russia Central Executive Committee, the Moscow Soviet, Factory Committees and Trade Unions of Moscow," in *Lenin's Collected Works*, Vol. 28.

[2] Vladimir Ilyich Lenin, "A Great Beginning," in *Lenin's Collected Works*, Vol. 29 (Progress Publishers, 1972).

[3] Mao Zedong, "On Tactics Against Japanese Imperialism," in *Selected Works of Mao Zedong*, Vol. I, 165.

eighty years, before the capitalist system gradually became consolidated. The revolutionary process by which socialism replaces capitalism is much more profound and arduous than that by which capitalism replaced feudalism. It is inconceivable that such a tremendous and profound social transformation could be accomplished without a long, complex, acute, and life-and-death class struggle. In the historical process of socialism replacing capitalism, many difficulties will inevitably be encountered and many twists and turns will be endured; there may even be partial historical reversals. The Soviet revisionist renegade clique transformed the socialist Soviet Union into social imperialism; this was a twist in the international communist movement, a temporary and partial reversal of history.

However, the twists and turns of historical development cannot alter the objective laws governing social development, and the emergence of the Soviet revisionist renegade clique will certainly not save capitalism from its doomed fate. It is merely an episode in the process of imperialism's collapse. As Chairman Mao pointed out long ago: "**A temporary retrogression cannot change the general law of history.**"[1] It can be foreseen that, just as all the clowns throughout history who vainly attempted to resist objective laws were ultimately crushed beneath the wheels of history, the Soviet revisionist renegade clique will certainly not escape the fate of destruction. The proletariat of the Soviet Union, its broad ranks of Party members and cadres, and the masses of the people all desire revolution; they will inevitably overthrow the rule of revisionism and return to the socialist path.

At the same time, the Soviet social imperialism has joined the capitalist imperialists' drive to redivide the world, inevitably widening and intensifying the contradictions among the

[1] Mao Zedong, "Win the Masses in their Millions for the Anti-Japanese National United Front," in *Selected Works of Mao Zedong*, Vol. I, 289.

imperialists and between imperialism and social imperialism, further sharpening the contradictions between the oppressed nations and imperialism and social imperialism, thereby weakening the entire imperialist camp and accelerating the process by which imperialism and social imperialism move toward their demise.

In short, no matter how arduous the struggle or how tortuous historical development may be, objective laws are always irresistible. More than a hundred years ago, Marx and Engels solemnly proclaimed to the world: "**Let the ruling classes tremble at a Communistic revolution. The proletarians have nothing to lose but their chains. They have a world to win.**"[1] Lenin also pointed out: "**No power on earth can avert the collapse of capitalism and the victory of the working class over the bourgeoisie.**"[2] The socialist system will inevitably achieve victory throughout the world.

Chairman Mao pointed out: "**We are now in a great new era of world revolution.**"[3] "**The enemy is in disarray, more and more so. We are getting better, better and better everyday.**"[4] "**The days of imperialism are numbered.**"[5]

The characteristic feature of the current international situation is that "great disorder under the heaven," and the disorder is growing. This is a manifestation of the further

---

[1] Karl Marx and Friedrich Engels, "Chapter IV. Position of the Communists in Relation to the Various Existing Opposition Parties, Manifesto of the Communist Party," in *Marx/Engels Selected Works*, Vol. 1

[2] Vladimir Ilyich Lenin, "Message Of Greetings To The First International Congress Of Revolutionary Trade And Industrial Unions," in *Lenin's Collected Works*, Vol. 32 (Progress Publishers, Moscow, 1965).

[3] Quote From Chairman Mao. "Advance Victoriously Under the Brilliance o[Mao Tse-tung's Thought," *Peking Review*, No. 13 (1967).

[4] Mao Zedong, "Speech at the Sixth Plenum of the Eighth Central Committee," in *Selected Works of Mao Zedong*, Vol. VIII.

[5] Quote from Mao Zedong. "Chairman Mao Tse-tung's Talks with Guests From Asia, Africa and Latin America," *Peking Review*, No. 20 (1960).

intensification of the various fundamental contradictions in the contemporary world. The international old order, founded on imperialist domination, plunder, and exploitation, has come under increasingly violent assault. International relations are undergoing constant and intense change, becoming increasingly favorable to the people of the world and unfavorable to imperialism. Imperialism and all reactionary forces are becoming increasingly decayed, while the strength of the revolutionary people continues to grow.

Today, the revolutionary struggle of the people of the world is flourishing. The demand for national independence, national liberation, and revolution by the people has become an irresistible historical trend. The Third World is rising and is the main force opposing imperialism, colonialism, and hegemony. U.S. imperialism and Soviet revisionism have acted in collusion and committed many misdeeds. The revolutionary people of the world are rising up: "**A new historical period of struggle against U.S. imperialism and Soviet revisionism has begun.**"[1] The struggle of Third World countries and peoples against the two hegemonies of the United States and the Soviet Union is growing increasingly vigorous. The struggle of the countries of the Second World against the control and countercontrol of the two superpowers, the United States and the Soviet Union, is also intensifying. Chairman Mao's Three Worlds theory is increasingly revealing its great brilliance. At the same time, the struggle between the two superpowers, the United States and the Soviet Union, for world hegemony is becoming increasingly intense. Their fierce rivalry will inevitably lead to world war one day. At present, the factors for revolution and war are both clearly increasing throughout the world. Whether war gives rise to revolution or revolution prevents war, one thing is certain: the international situation

[1] Quote from Mao Zedong. "Soviet Revisionist New Tsars Use 'Aid' to Stretch Their Claws Into Asia, Africa, and Latin American," *Peking Review*, No. 28 (1969).

is always developing in a direction favorable to the people, and the future of the world is always bright.

U.S. imperialism and Soviet revisionism are beset by difficulties both at home and abroad, riven by contradictions and surrounded by crises; they have fallen into increasingly grave difficulties and find themselves in the situation of "helplessly the fallen flowers drift away." However, the nature of imperialism and social imperialism will never change, nor will they ever voluntarily withdraw from the stage of history. The more they fail and approach death, the more desperately they struggle. "**Make trouble, fail, make trouble again, fail again … till their doom; that is the logic of the imperialists and all reactionaries the world over in dealing with the people's cause, and they will never go against this logic.**"[1] Therefore, "**no unrealistic illusions should be cherished with regard to imperialism.**"[2] The two hegemons, the United States and the Soviet Union, may appear powerful, baring their fangs and claws everywhere, and frantically pursuing power politics and hegemonism. But in reality, they have no great strength; they are merely paper tigers that are strong on the outside but weak within. Therefore, we must both despise them strategically, dare to struggle, and dare to win; and take them seriously tactically, be skilled in struggle, and seize victory. At present, Soviet revisionism and U.S. imperialism are intensifying their rivalry and collusion. In order to safeguard their position of world hegemony, on the one hand they brandish nuclear weapons and engage in nuclear blackmail; on the other hand, under the pretext of establishing a "new era of world peace," they deceive the revolutionary people of the world, paralyze the revolutionary will of the people of

---

[1] Mao Zedong, "Cast Away Illusions, Prepare for Struggle," in *Quotations From Chairman Mao Tse-Tung*.

[2] Quote from Mao Zedong. "Chairman Mao Tse-tung's Talks with Guests From Asia, Africa and Latin America," *Peking Review*, No. 20 (1960).

the world, and obstruct, sabotage, and suppress the revolutionary movements of the oppressed nations and oppressed peoples. We must expose their essence and true nature, not fear their threats, not believe their "fine words," and engage in a head-on struggle against them. As long as the people of the entire world unite and persist in struggle, they will certainly bury them all.

Chairman Mao pointed out: "**The next 50 to 100 years or so, beginning from now, wiII be a great era of radical change in the social system throughout the world, an earth-shaking era without equal in any previous historical period. Living in such an era, we must be prepared to engage in great struggles which will have many features different in form from those of the past.**"[1] To defeat imperialism, social imperialism, and the reactionaries of all countries, the revolutionary people of the whole world must support and assist one another, form the broadest possible United front against U.S. imperialism and Soviet revisionism, and struggle to overthrow imperialism, revisionism, and reactionaries.

"**Let the Parties and peoples of China and Albania unite, let the Marxist-Leninists of all countries unite, let the revolutionary people of the whole world unite and overthrow imperialism, modern revisionism and the reactionaries of every country! A new world without imperialism, without capitalism and without any system of exploitation is certain to be built.**"[2]

---

[1] "Quotations From Chairman Mao Tse-Tung," *Peking Review*, No. 2 (1969).

[2] Mao Zedong, "Comrade Mao Tse-tung's Message of Greetings To the Fifth Congress of the Albanian Party of Labour," *Peking Review*, No. 46 (1966).