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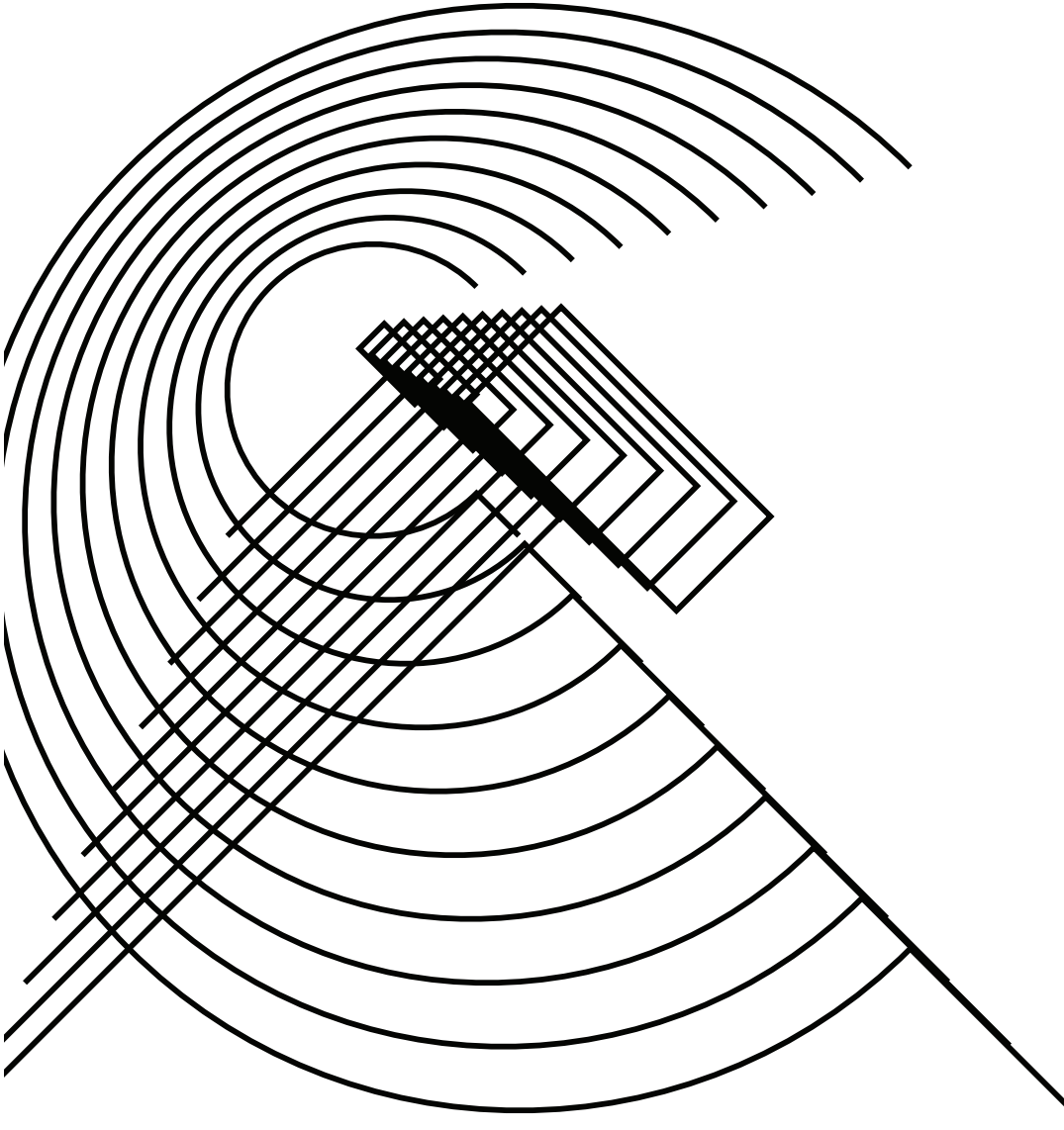
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ISBN: 979-8-951953-18-6

Edits, book design & art: Red Prints Publishing
Proof reading: C. Allan Forsyth

contact@mlrh.org
redprints@mlrh.org
www.mlrh.org

ISBN 979-8-951-953-18-6
9 798951 953186



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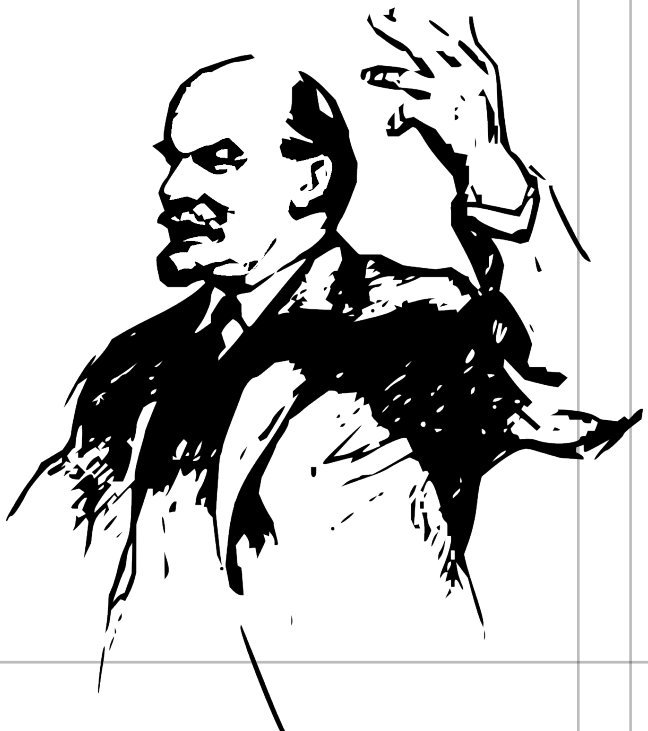
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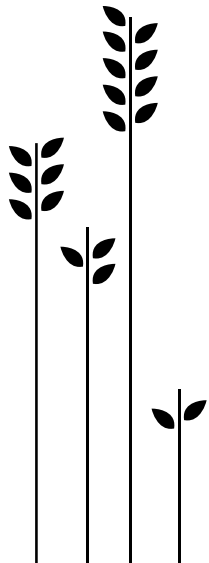
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IMPERIALISM, THE HIGHEST STAGE OF CAPITALISM





PREFACE

To the Russian Edition

THE PAMPHLET HERE PRESENTED TO THE reader was written in the spring of 1916,[1] in Zurich. In the conditions in which I was obliged to work there I naturally suffered somewhat from a shortage of French and English literature and from a serious dearth of Russian literature. However, I made use of the principal English work on imperialism, the book by J. A. Hobson, with all the care that, in my opinion, that work deserves.

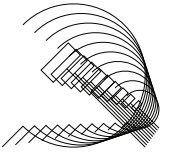
This pamphlet was written with an eye to the tsarist censorship. Hence, I was not only forced to confine myself strictly to an exclusively theoretical, specifically economic analysis of facts, but to formulate the few necessary observations on politics with extreme caution, by hints, in an allegorical language—in that accursed Aesopian language[2]—to which tsarism compelled all revolutionaries to have recourse whenever they took up the pen to write a "legal" work.

It is painful, in these days of liberty, to re-read the passages of the pamphlet which have been distorted, cramped, compressed in an iron vice on account of the censor. That the

period of imperialism is the eve of the socialist revolution; that social-chauvinism (socialism in words, chauvinism in deeds) is the utter betrayal of socialism, complete desertion to the side of the bourgeoisie; that this split in the working-class movement is bound up with the objective conditions of imperialism, etc.—on these matters I had to speak in a "slavish" tongue, and I must refer the reader who is interested in the subject to the articles I wrote abroad in 1914-17, a new edition of which is soon to appear. Special attention should be drawn to a passage on [page 130 of this book—*Ed*.]. In order to show the reader, in a guise acceptable to the censors, how shamelessly untruthful the capitalists and the social-chauvinists who have deserted to their side (and whom Kautsky opposes so inconsistently) are on the question of annexations; in order to show how shamelessly they screen the annexations of their capitalists, I was forced to quote as an example—Japan! The careful reader will easily substitute Russia for Japan, and Finland, Poland, Courland, the Ukraine, Khiva, Bokhara, Estonia or other regions peopled by non-Great Russians, for Korea.

I trust that this pamphlet will help the reader to understand the fundamental economic question, that of the economic essence of imperialism, for unless this is studied it will be impossible to understand and appraise modern war and modern politics.

The Author
Petrograd, April 26, 1917



PREFACE

To the French and German Editions[3]

I

AS WAS INDICATED IN THE PREFACE TO THE Russian edition, this pamphlet was written in 1916, with an eye to the tsarist censorship. I am unable to revise the whole text at the present time, nor, perhaps, would this be advisable, since the main purpose of the book was, and remains, to present, on the basis of the summarized returns of irrefutable bourgeois statistics, and the admissions of bourgeois scholars of all countries, *a composite picture* of the world capitalist system in its international relationships at the beginning of the twentieth century—on the eve of the first world imperialist war.

To a certain extent it will even be useful for many Communists in advanced capitalist countries to convince themselves by the example of this pamphlet, *legal from the standpoint of the tsarist censor*, of the possibility, and necessity, of making use of even the slight remnants of legality which still remain at the disposal of the Communists,

say, in contemporary America or France,* after the recent almost wholesale arrests of Communists, in order to explain the utter falsity of social-pacifist views and hopes for "world democracy." The most essential of what should be added to this censored pamphlet I shall try to present in this preface.

II

It is proved in the pamphlet that the war of 1914-18 was imperialist (that is, an annexationist, predatory, war of plunder) on the part of both sides; it was a war for the division of the world, for the partition and repartition of colonies and spheres of influence of finance capital, etc.

Proof of what was the true social, or rather, the true class character of the war is naturally to be found, not in the diplomatic history of the war, but in an analysis of the *objective* position of the ruling *classes* in *all* the belligerent countries. In order to depict this objective position, one must not take examples or isolated data (in view of the extreme complexity of the phenomena of social life it is always possible to select any number of examples or separate data to prove any proposition), but *all* the data on the *basis* of economic life in *all* the belligerent countries and the *whole* world.

It is precisely irrefutable summarized data of this kind that I quoted in describing the *partition of the world* in 1876 and 1914 (in Chapter VI) and the division of the world's *railways* in 1890 and 1913 (in Chapter VII). Railways are a summation of the basic capitalist industries, coal, iron and steel; a summation and the most striking index of the development of world trade and bourgeois-democratic civilization. How the railways

* Lenin refers to the wholesale raids on Communist organizations conducted in the United States on a national scale early in 1920 by order of Attorney-General Palmer and known as the "Palmer raids," which drove the Communist Party underground for a period of three years.—*Ed.*

are linked up with large-scale industry, with monopolies, syndicates, cartels, trusts, banks and the financial oligarchy is shown in the preceding chapters of the book. The uneven distribution of the railways, their uneven development—sums up, as it were, modern monopolist capitalism on a worldwide scale. And this summary proves that imperialist wars are absolutely inevitable under *such* an economic system, *as long as* private property in the means of production exists.

The building of railways seems to be a simple, natural, democratic, cultural and civilizing enterprise; that is what it is in the opinion of the bourgeois professors who are paid to depict capitalist slavery in bright colors, and in the opinion of petty-bourgeois philistines. But as a matter of fact the capitalist threads, which in thousands of different intercrossings bind these enterprises with private property in the means of production in general, have converted this railway construction into an instrument for oppressing *a billion* people (in the colonies and semi colonies), that is, more than half the population of the globe that inhabits the dependent countries, as well as the wage-slaves of capital in the "civilized" countries.

Private property based on the labor of the small proprietor, free competition, democracy, all the catchwords with which the capitalists and their press deceive the workers and the peasants are things of the distant past. Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of "advanced" countries. And this "booty" is shared between two or three powerful world plunderers armed to the teeth (America, Great Britain, Japan), who are drawing the whole world into *their* war over the division of *their* booty.

III

The Treaty of Brest-Litovsk[4] dictated by monarchist Germany, and the subsequent much more brutal and despicable Treaty of Versailles[5] dictated by the "democratic" republics of America and France and also by "free" Britain, have rendered a most useful service to humanity by exposing both imperialism's hired coolies of the pen and petty-bourgeois reactionaries who, although they call themselves pacifists and socialists, sang praises to "Wilsonism," and insisted that peace and reforms were possible under imperialism.

The tens of millions of dead and maimed left by the war—a war to decide whether the British or German group of financial plunderers is to receive the most booty—and those two "peace treaties," are with unprecedented rapidity opening the eyes of the millions and tens of millions of people who are downtrodden, oppressed, deceived and duped by the bourgeoisie. Thus, out of the universal ruin caused by the war a worldwide revolutionary crisis is arising which, however prolonged and arduous its stages may be, cannot end otherwise than in a proletarian revolution and in its victory.

The Basel Manifesto of the Second International, which in 1912 gave an appraisal of the very war that broke out in 1914 and not of war in general (there are different kinds of wars, including revolutionary wars)—this Manifesto is now a monument exposing to the full the shameful bankruptcy and treachery of the heroes of the Second International.

That is why I reproduce this Manifesto as a supplement to the present edition,* and again and again I urge the reader to note that the heroes of the Second International are as assiduously avoiding the passages of this Manifesto which speak precisely, clearly and definitely of the connection

* See Appendix on p. 139.—*Ed*.

between that impending war and the proletarian revolution, as a thief avoids the scene of his crime.

IV

Special attention has been devoted in this pamphlet to a criticism of Kautskyism, the international ideological trend represented in all countries of the world by the "most prominent theoreticians," the leaders of the Second International (Otto Bauer and Co. in Austria, Ramsay MacDonald and others in Britain, Albert Thomas in France, etc., etc.) and a multitude of socialists, reformists, pacifists, bourgeois democrats and parsons.

This ideological trend is, on the one hand, a product of the disintegration and decay of the Second International, and, on the other hand, the inevitable fruit of the ideology of the petty bourgeoisie, whose entire way of life holds them captive to bourgeois and democratic prejudices.

The views held by Kautsky and his like are a complete renunciation of those same revolutionary principles of Marxism that writer has championed for decades, especially, by the way, in his struggle against socialist opportunism (of Bernstein, Millerand, Hyndman, Gompers, etc.). It is not a mere accident, therefore, that Kautsky's followers all over the world have now united in practical politics with the extreme opportunists (through the Second, or Yellow International) and with the bourgeois governments (through bourgeois coalition governments in which socialists take part).

The growing world proletarian revolutionary movement in general, and the communist movement in particular, cannot dispense with an analysis and exposure of the theoretical errors of Kautskyism. The more so since pacifism and "democracy" in general, which lay no claim to Marxism whatever, but which, like Kautsky and Co., are obscuring the profundity of the contradictions of imperialism and the inevitable revolutionary

crisis to which it gives rise, are still very widespread all over the world. To combat these tendencies is the bounden duty of the party of the proletariat, which must win away from the bourgeoisie, the small proprietors who are duped by them and the millions of working people who enjoy more or less petty-bourgeois conditions of life.

V

A few words must be said about Chapter VIII, "Parasitism and Decay of Capitalism." As already pointed out in the text, Hilferding, ex-"Marxist," and now a comrade-in-arms of Kautsky and one of the chief exponents of bourgeois, reformist policy in the Independent Social-Democratic Party of Germany,[6] has taken a step backward on this question compared with the *frankly* pacifist and reformist Englishman, Hobson. The international split of the entire working-class movement is now quite evident (the Second and the Third Internationals). The fact that armed struggle and civil war is now raging between the two trends is also evident—the support given to Kolchak and Denikin in Russia by the Mensheviks and Socialist-Revolutionaries against the Bolsheviks; the fight the Scheidemanns and Noskes have conducted in conjunction with the bourgeoisie against the Spartacists[7] in Germany; the same thing in Finland, Poland, Hungary, etc. What is the economic basis of this world-historical phenomenon?

It is precisely the parasitism and decay of capitalism, characteristic of its highest historical stage of development, i.e., imperialism. As this pamphlet shows, capitalism has now singled out a *handful* (less than one-tenth of the inhabitants of the globe; less than one-fifth at a most "generous" and liberal calculation) of exceptionally rich and powerful states which

plunder the whole world simply by "clipping coupons."* Capital exports yield an income of 8 to 10 billion francs per annum, at pre-war prices and according to pre-war bourgeois statistics. Now, of course, they yield much more.

Obviously, out of such enormous *superprofits* (since they are obtained over and above the profits which capitalists squeeze out of the workers of their "own" country) it is *possible to bribe* the labor leaders and the upper stratum of the labor aristocracy. And that is just what the capitalists of the "advanced" countries are doing: they are bribing them in a thousand different ways, direct and indirect, overt and covert.

This stratum of workers-turned-bourgeois, or the labor aristocracy, who are quite philistine in their mode of life, in the size of their earnings and in their entire outlook, is the principal prop of the Second International, and in our days, the principal *social* (not military) *prop of the bourgeoisie*. For they are the real *agents of the bourgeoisie in the working-class* movement, the labor lieutenants of the capitalist class, real vehicles of reformism and chauvinism. In the civil war between the proletariat and the bourgeoisie they inevitably, and in no small numbers, take the side of the bourgeoisie, the "Versaillese" against the "Communards."**

Unless the economic roots of this phenomenon are understood and its political and social significance is appreciated, not a step can be taken toward the solution of the practical problem of the communist movement and of the impending social revolution.

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* *Clipping coupons*—bonds used to be issued with coupons attached. Typically semi-annually, holders would cut off these coupons, take them to the bank, and claim their earnings.—*Ed*.

** The *Versaillese* were the counter-revolutionary forces which established their headquarters at Versailles and there plotted the overthrow of the Paris Commune of 1871; the *Communards* were the revolutionary workers, members and defenders of the Commune.—*Ed*.

Imperialism is the eve of the social revolution of the proletariat. This has been confirmed since 1917 on a worldwide scale.

V. I. Lenin
July 6, 1920



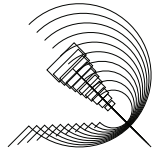
IMPERIALISM

The Highest Stage of Capitalism

DURING THE LAST 15 TO 20 YEARS, ESPECIALLY since the Spanish-American War (1898)[8] and the Anglo-Boer War (1899-1902),[9] the economic and also the political literature of the two hemispheres has more and more often adopted the term "imperialism" in order to describe the present era. In 1902, a book by the English economist J. A. Hobson, *Imperialism,* was published in London and New York. This author, whose point of view is that of bourgeois social-reformism and pacifism which, in essence, is identical with the present point of view of the ex-Marxist Karl Kautsky, gives a very good and comprehensive description of the principal specific economic and political features of imperialism. In 1910, there appeared in Vienna the work of the Austrian Marxist, Rudolf Hilferding, *Finance Capital*. In spite of the mistake the author makes on the theory of money,[10] and in spite of a certain inclination on his part to reconcile Marxism with opportunism, this work gives a very valuable theoretical analysis of "the latest phase of capitalist development," as the subtitle runs. Indeed, what has been said of imperialism

during the last few years, especially in an enormous number of magazine and newspaper articles, and also in the resolutions, for example, of the Chemnitz and Basel congresses which took place in the autumn of 1912, has scarcely gone beyond the ideas expounded, or more exactly, summed up by the two writers mentioned above...

Later on, I shall try to show briefly, and as simply as possible, the connection and relationships between the *principal* economic features of imperialism. I shall not be able to deal with the non-economic aspects of the question,[11] however much they deserve to be dealt with. References to literature and other notes which, perhaps, would not interest all readers, are to be found at the end of this pamphlet.



CHAPTER 1

Concentration of Production and Monopolies

THE ENORMOUS GROWTH OF INDUSTRY AND the remarkably rapid concentration of production in ever-larger enterprises are one of the most characteristic features of capitalism. Modern production censuses give the most complete and most exact data on this process.

In Germany, for example, out of every 1,000 industrial enterprises, large enterprises, i.e., those employing more than 50 workers, numbered three in 1882, six in 1895 and nine in 1907; and out of every 100 workers employed, this group of enterprises employed 22, 30 and 37, respectively. Concentration of production, however, is much more intense than the concentration of workers, since labor in the large enterprises is much more productive. This is shown by the figures on steam-engines and electric motors. If we take what in Germany is called industry in the broad sense of the term, that is, including commerce, transport, etc., we get the following picture. Large-scale enterprises, 30,588 out of a total of 3,265,623, that is to say, 0.9 percent. These enterprises employ 5,700,000 workers out of a total of 14,400,000, i.e.,

39.4 percent; they use 6,600,000 steam horsepower out of a total of 8,800,000, i.e., 75.3 percent, and 1,200,000 kilowatts of electricity out of a total of 1,500,000, i.e., 77.2 percent.

Less than one-hundredth of the total number of enterprises utilize *more than three-fourths* of the total amount of steam and electric power! 2,970,000 small enterprises (employing up to five workers), constituting 91 percent of the total, utilize only 7 percent of the total amount of steam and electric power! Tens of thousands of huge enterprises are everything; millions of small ones are nothing.

In 1907, there were in Germany 586 establishments employing 1,000 and more workers, nearly *one-tenth* (1,380,000) of the total number of workers employed in industry, and they consumed *almost one-third* (32 percent) of the total amount of steam and electric power.*[12] As we shall see, money capital and the banks make this superiority of a handful of the largest enterprises still more overwhelming, in the most literal sense of the word, i.e., millions of small, medium and even some big "proprietors" are in fact in complete subjection to some hundreds of millionaire financiers.

In another advanced country of modern capitalism, the United States of America, the growth of the concentration of production is still greater. Here statistics single out industry in the narrow sense of the word and classify enterprises according to the value of their annual output. In 1904 large-scale enterprises with an output valued at 1 million dollars and over, numbered 1,900 (out of 216,180, i.e., 0.9 percent). These employed 1,400,000 workers (out of 5,500,000, i.e., 25.6 percent) and the value of their output amounted to $5,600,000,000 (out of $14,800,000,000, i.e., 38 percent). Five years later, in 1909, the corresponding figures were:

---

* All citations in this book are given by V. I. Lenin unless indicated otherwise.—*Ed.*

3,060 enterprises (out of 268,491, i.e., 1.1 percent) employing 2,000,000 workers (out of 6,600,000, i.e., 30.5 percent) with an output valued at $9,000,000,000 (out of $20,700,000,000, i.e., 43.8 percent).[13]

Almost half the total production of all the enterprises of the country was carried on by *one-hundredth part* of these enterprises! These 3,000 giant enterprises embrace 258 branches of industry. 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. This transformation of competition into monopoly is one of the most important—if not the most important—phenomena of modern capitalist economy, and we must deal with it in greater detail. But first we must clear up one possible misunderstanding.

American statistics speak of 3,000 giant enterprises in 250 branches of industry, as if there were only a dozen enterprises of the largest scale for each branch of industry.

But this is not the case. Not in every branch of industry are there large-scale enterprises; and moreover, a very important feature of capitalism in its highest stage of development is so-called *combination* of production, that is to say, the grouping in a single enterprise of different branches of industry, which either represent the consecutive stages in the processing of raw materials (for example, the smelting of iron ore into pig-iron, the conversion of pig-iron into steel, and then, perhaps, the manufacture of steel goods)—or are auxiliary to one another (for example, the utilization of scrap, or of by-products, the manufacture of packing materials, etc.). Hilferding writes:

> "Combination levels out the fluctuations of trade and therefore assures to the combined enterprises a more stable rate of profit. Secondly, combination has the effect of eliminating trade. Thirdly, it has 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. Fourthly, it strengthens the position of the combined enterprises relative to the 'pure' enterprises, strengthens 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."[14]

The German bourgeois economist, Heymann, who has written a book especially on "mixed," that is, combined, enterprises in the German iron industry, says: "Pure enterprises perish, they are crushed between the high price of raw material and the low price of the finished product." Thus, we get the following picture:

> "There remain, on the one hand, the big coal companies, producing millions of tons yearly, strongly organized in their coal syndicate, and on the other, the big steel plants, closely allied to the coal mines, having their own steel syndicate. These giant enterprises, producing 400,000 tons of steel per annum, with a tremendous output of ore and coal and producing finished steel goods, employing 10,000 workers quartered in company houses, and sometimes owning their own railways and ports, are the typical representatives of the German iron and steel industry. And concentration goes on further and further. Individual enterprises are becoming larger and larger. An ever-increasing number of enterprises in one, or in several different industries, join together in giant enterprises, backed up and directed by half a dozen big Berlin banks. In relation to the German mining industry, the truth of the teachings of Karl Marx on concentration is definitely proved; true, this applies to a country where industry is protected by tariffs and freight rates. The German mining industry is ripe for expropriation."[15]

Such is the conclusion which a bourgeois economist who, by way of exception, is conscientious, had to arrive at. It must be noted that he seems to place Germany in a special category because her industries are protected by higher tariffs. But this is a circumstance which only accelerates concentration

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* Interjections by Lenin in the middle of quotes will be bracketed throughout this book.—*Ed.*

and the formation of monopolist manufacturers' associations, cartels, syndicates, etc. It is extremely important to note that in free-trade Britain, concentration also leads to monopoly, although somewhat later and perhaps in another form. Professor Hermann Levy, in his special work of research entitled *Monopolies, Cartels and Trusts,* based on data on British economic development, writes as follows:

> "In Great Britain it is the size of the enterprise and its high technical level which harbor a monopolist tendency. This, for one thing, is due to the great investment of capital per enterprise, which gives rise to increasing demands for new capital for the new enterprises and thereby renders their launching more difficult. Moreover (and this seems to us to be the more important point), every new enterprise that wants to keep pace with the gigantic enterprises that have been formed by concentration would here produce such an enormous quantity of surplus goods that it could dispose of them only by being able to sell them profitably as a result of an enormous increase in demand; otherwise, this surplus would force prices down to a level that would be unprofitable both for the new enterprise and for the monopoly combines."

Britain differs from other countries where protective tariffs facilitate the formation of cartels in that monopolist manufacturers' associations, cartels and trusts arise in the majority of cases only when the number of the chief competing enterprises has been reduced to "a couple of dozen or so." "Here the influence of concentration on the formation of large industrial monopolies in a whole sphere of industry stands out with crystal clarity."[16]

Half a century ago, when Marx was writing *Capital,* free competition appeared to the overwhelming majority of economists to be a "natural law." Official science tried, by a conspiracy of silence, to kill the works of Marx, who by a theoretical and historical analysis of capitalism had proved that free competition gives rise to the concentration of production, which, in turn, at a certain stage of development, leads to monopoly. Today, monopoly has become a fact. Economists

are writing mountains of books in which they describe the diverse manifestations of monopoly, and continue to declare in chorus that "Marxism is refuted." But facts are stubborn things, as the English proverb says, and they have to be reckoned with, whether we like it or not. The facts show that differences between capitalist countries, e.g., in the matter of protection or free trade, only give rise to insignificant variations in the form of monopolies or in the moment of their appearance; and that the rise of monopolies, as the result of the concentration of production, is a general and fundamental law of the present stage of development of capitalism.

For Europe, the time when the new capitalism *definitely* superseded the old can be established with fair precision; it was the beginning of the twentieth century. In one of the latest compilations on the history of the "formation of monopolies," we read:

> "Isolated examples of capitalist monopoly could be cited from the period preceding 1860; in these could be discerned the embryo of the forms that are so common today; but all this undoubtedly represents the prehistory of the cartels. The real beginning of modern monopoly goes back, at the earliest, to the sixties. The first important period of development of monopoly commenced with the international industrial depression of the seventies and lasted until the beginning of the nineties."
>
> "If we examine the question on a European scale, we will find that the development of free competition reached its apex in the sixties and seventies. It was then that Britain completed the construction of her old-style capitalist organization. In Germany, this organization had entered into a fierce struggle with handicraft and domestic industry, and had begun to create for itself its own forms of existence."
>
> "The great revolution commenced with the crash of 1873, or rather, the depression which followed it and which, with hardly discernible interruptions in the early eighties, and the unusually violent, but short-lived boom around about 1889, marks 22 years of European economic history.... During the short boom of 1889-90, the system of cartels was widely resorted to in order to take advantage of favorable business conditions. An ill-considered policy drove prices up still more rapidly

> and still higher than would have been the case if there had been no cartels. and nearly all these cartels perished ingloriously in the smash. Another five-year period of bad trade and low prices followed, but a new spirit reigned in industry; the depression was no longer regarded as something to be taken for granted: it was regarded as nothing more than a pause before another boom.
>
> "The cartel movement entered its second epoch: instead of being a transitory phenomenon, the cartels have become one of the foundations of economic life. They are winning one field of industry after another, primarily, the raw materials industry. At the beginning of the 1890s the cartel system had already acquired-in the organization of the coke syndicate on the model of which the coal syndicate was later formed—a cartel technique which has hardly been improved on. For the first time the great boom at the close of the nineteenth century and the crisis of 1900-03 occurred entirely—in the mining and iron industries at least—under the aegis of the cartels. And while at that time it appeared to be something novel, now the general public takes it for granted that large spheres of economic life have been, as a general rule, removed from the realm of free competition."[17]

Thus, the principal stages in the history of monopolies are the following:

1. 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage.
2. After the crisis of 1873, a lengthy period of development of cartels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon.
3. The boom at the end of the nineteenth century and the crisis of 1900-03. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism.

Cartels come to an agreement on the terms of sale, dates of payment, etc. They divide the markets among themselves. They fix the quantity of goods to be produced. They fix prices. They divide the profits among the various enterprises, etc.

The number of cartels in Germany was estimated at about 250 in 1896 and at 385 in 1905, with about 12,000 firms participating.[18] But it is generally recognized that these figures are underestimations. From the statistics of German industry for 1907 we quoted above, it is evident that even these 12,000 very big enterprises probably consume more than half the steam and electric power used in the country. In the United States of America, the number of trusts in 1900 was estimated at 185 and in 1907, 250. American statistics divide all industrial enterprises into those belonging to individuals, to private firms or to corporations. The latter in 1904 comprised 23.6 percent, and in 1909, 25.9 percent, i.e., more than one-fourth of the total industrial enterprises in the country. These employed in 1904, 70.6 percent, and in 1909, 75.6 percent, i.e., more than three-fourths of the total wage-earners. Their output at these two dates was valued at $10,900,000,000 and $16,300,000,000, i.e., 73.7 percent and 79.0 percent of the total, respectively.

At times cartels and trusts concentrate in their hands seven- or eight-tenths of the total output of a given branch of industry. The Rhine-Westphalian Coal Syndicate, at its foundation in 1893, concentrated 86.7 percent of the total coal output of the area, and in 1910 it already concentrated 95.4 percent.[19] The monopoly so created assures enormous profits, and leads to the formation of technical production units of formidable magnitude. The famous Standard Oil Company in the United States was founded in 1900:[20]

> "It has an authorized capital of $150,000,000. It issued $100,000,000 common and $106,000,000 preferred stock. From 1900 to 1907 the following dividends were paid on the latter: 48, 48, 45, 44, 36, 40, 40, 40 percent in the respective years, i.e., in all, $367,000,000. From 1882 to 1907, out of total net profits amounting to $889,000,000, $606,000,000 were distributed in dividends, and the rest went to reserve capital."[21]

> "In 1907 the various works of the United States Steel Corporation employed no less than 210,180 people. The largest enterprise in the German mining industry, Gelsenkirchener Bergwerksgesellschaft, in 1908 had a staff of 46,048 workers and office employees."[22]

In 1902, the United States Steel Corporation already produced 9,000,000 tons of steel.[23] Its output constituted in 1901, 66.3 percent, and in 1908, 56.1 percent of the total output of steel in the United States.[24] The output of ore was 43.9 percent and 46.3 percent, respectively.

The report of the American Government Commission on Trusts states:

> "Their superiority over competitors is due to the magnitude of their enterprises and their excellent technical equipment. Since its inception, the Tobacco Trust has devoted all its efforts to the universal substitution of mechanical for manual labor. With this end in view, it has bought up all patents that have anything to do with the manufacture of tobacco and has spent enormous sums for this purpose. Many of these patents at first proved to be of no use, and had to be modified by the engineers employed by the trust. At the end of 1906, two subsidiary companies were formed solely to acquire patents. With the same object in view, the trust has built its own foundries, machine shops and repair shops. One of these establishments, that in Brooklyn, employs on the average 300 workers; here experiments are carried out on inventions concerning the manufacture of cigarettes, cheroots, snuff, tinfoil for packing, boxes, etc. Here, also, inventions are perfected."[25]

> "Other trusts also employ what are called development engineers whose business it is to devise new methods of production and to test technical improvements. The United States Steel Corporation grants big bonuses to its workers and engineers for all inventions that raise technical efficiency, or reduce cost of production."[26]

In German large-scale industry, e.g., in the chemical industry, which has developed so enormously during these last few decades, the promotion of technical improvement is organized in the same way. By 1908 the process of concentration of production had already given rise to two main "groups"

which, in their way, were also in the nature of monopolies. At first these groups constituted "dual alliances" of two pairs of big factories, each having a capital of from 20 to 21 million marks, on the one hand, the former Meister Factory in Hochst and the Casella Factory in Frankfurt am Main; and on the other hand, the aniline and soda factory at Ludwigshafen and the former Bayer Factory at Elberfeld. Then, in 1905, one of these groups, and in 1908 the other group, each concluded an agreement with yet another big factory. The result was the formation of two "triple alliances," each with a capital of from 40 to 50 million marks. And these "alliances" have already begun to "approach" each other, to reach "an understanding" about prices, etc.[27]

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.

This is something quite different from the old free competition between manufacturers, scattered and out of touch with one another, and producing for an unknown market. Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials (for example, the iron ore deposits) of a country and even, as we shall see, of several countries, or of the whole world. Not only are such estimates made, but these sources are captured by gigantic monopolist associations. An approximate estimate of the capacity of markets is also made, and the associations "divide" them up amongst themselves by agreement. Skilled labor is monopolized, the best engineers are engaged; the means of transport are captured—railways in America, shipping companies in Europe and America. Capitalism in its imperialist stage leads directly to the most comprehensive socialization of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of a new

social order, a transitional one from complete free competition to complete socialization.

Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognized free competition remains, and the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable.

The German economist, Kestner, has written a book especially devoted to "the struggle between the cartels and outsiders," i.e., the capitalists outside the cartels. He entitled his work *Compulsory Organization*, although, in order to present capitalism in its true light, he should, of course, have written about compulsory submission to monopolist associations. It is instructive to glance at least at the list of the methods the monopolist associations resort to in the present-day, the latest, the civilized struggle for "organization":

1. Stopping supplies of raw materials ... ("one of the most important methods of compelling adherence to the cartel");
2. Stopping the supply of labor by means of "alliances" (i.e., of agreements between the capitalists and the trade unions by which the latter permit their members to work only in cartelized enterprises);
3. Stopping deliveries;
4. Closing trade outlets;
5. Agreements with the buyers, by which the latter undertake to trade only with the cartels;
6. Systematic price cutting (to ruin "outside" firms, i.e., those which refuse to submit to the monopolists. Millions are spent in order to sell goods for a certain time below their cost price; there were instances when the price of petrol was thus reduced from 40 to 22 marks, i.e., almost by half!);
7. Stopping credits;

8. Boycott.[28]

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. This is how this process is reflected in the mind of a bourgeois economist; Kestner writes:

> "Even in the purely economic sphere, a certain change is taking place from commercial activity in the old sense of the word towards organizational-speculative activity. The greatest success no longer goes to the merchant whose technical and commercial experience enables him best of all to estimate the needs of the buyer, and who is able to discover and, so to speak, 'awaken' a latent demand; it goes to the speculative genius [?!] who knows how to estimate, or even only to sense in advance, the organizational development and the possibilities of certain connections between individual enterprises and the banks..."[29]

Translated into ordinary human language this means that the development of capitalism has arrived at a stage when, although commodity production still "reigns" and continues to be regarded as the basis of economic life, it has in reality been undermined and the bulk of the profits go to the "geniuses" of financial manipulation. At the basis of these manipulations and swindles lies socialized production; but the immense progress of mankind, which achieved this socialization, goes to benefit . . . the speculators. We shall see later how "on these grounds" reactionary, petty-bourgeois critics of capitalist imperialism dream of going *back* to "free," "peaceful," and "honest" competition. Kestner says:

> "The prolonged raising of prices which results from the formation of cartels has hitherto been observed only in respect of the most important means of production, particularly coal, iron and potassium, but never in respect of manufactured goods. Similarly, the increase in profits resulting from this raising of prices has been limited only to the industries which produce means of production. To this observation we must add that the industries which process raw materials (and

> not semi-manufactures) not only secure advantages from the cartel formation in the shape of high profits, to the detriment of the finished goods industry, but have also secured a *dominating position* over the latter, which did not exist under free competition."[30]

The words which I have italicized reveal the essence of the case which the bourgeois economists admit so reluctantly and so rarely, and which the present-day defenders of opportunism, led by Kautsky, so zealously try to evade and brush aside. Domination, and the violence that is associated with it, such are the relationships that are typical of the "latest phase of capitalist development"; this is what inevitably had to result, and has resulted, from the formation of all-powerful economic monopolies.

I shall give one more example of the methods employed by the cartels. Where it is possible to capture all or the chief sources of raw materials, the rise of cartels and formation of monopolies is particularly easy. It would be wrong, however, to assume that monopolies do not arise in other industries in which it is impossible to corner the sources of raw materials. The cement industry, for instance, can find its raw materials everywhere. Yet in Germany this industry too is strongly cartelized. The cement manufacturers have formed regional syndicates: South German, Rhine-Westplialian, etc. The prices fixed are monopoly prices: 230 to 280 marks a car-load, when the cost price is 180 marks! The enterprises pay a dividend of from 12 to 16 percent—and it must not be forgotten that the "geniuses" of modern speculation know how to pocket big profits besides what they draw in dividends. In order to prevent competition in such a profitable industry, the monopolists even resort to various stratagems: they spread false rumors about the bad situation in their industry; anonymous warnings are published in the newspapers, like the following: "Capitalists, don't invest your capital in the cement industry!"; lastly, they buy up "outsiders" (those outside the syndicates) and pay them compensation of 60,000, 80,000

and even 150,000 marks.[31] Monopoly hews a path for itself everywhere without scruple as to the means, from paying a "modest" sum to buy off competitors, to the American device of employing dynamite against them.

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. On the contrary, 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 coordination" in other branches of industry—as Jeidels, the author of one of the best works on "the relationship of the German big banks to industry," admits.[32]

Liefmann, an unblushing apologist of capitalism, writes:

> "The more developed an economic system is, the more it resorts to risky enterprises, or enterprises in other countries, to those which need a great deal of time to develop, or finally, to those which are only of local importance."[33]

The increased risk is connected in the long run with a prodigious increase of capital, which, as it were, overflows the brim, flows abroad, etc. At the same time the extremely rapid rate of technical progress gives rise to increasing elements of disparity between the various spheres of national economy, to anarchy and crises. Liefmann is obliged to admit that:

> "In all probability mankind will see further important technical revolutions in the near future which will also affect the organization of the economic system [electricity and aviation]... As a general rule, in such periods of radical economic change, speculation develops on a large scale."[34]

Crises of every kind—economic crises most frequently, but not only these—in their turn increase very considerably the tendency towards concentration and towards monopoly. In this connection, the following reflections of Jeidels on the significance of the crisis of 1900, which, as we have already seen, marked the turning-point in the history of modern monopoly, are exceedingly instructive:

> "Side by side with the gigantic plants in the basic industries, the crisis of 1900 still found many plants organized on lines that today would be considered obsolete, the 'pure' [non-combined] plants, which were brought into being at the height of the industrial boom. The fall in prices and the falling off in demand put these 'pure' enterprises in a precarious position, which did not affect the gigantic combined enterprises at all or only affected them for a very short time. As a consequence of this the crisis of 1900 resulted in a far greater concentration of industry than the crisis of 1873: the latter crisis also produced a sort of selection of the best-equipped enterprises, but owing to the level of technical development at that time, this selection could not place the firms which successfully emerged from the crisis in a position of monopoly. Such a durable monopoly exists to a high degree in the gigantic enterprises in the modern iron and steel and electrical industries owing to their very complicated technique, far-reaching organization and magnitude of capital, and, to a lesser degree, in the engineering industry, certain branches of the metallurgical industry, transport, etc."[35]

Monopoly! This is the last word in the "latest phase of capitalist development." 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.



CHAPTER 2

Banks and Their New Role

THE PRINCIPAL AND PRIMARY FUNCTION OF banks is to serve as middlemen in the making of payments. In so doing they transform inactive money capital into active, that is, into capital yielding a profit; they collect all kinds of money revenues and place them at the disposal of the capitalist class.

As banking develops and becomes concentrated in a small number of establishments, the banks grow from modest middlemen into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and sources of raw materials in any one country and in a number of countries. This transformation of numerous modest middlemen into a handful of monopolists is one of the fundamental processes in the growth of capitalism into capitalist imperialism; for this reason, we must first of all examine the concentration of banking.

In 1907-08, the combined deposits of the German joint-stock banks, each having a capital of more than a million

marks, amounted to 7 billion marks; in 1912-13, these deposits already amounted to 9.8 billion marks, an increase of 40 percent in five years; and of the 2.8 billion increase, 2.75 billion was divided among 57 banks, each having a capital of more than 10 million marks. The distribution of the deposits between big and small banks was as follows:[36]

Total Deposits

	Big Berlin Banks	Capital ≥ 10 million marks	Capital of 1-10 million marks	Capital < 1 million marks
# of Banks	9	48	115	-
1907-1908	47.0%	32.5%	16.5%	4.0%
1912-1913	49.0%	36.0%	12.0%	3.0%

The small banks are being squeezed out by the big banks, of which only nine concentrate in their hands almost half the total deposits. But we have left out many important details, for instance, the transformation of numerous small banks into actual branches of the big banks, etc. Of this I shall speak later on.

At the end of 1913, Schulze-Gaevernitz estimated the deposits in the nine big Berlin banks at 5.1 billion marks, out of a total of about 10 billion marks. Taking into account not only the deposits, but the total bank capital, this author wrote:

> "At the end of 1909, the nine big Berlin banks, *together with their affiliated banks*, controlled 11.3 billion marks, that is, about 83 percent of the total German bank capital. The Deutsche Bank, which *together with its affiliated banks* controls nearly 3 billion marks, represents, parallel to the Prussian State Railway Administration, the biggest and also the most decentralized accumulation of capital in the Old World."[37]

I have emphasized the reference to the "affiliated" banks because it is one of the most important distinguishing features of modern capitalist concentration. The big enterprises, and the banks in particular, not only completely absorb the small ones, but also "annex" them, subordinate them, bring them into their "own" group or "concern" (to use the technical term) by acquiring "holdings" in their capital, by purchasing or exchanging shares, by a system of credits, etc., etc. Professor Liefmann has written a voluminous "work" of about 500 pages describing modern "holding and finance companies,"[38] unfortunately adding very dubious "theoretical" reflections to what is frequently undigested raw material. To what results this "holding" system leads in respect of concentration is best illustrated in the book written on the big German banks by Riesser, himself a banker. But before examining his data, let us quote a concrete example of the "holding" system.

The Deutsche Bank "group" is one of the biggest, if not the biggest, of the big banking groups. In order to trace the main threads which connect all the banks in this group, a distinction must be made between holdings of the first and second and third degree, or what amounts to the same thing, between dependence (of the lesser banks on the Deutsche Bank) in the first, second and third degree. We then obtain the following picture[39] [on the top of the next page]:

Included in the eight banks "occasionally" dependent on the Deutsche Bank in the "first degree," are three foreign banks: one Austrian (the Wiener Bankverein) and two Russian (the Siberian Commercial Bank and the Russian Bank for Foreign Trade). Altogether, the Deutsche Bank group comprises, directly and indirectly, partially and totally, 87 banks; and the total capital—its own and that of others which it controls—is estimated at between 2 and 3 billion marks.

It is obvious that a bank which stands at the head of such a group, and which enters into agreement with half a dozen other banks only slightly smaller than itself for the purpose

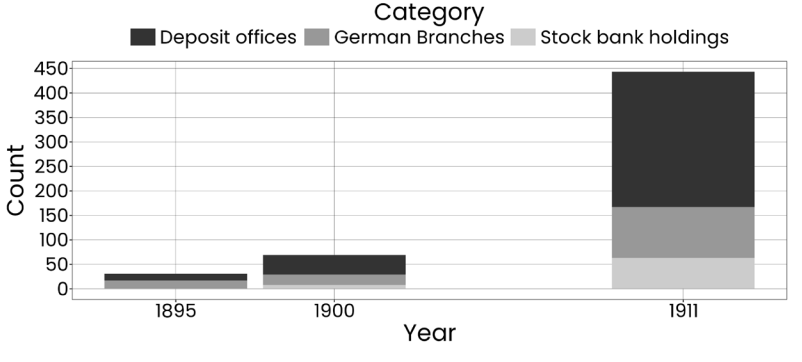
Deutsche Bank Holdings by Dependency

	Direct or 1st degree	2nd degree (held by direct or 1st degree)	3rd degree (held by 2nd degree)
Permanently	in 17 other banks	9/17 in 34 other banks	4/9 in 7 other banks
Indefinitely	in 5 other banks	-	-
Occasionally	in 8 other banks	5/8 in 14 other banks	2/5 in 2 other banks
Totals	in 30 other banks	14/30 in 48 other banks	6/14 in 9 other banks

of conducting exceptionally big and profitable financial operations like floating state loans, has already outgrown the part of "middleman" and has become an association of a handful of monopolists.

The rapidity with which the concentration of banking proceeded in Germany at the turn of the twentieth century is shown by the following data which we quote in an abbreviated form from Riesser:[40]

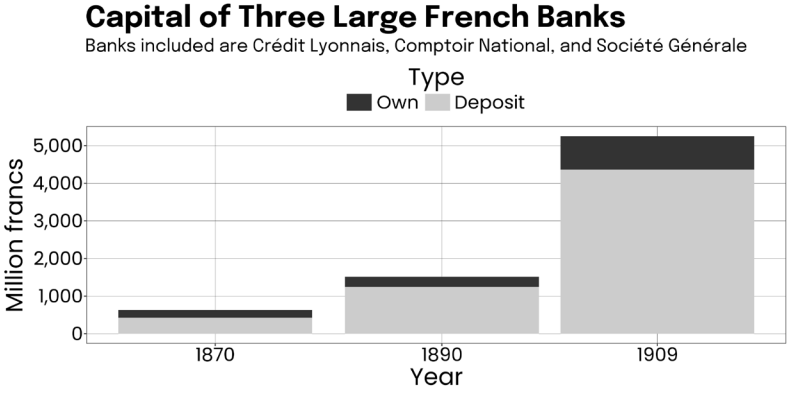
Establishments of Six Largest Berlin Banks

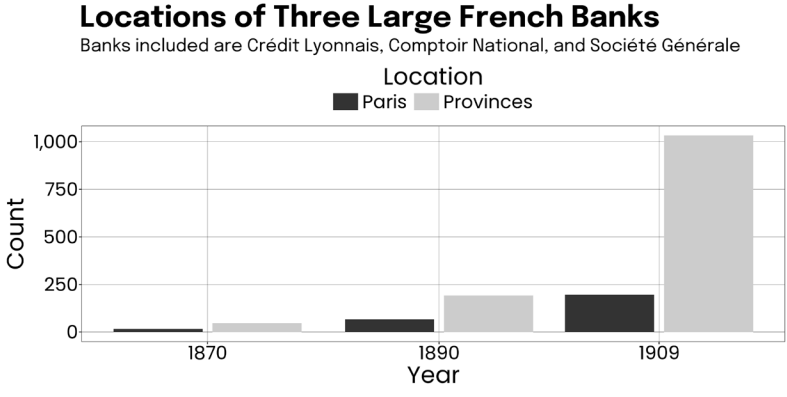


We see the rapid expansion of a close network of channels which cover the whole country, centralizing all capital and all revenues, transforming thousands and thousands of scattered economic enterprises into a single national capitalist, and then into a world capitalist economy. The "decentralization" that Schulze-Gaevernitz, as an exponent of present-day bourgeois political economy, speaks of in the passage previously quoted, really means the subordination to a single center of an increasing number of formerly relatively "independent," or rather, strictly local economic units. In reality it is *centralization*, the enhancement of the role, importance and power of monopolist giants.

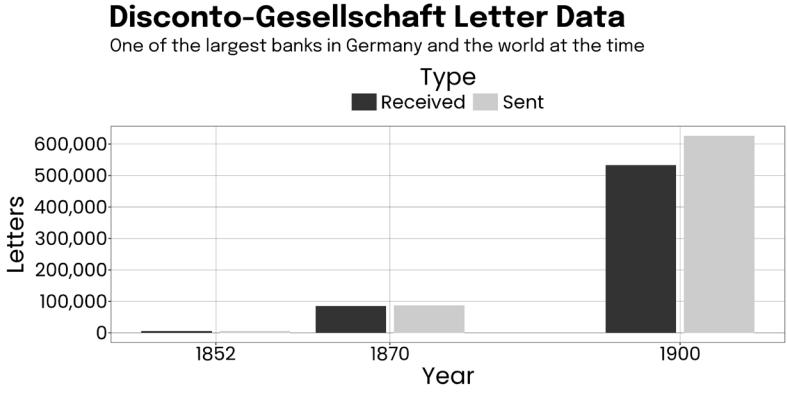
In the older capitalist countries this "banking network" is still more close. In Great Britain and Ireland, in 1910, there were in all 7,151 branches of banks. Four big banks had more than 400 branches each (from 447 to 689); 4 had more than 200 branches each, and 11 more than 100 each.

In France, *three* very big banks, Crédit Lyonnais, the Comptoir National and the Société Générale extended their operations and their network of branches in the following manner:[41]





In order to show the "connections" of a big modern bank, Riesser gives the following figures of the number of letters dispatched and received by the Disconto-Gesellschaft, one of the biggest banks in Germany and in the world (its capital in 1914 amounted to 300 million marks):



The number of accounts of the big Paris bank, the Crédit Lyonnais, increased from 28,535 in 1875 to 633,539 in 1912.[42]

These simple figures show perhaps better than lengthy disquisitions how the concentration of capital and the growth

of bank turnover are radically changing the significance of the banks. Scattered capitalists are transformed into a single collective capitalist. When carrying the current accounts of a few capitalists, a bank, as it were, transacts a purely technical and exclusively auxiliary operation. When, however, this operation grows to enormous dimensions we find that a handful of monopolists subordinate to their will all the operations, both commercial and industrial, of the whole of capitalist society; for they are enabled by means of their banking connections, their current accounts and other financial operations—first, to *ascertain exactly* the financial position of the various capitalists, then to *control* them, to influence them by restricting or enlarging, facilitating or hindering credits, and finally to *entirely determine* their fate, determine their income, deprive them of capital, or permit them to increase their capital rapidly and to enormous dimensions, etc.

We have just mentioned the 300 million marks capital of the Disconto-Gesellschaft of Berlin. This increase of the capital of the bank was one of the incidents in the struggle for hegemony between two of the biggest Berlin banks—the Deutsche Bank and the Disconto. In 1870, the first was still a novice and had a capital of only 15 million marks, while the second had a capital of 30 million marks. In 1908, the first had a capital of 200 million, while the second had 170 million. In 1914, the first increased its capital to 250 million and the second, by merging with another first-class big bank, the Schaaffhausenscher Bankverein, increased its capital to 300 million. And, of course, this struggle for hegemony went hand in hand with the more and more frequent conclusion of "agreements" of an increasingly durable character between the two banks. The following are the conclusions that this development forces upon banking specialists who regard economic questions from a standpoint which does not in the least exceed the bounds of the most moderate and cautious bourgeois reformism.

Commenting on the increase of the capital of the Disconto Gesellschaft to 300 million marks, the German review, *Die Bank*, wrote:

> "Other banks will follow this same path and in time the 300 men, who today govern Germany economically, will gradually be reduced to fifty, twenty-five or still fewer. It cannot be expected that this latest move towards concentration will be confined to banking. The close relations that exist between individual banks naturally lead to the bringing together of the industrial syndicates which these banks favor.... One fine morning we shall wake up in surprise to see nothing but trusts before our eyes, and to find ourselves faced with the necessity of substituting state monopolies for private monopolies. However, we have nothing to reproach ourselves with, except that we have allowed things to follow their own course, slightly accelerated by the manipulation of stocks."[43]

This is an example of the impotence of bourgeois journalism which differs from bourgeois science only in that the latter is less sincere and strives to obscure the essence of the matter, to hide the forest behind the trees. To be "surprised" at the results of concentration, to "reproach" the government of capitalist Germany, or capitalist "society" ("ourselves"), to fear that the introduction of stocks and shares might "accelerate" concentration in the same way as the German "cartel" specialist Tschierschky fears the American trusts and "prefers" the German cartels on the grounds that they "may not, like the trusts, excessively accelerate technical and economic progress"[44]—is not all this a sign of impotence?

But facts remain facts. There are no trusts in Germany; there are "only" cartels—but Germany is *governed* by not more than 300 magnates of capital, and the number of these is constantly diminishing. At all events, banks greatly intensify and accelerate the process of concentration of capital and the formation of monopolies in all capitalist countries, notwithstanding all the differences in their banking laws.

The banking system "possesses indeed the form of universal book-keeping and distribution of the means of production on a social scale, but solely the form," wrote Marx in *Capital* half a century ago.[45] The figures we have quoted on the growth of bank capital, on the increase in the number of the branches and offices of the biggest banks, the increase in the number of their accounts, etc., present a concrete picture of this "universal book-keeping" of the *whole* capitalist class; and not only of the capitalists, for the banks collect, even though temporarily, all kinds of money revenues—of small businessmen, office clerks, and of a tiny upper stratum of the working class. "Universal distribution of means of production"—that, from the formal aspect, is what *grows* out of the modern banks, which, numbering some three to six of the biggest in France, and six to eight in Germany, control millions and millions. In *substance*, however, the distribution of means of production is not at all "universal," but private, i.e., it conforms to the interests of big capital, and primarily, of huge, monopoly capital, which operates under conditions in which the masses live in want, in which the whole development of agriculture hopelessly lags behind the development of industry, while within industry itself the "heavy industries" exact tribute from all other branches of industry.

In the matter of socializing capitalist economy, the savings-banks and post-offices are beginning to compete with the banks; they are more "decentralized," i.e., their influence extends to a greater number of localities, to more remote places, to wider sections of the population. [On the next page] is the data collected by an American commission on the comparative growth of deposits in banks and savings-banks[46]:

As they pay interest at the rate of 4 percent and 4.25 percent on deposits, the savings-banks must seek "profitable" investments for their capital, they must deal in bills, mortgages, etc. The boundaries between the banks and the savings-banks "become more and more obliterated." The Chambers

Deposits in Billion Marks

	Britain		France		Germany		
Year	Banks	Savings-Banks	Banks	Savings-banks	Banks	Savings-banks	Credit Societies
1880	8.4	1.6	-	0.9	0.5	2.6	0.4
1888	12.4	2.0	1.5	2.1	1.1	4.5	0.4
1908	23.2	4.2	3.7	4.2	7.1	13.9	2.2

of Commerce of Bochum and Erfurt, for example, demand that savings-banks be "prohibited" from engaging in "purely" banking business, such as discounting bills; they demand the limitation of the "banking" operations of the post-office.[47] The banking magnates seem to be afraid that state monopoly will steal upon them from an unexpected quarter. It goes without saying, however, that this fear is no more than an expression of the rivalry, so to speak, between two department managers in the same office; for, on the one hand, the millions entrusted to the savings-banks are in the final analysis actually controlled by *these very same* bank capital magnates, while, on the other hand, state monopoly in capitalist society is merely a means of increasing and guaranteeing the income of millionaires in some branch of industry who are on the verge of bankruptcy.

The change from the old type of capitalism, in which free competition predominated, to the new capitalism, in which monopoly reigns, is expressed, among other things, by a decline in the importance of the Stock Exchange. The review, *Die Bank*, writes:

> "The Stock Exchange has long ceased to be the indispensable medium of circulation that it formerly was when the banks were not yet able to place the bulk of new issues with their clients."[48]

> "'Every bank is a Stock Exchange', and the bigger the bank, and the more successful the concentration of banking, the truer does this modern aphorism ring."[49]
>
> "While formerly, in the seventies, the Stock Exchange, flushed with the exuberance of youth [a 'subtle' allusion to the Stock Exchange crash of 1873, the company promotion scandals,[50] etc.] opened the era of the industrialization of Germany, nowadays the banks and industry are able to 'manage it alone'. The domination of our big banks over the Stock Exchange ... is nothing else than the expression of the completely organized German industrial state. If the domain of the automatically functioning economic laws is thus restricted, and if the domain of conscious regulation by the banks is considerably enlarged, the national economic responsibility of a few guiding heads is immensely increased."[51]

So writes the German Professor Schulze-Gaevernitz, an apologist of German imperialism, who is regarded as an authority by the imperialists of all countries, and who tries to gloss over the "mere detail" that the "conscious regulation" of economic life by the banks consists in the fleecing of the public by a handful of "completely organized" monopolists. The task of a bourgeois professor is not to lay bare the entire mechanism, or to expose all the machinations of the bank monopolists, but rather to present them in a favorable light.

In the same way, Riesser, a still more authoritative economist and himself a banker, makes shift with meaningless phrases in order to explain away undeniable facts:

> "... the Stock Exchange is steadily losing the feature which is absolutely essential for national economy as a whole and for the circulation of securities in particular—that of being not only a most exact measuring-rod, but also an almost automatic regulator of the economic movements which converge on it."[52]

In other words, the old capitalism, the capitalism of free competition with its indispensable regulator, the Stock Exchange, is passing away. A new capitalism has come to take its place, bearing obvious features of something transient, a mixture of free competition and monopoly. The question

naturally arises: *into what* is this new capitalism "developing"? But the bourgeois scholars are afraid to raise this question.

> "Thirty years ago, businessmen, freely competing against one another, performed nine-tenths of the work connected with their business other than manual labor. At the present time, nine tenths of this 'brain work' is performed by *employees*. Banking is at the forefront of this evolution."[53]

This admission by Schulze-Gaevernitz brings us once again to the question: into what is this new capitalism, capitalism in its imperialist stage, developing?

Among the few banks which remain at the head of all capitalist economy as a result of the process of concentration, there is naturally to be observed an increasingly marked tendency towards monopolist agreements, towards a *bank trust*. In America, not nine, but *two* very big banks, those of the multimillionaires Rockefeller and Morgan, control a capital of 11 billion marks.[54] In Germany the absorption of the Schaaffhausenscher Bankverein by the Disconto-Gesellschaft to which I referred above, was commented on in the following terms by the *Frankfurter Zeitung*,[55] an organ of Stock Exchange interests:

> "The concentration movement of the banks is narrowing the circle of establishments from which it is possible to obtain credits, and is consequently increasing the dependence of big industry upon a small number of banking groups. In view of the close connection between industry and the financial world, the freedom of movement of industrial companies which need banking capital is restricted. For this reason, big industry is watching the growing trustification of the banks with mixed feelings. Indeed, we have repeatedly seen the beginnings of certain agreements between the individual big banking concerns, which aim at restricting competition."[56]

Again and again, the final word in the development of banking is monopoly.

As regards the close connection between the banks and industry, it is precisely in this sphere that the new role of the

banks is, perhaps, most strikingly felt. When a bank discounts a bill for a firm, opens a current account for it, etc., these operations, taken separately, do not in the least diminish its independence, and the bank plays no other part than that of a modest middleman. But when such operations are multiplied and become an established practice, when the bank "collects" in its own hands enormous amounts of capital, when the running of a current account for a given firm enables the bank—and this is what happens—to obtain fuller and more detailed information about the economic position of its client, the result is that the industrial capitalist becomes more completely dependent on the bank.

At the same time a personal link-up, so to speak, is established between the banks and the biggest industrial and commercial enterprises, the merging of one with another through the acquisition of shares, through the appointment of bank directors to the Supervisory Boards (or Boards of Directors) of industrial and commercial enterprises, and vice versa. The German economist, Jeidels, has compiled detailed data on this form of concentration of capital and of enterprises. Six of the biggest Berlin banks were represented by their directors in *344* industrial companies; and by their board members in *407* others, making a total of *751* companies. In *289* of these companies, they either had two of their representatives on each of the respective Supervisory Boards, or held the posts of chairmen.[57] We find these industrial and commercial companies in the most diverse branches of industry: insurance, transport, restaurants, theaters, art industry, etc. On the other hand, on the Supervisory Boards of these 6 banks (in 1910) were 51 of the biggest industrialists, including the director of Krupp, of the powerful "Hapag" (Hamburg-Amerika Line), etc., etc. From 1895 to 1910, each of these 6 banks participated in the share and bond issues of many hundreds of industrial companies (the number ranging from 281 to 419).[58]

The "personal link-up" between the banks and industry is supplemented by the "personal link-up" between both of them and the government. Jeidels writes:

> "Seats on Supervisory Boards are freely offered to persons of title, also to ex-civil servants, who are able to do a great deal to facilitate [!!] relations with the authorities.... Usually, on the Supervisory Board of a big bank, there is a member of parliament or a Berlin city councilor."[59]

The building and development, so to speak, of the big capitalist monopolies is therefore going on full steam ahead in all "natural" and "supernatural" ways. A sort of division of labor is being systematically developed amongst the several hundred kings of finance who reign over modern capitalist society:

> "Simultaneously with this widening of the sphere of activity of certain big industrialists [joining the boards of banks, etc.] and with the assignment of provincial bank managers to definite industrial regions, there is a growth of specialization among the directors of the big banks. Generally speaking, this specialization is only conceivable when banking is conducted on a large scale, and particularly when it has widespread connections with industry. This division of labor proceeds along two lines: on the one hand, relations with industry as a whole are entrusted to one director, as his special function; on the other, each director assumes the supervision of several separate enterprises, or of a group of enterprises in the same branch of industry or having similar interests.... [Capitalism has already reached the stage of organized supervision of individual enterprises.] One specializes in German industry, sometimes even in West German industry alone [the West is the most industrialized part of Germany], others specialize in relations with foreign states and foreign industry, in information on the characters of industrialists and others, in Stock Exchange questions, etc. Besides, each bank director is often assigned a special locality or a special branch of industry; one works chiefly on Supervisory Boards of electric companies, another, on chemical, brewing, or beet sugar plants, a third, in a few isolated industrial enterprises, but at the same time works on the Supervisory Boards of insurance companies.... In short, there can be no doubt that the growth in the dimensions and diversity of the big banks' operations is accompanied by an increase

> in the division of labor among their directors with the object (and result) of, so to speak, lifting them somewhat out of pure banking and making them better experts, better judges of the general problems of industry and the special problems of each branch of industry, thus making them more capable of acting within the respective bank's industrial sphere of influence. This system is supplemented by the banks' endeavors to elect to their Supervisory Boards men who are experts in industrial affairs, such as industrialists, former officials, especially those formerly in the railway service or in mining, [etc.]..."[60]

We find the same system only in a slightly different form in French banking. For instance, one of the three biggest French banks, the Crédit Lyonnais, has organized a financial research service (*service des études financières*), which permanently employs over 50 engineers, statisticians, economists, lawyers, etc. This costs from 600,000 to 700,000 francs annually. The service is in turn divided into eight departments: one specializes in collecting information on industrial establishments, another studies general statistics, a third, railway and steamship companies, a fourth, securities, a fifth, financial reports, etc.[61]

The result is, on the one hand, the ever-growing merger, or, as N. I. Bukharin aptly calls it, coalescence, of bank and industrial capital and, on the other hand, the growth of the banks into institutions of a truly "universal character." On this question I find it necessary to quote the exact terms used by Jeidels, who has best studied the subject:

> "An examination of the sum total of industrial relationships reveals the universal *character* of the financial establishments working on behalf of industry. Unlike other kinds of banks, and contrary to the demand sometimes expressed in the literature that banks should specialize in one kind of business or in one branch of industry in order to prevent the ground from slipping from under their feet—the big banks are striving to make their connections with industrial enterprises as varied as possible in respect of the locality or branches of industry and are striving to eliminate the unevenness in the distribution of capital among localities and branches of industry resulting from the historical development of individual enterprises....

> "One tendency is to make the connections with industry general; another tendency is to make them durable and close. In the six big banks both these tendencies are realized, not in full, but to a considerable extent and to an equal degree."[62]

Quite often industrial and commercial circles complain of the "terrorism" of the banks. And it is not surprising that such complaints are heard, for the big banks "command," as will be seen from the following example. On November 19, 1901, one of the big, so-called Berlin "D" banks (the names of the four biggest banks begin with the letter D)[63] wrote to the Board of Directors of the German Central Northwest Cement Syndicate in the following terms:

> "As we learn from the notice you published in a certain newspaper of the 18th inst., we must reckon with the possibility that the next general meeting of your syndicate, to be held on the 30th of this month, may decide on measures which are likely to affect changes in your enterprise which are unacceptable to us. We deeply regret that, for these reasons, we are obliged henceforth to withdraw the credit which had hitherto been allowed to you.... But if the said next general meeting does not decide upon measures which are unacceptable to us, and if we receive suitable guarantees on this matter for the future, we shall be quite willing to open negotiations with you on the grant of a new credit."[64]

As a matter of fact, this is small capital's old complaint about being oppressed by big capital, but in this case, it was a whole syndicate that fell into the category of "small" capital! The old struggle between small and big capital is being resumed at a new and immeasurably higher stage of development. It stands to reason that the big banks' enterprises, worth many millions, can accelerate technical progress with means that cannot possibly be compared with those of the past. The banks, for example, set up special technical research societies, and, of course, only "friendly" industrial enterprises benefit from their work. To this category belong the Electric Railway

Research Association, the Central Bureau of Scientific and Technical Research, etc.

The directors of the big banks themselves cannot fail to see that new conditions of national economy are being created; but they are powerless in the face of these phenomena. Jeidels writes:

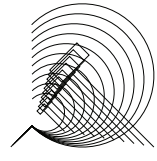
> "Anyone who has watched, in recent years, the changes of incumbents of directorships and seats on the Supervisory Boards of the big banks, cannot fail to have noticed that power is gradually passing into the hands of men who consider the active intervention of the big banks in the general development of industry to be necessary and of increasing importance. Between these new men and the old bank directors, disagreements on this subject of a business and often of a personal nature are growing. The issue is whether or not the banks, as credit institutions, will suffer from this intervention in industry, whether they are sacrificing tried principles and an assured profit to engage in a field of activity which has nothing in common with their role as middlemen in providing credit, and which is leading the banks into a field where they are more than ever before exposed to the blind forces of trade fluctuations. This is the opinion of many of the older bank directors, while most of the young men consider active intervention in industry to be a necessity as great as that which gave rise, simultaneously with big modern industry, to the big banks and modern industrial banking. The two parties are agreed only on one point: that there are neither firm principles nor a concrete aim in the new activities of the big banks."[65]

The old capitalism has had its day. The new capitalism represents a transition towards something. It is hopeless, of course, to seek for "firm principles and a concrete aim" for the purpose of "reconciling" monopoly with free competition. The admission of the practical men has quite a different ring from the official praises of the charms of "organized" capitalism sung by its apologists, Schulze-Gaevernitz, Liefmann and similar "theoreticians."

At precisely what period were the "new activities" of the big banks finally established? Jeidels gives us a fairly exact answer to this important question:

> "The connections between the banks and industrial enterprises, with their new content, their new forms and their new organs, namely, the big banks which are organized on both a centralized and a decentralized basis, were scarcely a characteristic economic phenomenon before the nineties; in one sense, indeed, this initial date may be advanced to the year 1897, when the important mergers took place and when, for the first time, the new form of decentralized organization was introduced to suit the industrial policy of the banks. This starting-point could perhaps be placed at an even later date, for it was the crisis of 1900 that enormously accelerated and intensified the process of concentration of industry and of banking, consolidated that process, for the first time transformed the connection with industry into the actual monopoly of the big banks, and made this connection much closer and more active."[66]

Thus, the twentieth century marks the turning-point from the old capitalism to the new, from the domination of capital in general to the domination of finance capital.



CHAPTER 3

Finance Capital and the Financial Oligarchy

HILFERDING WRITES:

> "A steadily increasing proportion of capital in industry ceases to belong to the industrialists who employ it. They obtain the use of it only through the medium of the banks which, in relation to them, represent the owners of the capital. On the other hand, the bank is forced to sink an increasing share of its funds in industry. Thus, to an ever-greater degree the banker is being transformed into an industrial capitalist. This bank capital, i.e., capital in money form, which is thus actually transformed into industrial capital, I call 'finance capital.'"
>
> "Finance capital is capital controlled by banks and employed by industrialists."[67]

This definition is incomplete insofar as it is silent on one extremely important fact—on the increase of concentration of production and of capital to such an extent that concentration is leading, and has led, to monopoly. But throughout the whole of his work, and particularly in the two chapters preceding the one from which this definition is taken, Hilferding stresses the part played by *capitalist monopolies.*

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.

We now have to describe how, under the general conditions of commodity production and private property, the "business operations" of capitalist monopolies inevitably lead to the domination of a financial oligarchy. It should be noted that German—and not only German—bourgeois scholars, like Riesser, Schulze-Gaevernitz, Liefmann and others, are all apologists of imperialism and of finance capital. 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., they obscure or gloss over them. They evade these "vexed questions" by pompous and vague phrases, appeals to the "sense of responsibility" of bank directors, by praising "the sense of duty" of Prussian officials, giving serious study to the petty details of absolutely ridiculous parliamentary bills for the "supervision" and "regulation" of monopolies, playing pick-up sticks with theories, like, for example, the following "scholarly" definition, arrived at by Professor Liefmann: **"*Commerce is an occupation having for its object the collection, storage and supply of goods.*"**[68] (The Professor's bold-face italics.) . . . From this it would follow that commerce existed in the time of primitive man, who knew nothing about exchange, and that it will exist under socialism!

But the monstrous facts concerning the monstrous rule of the financial oligarchy are so glaring that in all capitalist countries, in America, France and Germany, a whole literature has sprung up, written from the *bourgeois* point of view, but which, nevertheless, gives a fairly truthful picture and criticism—petty-bourgeois, naturally—of this oligarchy.

Paramount importance attaches to the "holding system," already briefly referred to above. The German economist,

Heymann, probably the first to call attention to this matter, describes the essence of it in this way:

> "The head of the concern controls the principal company [literally: the 'mother company']; the latter reigns over the subsidiary companies ['daughter companies'], which in their turn, still control other subsidiaries ['grandchild companies'], etc. In this way, it is possible with a comparatively small capital to dominate immense spheres of production. Indeed, if holding 50 percent of the capital is always sufficient to control a company, the head of the concern needs only 1 million to control 8 million in the second subsidiaries. And if this 'interlocking' is extended, it is possible with 1 million to control 16 million, 32 million, etc."[69]

As a matter of fact, experience shows that it is sufficient to own 40 percent of the shares of a company in order to direct its affairs,[70] since in practice a certain number of small, scattered shareholders find it impossible to attend general meetings, etc. 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. Incidentally, this is why, in the more advanced, or in the older and more "experienced" capitalist countries, the law allows the issue of shares of smaller denomination. In Germany, the law does not permit the issue of shares of less than 1,000 marks denomination, and the magnates of German finance look with an envious eye at Britain, where the issue of one-pound shares (= 20 marks, about 10 rubles) is permitted. Siemens, one of the biggest industrialists and "financial kings" in Germany, told the Reichstag on June 7, 1900, that "the one-pound share is the basis of British imperialism."[71] This merchant has a much deeper and more "Marxist" understanding of imperialism than a certain disreputable writer who is held to be one of the

founders of Russian Marxism[72] and believes that imperialism is a bad habit of a certain nation....

But the "holding system" not only serves enormously to increase the power of the monopolists; it also enables them to resort with impunity to all sorts of shady and dirty tricks to cheat the public, because formally the directors of the "mother company" are not legally responsible for the "daughter company," which is supposed to be "independent," and *through the medium* of which they can "pull off" *anything*. Here is an example taken from the German review, *Die Bank*, for May 1914:

> "The Spring Steel Company of Kassel was regarded some years ago as being one of the most profitable enterprises in Germany. Through bad management its dividends fell from 15 percent to nil. It appears that the Board, without consulting the shareholders, had loaned *6 million marks* to one of its 'daughter companies', the Hassia Company, which had a nominal capital of only some hundreds of thousands of marks. This commitment, amounting to nearly treble the capital of the 'mother company', was never mentioned in its balance-sheets. This omission was quite legal and could be hushed up for two whole years because it did not violate any point of company law. The chairman of the Supervisory Board, who as the responsible head had signed the false balance-sheets, was, and still is, the president of the Kassel Chamber of Commerce. The shareholders only heard of the loan to the Hassia Company long afterwards, when it had been proved to be a mistake [the writer should put this word in inverted commas], and when Spring Steel shares dropped nearly 100 percent, because those in the know were getting rid of them....
>
> "*This typical example of balance-sheet jugglery, quite common* in joint-stock companies, explains why their Boards of Directors are willing to undertake risky transactions with a far lighter heart than individual businessmen. Modern methods of drawing up balance-sheets not only make it possible to conceal doubtful undertakings from the ordinary shareholder, but also allow the people most concerned to escape the consequence of unsuccessful speculation by selling their shares in time when the individual businessman risks his own skin in everything he does....

> "The balance-sheets of many joint-stock companies put us in mind of the palimpsests* of the Middle Ages from which the visible inscription had first to be erased in order to discover beneath it another inscription giving the real meaning of the document.
>
> "The simplest and, therefore, most common procedure for making balance-sheets indecipherable is to divide a single business into several parts by setting up 'daughter companies'—or by annexing them. The advantages of this system for various purposes—legal and illegal—are so evident that big companies which do not employ it are quite the exception. [All italics are Lenin's—*Ed*.]"[73]

As an example of a huge monopolist company that extensively employs this system, the author quotes the famous General Electric Company (the A.E.G., to which I shall refer again later on). In 1912, it was calculated that this company held shares in *175* to *200* other companies, dominating them, of course, and thus controlling a total capital of about *1.5 billion marks*.[74]

None of the rules of control, the publication of balance-sheets, the drawing up of balance-sheets according to a definite form, the public auditing of accounts, etc., the things about which well-intentioned professors and officials—that is, those imbued with the good intention of defending and prettifying capitalism—discourse to the public, are of any avail; for private property is sacred, and no one can be prohibited from buying, selling, exchanging or hypothecating shares, etc.

The extent to which this "holding system" has developed in the big Russian banks may be judged by the figures given by E. Agahd, who for 15 years was an official of the Russo-Chinese Bank and who, in May 1914, published a book, not altogether correctly entitled *Big Banks and the World Market.*[75] The author divides the big Russian banks into two main groups: a) banks that come under the "holding system," and

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* *Palimpsests*—parchment documents from which the original inscriptions have been erased and other inscriptions imposed.—*Ed*.

b) "independent" banks—"independence" however, being arbitrarily taken to mean independence of *foreign* banks. The author divides the first group into three subgroups: 1) German holdings, 2) British holdings, and 3) French holdings, having in view the "holdings" and domination of the big foreign banks of the particular country mentioned. The author divides the capital of the banks into "productively" invested capital (industrial and commercial undertakings), and "speculatively" invested capital (in Stock Exchange and financial operations), assuming, from his petty-bourgeois reformist point of view, that it is possible, under capitalism, to separate the first form of investment from the second and to abolish the second form.

Here are the figures he supplies:

Bank Assets Oct.-Nov. 1913 in Million Rubles

Groups of Russian Banks	Capital Invested		
	Productively	Speculatively	Total
Siberian Commercial, Russian, International, and Discount Bank	413.7	859.1	1,272.8
Commercial and Industrial, Russo-British	239.3	169.1	408.4
Russian-Asiatic, St. Petersburg Private, Azov-Don, Union Moscow, Russo-French Commercial	711.8	661.2	1,373.0
Sub-total (11 Banks)	1,364.8	1,689.4	3,054.2
Moscow Merchants, Volga-Kama, Junker and Co., St. Petersburg Commercial*, Bank of Moscow**, Moscow Discount, Moscow Commercial, Moscow Private	504.2	391.1	895.3
Grand Total (19 banks)	1,869.0	2,080.5	3,949.5

* formerly Wawelburg ** formerly Ryabushinsky

According to these figures, of the approximately 4 billion rubles making up the "working" capital of the big banks, *more than three-fourths*, more than 3 billion, belonged to banks which in reality were only "daughter companies" of foreign banks, and chiefly of Paris banks (the famous trio: Union Parisienne, Paris et Pays-Bas and Société Générale), and of Berlin banks (particularly the Deutsche Bank and Disconto-Gesellschaft). Two of the biggest Russian banks, the Russian (Russian Bank for Foreign Trade) and the International (St. Petersburg International Commercial Bank), between 1906 and 1912 increased their capital from 44 to 98 million rubles, and their reserves from 15 million to 39 million "employing three-fourths German capital." The first bank belongs to the Berlin Deutsche Bank "concern" and the second to the Berlin Disconto-Gesellschaft. The worthy Agahd is deeply indignant at the majority of the shares being held by the Berlin banks, so that the Russian shareholders are, therefore, powerless. Naturally, the country which exports capital skims the cream; for example, the Berlin Deutsche Bank, before placing the shares of the Siberian Commercial Bank on the Berlin market, kept them in its portfolio for a whole year, and then sold them at the rate of 193 for 100, that is, at nearly twice their nominal value, "earning" a profit of nearly 6 million rubles, which Hilferding calls "founder's profits."[76]

Our author puts the total "capacity" of the principal St. Petersburg banks at 8.235 billion rubles, well over 8 billion,[77] and the "holdings," or rather, the extent to which foreign banks dominated them, he estimates as follows: French banks, 55 percent; British, 10 percent; German, 35 percent. The author calculates that of the total of 8.235 billion rubles of functioning capital, 3.687 billion rubles, or over 40 percent, fall to the share of the Produgol and Prodamet syndicates[78] and the syndicates in the oil, metallurgical and cement industries. Thus, owing to the formation of capitalist monopolies, the merging of

bank and industrial capital has also made enormous strides in Russia.

Finance capital, concentrated in a few hands and exercising a virtual monopoly, exacts enormous and ever-increasing profits from the floating of companies, issue of stock, state loans, etc., strengthens the domination of the financial oligarchy and levies tribute upon the whole of society for the benefit of monopolists. Here is an example, taken from a multitude of others, of the "business" methods of the American trusts, quoted by Hilferding. In 1887, Havemeyer founded the Sugar Trust by amalgamating 15 small firms, whose total capital amounted to 6,500,000 dollars. Suitably "watered,"[79] as the Americans say, the capital of the trust was declared to be 50 million dollars. This "overcapitalization" anticipated the monopoly profits, in the same way as the United States Steel Corporation anticipates its monopoly profits in buying up as many iron ore fields as possible. In fact, the Sugar Trust set up monopoly prices, which secured it such profits that it could pay 10 percent dividend on capital "watered" *sevenfold, or about 70 percent on the capital actually invested at the time the trust was formed!* In 1909, the capital of the Sugar Trust amounted to 90 million dollars. In 22 years, it had increased its capital more than tenfold.[80]

In France the domination of the "financial oligarchy" (*Against the Financial Oligarchy* in France, the title of the well-known book by Lysis, the fifth edition of which was published in 1908) assumed a form that was only slightly different. Four of the most powerful banks enjoy, not a relative, but an "absolute monopoly" in the issue of bonds. In reality, this is a "trust of big banks." And monopoly ensures monopoly profits from bond issues. Usually, a borrowing country does not get more than 90 percent of the sum of the loan, the remaining 10 percent goes to the banks and other middlemen. The profit made by the banks out of the Russo-Chinese loan of 400 million francs amounted to 8 percent;

out of the Russian (1904) loan of 800 million francs the profit amounted to 10 percent; and out of the Moroccan (1904) loan of 62,500,000 francs it amounted to 18.75 percent. Capitalism, which began its development with petty usury capital, is ending its development with gigantic usury capital. "The French," says Lysis, "are the usurers of Europe." All the conditions of economic life are being profoundly modified by this transformation of capitalism. With a stationary population, and stagnant industry, commerce and shipping, the "country" can grow rich by usury. "Fifty persons, representing a capital of 8 million francs, can control *2 billion* francs deposited in four banks." The "holding system," with which we are already familiar, leads to the same result. One of the biggest banks, the Société Générale for instance, issues 64,000 bonds for its "daughter company," the Egyptian Sugar Refineries. The bonds are issued at 150 percent, i.e., the bank gains 50 centimes on the franc. The dividends of the new company were found to be fictitious, the "public" lost from 90 to 100 million francs. "One of the directors of the Société Générale was a member of the board of directors of the Sugar Refineries." It is not surprising that the author is driven to the conclusion that "the French Republic is a financial monarchy"; "it is the complete domination of the financial oligarchy; the latter dominates over the press and the government."[81]

The extraordinarily high rate of profit obtained from the issue of bonds, which is one of the principal functions of finance capital, plays a very important part in the development and consolidation of the financial oligarchy. "There is not a single business of this type within the country that brings in profits even approximately equal to those obtained from the flotation of foreign loans," says *Die Bank*.[82]

"No banking operation brings in profits comparable with those obtained from the issue of securities!"[83] According to the *German Economist*, the average annual profits made on the issue of industrial stock were as follows [on the next page]:

Year	Average Annual German Industrial Stock Profit
1895	38.6%
1896	36.1%
1897	66.7%
1898	67.7%
1899	66.9%
1900	55.2%

"In the ten years from 1891 to 1900, more than a billion marks were 'earned' by issuing German industrial stock."[84]

During periods of industrial boom, the profits of finance capital are immense, but during periods of depression, small and unsound businesses go out of existence, and the big banks acquire "holdings" in them by buying them up for a mere song, or participate in profitable schemes for their "reconstruction" and "reorganization." In the "reconstruction" of undertakings which have been running at a loss...

> "The share capital is written down, that is, profits are distributed on a smaller capital and continue to be calculated on this smaller basis. Or, if the income has fallen to zero, new capital is called in, which, combined with the old and less remunerative capital, will bring in an adequate return."

Hilferding adds:

> "Incidentally, all these reorganizations and reconstructions have a twofold significance for the banks: first, as profitable transactions; and secondly, as opportunities for securing control of the companies in difficulties."[85]

Here is an instance. The Union Mining Company of Dortmund was founded in 1872. Share capital was issued to the amount of nearly 40 million marks and the market price of the shares rose to 170 after it had paid a 12 percent dividend for its first year. Finance capital skimmed the cream and earned a trifle of something like 28 million marks. The principal sponsor of this company was that very big German Disconto-Gesellschaft which so successfully attained a capital of 300 million marks. Later, the dividends of the Union declined to nil; the shareholders had to consent to a "writing down" of capital, that is, to losing some of it in order not to lose it all. By a series of "reconstructions," more than 73 million marks were written off the books of the Union in the course of thirty years. "At the present time, the original shareholders of the company possess only 5 percent of the nominal value of their shares"[86] but the banks "earned something" out of every "reconstruction."

Speculation in land situated in the suburbs of rapidly growing big towns is a particularly profitable operation for finance capital. The monopoly of the banks merges here with the monopoly of ground-rent and with monopoly of the means of communication, since the rise in the price of land and the possibility of selling it profitably in lots, etc., is mainly dependent on good means of communication with the center of the town; and these means of communication are in the hands of large companies which are connected with these same banks through the holding system and the distribution of seats on the boards. As a result, we get what the German writer, L. Eschwege, a contributor to *Die Bank* who has made a special study of real estate business and mortgages, etc., calls a "bog." Frantic speculation in suburban building lots; collapse of building enterprises like the Berlin firm of Boswau and Knauer, which acquired as much as 100 million marks with the help of the "sound and solid" Deutsche Bank—the latter, of course, acting through the holding system, i.e.,

secretly, behind the scenes—and got out of it with a loss of "only" 12 million marks, then the ruin of small proprietors and of workers who get nothing from the fictitious building firms, fraudulent deals with the "honest" Berlin police and administration for the purpose of gaining control of the issue of cadastral certificates, building licenses, etc., etc.[87]

"American ethics," which the European professors and well-meaning bourgeois so hypocritically deplore, have, in the age of finance capital, become the ethics of literally every large city in any country.

At the beginning of 1914, there was talk in Berlin of the formation of a "transport trust," i.e., of establishing "community of interests" between the three Berlin transport undertakings: the city electric railway, the tramway company and the omnibus company.

Die Bank wrote:

> "We have been aware that this plan was contemplated ever since it became known that the majority of the shares in the bus company had been acquired by the other two transport companies.... We may fully believe those who are pursuing this aim when they say that by uniting the transport services, they will secure economies, part of which will in time benefit the public. But the question is complicated by the fact that behind the transport trust that is being formed are the banks, which, if they desire, can subordinate the means of transportation, which they have monopolized, to the interests of their real estate business. To be convinced of the reasonableness of such a conjecture, we need only recall that the interests of the big banks that encouraged the formation of the Electric Railway Company were already involved in it at the time the company was formed. That is to say: the interests of this transport undertaking were interlocked with the real estate interests. The point is that the eastern line of this railway was to run across land which this bank sold at an enormous profit for itself and for several partners in the transactions when it became certain the line was to be laid down."[88]

A monopoly, once it is formed and controls billions, inevitably penetrates into *every* sphere of public life,

regardless of the form of government and all other "details." In German economic literature one usually comes across obsequious praise of the integrity of the Prussian bureaucracy, and allusions to the French Panama scandal[89] and to political corruption in America. But the fact is that *even* bourgeois literature devoted to German banking matters constantly has to go far beyond the field of purely banking operations; it speaks, for instance, about "the attraction of the banks" in reference to the increasing frequency with which public officials take employment with the banks, as follows: "How about the integrity of a state official who in his innermost heart is aspiring to a soft job in the Behrenstrasse [the Berlin street where the head office of the Deutsche Bank is situated]?"[90] In 1909, the publisher of *Die Bank*, Alfred Lansburgh, wrote an article entitled "The Economic Significance of Byzantinism," in which he incidentally referred to Wilhelm II's tour of Palestine, and to "the immediate result of this journey, the construction of the Baghdad railway, that fatal 'great product of German enterprise', which is more responsible for the 'encirclement' than all our political blunders put together."[91] (By encirclement is meant the policy of Edward VII to isolate Germany and surround her with an imperialist anti-German alliance.) In 1911, Eschwege, the contributor to this same magazine to whom I have already referred, wrote an article entitled "Plutocracy and Bureaucracy," in which he exposed, for example, the case of a German official named Völker, who was a zealous member of the Cartel Committee and who, it turned out some time later, obtained a lucrative post in the biggest cartel, the Steel Syndicate.[92] Similar cases, by no means casual, forced this bourgeois author to admit that "the economic liberty guaranteed by the German Constitution has become in many departments of economic life, a meaningless phrase" and that under the existing rule of the plutocracy, "even the widest political liberty cannot save us from being converted into a nation of unfree people."[93]

As for Russia, I shall confine myself to one example. Some years ago, all the newspapers announced that Davydov, the director of the Credit Department of the Treasury, had resigned his post to take employment with a certain big bank at a salary which, according to the contract, would total over 1 million rubles in the course of several years. The Credit Department is an institution, the function of which is to "coordinate the activities of all the credit institutions of the country" and which grants subsidies to banks in St. Petersburg and Moscow amounting to between 800 million and 1 billion rubles.[94]

It is characteristic of capitalism in general that the ownership of capital is separated from the application of capital to production, that money capital is separated from industrial or productive capital, and that the rentier who lives entirely on income obtained from money capital, is separated from the entrepreneur and from all who are directly concerned in the management of capital. Imperialism, or the domination of finance capital, is that highest stage of capitalism in which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means that a small number of financially "powerful" states stand out among all the rest. The extent to which this process is going on may be judged from the statistics on emissions, i.e., the issue of all kinds of securities.

In the *Bulletin of the International Statistical Institute*, A. Neymarck[95] has published very comprehensive, complete and comparative figures covering the issue of securities all over the world, which have been repeatedly quoted in part in economic literature. The following are the totals he gives for four decades [on the top of the next page]:

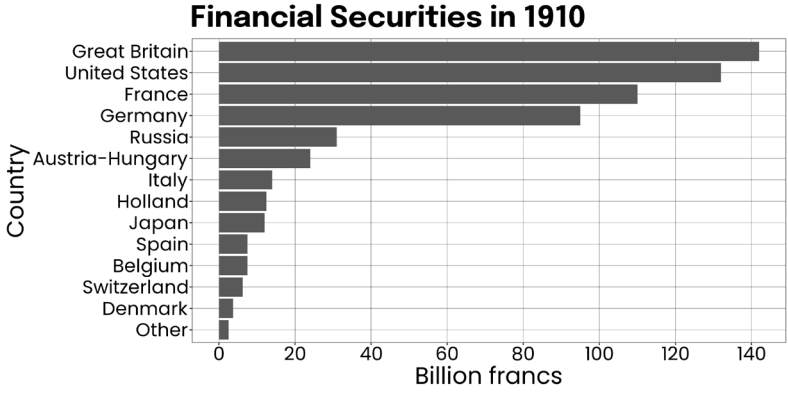
In the 1870s the total amount of issues for the whole world was high, owing particularly to the loans floated in connection with the Franco-Prussian War, and the company-promotion boom which set in in Germany after the war. On the whole,

Year	Issues in Billion Francs
1871-1880	76.1
1881-1890	64.5
1891-1900	100.4
1901-1910	197.8

the increase was relatively not very rapid during the three last decades of the nineteenth century, and only in the first ten years of the twentieth century is an enormous increase of almost 100 percent to be observed. Thus, the beginning of the twentieth century marks the turning-point, not only in the growth of monopolies (cartels, syndicates, trusts), of which we have already spoken, but also in the growth of finance capital.

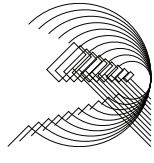
Neymarck estimates the total amount of issued securities currently in the world in 1910 at about 815 billion francs. Deducting from this sum amounts which might have been duplicated, he reduces the total to 575-600 billion, which is distributed among the various countries as follows (I take 600 billion) [on the next page]:

From these figures we at once see standing out in sharp relief four of the richest capitalist countries, each of which holds securities to amounts ranging approximately from 100 billion to 150 billion francs. Of these four countries, two, Britain and France, are the oldest capitalist countries, and, as we shall see, possess the most colonies; the other two, the United States and Germany, are capitalist countries leading in the rapidity of development and the degree of extension of capitalist monopolies in industry. Together, these four countries own 479 billion francs, that is, nearly 80 percent



of the world's finance capital. In one way or another, nearly the whole of the rest of the world is more or less the debtor to and tributary of these international banker countries, these four "pillars" of world finance capital.

It is particularly important to examine the part which the export of capital plays in creating the international network of dependence on and connections of finance capital.



CHAPTER 4

Export of Capital

TYPICAL OF THE OLD CAPITALISM, WHEN FREE competition held undivided sway, was the export of *goods*. Typical of the latest stage of capitalism, when monopolies rule, is the export of *capital*.

Capitalism is commodity production at its highest stage of development, when labor-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the "workshop of the world," the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, this monopoly was already undermined; for other countries, sheltering themselves with "protective" tariffs, developed into independent capitalist

states. 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.

It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty-stricken, there could be no question of a surplus of capital. This "argument" is very often advanced by the petty-bourgeois critics of capitalism. But if capitalism did these things, it would not be capitalism; for both uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production. As long as capitalism remains what it is, surplus capital will be utilized not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become "overripe" and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for "profitable" investment.

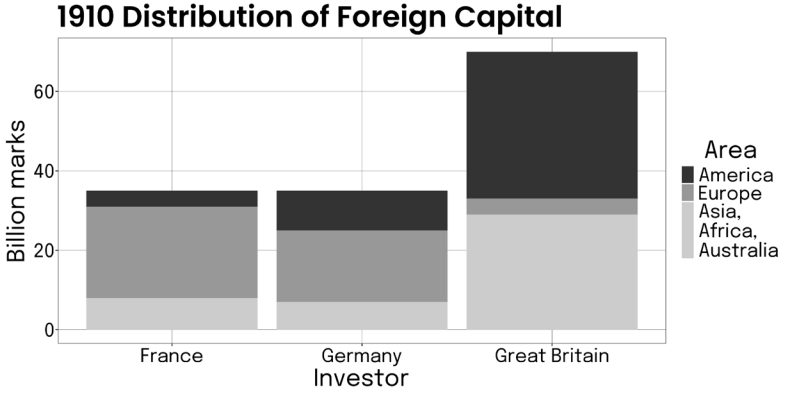
Here are approximate figures showing the amount of capital invested abroad by the three principal countries[96]:

Capital Invested Abroad in Billion Francs

Year	Britain	France	Germany
1862	3.6	-	-
1869	-	10.0	-
1872	15.0	-	-
1880	-	15.0	-
1882	22.0	-	-
1890	-	20.0	-
1893	42.0	-	-
1902	62.0	27-37.0	12.5
1914	75-100.0	60.0	44.0

This table shows that the export of capital reached enormous dimensions only at the beginning of the twentieth century. Before the war the capital invested abroad by the three principal countries amounted to between 175 billion and 200 billion francs. At the modest rate of 5 percent, the income from this sum should reach from 8 to 10 billion francs a year—a sound basis for the imperialist oppression and exploitation of most of the countries and nations of the world, for the capitalist parasitism of a handful of wealthy states!

How is this capital invested abroad distributed among the various countries? *Where* is it invested? Only an approximate answer can be given to these questions, but it is one sufficient to throw light on certain general relations and connections of modern imperialism.



The principal spheres of investment of British capital are the British colonies, which are very large also in America (for example, Canada), not to mention Asia, etc. In this case, enormous exports of capital are bound up most closely with vast colonies, of the importance of which for imperialism I shall speak later. In the case of France, the situation is different. French capital exports are invested mainly in Europe, primarily in Russia (at least 10 billion francs). This is mainly *loan* capital, government loans, and not capital invested in industrial undertakings. Unlike British colonial imperialism, French imperialism might be termed usury imperialism. In the case of Germany, we have a third type; colonies are inconsiderable, and German capital invested abroad is divided most evenly between Europe and America.

The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is

exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world.

The capital-exporting countries are nearly always able to obtain certain "advantages," the character of which throws light on the peculiarity of the epoch of finance capital and monopoly. The following passage, for instance, appeared in the Berlin review, *Die Bank*, for October 1913:

> "A comedy worthy of the pen of Aristophanes is lately being played on the international capital market. Numerous foreign countries, from Spain to the Balkan states, from Russia to Argentina, Brazil and China, are openly or secretly coming into the big money market with demands, sometimes very persistent, for loans. The money markets are not very bright at the moment and the political outlook is not promising. But not a single money market dares to refuse a loan for fear that its neighbor may forestall it, consent to grant a loan and so secure some reciprocal service. In these international transactions the creditor nearly always manages to secure some extra benefit: a favorable clause in a commercial treaty, a coating station, a contract to construct a harbor, a fat concession, or an order for guns."[97]

Finance capital has created the epoch of monopolies, and monopolies introduce monopolist principles everywhere: the utilization of "connections" for profitable transactions takes the place of competition on the open market. The most usual thing is to stipulate that part of the loan granted shall be spent on purchases in the creditor country, particularly on orders for war materials, or for ships, etc. In the course of the last two decades (1890-1910), France has very often resorted to this method. The export of capital thus becomes a means of encouraging the export of commodities. In this connection, transactions between particularly big firms assume a form which, as Schilder[98] "mildly" puts it, "borders on corruption." Krupp in Germany, Schneider in France, Armstrong in Britain are instances of firms which have close connections with

powerful banks and governments and which cannot easily be "ignored" when a loan is being arranged.

France, when granting loans to Russia, "squeezed" her in the commercial treaty of September 16, 1905,[99] stipulating for certain concessions to run till 1917. She did the same in the commercial treaty with Japan of August 19, 1911.[100] The tariff war between Austria and Serbia, which lasted, with a seven months' interval, from 1906 to 1911, was partly caused by Austria and France competing to supply Serbia with war materials. In January 1912, Paul Deschanel stated in the Chamber of Deputies that from 1908 to 1911 French firms had supplied war materials to Serbia to the value of 45 million francs.[101]

A report from the Austro-Hungarian Consul at San-Paulo (Brazil) states:

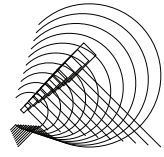
> "The Brazilian railways are being built chiefly by French, Belgian, British and German capital. In the financial operations connected with the construction of these railways the countries involved stipulate orders for the necessary railway materials."[102]

Thus, finance capital, literally, one might say, spreads its net over all countries of the world. An important role in this is played by banks founded in the colonies and by their branches. German imperialists look with envy at the "old" colonial countries which have been particularly "successful" in providing for themselves in this respect. In 1904, Great Britain had 50 colonial banks with 2,279 branches (in 1910 there were 72 banks with 5,449 branches), France had 20 with 136 branches; Holland, 16 with 68 branches; and Germany had "only" 13 with 70 branches.[103] The American capitalists, in their turn, are jealous of the English and German. In 1915, they complained:

> "In South America, five German banks have forty branches and five British banks have seventy branches.... Britain and Germany have invested in Argentina, Brazil, and Uruguay in the last 25 years

approximately 4 billion dollars, and as a result together enjoy 46 percent of the total trade of these three countries."[104]

The capital-exporting countries have divided the world among themselves in the figurative sense of the term. But finance capital has led to the *actual* division of the world.



CHAPTER 5

Division of the World Among Capitalist Associations

MONOPOLIST CAPITALIST ASSOCIATIONS, cartels, syndicates and trusts first divided the home market among themselves and obtained more or less complete possession of the industry of their own country. But under capitalism the home market is inevitably bound up with the foreign market. Capitalism long ago created a world market. As the export of capital increased, and as the foreign and colonial connections and "spheres of influence" of the big monopolist associations expanded in all ways, things "naturally" gravitated towards an international agreement among these associations, and towards the formation of international cartels.

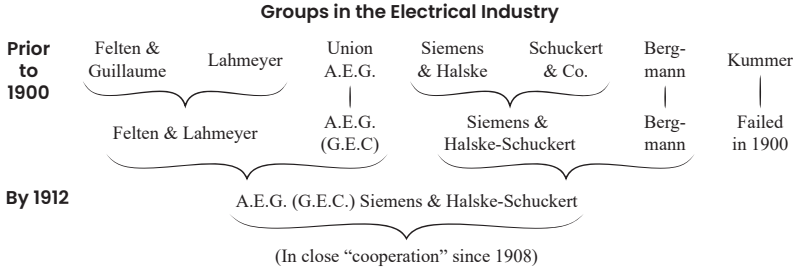
This is a new stage of world concentration of capital and production, incomparably higher than the preceding stages. Let us see how this supermonopoly develops.

The electrical industry is highly typical of the latest technical achievements and is most typical of capitalism at the end of the nineteenth and the beginning of the twentieth centuries. This industry has developed most in the two leaders of the new capitalist countries, the United States and

Germany. In Germany, the crisis of 1900 gave a particularly strong impetus to its concentration. During the crisis, the banks, which by that time had become fairly well merged with industry, enormously accelerated and intensified the ruin of relatively small firms and their absorption by the large ones. Jeidels writes:

> "The banks refused a helping hand to the very firms in greatest need of capital, and brought on first a frenzied boom and then the hopeless failure of the companies which had not been connected with them closely enough."[105]

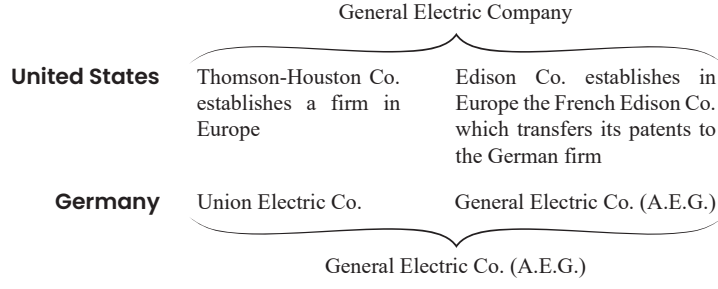
As a result, after 1900, concentration in Germany progressed with giant strides. Up to 1900 there had been seven or eight "groups" in the electrical industry. Each consisted of several companies (altogether there were 28) and each was backed by 2 to 11 banks. Between 1908 and 1912 all these groups were merged into two, or one. The following diagram shows the process:



The famous A.E.G. (General Electric Company), which grew up in this way, controls 175 to 200 companies (through the "holding" system), and a total capital of approximately *1.5 billion* marks. Of direct agencies abroad alone, it has 34, of which 12 are joint-stock companies, in more than 10 countries. As early as 1904 the amount of capital invested abroad by the German electrical industry was estimated at

233 million marks. Of this sum, 62 million were invested in Russia. Needless to say, the A.E.G. is a huge "combine"—its manufacturing companies alone number no less than sixteen—producing the most diverse articles, from cables and insulators to motorcars and flying machines.

But concentration in Europe was also a component part of the process of concentration in America, which developed in the following way:



Thus, *two* electrical "great powers" were formed: "there are no other electrical companies in the world *completely* independent of them," wrote Heinig in his article "The Path of the Electric Trust." An idea, although far from complete, of the turnover and the size of the enterprises of the two "trusts" can be obtained from the following figures:

General Electric Co.	Year	Turnover in Million Marks	Employees	Net Profits in Million Marks
America (G.E.C.)	1907	252	28,000	35.4
	1910	298	32,000	45.6
Germany (A.E.G.)	1907	216	30,700	14.5
	1911	362	60,800	21.7

And then, in 1907, the German and American trusts concluded an agreement by which they divided the world between them. Competition between them ceased. The American General Electric Company (G.E.C.) "got" the United States and Canada. The German General Electric Company (A.E.G.) "got" Germany, Austria, Russia, Holland, Denmark, Switzerland, Turkey and the Balkans. Special agreements, naturally secret, were concluded regarding the penetration of "daughter companies" into new branches of industry, into "new" countries formally not yet allotted. The two trusts were to exchange inventions and experiments.[106]

The difficulty of competing against this trust, actually a single worldwide trust controlling a capital of several billion, with "branches," agencies, representatives, connections, etc., in every corner of the world, is self-evident. But the division of the world between two powerful trusts does not preclude *redivision* if the relation of forces changes as a result of uneven development, war, bankruptcy, etc.

An instructive example of an attempt at such a redivision, of the struggle for redivision, is provided by the oil industry. In 1905, Jeidels wrote:

> "The world oil market is even today still divided between two great financial groups—Rockefeller's American Standard Oil Co., and Rothschild and Nobel, the controlling interests of the Russian oil fields in Baku. The two groups are closely connected. But for several years five enemies have been threatening their monopoly..."[107]

1. The exhaustion of the American oil fields;[108]
2. The competition of the firm of Mantashev of Baku;
3. The Austrian oilfields;
4. The Romanian oil fields;
5. The overseas oil fields, particularly in the Dutch colonies (the extremely rich firms, Samuel, and Shell, also connected with British capital).

The three last groups are connected with the big German banks, headed by the huge Deutsche Bank. These banks independently and systematically developed the oil industry in Romania, for example, in order to have a foothold of their "own." In 1907, the foreign capital invested in the Romanian oil industry was estimated at 185 million francs, of which 74 million was German capital.[109]

A struggle began for the "division of the world," as, in fact, it is called in economic literature. On the one hand, the Rockefeller "oil trust" wanted to lay its hands on *everything*; it formed a "daughter company" *right in* Holland, and bought up oil fields in the Dutch Indies, in order to strike at its principal enemy, the Anglo-Dutch Shell trust. On the other hand, the Deutsche Bank and the other German banks aimed at "retaining" Romania "for themselves" and at uniting her with Russia against Rockefeller. The latter possessed far more capital and an excellent system of oil transportation and distribution. The struggle had to end, and did end in 1907, with the utter defeat of the Deutsche Bank, which was confronted with the alternative: either to liquidate its "oil interests" and lose millions, or submit. It chose to submit, and concluded a very disadvantageous agreement with the "oil trust." The Deutsche Bank agreed "not to attempt anything which might injure American interests." Provision was made, however, for the annulment of the agreement in the event of Germany establishing a state oil monopoly.

Then the "comedy of oil" began. One of the German finance kings, von Gwinner, a director of the Deutsche Bank, through his private secretary, Stauss, launched a campaign *for* a state oil monopoly. The gigantic machine of the huge German bank and all its wide "connections" were set in motion. The press bubbled over with "patriotic" indignation against the "yoke" of the American trust, and, on March 15, 1911, the Reichstag, by an almost unanimous vote, adopted a motion asking the government to introduce a bill for the establishment of an

oil monopoly. The government seized upon this "popular" idea, and the game of the Deutsche Bank, which hoped to cheat its American counterpart and improve its business by a state monopoly, appeared to have been won. The German oil magnates already saw visions of enormous profits, which would not be less than those of the Russian sugar refiners.... But firstly, the big German banks quarreled among themselves over the division of the spoils. The Disconto-Gesellschaft exposed the covetous aims of the Deutsche Bank; secondly, the government took fright at the prospect of a struggle with Rockefeller, for it was very doubtful whether Germany could be sure of obtaining oil from other sources (the Romanian output was small); thirdly, just at that time the 1913 credits of a billion marks were voted for Germany's war preparations. The oil monopoly project was postponed. The Rockefeller "oil trust" came out of the struggle, for the time being, victorious.

The Berlin review, *Die Bank*, wrote in this connection that Germany could fight the oil trust only by establishing an electricity monopoly and by converting water-power into cheap electricity. The Author added:

> "But, the electricity monopoly will come when the producers need it, that is to say, when the next great crash in the electrical industry is imminent, and when the gigantic, expensive power stations now being put up at great cost everywhere by private electrical concerns, which are already obtaining certain franchises from towns, from states, etc., can no longer work at a profit. Water-power will then have to be used. But it will be impossible to convert it into cheap electricity at state expense; it will also have to be handed over to a 'private monopoly controlled by the state', because private industry has already concluded a number of contracts and has stipulated for heavy compensation.... So it was with the nitrate monopoly, so it is with the oil monopoly, so it will be with the electric power monopoly. It is time our state socialists, who allow themselves to be blinded by a beautiful principle, understood, at last, that in Germany the monopolies have never pursued the aim, nor have they had the result, of benefiting the consumer, or even of handing over to the state part of the promoter's profits; they have served only to facilitate, at the

> expense of the state, the recovery of private industries which were on the verge of bankruptcy."[110]

Such are the valuable admissions which the German bourgeois economists are forced to make. We see plainly here how private and state monopolies are interwoven in the epoch of finance capital; how both are but separate links in the imperialist struggle between the big monopolists for the division of the world.

In merchant shipping, the tremendous development of concentration has ended also in the division of the world. In Germany two powerful companies have come to the fore: the Hamburg-Amerika and the Norddeutscher Lloyd, each having a capital of 200 million marks (in stocks and bonds) and possessing shipping tonnage to the value of 185 to 189 million marks. On the other hand, in America, on January 1, 1903, the International Mercantile Marine Co., known as the Morgan trust, was formed; it united nine American and British steamship companies, and possessed a capital of 120 million dollars (480 million marks). As early as 1903, the German giants and this American-British trust concluded an agreement to divide the world with a consequent division of profits. The German companies undertook not to compete in the Anglo-American traffic. Which ports were to be "allotted" to each was precisely stipulated; a joint committee of control was set up, etc. This agreement was concluded for twenty years, with the prudent provision for its annulment in the event of war.[111]

Extremely instructive also is the story of the formation of the International Rail Cartel. The first attempt of the British, Belgian and German rail manufacturers to form such a cartel was made as early as 1884, during a severe industrial depression. The manufacturers agreed not to compete with one another in the home markets of the countries involved, and they divided the foreign markets in the following quotas: Great Britain, 66 percent; Germany, 27 percent; Belgium, 7

percent. India was reserved entirely for Great Britain. Joint war was declared against a British firm which remained outside the cartel, the cost of which was met by a percentage levy on all sales. But in 1886 the cartel collapsed when two British firms retired from it. It is characteristic that agreement could not be achieved during subsequent boom periods.

At the beginning of 1904, the German steel syndicate was formed. In November 1904, the International Rail Cartel was revived, with the following quotas: Britain, 53.5 percent; Germany, 28.83 percent; Belgium, 17.67 percent. France came in later and received 4.8 percent, 5.8 percent and 6.4 percent in the first, second and third year respectively, over and above the 100 percent limit, i.e., out of a total of 104.8 percent, etc. In 1905, the United States Steel Corporation entered the cartel; then Austria and Spain.[112] Vogelstein wrote in 1910:

> "At the present time, the division of the world is complete, and the big consumers, primarily the state railways—since the world has been parceled out without consideration for their interests—can now dwell like the poet in the heavens of Jupiter."[113]

Let me also mention the International Zinc Syndicate which was established in 1909 and which precisely apportioned output among five groups of factories: German, Belgian, French, Spanish and British; and also the International Dynamite Trust, which, Liefmann says:

> "...[is] quite a modern, close alliance of all the German explosives manufacturers who, with the French and American dynamite manufacturers, organized in a similar manner, have divided the whole world among themselves, so to speak."[114]

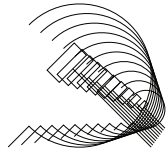
Liefmann calculated that in 1897 there were altogether about forty international cartels in which Germany had a share, while in 1910 there were about a hundred.

Certain bourgeois writers (now joined by Karl Kautsky, who has completely abandoned the Marxist position he

had held, for example, in 1909) have expressed the opinion that international cartels, being one of the most striking expressions of the internationalization of capital, give the hope of peace among nations under capitalism. Theoretically, this opinion is absolutely absurd, while in practice it is sophistry and a dishonest defense of the worst opportunism. 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 historico-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. Naturally, it is in the interests of, for example, the German bourgeoisie, to whose side Kautsky has in effect gone over in his theoretical arguments (I shall deal with this later), to obscure the *substance* of the present economic struggle (the division of the world) and to emphasize now this and now another *form* of the struggle. Kautsky makes the same mistake. Of course, we have in mind not only the German bourgeoisie, but the bourgeoisie all over the world. The capitalists divide the world, not out of any particular malice, but 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 capitalism. But strength varies with the degree of economic and political development. In order to understand what is taking place, it is necessary to know what questions are settled by the changes in strength. The question as to whether these changes are "purely" economic or *non*-economic (e.g., military) is a secondary one, which cannot in the least affect fundamental views on the latest epoch of capitalism. To substitute the question of the form of the

struggle and agreements (today peaceful, tomorrow warlike, the next day warlike again) for the question of the *substance* of the struggle and agreements between capitalist associations is to sink to the role of a sophist.

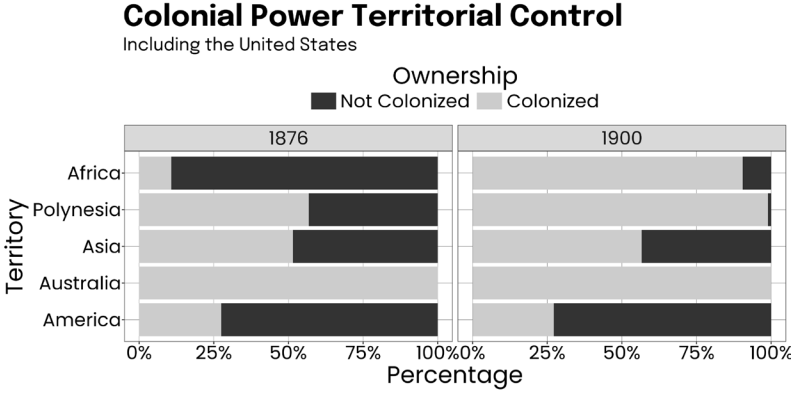
The epoch of the latest stage of capitalism shows us that certain relations between capitalist associations grow up, *based* on the economic division of the world; while parallel to and in connection with it, certain relations grow up between political alliances, between states, on the basis of the territorial division of the world, of the struggle for colonies, of the "struggle for spheres of influence."



CHAPTER 6

Division of the World Among the Great Powers

IN HIS BOOK, ON "THE TERRITORIAL Development of the European Colonies," A. Supan,[115] the geographer, gives the following brief summary of this development at the end of the nineteenth century:



"The characteristic feature of this period," he concludes, "is, therefore, the division of Africa and Polynesia." As there

are no unoccupied territories—that is, territories that do not belong to any state in Asia and America, it is necessary to amplify Supan's conclusion and say that 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—but in the sense that the colonial policy of the capitalist countries has *completed* the seizure of the unoccupied territories on our planet. For the first time the world is completely divided up, so that in the future *only* redivision is possible, i.e., territories can only pass from one "owner" to another, instead of passing as ownerless territory to an owner.

Hence, 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. For this reason, it is essential first of all to deal in greater detail with the facts, in order to ascertain as exactly as possible what distinguishes this epoch from those preceding it, and what the present situation is. In the first place, two questions of fact arise here: is an intensification of colonial policy, a sharpening of the struggle for colonies, observed precisely in the epoch of finance capital? And how, in this respect, is the world divided at the present time?

The American writer, Morris, in his book on the history of colonization,[116] made an attempt to sum up the data on the colonial possessions of Great Britain, France and Germany during different periods of the nineteenth century. The following is a brief summary of the results he has obtained [on the next page]:

For Great Britain, the period of the enormous expansion of colonial conquests was between 1860 and 1880, and it was also very considerable in the last twenty years of the nineteenth century. For France and Germany this period falls precisely in these twenty years. We saw above that the development of premonopoly capitalism, of capitalism in which free

Colonial Possessions*

	Britain		France		Germany	
Year	Area	Pop.	Area	Pop.	Area	Pop.
1815-30	?	126.4	0.02	0.5	-	-
1860	2.5	145.1	0.2	3.4	-	-
1880	7.7	267.9	0.7	7.5	-	-
1899	9.3	309.0	3.7	56.4	1.0	14.7

* in million square miles & million inhabitants

competition was predominant, reached its limit in the 1860s and 1870s. We now see that it is *precisely after that period* that the tremendous "boom" in colonial conquests begins, and that the struggle for the territorial division of the world becomes extraordinarily sharp. It is beyond doubt, therefore, that capitalism's transition to the stage of monopoly capitalism, to finance capital, *is connected* with the intensification of the struggle for the partitioning of the world.

Hobson, in his work on imperialism, marks the years 1884-1900 as the epoch of intensified "expansion" of the chief European states. According to his estimate, Great Britain during these years acquired 3,700,000 square miles of territory with 57,000,000 inhabitants; France, 3,600,000 square miles with 36,500,000; Germany, 1,000,000 square miles with 14,700,000; Belgium, 900,000 square miles with 30,000,000; Portugal, 800,000 square miles with 9,000,000 inhabitants. The scramble for colonies by all the capitalist states at the end of the nineteenth century and particularly since the 1880s is

a commonly known fact in the history of diplomacy and of foreign policy.

In the most flourishing period of free competition in Great Britain, i.e., between 1840 and 1860, the leading British bourgeois politicians were *opposed* to colonial policy and were of the opinion that the liberation of the colonies, their complete separation from Britain, was inevitable and desirable. M. Beer, in an article, "Modern British Imperialism,"[117] published in 1898, shows that in 1852, Disraeli, a statesman who was generally inclined towards imperialism, declared: "The colonies are millstones round our necks." But at the end of the nineteenth century the British heroes of the hour were Cecil Rhodes and Joseph Chamberlain, who openly advocated imperialism and applied the imperialist policy in the most cynical manner!

It is not without interest to observe that even then these leading British bourgeois politicians saw the connection between what might be called the purely economic and the socio-political roots of modern imperialism. Chamberlain advocated imperialism as a "true, wise and economical policy," and pointed particularly to the German, American and Belgian competition which Great Britain was encountering in the world market. Salvation lies in monopoly, said the capitalists as they formed cartels, syndicates and trusts. Salvation lies in monopoly, echoed the political leaders of the bourgeoisie, hastening to appropriate the parts of the world not yet shared out. And Cecil Rhodes, we are informed by his intimate friend, the journalist Stead, expressed his imperialist views to him in 1895 in the following terms:

> "I was in the East End of London [a working-class quarter] yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'bread! bread!' and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism.... My cherished idea is a solution for the social problem, i.e., in order to save the

> 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. The Empire, as I have always said, is a bread-and-butter question. If you want to avoid civil war, you must become imperialists."[118]

That was said in 1895 by Cecil Rhodes, millionaire, a king of finance, the man who was mainly responsible for the Anglo-Boer War. True, his defense of imperialism is crude and cynical, but in substance it does not differ from the "theory" advocated by Messrs. Maslov, Südekum, Potresov, David, the founder of Russian Marxism[119] and others. Cecil Rhodes was a somewhat more honest social-chauvinist....

To present as precise a picture as possible of the territorial division of the world and of the changes which have occurred during the last decades in this respect, I shall utilize the data furnished by Supan in the work already quoted on the colonial possessions of all the powers of the world. Supan takes the years 1876 and 1900; I shall take the year 1876—a year very aptly selected, for it is precisely by that time that the pre-monopolist stage of development of West-European capitalism can be said to have been, in the main, completed—and the year 1914, and instead of Supan's figures I shall quote the more recent statistics of Hübner's *Geographical and Statistical Tables*. Supan gives figures only for colonies; I think it useful, in order to present a complete picture of the division of the world, to add brief data on non-colonial and semi-colonial countries, in which category I place Persia, China and Turkey: the first of these countries is already almost completely a colony, the second and third are becoming such.

We thus get the following result [on the next page]:

We clearly see from these figures how "complete" was the partition of the world at the turn of the twentieth century. After 1876 colonial possessions increased to enormous dimensions, by more than 50 percent, from 40,000,000 to

Colonial Possessions of the Great Powers*

	Colonies				Metropolitan		Total	
	1876		1914		1914		1914	
	Area	Pop.	Area	Pop.	Area	Pop.	Area	Pop.
Great Britain	22.5	251.9	33.5	393.5	0.3	46.5	33.8	440.0
Russia	17.0	15.9	17.4	33.2	5.4	136.2	22.8	169.4
France	0.9	6.0	10.6	55.5	0.5	39.6	11.1	95.1
Germany	-	-	2.9	12.3	0.5	64.9	3.4	77.2
USA	-	-	0.3	9.7	9.4	97.0	9.7	106.7
Japan	-	-	0.3	19.2	0.4	53.0	0.7	72.2
Subtotal	40.4	273.8	65.0	523.4	16.5	437.2	81.5	960.6
Colonies of other powers (Belgium, Holland, etc.)							9.9	45.3
Semi-colonial countries (Persia, China, Turkey)							14.5	361.2
Other countries							28.0	289.9
World Grand Total							133.9	1,657.0

* in million square kilometers & million inhabitants

65,000,000 square kilometers for the six biggest powers; the increase amounts to 25,000,000 square kilometers, 50 percent more than the area of the metropolitan countries (16,500,000

square kilometers). In 1876 three powers had no colonies, and a fourth, France, had scarcely any. By 1914 these four powers had acquired colonies with an area of 14,100,000 square kilometers, i.e., about half as much again as the area of Europe, with a population of nearly 100,000,000. The unevenness in the rate of expansion of colonial possessions is very great. If, for instance, we compare France, Germany and Japan, which do not differ very much in area and population, we see that the first has acquired almost three times as much colonial territory as the other two combined. In regard to finance capital, France, at the beginning of the period we are considering, was also, perhaps, several times richer than Germany and Japan put together. In addition to, and on the basis of, purely economic conditions, geographical and other conditions also affect the dimensions of colonial possessions. However strong the process of leveling the world, of leveling the economic and living conditions in different countries, may have been in the past decades as a result of the pressure of large-scale industry, exchange and finance capital, considerable differences still remain; and among the six countries mentioned we see, firstly, young capitalist countries (America, Germany, Japan) whose progress has been extraordinarily rapid; secondly, countries with an old capitalist development (France and Great Britain), whose progress lately has been much slower than that of the previously mentioned countries, and thirdly, a country most backward economically (Russia), where modern capitalist imperialism is enmeshed, so to speak, in a particularly close network of pre-capitalist relations.

Alongside the colonial possessions of the Great Powers, we have placed the small colonies of the small states, which are, so to speak, the next objects of a possible and probable "redivision" of colonies. These small states mostly retain their colonies only because the big powers are torn by conflicting interests, friction, etc., which prevent them from coming to an agreement on the division of the spoils. As to the "semi-

colonial" states, they provide an example of the transitional forms which are to be found in all spheres of nature and society. 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; we shall shortly see examples of this. 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. In this respect, the semi-colonial countries provide a typical example of the "middle stage." It is natural that the struggle for these semi dependent countries should have become particularly bitter in the epoch of finance capital, when the rest of the world has already been divided up.

Colonial policy and imperialism existed before the latest stage of capitalism, and even before capitalism. Rome, founded on slavery, pursued a colonial policy and practiced imperialism.[120] But "general" disquisitions on imperialism, which ignore, or put into the background, the fundamental difference between socio-economic formations, inevitably turn into the most vapid banality or bragging, like the comparison: "Greater Rome and Greater Britain."[121] Even the capitalist colonial policy of *previous* stages of capitalism is essentially different from the colonial policy of finance capital.

The principal feature of the latest stage of capitalism is the domination of monopolist associations of big employers. These monopolies are most firmly established when *all* the sources of raw materials are captured by one group, and we have seen with what zeal the international capitalist associations exert every effort to deprive their rivals of all opportunity of competing, to buy up, for example, iron fields, oilfields, etc. Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors, including the case of the adversary wanting to

be protected by a law establishing a state monopoly. 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.

Schilder writes:

> "It may be asserted, although it may sound paradoxical to some, that in the more or less foreseeable future the growth of the urban and industrial population is more likely to be hindered by a shortage of raw materials for industry than by a shortage of food. [For example, there is a growing shortage of timber—the price of which is steadily rising—of leather, and of raw materials for the textile industry.] Associations of manufacturers are making efforts to create an equilibrium between agriculture and industry in the whole of world economy; as an example of this we might mention the International Federation of Cotton Spinners' Associations in several of the most important industrial countries, founded in 1904, and the European Federation of Flax Spinners' Associations, founded on the same model in 1910."[122]

Of course, the bourgeois reformists, and among them particularly the present-day adherents of Kautsky, try to belittle the importance of facts of this kind by arguing that raw materials "could be" obtained in the open market without a "costly and dangerous" colonial policy; and that the supply of raw materials "could be" increased enormously by "simply" improving conditions in agriculture in general. But such arguments become an apology for imperialism, an attempt to paint it in bright colors, because they ignore the principal feature of the latest stage of capitalism: monopolies. The free market is becoming more and more a thing of the past; monopolist syndicates and trusts are restricting it with every passing day, and "simply" improving conditions in agriculture means improving the conditions of the masses, raising wages and reducing profits. Where, except in the imagination of sentimental reformists, are there any trusts

capable of concerning themselves with the condition of the masses instead of the conquest of colonies?

Finance capital is interested not only in the already discovered sources of raw materials but also in potential sources, because present-day technical development is extremely rapid, and land which is useless today may be improved tomorrow if new methods are devised (to this end a big bank can equip a special expedition of engineers, agricultural experts, etc.), and if large amounts of capital are invested. This also applies to prospecting for minerals, to new methods of processing up and utilizing raw materials, etc., etc. Hence, the inevitable striving of finance capital to enlarge its spheres of influence and even its actual territory. In the same way that the trusts capitalize their property at two or three times its value, taking into account its "potential" (and not actual) profits and the further results of monopoly, so finance capital in general strives to seize the largest possible amount of land of all kinds in all places, and by every means, taking into account potential sources of raw materials and fearing to be left behind in the fierce struggle for the last remnants of independent territory, or for the repartition of those territories that have been already divided.

The British capitalists are exerting every effort to develop cotton growing in *their* colony, Egypt (in 1904, out of 2,300,000 hectares of land under cultivation, 600,000, or more than one-fourth, were under cotton); the Russians are doing the same in *their* colony, Turkestan, because in this way they will be in a better position to defeat their foreign competitors, to monopolize the sources of raw materials and form a more economical and profitable textile trust in which *all* the processes of cotton production and manufacturing will be "combined" and concentrated in the hands of one set of owners.

The interests pursued in exporting capital also give an impetus to the conquest of colonies, for in the colonial market

it is easier to employ monopoly methods (and sometimes they are the only methods that can be employed) to eliminate competition, to ensure supplies, to secure the necessary "connections," etc.

The non-economic superstructure which grows up on the basis of finance capital, its politics and its ideology, stimulates the striving for colonial conquest. "Finance capital does not want liberty, it wants domination," as Hilferding very truly says. And a French bourgeois writer, developing and supplementing, as it were, the ideas of Cecil Rhodes quoted above,* writes that social causes should be added to the economic causes of modern colonial policy:

> "Owing to the growing complexities of life and the difficulties which weigh not only on the masses of the workers, but also on the middle classes, 'impatience, irritation and hatred are accumulating in all the countries of the old civilization and are becoming a menace to public order; the energy which is being hurled out of the definite class channel must be given employment abroad in order to avert an explosion at home'."[123]

Since we are speaking of colonial policy in the epoch of capitalist imperialism, it must be observed that finance capital and its foreign policy, which is the struggle of the great powers for the economic and political division of the world, give rise to a number of *transitional* forms of state dependence. Not only are the two main groups of countries, those owning colonies, and the colonies themselves, but also the diverse forms of dependent countries which, politically, are formally independent, but in fact, are enmeshed in the net of financial and diplomatic dependence, typical of this epoch. We have already referred to one form of dependence—the semi-colony. An example of another is provided by Argentina.

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* See pp. 82-83.—*Ed.*

"South America, and especially Argentina," writes Schulze-Gaevernitz in his work on British imperialism, "is so dependent financially on London that it ought to be described as almost a British commercial colony."[124] Basing himself on the reports of the Austro-Hungarian Consul at Buenos Aires for 1909, Schilder estimated the amount of British capital invested in Argentina at 8.75 billion francs. It is not difficult to imagine what strong connections British finance capital (and its faithful "friend," diplomacy) thereby acquires with the Argentine bourgeoisie, with the circles that control the whole of that country's economic and political life.

A somewhat different form of financial and diplomatic dependence, accompanied by political independence, is presented by Portugal. Portugal is an independent sovereign state, but actually, for more than 200 years, since the war of the Spanish Succession (1701-14), it has been a British protectorate. Great Britain has protected Portugal and her colonies in order to fortify her own positions in the fight against her rivals, Spain and France. In return Great Britain has received commercial privileges, preferential conditions for importing goods and especially capital into Portugal and the Portuguese colonies, the right to use the ports and islands of Portugal, her telegraph cables, etc., etc.[125] Relations of this kind have always existed between big and little states, but in the epoch of capitalist imperialism they become a general system, they form part of the sum total of "divide the world" relations and become links in the chain of operations of world finance capital.

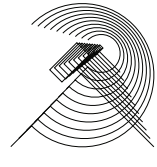
In order to finish with the question of the division of the world, I must make the following additional observation. This question was raised quite openly and definitely not only in American literature after the Spanish-American War, and in English literature after the Anglo-Boer War, at the very end of the nineteenth century and the beginning of the twentieth; not only has German literature, which has "most jealously"

watched "British imperialism," systematically given its appraisal of this fact. This question has also been raised in French bourgeois literature as definitely and broadly as is thinkable from the bourgeois point of view. Let me quote Driault, the historian, who, in his book, *Political and Social Problems at the End of the Nineteenth Century*, in the chapter "The Great Powers and the Division of the World," wrote the following:

> "During the past few years, all the free territory of the globe, with the exception of China, has been occupied by the powers of Europe and North America. This has already brought about several conflicts and shifts of spheres of influence, and these foreshadow more terrible upheavals in the near future. For it is necessary to make haste. The nations which have not yet made provision for themselves run the risk of never receiving their share and never participating in the tremendous exploitation of the globe which will be one of the most essential features of the next century [i.e., the twentieth]. That is why all Europe and America have lately been afflicted with the fever of colonial expansion, of 'imperialism', that most noteworthy feature of the end of the nineteenth century."

And the author added:

> "In this partition of the world, in this furious hunt for the treasures and the big markets of the globe, the relative strength of the empires founded in this nineteenth century is totally out of proportion to the place occupied in Europe by the nations which founded them. The dominant powers in Europe, the arbiters of her destiny, are *not* equally preponderant in the whole world. And, as colonial might, the hope of controlling as yet unassessed wealth, will evidently react upon the relative strength of the European powers, the colonial question—'imperialism', if you will—which has already modified the political conditions of Europe itself, will modify them more and more."[126]



CHAPTER 7

Imperialism as a Special Stage of Capitalism

WE MUST NOW TRY TO SUM UP, TO DRAW together the threads of what has been said above on the subject of imperialism. Imperialism emerged as the development and direct continuation of the fundamental characteristics of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres. Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly. Free competition is the basic feature of capitalism, and of commodity production generally; monopoly is the exact opposite of free competition, but we have seen the latter being transformed into monopoly before our eyes, creating large-scale industry and forcing out small industry, replacing large-scale by still larger-scale industry, and carrying concentration of production and capital to the

point where out of it has grown and is growing monopoly: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks, which manipulate billions. At the same time the monopolies, which have grown out of free 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. Monopoly is the transition from capitalism to a higher system.

If it were necessary to give the briefest possible definition of imperialism, we should have to say that imperialism is the monopoly stage of capitalism. Such a definition would include what is most important, for, on the one hand, finance capital is the bank capital of a few very big monopolist banks, merged with the capital of the monopolist associations of industrialists; and, on the other hand, the division of the world is the transition from a colonial policy which has extended without hindrance to territories not seized by any capitalist power, to a colonial policy of monopolist possession of the territory of the world, which has been completely divided up.

But very brief definitions, although convenient, for they sum up the main points, are nevertheless inadequate, since we have to deduce from them some especially important features of the phenomenon that has to be defined. And so, without forgetting the conditional and relative value of all definitions in general, which can never embrace all the concatenations of a phenomenon in its full development, we must give a definition of imperialism that will include the following five of its basic features:

1. the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
2. the merging of bank capital with industrial capital, and the creation, on the basis of this "finance capital," of a financial oligarchy;

3. the export of capital as distinguished from the export of commodities acquires exceptional importance;
4. the formation of international monopolist capitalist associations which share the world among themselves; and
5. the territorial division of the whole world among the biggest capitalist powers is completed.

Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

We shall see later that imperialism can and must be defined differently if we bear in mind not only the basic, purely economic concepts—to which the above definition is limited—but also the historical place of this stage of capitalism in relation to capitalism in general, or the relation between imperialism and the two main trends in the working-class movement. The thing to be noted at this point is that imperialism, as interpreted above, undoubtedly represents a special stage in the development of capitalism. To enable the reader to obtain the most well-grounded idea of imperialism, I deliberately tried to quote as extensively as possible *bourgeois* economists who have to admit the particularly incontrovertible facts concerning the latest stage of capitalist economy. With the same object in view, I have quoted detailed statistics which enable one to see to what degree bank capital, etc., has grown, in what precisely the transformation of quantity into quality, of developed capitalism into imperialism, was expressed. Needless to say, of course, all boundaries in nature and in society are conventional and changeable, and it would be absurd to argue, for example, about the particular year or decade in which imperialism "definitely" became established.

In the matter of defining imperialism, however, we have to enter into controversy, primarily, with Karl Kautsky, the principal Marxist theoretician of the epoch of the so-called Second International—that is, of the 25 years between 1889 and 1914. The fundamental ideas expressed in our definition of imperialism were very resolutely attacked by Kautsky in 1915, and even in November 1914, when he said that imperialism must not be regarded as a "phase" or stage of economy, but as a policy, a definite policy "preferred" by finance capital; that imperialism must not be "identified" with "present-day capitalism"; that if imperialism is to be understood to mean "all the phenomena of present-day capitalism"—cartels, protection, the domination of the financiers, and colonial policy—then the question as to whether imperialism is necessary to capitalism becomes reduced to the "flattest tautology," because, in that case, "imperialism is naturally a vital necessity for capitalism," and so on. The best way to present Kautsky's idea is to quote his own definition of imperialism, which is diametrically opposed to the substance of the ideas which I have set forth (for the objections coming from the camp of the German Marxists, who have been advocating similar ideas for many years already, have been long known to Kautsky as the objections of a definite trend in Marxism).

Kautsky's definition is as follows:

> "Imperialism is a product of highly developed industrial capitalism. It consists in the striving of every industrial capitalist nation to bring under its control or to annex all large areas of *agrarian* [Kautsky's italics] territory, irrespective of what nations inhabit it."[127]

This definition is of no use at all because it one-sidedly, i.e., arbitrarily, singles out only the national question (although the latter is extremely important in itself as well as in its relation to imperialism), it arbitrarily and *inaccurately* connects this question *only* with industrial capital in the countries which

annex other nations, and in an equally arbitrary and inaccurate manner pushes into the forefront the annexation of agrarian regions.

Imperialism is a striving for annexations—this is what the *political* part of Kautsky's definition amounts to. It is correct, but very incomplete, for politically, imperialism is, in general, a striving towards violence and reaction. For the moment, however, we are interested in the *economic* aspect of the question, which Kautsky *himself* introduced into *his* definition. The inaccuracies in Kautsky's definition are glaring. The characteristic feature of imperialism is *not* industrial, *but* finance capital. It is not an accident that in France it was precisely the extraordinarily rapid development of *finance* capital, and the weakening of industrial capital, that from the eighties onwards gave rise to the extreme intensification of annexationist (colonial) policy. The characteristic feature of imperialism is precisely that it strives to annex *not only* agrarian territories, but even most highly industrialized regions (German appetite for Belgium; French appetite for Lorraine), because 1) the fact that the world is already partitioned obliges those contemplating a *redivision* to reach out for *every kind* of territory, and 2) an essential feature of imperialism is the rivalry between several great powers in the striving for hegemony, i.e., for the conquest of territory, not so much directly for themselves as to weaken the adversary and undermine *his* hegemony. (Belgium is particularly important for Germany as a base for operations against Britain; Britain needs Baghdad as a base for operations against Germany,[128] etc.)

Kautsky refers especially—and repeatedly—to English writers who, he alleges, have given a purely political meaning to the word "imperialism" in the sense that he, Kautsky, understands it. We take up the work by the English writer Hobson, *Imperialism*, which appeared in 1902, and there we read:

> "The new imperialism differs from the older, first, in substituting for the ambition of a single growing empire the theory and the practice of competing empires, each motivated by similar lusts of political aggrandizement and commercial gain; secondly, in the dominance of financial or investing over mercantile interests."[129]

We see that Kautsky is absolutely wrong in referring to English writers generally (unless he meant the vulgar English imperialists, or the avowed apologists for imperialism). We see that Kautsky, while claiming that he continues to advocate Marxism, as a matter of fact takes a step backward compared with the *social-liberal* Hobson, who *more correctly* takes into account two "historically concrete" (Kautsky's definition is a mockery of historical concreteness!) features of modern imperialism: 1) the competition between *several* imperialisms, and 2) the predominance of the financier over the merchant. If it is chiefly a question of the annexation of agrarian countries by industrial countries, then the role of the merchant is put in the forefront.

Kautsky's definition is not only wrong and un-Marxist. It serves as a basis for a whole system of views which signify a rupture with Marxist theory and Marxist practice all along the line. I shall refer to this later. The argument about words which Kautsky raises as to whether the latest stage of capitalism should be called imperialism or the stage of finance capital is not worth serious attention. Call it what you will, it makes no difference. The essence of the matter is that Kautsky detaches the politics of imperialism from its economics, speaks of annexations as being a policy "preferred" by finance capital, and opposes to it another bourgeois policy which, he alleges, is possible on this very same basis of finance capital. It follows, then, that monopolies in the economy are compatible with non-monopolistic, non-violent, non-annexationist methods in politics. It follows, then, that the territorial division of the world, which was completed during this very epoch of finance capital, and which constitutes the basis of the present peculiar forms

of rivalry between the biggest capitalist states, is compatible with a non-imperialist policy. The result is a slurring-over and a blunting of the most profound contradictions of the latest stage of capitalism, instead of an exposure of their depth; the result is bourgeois reformism instead of Marxism.

Kautsky enters into controversy with the German apologist of imperialism and annexations, Cunow, who clumsily and cynically argues that imperialism is present-day capitalism; the development of capitalism is inevitable and progressive; therefore, imperialism is progressive; therefore, we should grovel before it and glorify it! This is something like the caricature of the Russian Marxists which the Narodniks drew in 1894-95. They argued: if the Marxists believe that capitalism is inevitable in Russia, that it is progressive, then they ought to open a tavern and begin to implant capitalism! Kautsky's reply to Cunow is as follows: imperialism is not present-day capitalism; it is only one of the forms of the policy of present-day capitalism. This policy we can and should fight, fight imperialism, annexations, etc.

The reply seems quite plausible, but in effect it is a more subtle and more disguised (and therefore more dangerous) advocacy of conciliation with imperialism, because a "fight" against the policy of the trusts and banks that does not affect the economic basis of the trusts and banks is mere bourgeois reformism and pacifism, the benevolent and innocent expression of pious wishes. Evasion of existing contradictions, forgetting the most important of them, instead of revealing their full depth—such is Kautsky's theory, which has nothing in common with Marxism. Naturally, such a "theory" can only serve the purpose of advocating unity with the Cunows!

"From the purely economic point of view," writes Kautsky, "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,"[130] i.e., of a super-imperialism, of a union of the imperialisms of the whole

world and not struggles among them, a phase when wars shall cease under capitalism, a phase of "the joint exploitation of the world by internationally united finance capital."[131]

We shall have to deal with this "theory of ultra-imperialism" later on in order to show in detail how decisively and completely it breaks with Marxism. At present, in keeping with the general plan of the present work, we must examine the exact economic data on this question. "From the purely economic point of view," is "ultra-imperialism" possible, or is it ultra-nonsense?

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

If, however, we are discussing the "purely economic" conditions of the epoch of finance capital as a historically concrete epoch which began at the turn of the twentieth century, then the best reply that one can make to the lifeless abstractions of "ultra-imperialism" (which serve exclusively a most reactionary aim: that of diverting attention from the depth of *existing* antagonisms) is to contrast them with the concrete economic realities of the present-day world economy. Kautsky's utterly meaningless talk about ultra-imperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital *lessens* the unevenness and contradictions inherent in the world economy, whereas in reality it *increases* them.

R. Calwer, in his little book, *An Introduction to the World Economy*,[132] made an attempt to summarize the main, purely

economic, data that enable one to obtain a concrete picture of the internal relations of the world economy at the turn of the twentieth century. He divides the world into five "main economic areas," as follows:

1. Central Europe (the whole of Europe with the exception of Russia and Great Britain);
2. Great Britain;
3. Russia;
4. Eastern Asia;
5. America.

He includes the colonies in the "areas" of the states to which they belong and "leaves aside" a few countries not distributed according to areas, such as Persia, Afghanistan, and Arabia in Asia, Morocco and Abyssinia in Africa, etc.

Here is a brief summary of the economic data he quotes on these regions:

We see three areas of highly developed capitalism (high development of means of transport, of trade and of industry): the Central European, the British and the American areas. Among these are three states which dominate the world: Germany, Great Britain, and the United States. Imperialist rivalry and the struggle between these countries have become extremely keen because Germany has only an insignificant area and few colonies; the creation of "Central Europe" is still a matter for the future, it is being born in the midst of a desperate struggle. For the moment the distinctive feature of the whole of Europe is political disunity. In the British and American areas, on the other hand, political concentration is very highly developed, but there is a vast disparity between the immense colonies of the one and the insignificant colonies of the other. In the colonies, however, capitalism is only beginning to develop. The struggle for South America is becoming more and more acute.

There are two areas where capitalism is little developed: Russia and Eastern Asia. In the former, the population is

Development of Global Powers at the Turn of the 20th Century

Principal Economic Areas	Area (millions sq. km.)	Pop. (millions)	Transport		Trade	Industry		
			Railways (thousands km.)	Mercantile fleet (millions tons)	Imports & Exports (billions marks)	Output (millions tons)		# Cotton Spindles (millions)
						Coal	Iron	
Central Europe	27.6	388	204	8	41	251	15	26
Colonies*	(23.6)	(146)						
Britain	28.9	398	140	11	25	249	9	51
Colonies*	(28.6)	(355)						
Russia	22	131	63	1	3	16	3	7
Eastern Asia	12	389	8	1	2	8	0.02	2
America	30	148	379	6	14	245	14	19

* Area and population of the colonies are included in the respective figures for Central Europe and Britain.

extremely sparse, in the latter it is extremely dense; in the former political concentration is high, in the latter it does not exist. The partitioning of China is only just beginning, and the struggle for it between Japan, the U.S., etc., is continually gaining in intensity.

Compare this reality—the vast diversity of economic and political conditions, the extreme disparity in the rate of development of the various countries, etc., and the violent struggles among the imperialist states—with Kautsky's silly little fable about "peaceful" ultra-imperialism. Is this not the reactionary attempt of a frightened philistine to hide from stern reality? Are not the international cartels which Kautsky imagines are the embryos of "ultra-imperialism" (in the same way as one "can" describe the manufacture of tablets in a laboratory as ultra-agriculture in embryo) an example of the division *and the redivision* of the world, the transition from peaceful division to non-peaceful division and vice versa? Is not American and other finance capital, which divided the whole world peacefully with Germany's participation in, for example, the international rail syndicate, or in the international mercantile shipping trust, now engaged in *redividing* the world on the basis of a new relation of forces that is being changed by methods *anything but* peaceful?

Finance capital and the trusts do not diminish but increase the differences in the rate of growth of the various parts of the world economy. Once the relation of forces is changed, what other solution of the contradictions can be found *under capitalism* than that of *force*? Railway statistics[133] provide remarkably exact data on the different rates of growth of capitalism and finance capital in the world economy. In the last decades of imperialist development, the total length of railways has changed as follows [on the next page]:

Thus, the development of railways has been most rapid in the colonies and in the independent (and semi-independent) states of Asia and America. Here, as we know, the finance capital

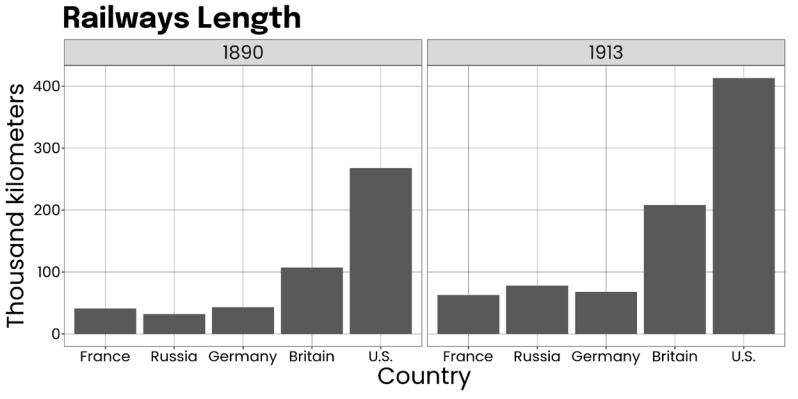
Railways in Thousand Kilometers

Country built in	1890		1913		Increase	
Europe	224		346		122	
U.S.	268		411		143	
All colonies	82		210		128	
(Semi-)independent states of Asia and America	43	(125)*	137	(347)*	94	(222)*
Total	617		1,104		487	

* Figures in parentheses are the respective subtotals for "All colonies" and "(Semi-)independent states of Asia and America"

of the four or five biggest capitalist states holds undisputed sway. 200,000 kilometers of new railways in the colonies and in the other countries of Asia and America represent a capital of more than 40 billion marks newly invested on particularly advantageous terms, with special guarantees of a good return and with profitable orders for steel works, etc., etc.

Capitalism is growing with the greatest rapidity in the colonies and in overseas countries. Among the latter, *new* imperialist powers are emerging (e.g., Japan). The struggle among the world's imperialisms is becoming more acute. The tribute levied by finance capital on the most profitable colonial and overseas enterprises is increasing. In the division of this "booty," an exceptionally large part goes to countries which do not always stand at the top of the list in the rapidity of the development of their productive forces. In the case of the biggest countries, together with their colonies, the total length of railways was as follows [on the next page]:



Thus, about 80 percent of the total existing railways are concentrated in the hands of the five biggest powers. But the concentration of the *ownership* of these railways, the concentration of finance capital, is immeasurably greater since the French and British millionaires, for example, own an enormous amount of shares and bonds in American, Russian and other railways.

Thanks to her colonies, Great Britain has increased the length of "her" railways by 100,000 kilometers, four times as much as Germany. And yet, it is well known that the development of productive forces in Germany, and especially the development of the coal and iron industries, has been incomparably more rapid during this period than in Britain—not to speak of France and Russia. In 1892, Germany produced 4,900,000 tons of pig-iron and Great Britain produced 6,800,000 tons; in 1912, Germany produced 17,600,000 tons and Great Britain, 9,000,000 tons. Germany, therefore, had an overwhelming superiority over Britain in this respect.[134] The question is: 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?

CHAPTER 8

Parasitism and Decay of Capitalism

WE NOW HAVE TO EXAMINE YET ANOTHER significant aspect of imperialism to which most of the discussions on the subject usually attach insufficient importance. One of the shortcomings of the Marxist Hilferding is that on this point he has taken a step backward compared with the non-Marxist Hobson. I refer to parasitism, which is characteristic of imperialism.

As we have seen, the deepest economic foundation of imperialism is monopoly. This is capitalist monopoly, i.e., monopoly which has grown out of capitalism and which exists in the general environment of capitalism, commodity production and competition, in permanent and insoluble contradiction to this general environment. Nevertheless, like all monopoly, it inevitably engenders a tendency of stagnation and decay. Since monopoly prices are established, even temporarily, the motive cause of technical and, consequently, of all other progress disappears to a certain extent and, further, the *economic* possibility arises of deliberately retarding technical progress. For instance, in America, a certain Owens

invented a machine which revolutionized the manufacture of bottles. The German bottle-manufacturing cartel purchased Owens's patent, but pigeon-holed it, refrained from utilizing it. Certainly, monopoly under capitalism can never completely, and for a very long period of time, eliminate competition in the world market (and this, by the by, is one of the reasons why the theory of ultra-imperialism is so absurd). Certainly, the possibility of reducing the cost of production and increasing profits by introducing technical improvements operates in the direction of change. But the *tendency* to stagnation and decay, which is characteristic of monopoly, continues to operate, and in some branches of industry, in some countries, for certain periods of time, it gains the upper hand.

The monopoly ownership of very extensive, rich or well-situated colonies operates in the same direction.

Further, imperialism is an immense accumulation of money capital in a few countries, amounting, as we have seen, to 100-150 billion francs in securities. Hence the extraordinary growth of a class, or rather, of a stratum of rentiers, i.e., people who live by "clipping coupons," who take no part in any enterprise whatsoever, whose profession is idleness. The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism on the whole country that lives by exploiting the labor of several overseas countries and colonies.

"In 1893," writes Hobson, "the British capital invested abroad represented about 15 percent of the total wealth of the United Kingdom."[135] Let me remind the reader that by 1915 this capital had increased about two and a half times. Hobson says further on:

> "Aggressive imperialism, which costs the tax-payer so dear, which is of so little value to the manufacturer and trader... is a source of great gain to the investor.... The annual income Great Britain derives from commissions in her whole foreign and colonial trade, import

> and export, is estimated by Sir R.Giffen at £18,000,000 [nearly 170 million rubles] for 1899, taken at 2.5 percent, upon a turnover of £800,000,000."[136]

Great as this sum is, it cannot explain the aggressive imperialism of Great Britain, which is explained by the income of £90 million to £100 million from "invested" capital, the income of the rentiers.

The income of the rentiers is *five times* greater than the income obtained from the foreign trade of the biggest "trading" country in the world! This is the essence of imperialism and imperialist parasitism.

For that reason, the term "rentier state" (*Rentnerstaat*), or usurer state, is coming into common use in the economic literature that deals with imperialism. The world has become divided into a handful of usurer states and a vast majority of debtor states. Schulze-Gaevernitz says:

> "At the top of the list of foreign investments, are those placed in politically dependent or allied countries: Great Britain grants loans to Egypt, Japan, China and South America. Her navy plays here the part of bailiff in case of necessity. Great Britain's political power protects her from the indignation of her debtors."[137]

Sartorius von Waltershausen in his book, *The National Economic System of Capital Investments Abroad,* cites Holland as the model "rentier state" and points out that Great Britain and France are now becoming such.[138] Schilder is of the opinion that five industrial states have become "definitely pronounced creditor countries": Great Britain, France, Germany, Belgium and Switzerland. He does not include Holland in this list simply because she is "industrially little developed."[139] The United States is a creditor only of the American countries.

Schulze-Gaevernitz says:

> "Great Britain is gradually transforming from an industrial into a creditor state. Notwithstanding the absolute increase in industrial output and the export of manufactured goods, there is an increase in

> the relative importance of income from interest and dividends, issues of securities, commissions and speculation in the whole of the national economy. In my opinion it is precisely this that forms the economic basis of imperialist ascendancy. The creditor is more firmly attached to the debtor than the seller is to the buyer."[140]

In regard to Germany, A. Lansburgh, the publisher of the Berlin *Die Bank,* in 1911, in an article entitled "Germany—a Rentier State," wrote the following:

> "People in Germany are ready to sneer at the yearning to become rentiers that is observed in France. But they forget that as far as the bourgeoisie is concerned the situation in Germany is becoming more and more like that in France."[141]

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. To demonstrate this in the clearest possible manner let me quote Hobson, who is a most reliable witness, since he cannot be suspected of leaning towards Marxist orthodoxy; on the other hand, he is an Englishman who is very well acquainted with the situation in the country which is richest in colonies, in finance capital, and in imperialist experience.

With the Anglo-Boer War fresh in his mind, Hobson describes the connection between imperialism and the interests of the "financiers," their growing profits from contracts, supplies, etc.:

> "While the directors of this definitely parasitic policy are capitalists, the same motives appeal to special classes of the workers. In many towns most important trades are dependent upon government employment or contracts; the imperialism of the metal and shipbuilding centers is attributable in no small degree to this fact."[142]

Two sets of circumstances, in this writer's opinion, have weakened the old empires: 1) "economic parasitism," and 2) the formation of armies recruited from subject peoples.

> "There is first the habit of economic parasitism, by which the ruling state has used its provinces, colonies, and dependencies in order to enrich its ruling class and to bribe its lower classes into acquiescence."[143]

And I shall add that the economic possibility of such bribery, whatever its form may be, requires high monopolist profits.

As for the second circumstance, Hobson writes:

> "One of the strangest symptoms of the blindness of imperialism is the reckless indifference with which Great Britain, France and other imperial nations are embarking on this perilous dependence. Great Britain has gone farthest. Most of the fighting by which we have won our Indian Empire has been done by natives; in India, as more recently in Egypt, great standing armies are placed under British commanders; almost all the fighting associated with our African dominions, except in the southern part, has been done for us by natives."[144]

Hobson gives the following economic appraisal of the prospect of the partitioning of China:

> "The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera and in the tourist-ridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods; all the main arterial industries would have disappeared, the staple foods and manufactures flowing in as tribute from Asia and Africa.... We have foreshadowed the possibility of even a larger alliance of Western states, a European federation of great powers which, so far from forwarding the cause of world civilization, might introduce the gigantic peril of a Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy. Let those who would scout such a theory [it would be better to say: prospect] as undeserving of

> consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors, and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the imperialism of Western Europe today are moving in this direction, and, unless counteracted or diverted, make towards some such consummation."[145]

The author is quite right: *if* the forces of imperialism had not been counteracted, they would have led precisely to what he has described. The significance of a "United States of Europe" in the present imperialist situation is correctly appraised. He should have added, however, that, also *within* the working-class movement, the opportunists, who are for the moment victorious in most countries, are "working" systematically and undeviatingly in this very direction. Imperialism, which means the partitioning of the world, and the exploitation of other countries besides China, which means high monopoly profits for a handful of very rich countries, makes it economically possible to bribe the upper strata of the proletariat, and thereby fosters, gives shape to, and strengthens opportunism. We must not, however, lose sight of the forces which counteract imperialism in general, and opportunism in particular, and which, naturally, the social-liberal Hobson is unable to perceive.

The German opportunist, Gerhard Hildebrand, who was once expelled from the Party for defending imperialism, and who could today be a leader of the so-called "Social-Democratic" Party of Germany, supplements Hobson well by his advocacy of a "United States of Western Europe" (without Russia) for the purpose of "joint" action ... against the African Negroes, against the "great Islamic movement,"

for the maintenance of a "powerful army and navy," against a "Sino-Japanese coalition,"[146] etc.

The description of "British imperialism" in Schulze-Gaevernitz's book reveals the same parasitical traits. The national income of Great Britain approximately doubled from 1865 to 1898, while the income "from abroad" increased *ninefold* in the same period. While the "merit" of imperialism is that it "trains the Negro to habits of industry" (you cannot manage without coercion...), the "danger" of imperialism lies in:

> "Europe will shift the burden of physical toil—first agricultural and mining, then the rougher work in industry—on to the colored races, and itself be content with the role of rentier, and in this way, perhaps, pave the way for the economic, and later, the political emancipation of the colored races."

An increasing proportion of land in England is being taken out of cultivation and used for sport, for the diversion of the rich. As far as Scotland—the most aristocratic place for hunting and other sports—is concerned, it is said that "it lives on its past and on Mr. Carnegie" (the American multimillionaire). On horse racing and fox hunting alone England annually spends £14,000,000 (nearly 130 million rubles). The number of rentiers in England is about 1 million. The percentage of the productively employed population to the total population is declining:

Population & Workers in England in Millions

Year	England and Wales Pop.	Workers in Basic Industries	Percent of Total Pop.
1851	17.9	4.1	23%
1901	32.5	4.9	15%

And in speaking of the British working class the bourgeois student of "British imperialism at the beginning of the twentieth century" is obliged to distinguish systematically between the "*upper stratum*" of the workers and the "*lower stratum of the proletariat proper.*" The upper stratum furnishes the bulk of the membership of cooperatives, of trade unions, of sporting clubs and of numerous religious sects. To this level is adapted the electoral system, which in Great Britain is still "*sufficiently restricted to exclude the lower stratum of the proletariat proper*"! In order to present the condition of the British working class in a rosy light, only this upper stratum—which constitutes a *minority of* the proletariat—is usually spoken of. For instance, "the problem of unemployment is mainly a London problem and that of the lower proletarian stratum, *to which the politicians attach little importance*..." [italics are Lenin's—*Ed.*][147] He should have said: to which the bourgeois politicians and the "socialist" opportunists attach little importance.

One of the special features of imperialism connected with the facts I am describing, is the decline in emigration from imperialist countries and the increase in immigration into these countries from the more backward countries where lower wages are paid. As Hobson observes, emigration from Great Britain has been declining since 1884. In that year the number of emigrants was 242,000, while in 1900, the number was 169,000. Emigration from Germany reached the highest point between 1881 and 1890, with a total of 1,453,000 emigrants. In the course of the following two decades, it fell to 544,000 and to 341,000. On the other hand, there was an increase in the number of workers entering Germany from Austria, Italy, Russia and other countries. According to the 1907 census, there were 1,342,294 foreigners in Germany, of whom 440,800 were industrial workers and 257,329 agricultural workers.[148] In France, the workers employed in the mining industry are, "in great part," foreigners: Poles, Italians and Spaniards.[149] In the

United States, immigrants from Eastern and Southern Europe are engaged in the most poorly paid jobs, while American workers provide the highest percentage of overseers or of the better-paid workers.[150] Imperialism has the tendency to create privileged sections also among the workers, and to detach them from the broad masses of the proletariat.

It must be observed that in Great Britain the tendency of imperialism to split the workers, to strengthen opportunism among them and to cause temporary decay in the working-class movement, revealed itself much earlier than the end of the nineteenth and the beginning of the twentieth centuries; for two important distinguishing features of imperialism were already observed in Great Britain in the middle of the nineteenth century—vast colonial possessions and a monopolist position in the world market. Marx and Engels traced this connection between opportunism in the working-class movement and the imperialist features of British capitalism systematically, during the course of several decades. For example, on October 7, 1858, Engels wrote to Marx:

> "The English proletariat is actually becoming more and more bourgeois, so that the ultimate aim of this most bourgeois of all nations would appear to be the possession, *alongside* the bourgeoisie, of a bourgeois aristocracy and a bourgeois proletariat. In the case of a nation which exploits the entire world this is, of course, justified to a certain extent."[151]

Almost a quarter of a century later, in a letter dated August 11, 1881, Engels speaks of the "worst English [trade unions] which allow themselves to be led by men sold to, or at least paid by the middle class."[152] In a letter to Kautsky, dated September 12, 1882, Engels wrote:

> "You ask me what the English workers think about colonial policy. Well, exactly the same as they think about politics in general. There is no workers' party here, there are only Conservatives and Liberal-Radicals, and the workers gaily share the feast of England's monopoly of the world market and the colonies."[153]

(Engels expressed similar ideas in the press in his preface to the second edition of *The Condition of the Working Class in England,* which appeared in 1892.[154]) This clearly shows the causes and effects. The causes are:

1. Exploitation of the whole world by this country;
2. Its monopolist position in the world market;
3. Its colonial monopoly.

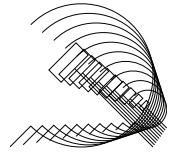
The effects are:

1. A section of the British proletariat becomes bourgeois;
2. A section of the proletariat allows itself to be led by men bought by, or at least paid by, the bourgeoisie.

The imperialism of the beginning of the twentieth century completed the division of the world among a handful of states, each of which today exploits (in the sense of drawing superprofits from) a part of the "whole world" only a little smaller than that which England exploited in 1858; each of them occupies a monopolist position in the world market thanks to trusts, cartels, finance capital and creditor and debtor relations; each of them enjoys to some degree a colonial monopoly (we have seen that out of the total of 75,000,000 sq. km., which comprise the *whole* colonial world, *65,000,000* sq. km., or 86 percent, belong to six powers; *61,000,000* sq. km., or 81 percent, belong to three powers).

The distinctive feature of the present situation is the prevalence of such economic and political conditions that are bound to increase the irreconcilability between opportunism and the general and vital interests of the working-class movement: imperialism has grown from an embryo into the predominant system; capitalist monopolies occupy first place in economics and politics; the division of the world has been completed; on the other hand, instead of the undivided monopoly of Great Britain, we see a few imperialist powers contending for the right to share in this monopoly, and this struggle is characteristic of the whole period of the early

twentieth century. Opportunism cannot now be completely triumphant in the working-class movement of one country for decades as it was in Britain in the second half of the nineteenth century; but in a number of countries it has grown ripe, overripe, and rotten, and has become completely merged with bourgeois policy in the form of "social-chauvinism."[155]



CHAPTER 9

Critique of Imperialism

BY THE CRITIQUE OF IMPERIALISM, IN THE broad sense of the term, we mean the attitude of the different classes of society towards imperialist policy in connection with their general ideology.

The enormous dimensions of finance capital concentrated in a few hands and creating an extraordinarily dense and widespread network of relationships and connections which subordinates not only the small and medium, but also the very small capitalists and small masters, on the one hand, and the increasingly intense struggle waged against other national state groups of financiers for the division of the world and domination over other countries, on the other hand, cause the propertied classes to go over entirely to the side of imperialism. "General" enthusiasm over the prospects of imperialism, furious defense of it and painting it in the brightest colors—such are the signs of the times. Imperialist ideology also penetrates the working class. No Chinese Wall separates it from the other classes. The leaders of the present-day, so-called, "Social-Democratic" Party of Germany are

justly called "social-imperialists," that is, socialists in words and imperialists in deeds; but as early as 1902, Hobson noted the existence in Britain of "Fabian imperialists" who belonged to the opportunist Fabian Society.

Bourgeois scholars and publicists usually come out in defense of imperialism in a somewhat veiled form; they obscure its complete domination and its deep-going roots, strive to push specific and secondary details into the forefront and do their very best to distract attention from essentials by means of absolutely ridiculous schemes for "reform," such as police supervision of the trusts or banks, etc. Cynical and frank imperialists who are bold enough to admit the absurdity of the idea of reforming the fundamental characteristics of imperialism are a rarer phenomenon.

Here is an example. The German imperialists attempt, in the magazine *Archives of World Economy*, to follow the national emancipation movements in the colonies, particularly, of course, in colonies other than those belonging to Germany. They note the unrest and the protest movements in India, the movement in Natal (South Africa), in the Dutch East Indies, etc. One of them, commenting on an English report of a conference held on June 28-30, 1910, of representatives of various subject nations and races, of peoples of Asia, Africa and Europe who are under foreign rule, writes as follows in appraising the speeches delivered at this conference:

> "We are told that we must fight imperialism; that the ruling states should recognize the right of subject peoples to independence; that an international tribunal should supervise the fulfillment of treaties concluded between the great powers and weak peoples. Further than the expression of these pious wishes they do not go. We see no trace of understanding of the fact that imperialism is inseparably bound up with capitalism in its present form and that, therefore [!!], an open struggle against imperialism would be hopeless, unless, perhaps, the fight were to be confined to protests against certain of its especially abhorrent excesses."[156]

Since the reform of the basis of imperialism is a deception, a "pious wish," since the bourgeois representatives of the oppressed nations go no "further" forward, the bourgeois representative of an oppressing nation goes "further" *backward*, to servility towards imperialism under cover of the claim to be "scientific." That is also "logic"!

The questions as to whether it is possible to reform the basis of imperialism, whether to go forward to the further intensification and deepening of the antagonisms which it engenders, or backward, towards allaying these antagonisms, are fundamental questions in the critique of imperialism. Since the specific political features of imperialism are reaction everywhere and increased national oppression due to the oppression of the financial oligarchy and the elimination of free competition, a petty-bourgeois-democratic opposition to imperialism arose at the beginning of the twentieth century in nearly all imperialist countries. Kautsky not only did not trouble to oppose, was not only unable to oppose this petty-bourgeois reformist opposition, which is really reactionary in its economic basis, but became merged with it in practice, and this is precisely where Kautsky and the broad international Kautskian trend deserted Marxism.

In the United States, the imperialist war waged against Spain in 1898 stirred up the opposition of the "anti-imperialists," the last of the Mohicans of bourgeois democracy who declared this war to be "criminal," regarded the annexation of foreign territories as a violation of the Constitution, declared that the treatment of Aguinaldo, leader of the Filipinos (the Americans promised him the independence of his country, but later landed troops and annexed it), was "Jingo treachery," and quoted the words of Lincoln: "When the white man governs himself, that is self-government; but when he governs himself and also governs others, it is no longer self-government; it is despotism."[157]

But as long as all this criticism shrank from recognizing the inseverable bond between imperialism and the trusts, and, therefore, between imperialism and the foundations of capitalism, while it shrank from joining the forces engendered by large-scale capitalism and its development, it remained a "pious wish."

This is also the main attitude taken by Hobson in his critique of imperialism. Hobson anticipated Kautsky in protesting against the "inevitability of imperialism" argument, and in urging the necessity of "increasing the consuming capacity" of the people (under capitalism!). The petty-bourgeois point of view in the critique of imperialism, the omnipotence of the banks, the financial oligarchy, etc., is adopted by the authors I have often quoted, such as Agahd, A. Lansburgh, L. Eschwege, and among the French writers Victor Berard, author of a superficial book entitled *England and Imperialism* which appeared in 1900. All these authors, who make no claim to be Marxists, contrast imperialism with free competition and democracy, condemn the Baghdad railway scheme, which is leading to conflicts and war, utter "pious wishes" for peace, etc. This applies also to the compiler of international stock and share issue statistics, A. Neymarck, who, after calculating the billions of francs representing "international" securities, exclaimed in 1912: "Is it possible to believe that peace may be disturbed ... that, in the face of these enormous figures, anyone would risk starting a war?"[158]

Such simple-mindedness on the part of the bourgeois economists is not surprising; moreover, *it is in their interest* to pretend to be so naive and to talk "seriously" about peace under imperialism. But what remains of Kautsky's Marxism, when, in 1914, 1915 and 1916, he takes up the same bourgeois-reformist point of view and affirms that "everybody is agreed" (imperialists, pseudo-socialists and social-pacifists) on the matter of peace? Instead of an analysis of imperialism and an exposure of the depths of its contradictions, we have nothing

but a reformist "pious wish" to wave them aside, to evade them.

Here is a sample of Kautsky's economic criticism of imperialism. He takes the statistics of the British export and import trade with Egypt for 1872 and 1912; it seems that this export and import trade has grown more slowly than British foreign trade as a whole. From this Kautsky concludes:

> "We have no reason to suppose that without military occupation the growth of British trade with Egypt would have been less, simply as a result of the mere operation of economic factors... The urge of capital to expand ... can be best promoted, not by the violent methods of imperialism, but by peaceful democracy."[159]

This argument of Kautsky's, which is repeated in every key by his Russian armor-bearer (and Russian shielder of the social-chauvinists), Mr. Spectator,[160] constitutes the basis of Kautskian critique of imperialism, and that is why we must deal with it in greater detail. We will begin with a quotation from Hilferding, whose conclusions Kautsky on many occasions, and notably in April 1915, has declared to have been "unanimously adopted by all socialist theoreticians":

> "It is not the business of the proletariat to contrast the more progressive capitalist policy with that of the now bygone era of free trade and of hostility towards the state. The reply of the proletariat to the economic policy of finance capital, to imperialism, cannot be free trade, but socialism. The aim of proletarian policy cannot today be the ideal of restoring free competition—which has now become a reactionary ideal—but the complete elimination of competition by the abolition of capitalism."[161]

Kautsky broke with Marxism by advocating in the epoch of finance capital a "reactionary ideal," "peaceful democracy," "the mere operation of economic factors," for *objectively* this ideal drags us back from monopoly to non-monopoly capitalism, and is a reformist swindle.

Trade with Egypt (or with any other colony or semi-colony) "would have grown more" *without* military occupation, without imperialism, and without finance capital. What does this mean? That capitalism would have developed more rapidly if free competition had not been restricted by monopolies in general, or by the "corrections" yoke (i.e., also the monopoly) of finance capital, or by the monopolist possession of colonies by certain countries?

Kautsky's argument can have no other meaning; and *this* "meaning" is meaningless. Let us assume that free competition, without any sort of monopoly, *would* have developed capitalism and trade more rapidly. But the more rapidly trade and capitalism develop, the greater is the concentration of production and capital which *gives rise* to monopoly. And monopolies have *already* arisen—precisely *out of* free competition! Even if monopolies have now begun to retard progress, it is not an argument in favor of free competition, which has become impossible after it has given rise to monopoly.

Whichever way one turns Kautsky's argument, one will find nothing in it except reaction and bourgeois reformism.

Even if we correct this argument and say, as Spectator says, that the trade of the colonies with Britain is now developing more slowly than their trade with other countries, it does not save Kautsky; for it *is also* monopoly, *also* imperialism that is beating Great Britain, only it is the monopoly and imperialism of another country (America, Germany). It is known that the cartels have given rise to a new and peculiar form of protective tariffs, i.e., goods suitable for export are protected (Engels noted this in Vol. III of *Capital*[162]). It is known, too, that the cartels and finance capital have a system peculiar to themselves, that of "exporting goods at cut-rate prices," or "dumping," as the English call it: within a given country the cartel sells its goods at high monopoly prices, but sells them abroad at a much lower price to undercut the

competitor, to enlarge its own production to the utmost, etc. If Germany's trade with the British colonies is developing more rapidly than Great Britain's, it only proves that German imperialism is younger, stronger and better organized than British imperialism, is superior to it; but it by no means proves the "superiority" of free trade, for it is not a fight between free trade and protection and colonial dependence, but between two rival imperialisms, two monopolies, two groups of finance capital. The superiority of German imperialism over British imperialism is more potent than the wall of colonial frontiers or of protective tariffs: to use this as an "argument" in favor of free trade and "peaceful democracy" is banal, it means forgetting the essential features and characteristics of imperialism, substituting petty-bourgeois reformism for Marxism.

It is interesting to note that even the bourgeois economist, A. Lansburgh, whose criticism of imperialism is as petty-bourgeois as Kautsky's, nevertheless got closer to a more scientific study of trade statistics. He did not compare one single country, chosen at random, and one single colony with the other countries; he examined the export trade of an imperialist country: 1) with countries which are financially dependent upon it, and borrow money from it; and 2) with countries which are financially independent. He obtained the following results [on the next page]:

Lansburgh did not draw *conclusions* and therefore, strangely enough, failed to observe that if the figures prove anything at all, they prove that *he is wrong,* for the exports to countries financially dependent on Germany have grown *more rapidly,* if only slightly, than exports to the countries which are financially independent. (I emphasize the "if," for Lansburgh's figures are far from complete.)

Tracing the connection between exports and loans, Lansburgh writes:

Export Trade of Germany in Million Marks

	Country	1889	1908	Percent Increase
To countries financially **dependent** on Germany	Romania	48.2	70.8	46.9%
	Portugal	19.0	32.8	72.6%
	Argentina	60.7	147.0	142.2%
	Brazil	48.7	84.5	73.5%
	Chile	28.3	52.4	85.2%
	Turkey	29.9	64.0	114.0%
	Subtotal	234.8	451.5	92.3%
To countries financially **independent** on Germany	Great Britain	651.8	997.4	53.0%
	France	210.2	437.9	108.3%
	Belgium	137.2	322.8	135.3%
	Switzerland	177.4	401.1	126.1%
	Australia	21.2	64.5	204.2%
	Dutch East Indies	8.8	40.7	362.5%
	Subtotal	1,206.6	2,264.4	87.7%

"In 1890-91, a Romanian loan was floated through the German banks, which had already in previous years made advances on this loan. It was used chiefly to purchase railway materials in Germany. In 1891, German exports to Romania amounted to 55 million marks.

> The following year they dropped to 39.4 million marks and, with fluctuations, to 25.4 million in 1900. Only in very recent years have they regained the level of 1891, thanks to two new loans.
>
> "German exports to Portugal rose, following the loans of 1888, to 21,100,000 (1890); then, in the two following years, they dropped to 16,200,000 and 7,400,000, and regained their former level only in 1903.
>
> "The figures of German trade with Argentina are still more striking. Loans were floated in 1888 and 1890; German exports to Argentina reached 60,700,000 marks (1889). Two years later they amounted to only 18,600,000 marks, less than one-third of the previous figure. It was not until 1901 that they regained and surpassed the level of 1889, and then only as a result of new loans floated by the state and by municipalities, with advances to build power stations, and with other credit operations.
>
> "Exports to Chile, as a consequence of the loan of 1889, rose to 45,200,000 marks (in 1892), and a year later dropped to 22,500,000 marks. A new Chilean loan floated by the German banks in 1906 was followed by a rise of exports to 84,700,000 marks in 1907, only to fall again to 52,400,000 marks in 1908."[163]

From these facts Lansburgh draws the amusing petty-bourgeois moral of how unstable and irregular export trade is when it is bound up with loans, how bad it is to invest capital abroad instead of "naturally" and "harmoniously" developing home industry, how "costly" are the millions in baksheesh that Krupp has to pay in floating foreign loans, etc. But the facts tell us clearly: the increase in exports is connected with *just these* swindling tricks of finance capital, which is not concerned with bourgeois morality, but with skinning the ox twice—first, it pockets the profits from the loan; then it pockets other profits from the *same* loan which the borrower uses to make purchases from Krupp, or to purchase railway material from the Steel Syndicate, etc.

I repeat that I do not by any means consider Lansburgh's figures to be perfect; but I had to quote them because they are more scientific than Kautsky's and Spectator's and because Lansburgh showed the correct way to approach the

question. In discussing the significance of finance capital in regard to exports, etc., one must be able to single out the connection of exports especially and solely with the tricks of the financiers, especially and solely with the sale of goods by cartels, etc. Simply to compare colonies with non-colonies, one imperialism with another imperialism, one semi-colony or colony (Egypt) with all other countries, is to evade and to obscure the very *essence* of the question.

Kautsky's theoretical critique of imperialism has nothing in common with Marxism and serves only as a preamble to propaganda for peace and unity with the opportunists and the social-chauvinists, precisely for the reason that it evades and obscures the very profound and fundamental contradictions of imperialism: the contradictions between monopoly and free competition which exists side by side with it, between the gigantic "operations" (and gigantic profits) of finance capital and "honest" trade in the free market, the contradiction between cartels and trusts, on the one hand, and non-cartelized industry, on the other, etc.

The notorious theory of "ultra-imperialism," invented by Kautsky, is just as reactionary. Compare his arguments on this subject in 1915, with Hobson's arguments in 1902.

Kautsky says:

> "... Cannot the present imperialist policy be supplanted by a new, ultra-imperialist policy, which will introduce the joint exploitation of the world by internationally united finance capital in place of the mutual rivalries of national finance capitals? Such a new phase of capitalism is at any rate conceivable. Can it be achieved? Sufficient premises are still lacking to enable us to answer this question."[164]

Hobson:

> "Christendom thus laid out in a few great federal empires, each with a retinue of uncivilized dependencies, seems to many the most legitimate development of present tendencies, and one which would offer the best hope of permanent peace on an assured basis of inter-Imperialism."[165]

Kautsky called ultra-imperialism or super-imperialism what Hobson, thirteen years earlier, described as inter-imperialism. Except for coining a new and clever catchword, replacing one Latin prefix by another, the only progress Kautsky has made in the sphere of "scientific" thought is that he gave out as Marxism what Hobson, in effect, described as the cant of English parsons. After the Anglo-Boer War it was quite natural for this highly honorable caste to exert their main efforts to *console* the British middle class and the workers who had lost many of their relatives on the battlefields of South Africa and who were obliged to pay higher taxes in order to guarantee still higher profits for the British financiers. And what better consolation could there be than the theory that imperialism is not so bad; that it stands close to inter- (or ultra-) imperialism, which can ensure permanent peace? No matter what the good intentions of the English parsons, or of sentimental Kautsky, may have been, the only objective, i.e., real, social significance of Kautsky's "theory" is this: it is a most reactionary method of consoling the masses with hopes of permanent peace being possible under capitalism, by distracting their attention from the sharp antagonisms and acute problems of the present times, and directing it towards illusory prospects of an imaginary "ultra-imperialism" of the future. Deception of the masses—that is all there is in Kautsky's "Marxist" theory.

Indeed, it is enough to compare well-known and indisputable facts to become convinced of the utter falsity of the prospects which Kautsky tries to conjure up before the German workers (and the workers of all lands). Let us consider India, Indochina and China. It is known that these three colonial and semi-colonial countries, with a population of 6 to 7 hundred million, are subjected to the exploitation of the finance capital of several imperialist powers: Great Britain, France, Japan, the U.S.A., etc. Let us assume that these imperialist countries form alliances against one another

in order to protect or enlarge their possessions, their interests and their spheres of influence in these Asiatic states; these alliances will be "inter-imperialist," or "ultra-imperialist" alliances. Let us assume that *all* the imperialist countries conclude an alliance for the "peaceful" division of these parts of Asia; this alliance would be an alliance of "internationally united finance capital." There are actual examples of alliances of this kind in the history of the twentieth century—the attitude of the powers to China, for instance. We ask, is it "conceivable," assuming that the capitalist system remains intact—and this is precisely the assumption that Kautsky does make—that such alliances would be more than temporary, that they would eliminate friction, conflicts and struggle in every possible form?

The question has only to be presented clearly for any other than a negative answer to be impossible. This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the *strength* of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the *even* development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it "conceivable" that in 10- or 20-years' time the relative strength of the imperialist powers will have remained *unchanged*? It is out of the question.

Therefore, in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German "Marxist," Kautsky, "inter-imperialist" or "ultra-imperialist" alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing *all* the imperialist powers, are

inevitably nothing more than a "truce" in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on *one and the same* basis of imperialist connections and relations within world economics and world politics. But in order to pacify the workers and reconcile them with the social-chauvinists who have deserted to the side of the bourgeoisie, overwise Kautsky *separates* one link of a single chain from another, separates the present peaceful (and ultra-imperialist, nay, ultra-ultra-imperialist) alliance of *all* the powers for the "pacification" of China (remember the suppression of the Boxer Rebellion[166]) from the non-peaceful conflict of tomorrow, which will prepare the ground for another "peaceful" general alliance for the partition, say, of Turkey, on the day after tomorrow, *etc., etc.* Instead of showing the living connection between periods of imperialist peace and periods of imperialist war, Kautsky presents the workers with a lifeless abstraction in order to reconcile them to their lifeless leaders.

An American writer, Hill, in his *A History of the Diplomacy in the International Development of Europe* refers in his preface to the following periods in the recent history of diplomacy:

1. The era of revolution;
2. The constitutional movement;
3. The present era of "commercial imperialism."[167]

Another writer divides the history of Great Britain's "world policy" since 1870 into four periods:

1. The first Asiatic period (that of the struggle against Russia's advance in Central Asia towards India);
2. The African period (approximately 1885-1902): that of the struggle against France for the partition of Africa (the "Fashoda incident" of 1898 which

brought her within a hair's breadth of war with France);

3. The second Asiatic period (alliance with Japan against Russia); and
4. The "European" period, chiefly anti-German.[168]

"The political patrol clashes take place on the financial field," wrote the banker, Riesser, in 1905, in showing how French finance capital operating in Italy was preparing the way for a political alliance of these countries, and how a conflict was developing between Germany and Great Britain over Persia, between all the European capitalists over Chinese loans, etc. Behold, the living reality of peaceful "ultra-imperialist" alliances in their inseverable connection with ordinary imperialist conflicts!

Kautsky's obscuring of the deepest contradictions of imperialism, which inevitably boils down to painting imperialism in bright colors, leaves its traces in this writer's criticism of the political features of imperialism. Imperialism is the epoch of finance capital and of monopolies, which introduce everywhere the striving for domination, not for freedom. Whatever the political system, the result of these tendencies is everywhere reaction and an extreme intensification of antagonisms in this field. Particularly intensified become the yoke of national oppression and the striving for annexations, i.e., the violation of national independence (for annexation is nothing but the violation of the right of nations to self-determination). Hilferding rightly notes the connection between imperialism and the intensification of national oppression. He writes:

> "In the newly opened-up countries, the capital imported into them intensifies antagonisms and excites against the intruders the constantly growing resistance of the peoples who are awakening to national consciousness; this resistance can easily develop into dangerous measures against foreign capital. The old social relations become completely revolutionized, the age-long agrarian isolation of 'nations

> without history' is destroyed and they are drawn into the capitalist whirlpool. Capitalism itself gradually provides the subjugated with the means and resources for their emancipation and they set out to achieve the goal which once seemed highest to the European nations: the creation of a united national state as a means to economic and cultural freedom. This movement for national independence threatens European capital in its most valuable and most promising fields of exploitation, and European capital can maintain its domination only by continually increasing its military forces."[169]

To this must be added that it is not only in newly opened-up countries, but also in the old, that imperialism is leading to annexation, to increased national oppression, and, consequently, also to increasing resistance. While objecting to the intensification of political reaction by imperialism, Kautsky leaves in the shade a question that has become particularly urgent, viz., the impossibility of unity with the opportunists in the epoch of imperialism. While objecting to annexations, he presents his objections in a form that is most acceptable and least offensive to the opportunists. He addresses himself to a German audience, yet he obscures the most topical and important point, for instance, the annexation of Alsace-Lorraine by Germany.[170] In order to appraise this "mental aberration" of Kautsky's I shall take the following example. Let us suppose that the Japanese condemn the annexation of the Philippines by the Americans.[171] The question is: will many believe that he does so because he has a horror of annexations as such, and not because he himself has a desire to annex the Philippines? And shall we not be constrained to admit that the "fight" the Japanese is waging against annexations can be regarded as being sincere and politically honest only if he fights against the annexation of Korea by Japan,[172] and urges freedom for Korea to secede from Japan?

Kautsky's theoretical analysis of imperialism, as well as his economic and political critique of imperialism, are permeated *through and through* with a spirit, absolutely

irreconcilable with Marxism, of obscuring and glossing over the fundamental contradictions of imperialism and with a striving to preserve at all costs the crumbling unity with opportunism in the European working-class movement.



CHAPTER 10

The Place of Imperialism in History

WE HAVE SEEN THAT IN ITS ECONOMIC essence imperialism is monopoly capitalism. This in itself determines its place in history, for monopoly that grows out of the soil of free competition, and precisely out of free competition, is the transition from the capitalist system to a higher socio-economic order. We must take special note of the four principal types of monopoly, or principal manifestations of monopoly capitalism, which are characteristic of the epoch we are examining.

Firstly, monopoly arose out of the concentration of production at a very high stage. This refers to the monopolist capitalist associations, cartels, syndicates, and trusts. We have seen the important part these play in present-day economic life. At the beginning of the twentieth century, monopolies had acquired complete supremacy in the advanced countries, and although the first steps towards the formation of the cartels were taken by countries enjoying the protection of high tariffs (Germany, America), Great Britain, with her system of free trade, revealed the same basic phenomenon, only a little later,

namely, the birth of monopoly out of the concentration of production.

Secondly, monopolies have stimulated the seizure of the most important sources of raw materials, especially for the basic and most highly cartelized industries in capitalist society: the coal and iron industries. The monopoly of the most important sources of raw materials has enormously increased the power of big capital, and has sharpened the antagonism between cartelized and non-cartelized industry.

Thirdly, monopoly has sprung from the banks. The banks have developed from modest middleman enterprises into the monopolists of finance capital. Some three to five of the biggest banks in each of the foremost capitalist countries have achieved the "personal link-up" between industrial and bank capital, and have concentrated in their hands the control of billions upon billions which form the greater part of the capital and income of entire countries. A financial oligarchy, which throws a close network of dependence relationships over all the economic and political institutions of present-day bourgeois society without exception—such is the most striking manifestation of this monopoly.

Fourthly, monopoly has grown out of colonial policy. 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—for economic territory in general. When the colonies of the European powers, for instance, comprised only one-tenth of the territory of Africa (as was the case in 1876), colonial policy was able to develop—by methods other than those of monopoly—by the "free grabbing" of territories, so to speak. But when nine-tenths of Africa had been seized (by 1900), when the whole world had been divided up, there was inevitably ushered in the era of monopoly possession of

colonies and, consequently, of particularly intense struggle for the division and the redivision of the world.

The extent to which monopolist capital has intensified all the contradictions of capitalism is generally known. It is sufficient to mention the high cost of living and the tyranny of the cartels. This intensification of contradictions constitutes the most powerful driving force of the transitional period of history, which began from the time of the final victory of world finance capital.

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. More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the "rentier state," the usurer state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by "clipping coupons." 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. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).

In regard to the rapidity of Germany's economic development, Riesser, the author of the book on the big German banks, states:

> "The progress of the preceding period (1848-70), which had not been exactly slow, compares with the rapidity with which the whole of Germany's national economy, and with it German banking, progressed during this period (1870-1905) in about the same way as

> the speed of the mail coach in the good old days compares with the speed of the present-day automobile ... which is whizzing past so fast that it endangers not only innocent pedestrians in its path, but also the occupants of the car."[173]

In its turn, this finance capital which has grown with such extraordinary rapidity is not unwilling, precisely because it has grown so quickly, to pass on to a more "tranquil" possession of colonies which have to be seized—and not only by peaceful methods—from richer nations. In the United States, economic development in the last decades has been even more rapid than in Germany, *and for this very reason*, the parasitic features of modern American capitalism have stood out with particular prominence. On the other hand, a comparison of, say, the republican American bourgeoisie with the monarchist Japanese or German bourgeoisie shows that the most pronounced political distinction diminishes to an extreme degree in the epoch of imperialism—not because it is unimportant in general, but because in all these cases we are talking about a bourgeoisie which has definite features of parasitism.

The receipt of high monopoly profits by the capitalists in one of the numerous branches of industry, in one of the numerous countries, etc., makes it economically possible for them to bribe certain sections of the workers, and for a time a fairly considerable minority of them, and win them to the side of the bourgeoisie of a given industry or given nation against all the others. The intensification of antagonisms between imperialist nations for the division of the world increases this urge. And so, there is created that bond between imperialism and opportunism, which revealed itself first and most clearly in Great Britain, owing to the fact that certain features of imperialist development were observable there much earlier than in other countries. Some writers, L. Martov, for example, are prone to wave aside the connection between imperialism and opportunism in the working-class movement—a

particularly glaring fact at the present time—by resorting to "official optimism" (*à la* Kautsky and Huysmans) like the following: the cause of the opponents of capitalism would be hopeless if it were progressive capitalism that led to the increase of opportunism, or, if it were the best-paid workers who were inclined towards opportunism, etc. We must have no illusions about "optimism" of this kind. It is optimism in respect of opportunism; it is optimism which serves to conceal opportunism. As a matter of fact, the extraordinary rapidity and the particularly revolting character of the development of opportunism is by no means a guarantee that its victory will be durable: the rapid growth of a painful abscess on a healthy body can only cause it to burst more quickly and thus relieve the body of it. The most dangerous of all in this respect are those who do not wish to understand that the fight against imperialism is a sham and a humbug unless it is inseparably bound up with the fight against opportunism.

From all that has been said in this book on the economic essence of imperialism, it follows that we must define it as capitalism in transition, or, more precisely, as moribund capitalism. It is very instructive in this respect to note that bourgeois economists, in describing modern capitalism, frequently employ catchwords and phrases like "interlocking," "absence of isolation," etc.; "in conformity with their functions and course of development," banks are "not purely private business enterprises: they are more and more outgrowing the sphere of purely private business regulation." And this very Riesser, whose words I have just quoted, declares with all seriousness that the "prophecy" of the Marxists concerning "socialization" has "not come true"!

What then does this catchword "interlocking" express? It merely expresses the most striking feature of the process going on before our eyes. It shows that the observer counts the separate trees, but cannot see the wood. It slavishly copies the superficial, the fortuitous, the chaotic. It reveals the observer

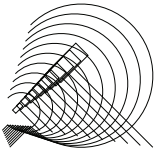
as one who is overwhelmed by the mass of raw material and is utterly incapable of appreciating its meaning and importance. Ownership of shares, the relations between owners of private property "interlock in a haphazard way." But underlying this interlocking, its very base, are the changing social relations of production. When a big enterprise assumes gigantic proportions, and, on the basis of an exact computation of mass data, organizes according to plan the supply of primary raw materials to the extent of two-thirds, or three-fourths, of all that is necessary for tens of millions of people; when the raw materials are transported in a systematic and organized manner to the most suitable places of production, sometimes situated hundreds or thousands of miles from each other; when a single center directs all the consecutive stages of processing the material right up to the manufacture of numerous varieties of finished articles; when these products are distributed according to a single plan among tens and hundreds of millions of consumers (the marketing of oil in America and Germany by the American oil trust)—then it becomes evident that we have socialization of production, and not mere "interlocking," that private economic and private property relations constitute a shell which no longer fits its contents, a shell which must inevitably decay if its removal is artificially delayed, a shell which may remain in a state of decay for a fairly long period (if, at the worst, the cure of the opportunist abscess is protracted), but which will inevitably be removed.

The enthusiastic admirer of German imperialism, Schulze-Gaevernitz, exclaims:

> "Once the supreme management of the German banks has been entrusted to the hands of a dozen persons, their activity is even today more significant for the public good than that of the majority of the Ministers of State.... [The 'interlocking' of bankers, ministers, magnates of industry and rentiers is conveniently forgotten here.] If we imagine the development of those tendencies we have noted carried to their logical conclusion, we will have: the money capital

> of the nation united in the banks; the banks themselves combined into cartels; the investment capital of the nation cast in the shape of securities. Then the forecast of that genius Saint-Simon will be fulfilled: 'The present anarchy of production, which corresponds to the fact that economic relations are developing without uniform regulation, must make way for organization in production. Production will no longer be directed by isolated manufacturers, independent of each other and ignorant of man's economic needs; that will be done by a certain public institution. A central committee of management, being able to survey the large field of social economy from a more elevated point of view, will regulate it for the benefit of the whole of society, will put the means of production into suitable hands, and above all will take care that there be constant harmony between production and consumption. Institutions already exist which have assumed as part of their functions a certain organization of economic labor, the banks.' We are still a long way from the fulfillment of Saint-Simon's forecast, but we are on the way towards it: Marxism, different from what Marx imagined, but different only in form."[174]

A crushing "refutation" of Marx indeed, which retreats a step from Marx's precise, scientific analysis to Saint-Simon's guess-work, the guess-work of a genius, but guess-work all the same.



APPENDIX

Manifesto of the International Socialist Congress at Basel

AT ITS CONGRESSES AT STUTTGART AND Copenhagen the International formulated for the proletariat of all countries these guiding principles for the struggle against war:

If a war threatens to break out, it is the duty of the working classes and their parliamentary representatives in the countries involved supported by the coordinating activity of the International Socialist Bureau to **exert every effort in order to prevent the outbreak of war by the means they consider most effective**, which naturally vary according to the sharpening of the class struggle and the sharpening of the general political situation.

In case war should break out anyway it is their duty **to intervene in favor of its speedy termination** and with all their powers to utilize **the economic and political crisis created by the war to arouse the people and thereby to hasten the downfall of capitalist class rule**.

More than ever, recent events have imposed upon the proletariat the duty of devoting the utmost force and energy to

planned and concerted action. On the one hand, the universal craze for armaments has aggravated the high cost of living, thereby intensifying class antagonisms and creating in the working class an implacable spirit of revolt; the workers want to put a stop to this system of panic and waste. On the other hand, the incessantly recurring menace of war has a more and more inciting effect. The great European peoples are constantly on the point of being driven against one another, although these attempts are against humanity and reason, and cannot be justified by even the slightest pretext of being in the interest of the people.

If the Balkan crisis, which has already caused such terrible disasters, should spread further, it would become the most frightful danger to civilization and the proletariat. At the same time it would be the greatest outrage in all history because of the crying discrepancy between the immensity of the catastrophe and the insignificance of the interests involved.

It is with satisfaction that the Congress records the complete unanimity of the Socialist parties and of the trade unions of all countries in the war against war.

The proletarians of all countries have risen simultaneously in a struggle against imperialism; each section of the International has opposed the repression of the proletariat by the government of its own country, and has mobilized the public opinion of its nation against all bellicose desires. Thus there resulted the grandiose cooperation of the workers of all countries which has already contributed a great deal toward saving the threatened peace of the world. The fear of the ruling class of a proletarian revolution as a result of a world war has proved to be an essential guarantee of peace.

The Congress therefore calls upon the Social-Democratic parties to continue their action by every means that seems appropriate to them. In this concerted action it assigns to each Socialist party its particular task.

The Social-Democratic parties of the Balkan peninsula have a difficult task. The Great Powers of Europe, by the systematic frustration of all reforms, have contributed to the creation of unbearable economic, national and political conditions in Turkey which necessarily had to lead to revolt and war. Against the exploitation of these conditions in the interest of the dynasties and the bourgeois classes, the Social-Democratic parties of the Balkans, with heroic courage, have raised the demand for a democratic federation. The Congress calls upon them to persevere in their admirable attitude; it expects that the Social-Democracy of the Balkans will do everything after the war to prevent the results of the Balkan War attained at the price of such terrible sacrifices from being misused for their own purposes by dynasties, by militarism, by the bourgeoisie of the Balkan states greedy for expansion. The Congress, however, calls upon the Socialists of the Balkans particularly to resist not only the renewal of the old enmities between Serbs, Bulgars, Romanians, and Greeks, but also every violation of the Balkan peoples now in the opposite camp, the Turks and the Albanians. It is the duty of the Socialists of the Balkans, therefore, to fight against every violation of the rights of these people and to proclaim the fraternity of all Balkans peoples including the Albanians, the Turks, and the Romanians, against the unleashed national chauvinism.

It is the duty of the Social-Democratic parties of Austria, Hungary, Croatia and Slavonia, Bosnia and Herzegovina to continue with all their power their effective action against an attack upon Serbia by the Danubian monarchy. It is their task to continue as in the past to oppose the plan of robbing Serbia of the results of the war by armed force, of transforming it into an Austrian colony, and of involving the peoples of Austria-Hungary proper and together with them all nations of Europe in the greatest dangers for the sake of dynastic interests. In the future the Social-Democratic parties of Austria-Hungary

will also fight in order that those sections of the South-Slavic people ruled by the House of Hapsburg may obtain the right to govern themselves democratically within the boundaries of the Austro-Hungarian monarchy proper.

The Social-Democratic parties of Austria-Hungary as well as the Socialists of Italy must pay special attention to the Albanian question. The Congress recognizes the right of the Albanian people to autonomy but it protests against Albania, under the pretext of autonomy, becoming the victim of Austro-Hungarian and Italian ambitions for domination. The Congress sees in this not only a peril for Albania itself, but, in a short time, a menace to the peace between Austria-Hungary and Italy. Albania can lead a truly independent life only as an autonomous member of a democratic Balkan federation. The Congress therefore calls upon the Social-Democrats of Austria-Hungary and Italy to combat every attempt of their governments to envelop Albania in their sphere of influence and to continue their efforts to strengthen the peaceful relations between Austria-Hungary and Italy.

It is with great joy that the Congress greets the protest strikes of Russian workers as a guarantee that the proletariat of Russia and of Poland is beginning to recover from the blows dealt it by the czarist counterrevolution. The Congress sees in this the strongest guarantee against the criminal intrigues of czarism, which, after having drowned in blood the peoples of its own country, after having betrayed the Balkan peoples themselves innumerable times and surrendered them to their enemies, now vacillates between the fear of the consequences that a war would have upon it and the fear of the pressure of a nationalist movement which it has itself created. However, when czarism now tries to appear as the liberator of the Balkan nations, it is only to reconquer its hegemony in the Balkans in a bloody war under this hypocritical pretext. The Congress expects that the urban and rural proletariat of Russia, Finland, and Poland, which is growing in strength, will destroy this

web of lies, will oppose every belligerent venture of czarism, will combat every design of czarism, whether upon Armenia or upon Constantinople, and will concentrate its whole force upon the renewal of the revolutionary struggle for emancipation from czarism. For czarism is the hope of all the reactionary powers of Europe, the most terrible enemy of the democracy of the peoples dominated by it; and the achievement of its destruction must be viewed as one of the foremost tasks of the entire International.

However, the most important task within the action of the International devolves upon the working class of Germany, France, and England. At this moment, it is the task of the workers of these countries to demand of their governments that they refuse any support either to Austria-Hungary or Russia, that they abstain from any intervention in the Balkan troubles and maintain absolute neutrality. A war between the three great leading civilized peoples on account of the Serbo-Austrian dispute over a port would be criminal insanity. The workers of Germany and France cannot concede that any obligation whatever to intervene in the Balkan conflict exists because of secret treaties.

However, on further development, should the military collapse of Turkey lead to the downfall of the Ottoman rule in Asia Minor, it would be the task of the Socialists of England, France, and Germany to resist with all their power the policy of conquest in Asia Minor, which would inevitably lead in a straight line to war. The Congress views as the greatest danger to the peace of Europe the artificially cultivated hostility between Great Britain and the German Empire. The Congress therefore greets the efforts of the working class of both countries to bridge this hostility. It considers the best means for this purpose to be the conclusion of an accord between Germany and England concerning the limitation of naval armaments and the abolition of the right of naval booty. The

Congress calls upon the Socialists of England and Germany to continue their agitation for such an accord.

The overcoming of the antagonism between Germany on the one hand, and France and England on the other, would eliminate the greatest danger to the peace of the world, shake the power of czarism which exploits this antagonism, render an attack of Austria-Hungary upon Serbia impossible, and secure peace to the world. All the efforts of the International, therefore, are to be directed toward this goal.

The Congress records that the entire Socialist International is unanimous upon these principles of foreign policy. It calls upon the workers of all countries to oppose the power of the international solidarity of the proletariat to capitalist imperialism. It warns the ruling classes of all states not to increase by belligerent actions the misery of the masses brought on by the capitalist method of production. It emphatically demands peace. Let the governments remember that with the present condition of Europe and the mood of the working class, they cannot unleash a war without danger to themselves. Let them remember that the Franco-German War was followed by the revolutionary outbreak of the Commune, that the Russo-Japanese War set into motion the revolutionary energies of the peoples of the Russian Empire, that the competition in military and naval armaments gave the class conflicts in England and on the Continent an unheard-of sharpness, and unleashed an enormous wave of strikes. It would be insanity for the governments not to realize that the very idea of the monstrosity of a world war would inevitably call forth the indignation and the revolt of the working class. The proletarians consider it a crime to fire at each other for the profits of the capitalists, the ambitions of dynasties, or the greater glory of secret diplomatic treaties.

If the governments cut off every possibility of normal progress, and thereby drive the proletariat to desperate steps,

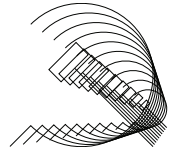
they themselves will have to bear the entire responsibility for the consequences of the crisis brought about by them.

The International will redouble its efforts in order to prevent this crisis; it will raise its protest with increasing emphasis and make its propaganda more and more energetic and comprehensive. The Congress therefore commissions the International Socialist Bureau to follow events with much greater attentiveness and no matter what may happen to maintain and strengthen the bonds uniting the proletarian parties.

The proletariat is conscious of being at this moment the bearer of the entire future of humankind. The proletariat will exert all its energy to prevent the annihilation of the flower of all peoples, threatened by all the horrors of mass murder, starvation, and pestilence.

The Congress therefore appeals to you, proletarians and Socialists of all countries, to make your voices heard in this decisive hour! Proclaim your will in every form and in all places; raise your protest in the parliaments with all your force; unite in great mass demonstrations; use every means that the organization and the strength of the proletariat place at your disposal! See to it that the governments are constantly kept aware of the vigilance and passionate will for peace on the part of the proletariat! To the capitalist world of exploitation and mass murder, oppose in this way the proletarian world of peace and fraternity of peoples!

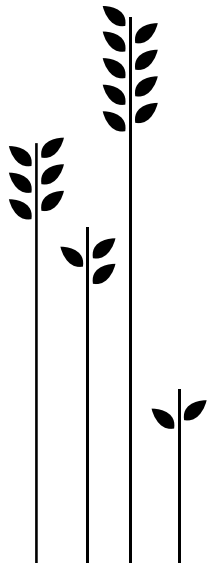
Extraordinary International Socialist Congress at Basel
November 24-25, 1912.



J. V. Stalin

MARXISM AND THE NATIONAL QUESTION





INTRODUCTION

THE PERIOD OF COUNTER-REVOLUTION IN Russia brought not only "thunder and lightning" in its train, but also disillusionment in the movement and lack of faith in common forces. As long as people believed in "a bright future," they fought side by side irrespective of nationality—common questions first and foremost! But when doubt crept into people's hearts, they began to depart, each to his own national tent—let every man count only upon himself! The "national question" first and foremost![175]

At the same time a profound upheaval was taking place in the economic life of the country. The year 1905 had not been in vain: one more blow had been struck at the survivals of serfdom in the countryside. The series of good harvests which succeeded the famine years, and the industrial boom which followed, furthered the progress of capitalism. Class differentiation in the countryside, the growth of the towns, the development of trade and means of communication all took a big stride forward. This applied particularly to the border regions. And it could not but hasten the process of economic

consolidation of the nationalities of Russia. They were bound to be stirred into movement....

The "constitutional regime" established at that time also acted in the same direction of awakening the nationalities. The spread of newspapers and of literature generally, a certain freedom of the press and cultural institutions, an increase in the number of national theatres, and so forth, all unquestionably helped to strengthen "national sentiments." The Duma, with its election campaign and political groups, gave fresh opportunities for greater activity of the nations and provided a new and wide arena for their mobilization.

And the mounting wave of militant nationalism above and the series of repressive measures taken by the "powers that be" in vengeance on the border regions for their "love of freedom," evoked an answering wave of nationalism below, which at times took the form of crude chauvinism. The spread of Zionism[176] among the Jews, the increase of chauvinism in Poland, Pan-Islamism among the Tatars, the spread of nationalism among the Armenians, Georgians and Ukrainians, the general swing of the philistine towards anti-Semitism—all these are generally known facts.

The wave of nationalism swept onwards with increasing force, threatening to engulf the mass of the workers. And the more the movement for emancipation declined, the more plentifully nationalism pushed forth its blossoms.

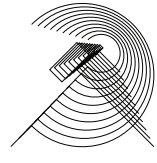
At this difficult time, Social-Democracy had a high mission—to resist nationalism and to protect the masses from the general "epidemic." For Social-Democracy, and Social-Democracy alone, could do this, by countering nationalism with the tried weapon of internationalism, with the unity and indivisibility of the class struggle. And the more powerfully the wave of nationalism advanced, the louder had to be the call of Social-Democracy for fraternity and unity among the proletarians of all the nationalities of Russia. And in this connection particular firmness was demanded of the Social-

Democrats of the border regions, who came into direct contact with the nationalist movement.

But not all Social-Democrats proved equal to the task, and this applies particularly to the Social-Democrats of the border regions. The Bund,[177] which had previously laid stress on the common tasks, now began to give prominence to its own specific, purely nationalist aims: it went to the length of declaring "observance of the Sabbath" and "recognition of Yiddish" a fighting issue in its election campaign.[178] The Bund was followed by the Caucasus; one section of the Caucasian Social-Democrats, which, like the rest of the Caucasian Social-Democrats, had formerly rejected "cultural-national autonomy," are now making it an immediate demand.[179] This is without mentioning the conference of the Liquidators,[180] which in a diplomatic way gave its sanction to nationalist vacillations.[181]

But from this it follows that the views of Russian Social-Democracy on the national question are not yet clear to all Social-Democrats.

It is evident that a serious and comprehensive discussion of the national question is required. Consistent Social-Democrats must work solidly and indefatigably against the fog of nationalism, no matter from what quarter it proceeds.



CHAPTER 1

The Nation

WHAT IS A NATION?

A nation is primarily a community, a definite community of people.

This community is not racial, nor is it tribal. The modern Italian nation was formed from Romans, Teutons, Etruscans, Greeks, Arabs, and so forth. The French nation was formed from Gauls, Romans, Britons, Teutons, and so on. The same must be said of the British, the Germans and others, who were formed into nations from people of diverse races and tribes.

Thus, a nation is not a racial or tribal, but a historically constituted community of people.

On the other hand, it is unquestionable that the great empires of Cyrus and Alexander could not be called nations, although they came to be constituted historically and were formed out of different tribes and races. They were not nations, but casual and loosely-connected conglomerations of groups, which fell apart or joined together according to the victories or defeats of this or that conqueror.

Thus, a nation is not a casual or ephemeral conglomeration, but a stable community of people.

But not every stable community constitutes a nation. Austria and Russia are also stable communities, but nobody calls them nations. What distinguishes a national community from a state community? The fact, among others, that a national community is inconceivable without a common language, while a state need not have a common language. The Czech nation in Austria and the Polish in Russia would be impossible if each did not have a common language, whereas the integrity of Russia and Austria is not affected by the fact that there are a number of different languages within their borders. We are referring, of course, to the spoken languages of the people and not to the official governmental languages.

Thus, *a common language* is one of the characteristic features of a nation.

This, of course, does not mean that different nations always and everywhere speak different languages, or that all who speak one language necessarily constitute one nation. A *common* language for every nation, but not necessarily different languages for different nations! There is no nation which at one and the same time speaks several languages, but this does not mean that there cannot be two nations speaking the same language! Englishmen and Americans speak one language, but they do not constitute one nation. The same is true of the Norwegians and the Danes, the English and the Irish.

But why, for instance, do the English and the Americans not constitute one nation in spite of their common language?

Firstly, because they do not live together, but inhabit different territories. A nation is formed only as a result of lengthy and systematic intercourse, as a result of people living together generation after generation.

But people cannot live together, for lengthy periods unless they have a common territory. Englishmen and

Americans originally inhabited the same territory, England, and constituted one nation. Later, one section of the English emigrated from England to a new territory, America, and there, in the new territory, in the course of time, came to form the new American nation. Difference of territory led to the formation of different nations.

Thus, *a common territory* is one of the characteristic features of a nation.

But this is not all. Common territory does not by itself create a nation. This requires, in addition, an internal economic bond to weld the various parts of the nation into a single whole. There is no such bond between England and America, and so they constitute two different nations. But the Americans themselves would not deserve to be called a nation were not the different parts of America bound together into an economic whole, as a result of division of labor between them, the development of means of communication, and so forth.

Take the Georgians, for instance. The Georgians before the Reform[182] inhabited a common territory and spoke one language. Nevertheless, they did not, strictly speaking, constitute one nation, for, being split up into a number of disconnected principalities, they could not share a common economic life; for centuries they waged war against each other and pillaged each other, each inciting the Persians and Turks against the other. The ephemeral and casual union of the principalities which some successful king sometimes managed to bring about embraced at best a superficial administrative sphere, and rapidly disintegrated owing to the caprices of the princes and the indifference of the peasants. Nor could it be otherwise in economically disunited Georgia.... Georgia came on the scene as a nation only in the latter half of the nineteenth century, when the fall of serfdom and the growth of the economic life of the country, the development of means of communication and the rise of capitalism, introduced division

of labor between the various districts of Georgia, completely shattered the economic isolation of the principalities and bound them together into a single whole.

The same must be said of the other nations which have passed through the stage of feudalism and have developed capitalism.

Thus, *a common economic life*, economic cohesion, is one of the characteristic features of a nation.

But even this is not all. Apart from the foregoing, one must take into consideration the specific spiritual complexion of the people constituting a nation. Nations differ not only in their conditions of life, but also in spiritual complexion, which manifests itself in peculiarities of national culture. If England, America and Ireland, which speak one language, nevertheless constitute three distinct nations, it is in no small measure due to the peculiar psychological make-up which they developed from generation to generation as a result of dissimilar conditions of existence.

Of course, by itself, psychological make-up or, as it is otherwise called, "national character," is something intangible for the observer, but in so far as it manifests itself in a distinctive culture common to the nation it is something tangible and cannot be ignored.

Needless to say, "national character" is not a thing that is fixed once and for all, but is modified by changes in the conditions of life; but since it exists at every given moment, it leaves its impression on the physiognomy of the nation.

Thus, *a common psychological make-up*, which manifests itself in a common culture, is one of the characteristic features of a nation.

We have now exhausted the characteristic features of a nation.

A nation is a historically constituted, stable community of people, formed on the basis of a common language, territory,

economic life, and psychological make-up manifested in a common culture.

It goes without saying that a nation, like every historical phenomenon, is subject to the law of change, has its history, its beginning and end.

It must be emphasized that none of the above characteristics taken separately is sufficient to define a nation. More than that, it is sufficient for a single one of these characteristics to be lacking and the nation ceases to be a nation.

It is possible to conceive of people possessing a common "national character" who, nevertheless, cannot be said to constitute a single nation if they are economically disunited, inhabit different territories, speak different languages, and so forth. Such, for instance, are the Russian, Galician, American, Georgian and Caucasian Highland *Jews*, who, in our opinion, do not constitute a single nation.

It is possible to conceive of people with a common territory and economic life who nevertheless would not constitute a single nation because they have no common language and no common "national character." Such, for instance, are the Germans and Letts in the Baltic region.

Finally, the Norwegians and the Danes speak one language, but they do not constitute a single nation owing to the absence of the other characteristics.

It is only when all these characteristics are present together that we have a nation.

It might appear that "national character" is not one of the characteristics but the *sole* essential characteristic of a nation, and that all the other characteristics are, properly speaking, only *conditions* for the development of a nation, rather than its characteristics. Such, for instance, is the view held by R. Springer, and more particularly by O. Bauer, who are Social-Democratic theoreticians on the national question well known in Austria.

Let us examine their theory of the nation; according to Springer:

> "A nation is a union of similarly thinking and similarly speaking persons." It is "a cultural community of modern people *no longer tied to the* '*soil*.'"*[183]

Thus, a "union" of similarly thinking and similarly speaking people, no matter how disconnected they may be, no matter where they live, is a nation.

Bauer goes even further. He asks:

> "What is a nation? Is it a common language which makes people a nation? But the English and the Irish ... speak the same language without, however, being one people; the Jews have no common language and yet are a nation."[184]

What, then, is a nation?

> "A nation is a relative community of character."[185]

But what is character, in this case national character?

> "[National character is] the sum total of characteristics which distinguish the people of one nationality from the people of another nationality—the complex of physical and spiritual characteristics which distinguish one nation from another."[186]

Bauer knows, of course, that national character does not drop from the skies, and he therefore adds:

> "The character of people is determined by nothing so much as by their destiny.... A nation is nothing but a community with a common destiny, [which is determined] by the conditions under which people produce their means of subsistence and distribute the products of their labor."[187]

We thus arrive at the most "complete," as Bauer calls it, definition of a nation:

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* Our italics.—*J. St.*

"A nation is an aggregate of people bound into a community of character by a common destiny."[188]

We thus have common national character based on a common destiny, but not necessarily connected with a common territory, language or economic life.

But what in that case remains of the nation? What common nationality can there be among people who are economically disconnected, inhabit different territories and from generation to generation speak different languages?

Bauer speaks of the Jews as a nation, although they "have no common language";[189] but what "common destiny" and national cohesion is there, for instance, between the Georgian, Daghestanian, Russian and American Jews, who are completely separated from one another, inhabit different territories and speak different languages?

The above-mentioned Jews undoubtedly lead their economic and political life in common with the Georgians, Daghestanians, Russians and Americans respectively, and they live in the same cultural atmosphere as these; this is bound to leave a definite impress on their national character; if there is anything common to them left, it is their religion, their common origin and certain relics of the national character. All this is beyond question. But how can it be seriously maintained that petrified religious rites and fading psychological relics affect the "destiny" of these Jews more powerfully than the living social, economic and cultural environment that surrounds them? And it is only on this assumption that it is possible to speak of the Jews as a single nation at all.

What, then, distinguishes Bauer's nation from the mystical and self-sufficient "national spirit" of the spiritualists?

Bauer sets up an impassable barrier between the "distinctive feature" of nations (national character) and the "conditions" of their life, divorcing the one from the other. But what is national character if not a reflection of the conditions of life,

a coagulation of impressions derived from environment? How can one limit the matter to national character alone, isolating and divorcing it from the soil that gave rise to it?

Further, what indeed distinguished the English nation from the American nation at the end of the eighteenth and the beginning of the nineteenth centuries, when America was still known as New England? Not national character, of course; for the Americans had originated from England and had brought with them to America not only the English language, but also the English national character, which, of course, they could not lose so soon; although, under the influence of the new conditions, they would naturally be developing their own specific character. Yet, despite their more or less common character, they at that time already constituted a nation distinct from England! Obviously, New England as a nation differed then from England as a nation not by its specific national character, or not so much by its national character, as by its environment and conditions of life, which were distinct from those of England.

It is therefore clear that there is in fact no single distinguishing characteristic of a nation. There is only a sum total of characteristics, of which, when nations are compared, sometimes one characteristic (national character), sometimes another (language), or sometimes a third (territory, economic conditions), stands out in sharper relief. A nation constitutes the combination of all these characteristics taken together.

Bauer's point of view, which identifies a nation with its national character, divorces the nation from its soil and converts it into an invisible, self-contained force. The result is not a living and active nation, but something mystical, intangible and supernatural. For, I repeat, what sort of nation, for instance, is a Jewish nation which consists of Georgian, Daghestanian, Russian, American and other Jews, the members of which do not understand each other (since they speak different languages), inhabit different parts of the globe,

will never see each other, and will never act together, whether in time of peace or in time of war?!

No, it is not for such paper "nations" that Social-Democracy draws up its national program. It can reckon only with real nations, which act and move, and therefore insist on being reckoned with.

Bauer is obviously confusing *nation*, which is a historical category, with *tribe*, which is an ethnographical category.

However, Bauer himself apparently feels the weakness of his position. While in the beginning of his book he definitely declares the Jews to be a nation,[190] he corrects himself at the end of the book and states that "in general capitalist society makes it impossible for them (the Jews) to continue as a nation,"[191] by causing them to assimilate with other nations. The reason, it appears, is that "the Jews have no closed territory of settlement,"[192] whereas the Czechs, for instance, have such a territory and, according to Bauer, will survive as a nation. In short, the reason lies in the absence of a territory.

By arguing thus, Bauer wanted to prove that the Jewish workers cannot demand national autonomy,[193] but he thereby inadvertently refuted his own theory, which denies that a common territory is one of the characteristics of a nation.

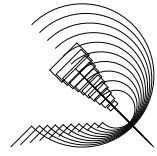
But Bauer goes further. In the beginning of his book, he definitely declares that "the Jews have no *common* language, and yet are a nation."[194] But hardly has he reached page 130 than he effects a change of front and just as definitely declares that "*unquestionably, no nation is possible without a common language.*"*[195]

Bauer wanted to prove that "language is the most important instrument of human intercourse,"[196] but at the same time he inadvertently proved something he did not mean to prove,

* Our italics.—*J. St*.

namely, the unsoundness of his own theory of nations, which denies the significance of a common language.

Thus, this theory, stitched together by idealistic threads, refutes itself.



CHAPTER 2

The National Movement

A NATION IS NOT MERELY A HISTORICAL category but a historical category belonging to a definite epoch, the epoch of rising capitalism. The process of elimination of feudalism and development of capitalism is at the same time a process of the constitution of people into nations. Such, for instance, was the case in Western Europe. The British, French, Germans, Italians and others were formed into nations at the time of the victorious advance of capitalism and its triumph over feudal disunity.

But the formation of nations in those instances at the same time signified their conversion into independent national states. The British, French and other nations are at the same time British, etc., states. Ireland, which did not participate in this process, does not alter the general picture.

Matters proceeded somewhat differently in Eastern Europe. Whereas in the West nations developed into states, in the East multi-national states were formed, states consisting of several nationalities. Such are Austria-Hungary and Russia. In Austria, the Germans proved to be politically the

most developed, and they took it upon themselves to unite the Austrian nationalities into a state. In Hungary, the most adapted for state organization were the Magyars—the core of the Hungarian nationalities—and it was they who united Hungary. In Russia, the uniting of the nationalities was undertaken by the Great Russians, who were headed by a historically formed, powerful and well-organized aristocratic military bureaucracy.

That was how matters proceeded in the East.

This special method of formation of states could take place only where feudalism had not yet been eliminated, where capitalism was feebly developed, where the nationalities which had been forced into the background had not yet been able to consolidate themselves economically into integral nations.

But capitalism also began to develop in the Eastern states. Trade and means of communication were developing. Large towns were springing up. The nations were becoming economically consolidated. Capitalism, erupting into the tranquil life of the nationalities which had been pushed into the background, was arousing them and stirring them into action. The development of the press and the theatre, the activity of the Reichsrat (Austria) and of the Duma (Russia) were helping to strengthen "national sentiments." The intelligentsia that had arisen was being imbued with "the national idea" and was acting in the same direction....

But the nations which had been pushed into the background and had now awakened to independent life, could no longer form themselves into independent national states; they encountered on their path the very powerful resistance of the ruling strata of the dominant nations, which had long ago assumed the control of the state. They were too late!

In this way the Czechs, Poles, etc., formed themselves into nations in Austria; the Croats, etc., in Hungary; the Letts, Lithuanians, Ukrainians, Georgians, Armenians, etc.,

in Russia. What had been an exception in Western Europe (Ireland) became the rule in the East.

In the West, Ireland responded to its exceptional position by a national movement. In the East, the awakened nations were bound to respond in the same fashion.

Thus arose the circumstances which impelled the young nations of Eastern Europe on to the path of struggle.

The struggle began and flared up, to be sure, not between nations as a whole, but between the ruling classes of the dominant nations and of those that had been pushed into the background. The struggle is usually conducted by the urban petty bourgeoisie of the oppressed nation against the big bourgeoisie of the dominant nation (Czechs and Germans), or by the rural bourgeoisie of the oppressed nation against the landlords of the dominant nation (Ukrainians in Poland), or by the whole "national" bourgeoisie of the oppressed nations against the ruling nobility of the dominant nation (Poland, Lithuania and the Ukraine in Russia).

The bourgeoisie plays the leading role.

The chief problem for the young bourgeoisie is the problem of the market. Its aim is to sell its goods and to emerge victorious from competition with the bourgeoisie of a different nationality. Hence its desire to secure its "own," its "home" market. The market is the first school in which the bourgeoisie learns its nationalism.

But matters are usually not confined to the market. The semi-feudal, semi-bourgeois bureaucracy of the dominant nation intervenes in the struggle with its own methods of "arresting and preventing."[197] The bourgeoisie—whether big or small—of the dominant nation is able to deal more "swiftly" and "decisively" with its competitor. "Forces" are united and a series of restrictive measures is put into operation against the "alien" bourgeoisie, measures passing into acts of repression. The struggle spreads from the economic sphere to the political sphere. Restriction of freedom of movement,

repression of language, restriction of franchise, closing of schools, religious restrictions, and so on, are piled upon the head of the "competitor." Of course, such measures are designed not only in the interest of the bourgeois classes of the dominant nation, but also in furtherance of the specifically caste aims, so to speak, of the ruling bureaucracy.

But from the point of view of the results achieved this is quite immaterial; the bourgeois classes and the bureaucracy in this matter go hand in hand—whether it be in Austria-Hungary or in Russia.

The bourgeoisie of the oppressed nation, repressed on every hand, is naturally stirred into movement. It appeals to its "native folk" and begins to shout about the "fatherland"; claiming that its own cause is the cause of the nation as a whole. It recruits itself an army from among its "countrymen" in the interests of... the "fatherland." Nor do the "folk" always remain unresponsive to its appeals; they rally around its banner: the repression from above affects them too and provokes their discontent.

Thus, the national movement begins.

The strength of the national movement is determined by the degree to which the wide strata of the nation, the proletariat and peasantry, participate in it.

Whether the proletariat rallies to the banner of bourgeois nationalism depends on the degree of development of class antagonisms, on the class consciousness and degree of organization of the proletariat. The class-conscious proletariat has its own tried banner, and has no need to rally to the banner of the bourgeoisie.

As far as the peasants are concerned, their participation in the national movement depends primarily on the character of the repressions. If the repressions affect the "land," as was the case in Ireland, then the mass of the peasants immediately rally to the banner of the national movement.

On the other hand, if, for example, there is no serious *anti-Russian* nationalism in Georgia, it is primarily because there are neither Russian landlords nor a Russian big bourgeoisie there to supply the fuel for such nationalism among the masses. In Georgia there is *anti-Armenian* nationalism; but this is because there is still an Armenian big bourgeoisie there which, by getting the better of the small and still unconsolidated Georgian bourgeoisie, drives the latter to anti-Armenian nationalism.

Depending on these factors, the national movement either assumes a mass character and steadily grows (as in Ireland and Galicia), or is converted into a series of petty collisions, degenerating into squabbles and "fights" over signboards (as in some of the small towns of Bohemia).

The content of the national movement, of course, cannot everywhere be the same: it is wholly determined by the diverse demands made by the movement. In Ireland the movement bears an agrarian character; in Bohemia it bears a "language" character; in one place the demand is for civil equality and religious freedom, in another for the nation's "own" officials, or its own Diet. The diversity of demands not infrequently reveals the diverse features which characterize a nation in general (language, territory, etc.). It is worthy of note that we never meet with a demand based on Bauer's all-embracing "national character." And this is natural: "national character" *in itself* is something intangible, and, as was correctly remarked by J. Strasser, "a politician can't do anything with it."[198]

Such, in general, are the forms and character of the national movement.

From what has been said it will be clear that the national struggle under the conditions of *rising* capitalism is a struggle of the bourgeois classes among themselves. Sometimes the bourgeoisie succeeds in drawing the proletariat into the national movement, and then the national struggle *externally* assumes a "nationwide" character. But this is so only externally. *In its*

essence it is always a bourgeois struggle, one that is to the advantage and profit mainly of the bourgeoisie.

But it does not by any means follow that the proletariat should not put up a fight against the policy of national oppression.

Restriction of freedom of movement, disfranchisement, repression of language, closing of schools, and other forms of persecution affect the workers no less, if not more, than the bourgeoisie. Such a state of affairs can only serve to retard the free development of the intellectual forces of the proletariat of subject nations. One cannot speak seriously of a full development of the intellectual faculties of the Tatar or Jewish worker if he is not allowed to use his native language at meetings and lectures, and if his schools are closed down.

But the policy of nationalist persecution is dangerous to the cause of the proletariat also on another account. It diverts the attention of large strata from social questions, questions of the class struggle, to national questions, questions "common" to the proletariat and the bourgeoisie. And this creates a favorable soil for lying propaganda about "harmony of interests," for glossing over the class interests of the proletariat and for the intellectual enslavement of the workers.

This creates a serious obstacle to the cause of uniting the workers of all nationalities. If a considerable proportion of the Polish workers are still in intellectual bondage to the bourgeois nationalists, if they still stand aloof from the international labor movement, it is chiefly because the age-old anti-Polish policy of the "powers that be" creates the soil for this bondage and hinders the emancipation of the workers from it.

But the policy of persecution does not stop there. It not infrequently passes from a "system" of *oppression* to a "system" of *inciting* nations against each other, to a "system" of massacres and pogroms. Of course, the latter system is not everywhere and always possible, but where it is possible—in the absence of elementary civil rights—it frequently assumes

horrifying proportions and threatens to drown the cause of unity of the workers in blood and tears. The Caucasus and south Russia furnish numerous examples. "Divide and rule" – such is the purpose of the policy of incitement. And where such a policy succeeds, it is a tremendous evil for the proletariat and a serious obstacle to the cause of uniting the workers of all the nationalities in the state.

But the workers are interested in the complete amalgamation of all their fellow-workers into a single international army, in their speedy and final emancipation from intellectual bondage to the bourgeoisie, and in the full and free development of the intellectual forces of their brothers, whatever nation they may belong to.

The workers therefore combat and will continue to combat the policy of national oppression in all its forms, from the most subtle to the most crude, as well as the policy of inciting nations against each other in all its forms.

Social-Democracy in all countries therefore proclaims the right of nations to self-determination.

The right of self-determination means that only the nation itself has the right to determine its destiny, that no one has the right *forcibly* to interfere in the life of the nation, to *destroy* its schools and other institutions, to *violate* its habits and customs, to *repress* its language, or *curtail* its rights.

This, of course, does not mean that Social-Democracy will support every custom and institution of a nation. While combating the coercion of any nation, it will uphold only the right of the *nation* itself to determine its own destiny, at the same time agitating against harmful customs and institutions of that nation in order to enable the toiling strata of the nation to emancipate themselves from them.

The right of self-determination means that a nation may arrange its life in the way it wishes. It has the right to arrange its life on the basis of autonomy. It has the right to enter into federal relations with other nations. It has the right to complete

secession. Nations are sovereign, and all nations have equal rights.

This, of course, does not mean that Social-Democracy will support every demand of a nation. A nation has the right even to return to the old order of things; but this does not mean that Social-Democracy will subscribe to such a decision if taken by some institution of a particular nation. The obligations of Social-Democracy, which defends the interests of the proletariat, and the rights of a nation, which consists of various classes, are two different things.

In fighting for the right of nations to self-determination, the aim of Social-Democracy is to put an end to the policy of national oppression, to render it impossible, and thereby to remove the grounds of strife between nations, to take the edge off that strife and reduce it to a minimum.

This is what essentially distinguishes the policy of the class-conscious proletariat from the policy of the bourgeoisie, which attempts to aggravate and fan the national struggle and to prolong and sharpen the national movement.

And that is why the class-conscious proletariat cannot rally under the "national" flag of the bourgeoisie.

That is why the so-called "evolutionary national" policy advocated by Bauer cannot become the policy of the proletariat. Bauer's attempt to identify his "evolutionary national" policy with the policy of the "modern working class"[199] is an attempt to adapt the class struggle of the workers to the struggle of the nations.

The fate of a national movement, which is essentially a bourgeois movement, is naturally bound up with the fate of the bourgeoisie. The final disappearance of a national movement is possible only with the downfall of the bourgeoisie. Only under the reign of socialism can peace be fully established. But even within the framework of capitalism it is possible to reduce the national struggle to a minimum, to undermine it at the root, to render it as harmless as possible to the proletariat.

This is borne out, for example, by Switzerland and America. It requires that the country should be democratized and the nations be given the opportunity of free development.



CHAPTER 3

Presentation of the Question

A NATION HAS THE RIGHT FREELY TO determine its own destiny. It has the right to arrange its life as it sees fit, without, of course, trampling on the rights of other nations. That is beyond dispute.

But *how* exactly should it arrange its own life, *what forms* should its future constitution take, if the interests of the majority of the nation and, above all, of the proletariat are to be borne in mind?

A nation has the right to arrange its life on autonomous lines. It even has the right to secede. But this does not mean that it should do so under all circumstances, that autonomy, or separation, will everywhere and always be advantageous for a nation, i.e., for its majority, i.e., for the toiling strata. The Transcaucasian Tatars as a nation may assemble, let us say, in their Diet and, succumbing to the influence of their beys and mullahs, decide to restore the old order of things and to secede from the state. According to the meaning of the clause on self-determination they are fully entitled to do so. But will this be in the interest of the toiling strata of the Tatar nation? Can

Social-Democracy look on indifferently when the beys and mullahs assume the leadership of the masses in the solution of the national question?

Should not Social-Democracy interfere in the matter and influence the will of the nation in a definite way? Should it not come forward with a definite plan for the solution of the question, a plan which would be most advantageous for the Tatar masses?

But what solution would be most compatible with the interests of the toiling masses? Autonomy, federation or separation?

All these are problems the solution of which will depend on the concrete historical conditions in which the given nation finds itself.

More than that; conditions, like everything else, change, and a decision which is correct at one particular time may prove to be entirely unsuitable at another.

In the middle of the nineteenth century Marx was in favor of the secession of Russian Poland; and he was right, for it was then a question of emancipating a higher culture from a lower culture that was destroying it. And the question at that time was not only a theoretical one, an academic question, but a practical one, a question of actual reality....

At the end of the nineteenth century the Polish Marxists were already declaring against the secession of Poland; and they too were right, for during the 50 years that had elapsed, profound changes had taken place, bringing Russia and Poland closer economically and culturally. Moreover, during that period the question of secession had been converted from a practical matter into a matter of academic dispute, which excited nobody except perhaps intellectuals abroad.

This, of course, by no means precludes the possibility that certain internal and external conditions may arise in which the question of the secession of Poland may again come on the order of the day.

The solution of the national question is possible only in connection with the historical conditions taken in their development.

The economic, political and cultural conditions of a given nation constitute the only key to the question *how* a particular nation ought to arrange its life and *what forms* its future constitution ought to take. It is possible that a specific solution of the question will be required for each nation. If the dialectical approach to a question is required anywhere it is required here, in the national question.

In view of this we must declare our decided opposition to a certain very widespread, but very summary manner of "solving" the national question, which owes its inception to the Bund. We have in mind the easy method of referring to Austrian and South-Slav[200] Social-Democracy, which has supposedly already solved the national question and whose solution the Russian Social-Democrats should simply borrow. It is assumed that whatever, say, is right for Austria is also right for Russia. The most important and decisive factor is lost sight of here, namely, the concrete historical conditions in Russia as a whole and in the life of each of the nations inhabiting Russia in particular.

Listen, for example, to what the well-known Bundist, V. Kossovsky, says:

> "When at the Fourth Congress of the Bund the principles of the question [i.e., the national question—*J. St.*] were discussed, the proposal made by one of the members of the congress to settle the question in the spirit of the resolution of the South-Slav Social-Democratic Party met with general approval."[201]

And the result was that "the congress unanimously adopted"... national autonomy.

And that was all! No analysis of the actual conditions in Russia, no investigation of the condition of the Jews in Russia. They first borrowed the solution of the South-Slav

Social-Democratic Party, then they "approved" it, and finally they "unanimously adopted" it! This is the way the Bundists present and "solve" the national question in Russia....

As a matter of fact, Austria and Russia represent entirely different conditions. This explains why the Social-Democrats in Austria, when they adopted their national program at Brünn (1899)[202] in the spirit of the resolution of the South-Slav Social-Democratic Party (with certain insignificant amendments, it is true), approached the question in an entirely non-Russian way, so to speak, and, of course, solved it in a non-Russian way.

First, as to the presentation of the question. How is the question presented by the Austrian theoreticians of cultural-national autonomy, the interpreters of the Brünn national program and the resolution of the South-Slav Social-Democratic Party, Springer and Bauer? Springer says:

> "Whether a multi-national state is possible, and whether, in particular, the Austrian nationalities are obliged to form a single political entity, is a question we shall not answer here but shall assume to be settled. For anyone who will not concede this possibility and necessity, our investigation will, of course, be purposeless.
>
> "Our theme is as follows: inasmuch as these nations are *obliged* to live together, what *legal forms* will enable them *to live together in the best possible way*?"[203]

Thus, the starting point is the state integrity of Austria. Bauer says the same thing:

> "We therefore start from the assumption that the Austrian nations will remain in the same state union in which they exist at present and inquire how the nations within this union will arrange their relations among themselves and to the state."[204]

Here again the first thing is the integrity of Austria.

Can Russian Social-Democracy present the question *in this way*? No, it cannot. And it cannot because from the very outset it holds the view of the right of nations to self-determination, by virtue of which a nation has the right of secession.

Even the Bundist Goldblatt admitted at the Second Congress of Russian Social-Democracy that the latter could not abandon the standpoint of self-determination. Here is what Goldblatt said on that occasion:

> "Nothing can be said against the right of self-determination. If any nation is striving for independence, we must not oppose it. If Poland does not wish to enter into lawful wedlock with Russia, it is not for us to interfere with her."[205]

All this is true. But it follows that the starting points of the Austrian and Russian Social-Democrats, far from being identical, are diametrically opposite. After this, can there be any question of borrowing the national program of the Austrians?

Furthermore, the Austrians hope to achieve the "freedom of nationalities" by means of petty reforms, by slow steps. While they propose cultural-national autonomy as a practical measure, they do not count on any radical change, on a democratic movement for liberation, which they do not even contemplate. The Russian Marxists, on the other hand, associate the "freedom of nationalities" with a probable radical change, with a democratic movement for liberation, having no grounds for counting on reforms. And this essentially alters matters in regard to the probable fate of the nations of Russia.

Bauer says:

> "Of course, there is little probability that national autonomy will be the result of a great decision, of a bold action. Austria will develop towards national autonomy step by step... by a slow process of development, in the course of a severe struggle, as a consequence of which legislation and administration will be in a state of chronic paralysis. The new constitution will not be created by a great legislative act, but by a multitude of separate enactments for individual provinces and individual communities."[206]

Springer says the same thing. He writes:

> "I am very well aware that institutions of this kind [i.e., organs of national autonomy—*J. St.*] are not created in a single year or a single decade. The reorganization of the Prussian administration alone took considerable time.... It took the Prussians two decades finally to establish their basic administrative institutions. Let nobody think that I harbor any illusions as to the time required and the difficulties to be overcome in Austria."[207]

All this is very definite. But can the Russian Marxists avoid associating the national question with "bold actions"? Can they count on partial reforms, on "a multitude of separate enactments" as a means for achieving the "freedom of nationalities"? But if they cannot and must not do so, is it not clear that the methods of struggle of the Austrians and the Russians and their prospects must be entirely different? How in such a state of affairs can they confine themselves to the one-sided, milk-and-water cultural-national autonomy of the Austrians? One or the other: either those who are in favor of borrowing do not count on "bold actions" in Russia, or they do count on such actions but "know not what they do."

Finally, the immediate tasks facing Russia and Austria are entirely different and consequently dictate different methods of solving the national question. In Austria parliamentarism prevails, and under present conditions no development in Austria is possible without parliament. But parliamentary life and legislation in Austria are frequently brought to a complete standstill by severe conflicts between the national parties. That explains the chronic political crisis from which Austria has for a long time been suffering. Hence, in Austria the national question is the very hub of political life; it is the vital question. It is therefore not surprising that the Austrian Social-Democratic politicians should first of all try in one way or another to find a solution for the national conflicts—of course on the basis of the existing parliamentary system, by parliamentary methods....

Not so with Russia. In the first place, in Russia "there is no parliament, thank God."[208] In the second place—and this is the main point—the hub of the political life of Russia is not the national but the agrarian question. Consequently, the fate of the Russian problem, and, accordingly, the "liberation" of the nations too, is bound up in Russia with the solution of the agrarian question, i.e., with the destruction of the relics of feudalism, i.e., with the democratization of the country. That explains why in Russia the national question is not an independent and decisive one, but a part of the general and more important question of the emancipation of the country.

Springer writes:

> "The barrenness of the Austrian parliament is due precisely to the fact that every reform gives rise to antagonisms within the national parties which may affect their unity. The leaders of the parties, therefore, avoid everything that smacks of reform. Progress in Austria is generally conceivable only if the nations are granted indefeasible legal rights which will relieve them of the necessity of constantly maintaining national militant groups in parliament and will enable them to turn their attention to the solution of economic and social problems."[209]

Bauer says the same thing.

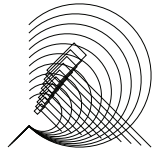
> "National peace is indispensable first of all for the state. The state cannot permit legislation to be brought to a standstill by the very stupid question of language or by every quarrel between excited people on a linguistic frontier, or over every new school."[210]

All this is clear. But it is no less clear that the national question in Russia is on an entirely different plane. It is not the national, but the agrarian question, that decides the fate of progress in Russia. The national question is a subordinate one.

And so, we have different presentations of the question, different prospects and methods of struggle, different immediate tasks. Is it not clear that, such being the state of affairs, only pedants who "solve" the national question without

reference to space and time can think of adopting examples from Austria and of borrowing a program?

To repeat: the concrete historical conditions as the starting point, and the dialectical presentation of the question as the only correct way of presenting it—such is the key to solving the national question.



CHAPTER 4

Cultural-National Autonomy

WE SPOKE ABOVE OF THE FORMAL ASPECT of the Austrian national program and of the methodological grounds which make it impossible for the Russian Marxists simply to adopt the example of Austrian Social-Democracy and make the latter's program their own. Let us now examine the essence of the program itself.

What then is the national program of the Austrian Social-Democrats? It is expressed in two words: cultural-national autonomy.

This means, firstly, that autonomy would be granted, let us say, not to Bohemia or Poland, which are inhabited mainly by Czechs and Poles, but to Czechs and Poles generally, irrespective of territory, no matter what part of Austria they inhabit.

That is why this autonomy is called *national* and not territorial.

It means, secondly, that the Czechs, Poles, Germans, and so on, scattered over the various parts of Austria, taken personally, as individuals, are to be organized into integral

nations, and are as such to form part of the Austrian state. In this way Austria would represent not a union of autonomous regions, but a union of autonomous nationalities, constituted irrespective of territory.

It means, thirdly, that the national institutions which are to be created for this purpose for the Poles, Czechs, and so forth, are to have jurisdiction only over "cultural," not "political" questions. Specifically political questions would be reserved for the Austrian parliament (the Reichsrat).

That is why this autonomy is also called *cultural*, cultural-national autonomy.

And here is the text of the program adopted by the Austrian Social-Democratic Party at the Brünn Congress in 1899.[211]

Having referred to the fact that "national dissension in Austria is hindering political progress," that "the final solution of the national question... is primarily a cultural necessity," and that "the solution is possible only in a genuinely democratic society, constructed on the basis of universal, direct and equal suffrage," the program goes on to say:

> "*The preservation and development of the national peculiarities*[212] of the peoples of Austria is possible only on the basis of equal rights and by avoiding all oppression. Hence, all bureaucratic state centralism and the feudal privileges of individual provinces must first of all be rejected.
>
> "Under these conditions, and only under these conditions, will it be possible to establish national order in Austria in place of national dissension, namely, on the following principles:
>
> "1. Austria must be transformed into a democratic state federation of nationalities.
>
> "2. The historical crown provinces must be replaced by nationally delimited self-governing corporations, in each of which legislation and administration shall be entrusted to national parliaments elected on the basis of universal, direct and equal suffrage.
>
> "3. All the self-governing regions of one and the same nation must jointly form a single national union, which shall manage its national affairs on an absolutely autonomous basis.

> "4. The rights of national minorities must be guaranteed by a special law passed by the Imperial Parliament."[213]

The program ends with an appeal for the solidarity of all the nations of Austria.

It is not difficult to see that this program retains certain traces of "territorialism," but that in general it gives a formulation of national autonomy. It is not without good reason that Springer, the first agitator on behalf of cultural-national autonomy, greets it with enthusiasm;[214] Bauer also supports this program, calling it a "theoretical victory"[215] for national autonomy; only, in the interests of greater clarity, he proposes that Point 4 be replaced by a more definite formulation, which would declare the necessity of "constituting the national minority within each self-governing region into a public corporation" for the management of educational and other cultural affairs.[216]

Such is the national program of Austrian Social-Democracy.

Let us examine its scientific foundations.

Let us see how the Austrian Social-Democratic Party justifies the cultural-national autonomy it advocates.

Let us turn to the theoreticians of cultural-national autonomy, Springer and Bauer.

The starting point of national autonomy is the conception of a nation as a union of individuals without regard to a definite territory.

According to Springer:

> "Nationality is not essentially connected with territory"; nations are "autonomous unions of persons."[217]

Bauer also speaks of a nation as a "community of persons" which does not enjoy "exclusive sovereignty in any particular region."[218]

But the persons constituting a nation do not always live in one compact mass; they are frequently divided into groups, and

in that form are interspersed among alien national organisms. It is capitalism which drives them into various regions and cities in search of a livelihood. But when they enter foreign national territories and there form minorities, these groups are made to suffer by the local national majorities in the way of restrictions on their language, schools, etc. Hence national conflicts. Hence the "unsuitability" of territorial autonomy. The only solution to such a situation, according to Springer and Bauer, is to organize the minorities of the given nationality dispersed over various parts of the state into a single, general, inter-class national union. Such a union alone, in their opinion, can protect the cultural interests of national minorities, and it alone is capable of putting an end to national discord. Springer says:

> "Hence the necessity to organize the nationalities, to invest them with rights and responsibilities.... Of course, a law is easily drafted, but will it be effective?... If one wants to make a law for nations, one must first create the nations... Unless the nationalities are constituted it is impossible to create national rights and eliminate national dissension."[219]

Bauer expressed himself in the same spirit when he proposed, as "a demand of the working class," that "the minorities should be constituted into public corporations based on the personal principle."[220]

But how is a nation to be organized? How is one to determine to what nation any given individual belongs?

Springer says:

> "Nationality will be determined by certificates; every individual domiciled in a given region must declare his affiliation to one of the nationalities of that region."[221]

Bauer says:

> "The personal principle presumes that the population will be divided into nationalities.... On the basis of the free declaration of the adult citizens national registers must be drawn up."[222]

> "All the Germans in nationally homogeneous districts and all the Germans entered in the national registers in the dual districts will constitute the German nation and elect a *National Council*."[223]

The same applies to the Czechs, Poles, and so on. According to Springer:

> "The *National Council*, is the cultural parliament of the nation, empowered to establish the principles and to grant funds, thereby assuming guardianship over national education, national literature, art and science, the formation of academies, museums, galleries, theaters, [etc.]"[224]

Such will be the organization of a nation and its central institution.

According to Bauer, the Austrian Social-Democratic Party is striving, by the creation of these inter-class institutions "to make national culture... the possession of the whole people and thereby *unite all the members of the nation into a national-cultural community*."*[225]

One might think that all this concerns Austria alone. But Bauer does not agree. He emphatically declares that national autonomy is essential also for other states which, like Austria, consist of several nationalities. According to Bauer:

> "In the multi-national state, the working class of all the nations opposes the national power policy of the propertied classes with the demand for national autonomy."[226]

Then, imperceptibly substituting national autonomy for the self-determination of nations, he continues:

> "Thus, national autonomy, the self-determination of nations, will necessarily become the constitutional program of the proletariat of all the nations in a multi-national state."[227]

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* Our italics.—*J. St.*

But he goes still further. He profoundly believes that the inter-class "national unions" "constituted" by him and Springer will serve as a sort of prototype of the future socialist society. For he knows that "the socialist system of society... will divide humanity into nationally delimited communities";[228] that under socialism there will take place "a grouping of humanity into autonomous national communities,"[229] that thus, "socialist society will undoubtedly present a checkered picture of national unions of persons and territorial corporations,"[230] and that accordingly "the socialist principle of nationality is a higher synthesis of the national principle and national autonomy."[231]

Enough, it would seem.

These are the arguments for cultural-national autonomy as given in the works of Bauer and Springer.

The first thing that strikes the eye is the entirely inexplicable and absolutely unjustifiable substitution of national autonomy for self-determination of nations. One or the other: either Bauer failed to understand the meaning of self-determination, or he did understand it but for some reason or other deliberately narrowed its meaning. For there is no doubt a) that cultural-national autonomy presupposes the integrity of the multi-national state, whereas self-determination goes outside the framework of this integrity, and b) that self-determination endows a nation with complete rights, whereas national autonomy endows it only with "cultural" rights. That in the first place.

In the second place, a combination of internal and external conditions is fully possible at some future time by virtue of which one or another of the nationalities may decide to secede from a multi-national state, say from Austria. Did not the Ruthenian Social-Democrats at the Brünn Party Congress announce their readiness to unite the "two parts" of their people into one whole?[232] What, in such a case, becomes of

national autonomy, which is "*inevitable for the proletariat of all the nations*"?

What sort of "solution" of the problem is it that mechanically squeezes nations into the Procrustean bed of an integral state?

Further: national autonomy is contrary to the whole course of development of nations. It calls for the organization of nations; but can they be artificially welded together if life, if economic development tears whole groups from them and disperses these groups over various regions? There is no doubt that in the early stages of capitalism nations become welded together. But there is also no doubt that in the higher stages of capitalism a process of dispersion of nations sets in, a process whereby a whole number of groups separate off from the nations, going off in search of a livelihood and subsequently settling permanently in other regions of the state; in the course of this these settlers lose their old connections and acquire new ones in their new domicile, and from generation to generation acquire new habits and new tastes, and possibly a new language....

The question arises: is it possible to unite into a single national union groups that have grown so distinct? Where are the magic links to unite what cannot be united? Is it conceivable that, for instance, the Germans of the Baltic Provinces and the Germans of Transcaucasia can be "united into a single nation"? But if it is not conceivable and not possible, wherein does national autonomy differ from the utopia of the old nationalists, who endeavored to turn back the wheel of history?

But the unity of a nation diminishes not only as a result of migration. It diminishes also from internal causes, owing to the growing acuteness of the class struggle. In the early stages of capitalism one can still speak of a "common culture" of the proletariat and the bourgeoisie. But as large-scale industry develops and the class struggle becomes more and more

acute, this "common culture" begins to melt away. One cannot seriously speak of the "common culture" of a nation when employers and workers of one and the same nation cease to understand each other. What "common destiny" can there be when the bourgeoisie thirsts for war, and the proletariat declares "war on war"? Can a single inter-class national union be formed from such opposed elements? And, after this, can one speak of the "union of all the members of the nation into a national-cultural community"?[233] Is it not obvious that national autonomy is contrary to the whole course of the class struggle?

But let us assume for a moment that the slogan "organize the nation" is practicable. One might understand bourgeois-nationalist parliamentarians endeavoring to "organize" a nation for the purpose of securing additional votes. But since when have Social-Democrats begun to occupy themselves with "organizing" nations, "constituting" nations, "creating" nations?

What sort of Social-Democrats are they who in the epoch of extreme intensification of the class struggle organize inter-class national unions? Until now the Austrian, as well as every other, Social-Democratic party, had one task before it: namely, to organize the proletariat. That task has apparently become "antiquated." Springer and Bauer are now setting a "new" task, a more absorbing task, namely, to "create," to "organize" a nation.

However, logic has its obligations: he who adopts national autonomy must also adopt this "new" task; but to adopt the latter means to abandon the class position and to take the path of nationalism.

Springer's and Bauer's cultural-national autonomy is a subtle form of nationalism.

And it is by no means fortuitous that the national program of the Austrian Social-Democrats enjoins a concern for the "*preservation* and *development* of the national peculiarities

of the peoples." Just think: to "preserve" such "national peculiarities" of the Transcaucasian Tatars as self-flagellation at the festival of *Shakhsei-Vakhsei*; or to "develop" such "national peculiarities" of the Georgians as the vendetta!

A demand of this character is in place in an outright bourgeois nationalist program; and if it appears in the program of the Austrian Social-Democrats it is because national autonomy tolerates such demands, it does not contradict them.

But if national autonomy is unsuitable now, it will be still more unsuitable in the future, socialist society.

Bauer's prophecy regarding the "division of humanity into nationally delimited communities"[234] is refuted by the whole course of development of modern human society. National barriers are being demolished and are falling, rather than becoming firmer. As early as the 1840s Marx declared that "national differences and antagonisms between peoples are daily more and more vanishing" and that "the supremacy of the proletariat will cause them to vanish still faster."[235] The subsequent development of mankind, accompanied as it was by the colossal growth of capitalist production, the reshuffling of nationalities and the union of people within ever larger territories, emphatically confirms Marx's thought.

Bauer's desire to represent socialist society as a "checkered picture of national unions of persons and territorial corporations" is a timid attempt to substitute for Marx's conception of socialism a revised version of Bakunin's conception. The history of socialism proves that every such attempt contains the elements of inevitable failure.

There is no need to mention the kind of "socialist principle of nationality" glorified by Bauer, which, in our opinion, substitutes for the socialist principle of the *class struggle* the bourgeois "*principle of nationality*." If national autonomy is based on such a dubious principle, it must be admitted that it can only cause harm to the working-class movement.

True, such nationalism is not so transparent, for it is skillfully masked by socialist phrases, but it is all the more harmful to the proletariat for that reason. We can always cope with open nationalism, for it can easily be discerned. It is much more difficult to combat nationalism when it is masked and unrecognizable beneath its mask. Protected by the armor of socialism, it is less vulnerable and more tenacious. Implanted among the workers, it poisons the atmosphere and spreads harmful ideas of mutual distrust and segregation among the workers of the different nationalities.

But this does not exhaust the harm caused by national autonomy. It prepares the ground not only for the segregation of nations, but also for breaking up the united labor movement. The idea of national autonomy creates the psychological conditions for the division of the united workers' party into separate parties built on national lines. The breakup of the party is followed by the breakup of the trade unions, and complete segregation is the result. In this way the united class movement is broken up into separate national rivulets.

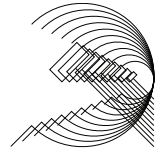
Austria, the home of "national autonomy," provides the most deplorable examples of this. As early as 1897 (the Wimberg Party Congress[236]) the once united Austrian Social-Democratic Party began to break up into separate parties. The breakup became still more marked after the Brünn Party Congress (1899), which adopted national autonomy. Matters have finally come to such a pass that in place of a united international party there are now six national parties, of which the Czech Social-Democratic Party will not even have anything to do with the German Social-Democratic Party.

But with the parties are associated the trade unions. In Austria, both in the parties and in the trade unions, the main brunt of the work is borne by the same Social-Democratic workers. There was therefore reason to fear that separatism in the party would lead to separatism in the trade unions and that the trade unions would also break up. That, in fact, is

what happened: the trade unions have also divided according to nationality. Now things frequently go so far that the Czech workers will even break a strike of German workers, or will unite at municipal elections with the Czech bourgeois against the German workers.

It will be seen from the foregoing that cultural-national autonomy is no solution of the national question. Not only that, it serves to aggravate and confuse the question by creating a situation which favors the destruction of the unity of the labor movement, fosters the segregation of the workers according to nationality and intensifies friction among them.

Such is the harvest of national autonomy.



CHAPTER 5

The Bund, Its Nationalism, Its Separatism

WE SAID ABOVE THAT BAUER, WHILE granting the necessity of national autonomy for the Czechs, Poles, and so on, nevertheless opposes similar autonomy for the Jews. In answer to the question, "Should the working-class demand autonomy for the Jewish people?" Bauer says that "national autonomy cannot be demanded by the Jewish workers."[237] According to Bauer, the reason is that "capitalist society makes it impossible for them [the Jews—*J. St.*] to continue as a nation."[238]

In brief, the Jewish nation is coming to an end, and hence there is nobody to demand national autonomy for. The Jews are being assimilated.

This view of the fate of the Jews as a nation is not a new one. It was expressed by Marx as early as the 1840s,[239] in reference chiefly to the German Jews. It was repeated by Kautsky in 1903,[240] in reference to the Russian Jews. It is now being repeated by Bauer in reference to the Austrian Jews, with the difference, however, that he denies not the present but the future of the Jewish nation.

Bauer explains the impossibility of preserving the existence of the Jews as a nation by the fact that "the Jews have no closed territory of settlement."[241] This explanation, in the main a correct one, does not however express the whole truth. The fact of the matter is primarily that among the Jews there is no large and stable stratum connected with the land, which would naturally rivet the nation together, serving not only as its framework but also as a "national" market. Of the 5 or 6 million Russian Jews, only 3 to 4 percent are connected with agriculture in any way. The remaining 96 percent are employed in trade, industry, in urban institutions, and in general are town dwellers; moreover, they are spread all over Russia and do not constitute a majority in a single gubernia.

Thus, interspersed as national minorities in areas inhabited by other nationalities, the Jews as a rule serve "foreign" nations as manufacturers and traders and as members of the liberal professions, naturally adapting themselves to the "foreign nations" in respect to language and so forth. All this, taken together with the increasing re-shuffling of nationalities characteristic of developed forms of capitalism, leads to the assimilation of the Jews. The abolition of the "Pale of Settlement" would only serve to hasten this process of assimilation.

The question of national autonomy for the Russian Jews consequently assumes a somewhat curious character: autonomy is being proposed for a nation whose future is denied and whose existence has still to be proved!

Nevertheless, this was the curious and shaky position taken up by the Bund when at its Sixth Congress (1905) it adopted a "national program" on the fines of national autonomy.

Two circumstances impelled the Bund to take this step.

The first circumstance is the existence of the Bund as an organization of Jewish, and only Jewish, Social-Democratic workers. Even before 1897 the Social-Democratic groups active among the Jewish workers set themselves the aim of

creating "a special Jewish workers' organization."[242] They founded such an organization in 1897 by uniting to form the Bund. That was at a time when Russian Social-Democracy as an integral body virtually did not yet exist. The Bund steadily grew and spread, and stood out more and more vividly against the background of the bleak days of Russian Social-Democracy.... Then came the 1900's. A *mass* labor movement came into being. Polish Social-Democracy grew and drew the Jewish workers into the mass struggle. Russian Social-Democracy grew and attracted the "Bund" workers. Lacking a territorial basis, the national framework of the Bund became too restrictive. The Bund was faced with the problem of either merging with the general international tide, or of upholding its independent existence as an extra-territorial organization. The Bund chose the latter course.

Thus, grew up the "theory" that the Bund is "the sole representative of the Jewish proletariat."

But to justify this strange "theory" in any "simple" way became impossible. Some kind of foundation "on principle," some justification "on principle," was needed. Cultural-national autonomy provided such a foundation. The Bund seized upon it, borrowing it from the Austrian Social-Democrats. If the Austrians had not had such a program the Bund would have invented it in order to justify its independent existence "on principle."

Thus, after a timid attempt in 1901 (the Fourth Congress), the Bund definitely adopted a "national program" in 1905 (the Sixth Congress).

The second circumstance is the peculiar position of the Jews as separate national minorities within compact majorities of other nationalities in integral regions. We have already said that this position is undermining the existence of the Jews as a nation and puts them on the road to assimilation. But this is an objective process. Subjectively, in the minds of the Jews, it provokes a reaction and gives rise to the demand for a

guarantee of the rights of a national minority, for a guarantee against assimilation. Preaching as it does the vitality of the Jewish "nationality," the Bund could not avoid being in favor of a "guarantee." And, having taken up this position, it could not but accept national autonomy. For if the Bund could seize upon any autonomy at all, it could only be national autonomy, i.e., *cultural-national* autonomy; there could be no question of territorial-political autonomy for the Jews, since the Jews have no definite integral territory.

It is noteworthy that the Bund from the outset stressed the character of national autonomy as a guarantee of the rights of national minorities, as a guarantee of the "free development" of nations. Nor was it fortuitous that the representative of the Bund at the Second Congress of the Russian Social-Democratic Party, Goldblatt, defined national autonomy as "institutions which *guarantee* them [i.e., nations—*J. St.*] complete freedom of cultural development."[243] A similar proposal was made by supporters of the ideas of the Bund to the Social-Democratic group in the Fourth Duma....

In this way the Bund adopted the curious position of national autonomy for the Jews.

We have examined above national autonomy in general. The examination showed that national autonomy leads to nationalism. We shall see later that the Bund has arrived at the same end point. But the Bund also regards national autonomy from a special aspect, namely, from the aspect of *guarantees* of the rights of national minorities. Let us also examine the question from this special aspect. It is all the more necessary since the problem of national minorities—and not of the Jewish minorities alone—is one of serious moment for Social-Democracy.

And so, it is a question of "*institutions which guarantee*" nations "complete freedom of cultural development"*

But what are these "institutions which guarantee," etc.?

They are primarily the "National Council" of Springer and Bauer, something in the nature of a Diet for cultural affairs.

But can these institutions guarantee a nation "complete freedom of cultural development"? Can a Diet for cultural affairs guarantee a nation against nationalist persecution?

The Bund believes it can, but history proves the contrary.

At one time a Diet existed in Russian Poland. It was a political Diet and, of course, endeavored to guarantee freedom of "cultural development" for the Poles. But, far from succeeding in doing so, it itself succumbed in the unequal struggle against the political conditions generally prevailing in Russia.

A Diet has been in existence for a long time in Finland, and it too endeavors to protect the Finnish nationality from "encroachments," but how far it succeeds in doing so everybody can see.

Of course, there are Diets and Diets, and it is not so easy to cope with the democratically organized Finnish Diet as it was with the aristocratic Polish Diet. But the *decisive* factor, nevertheless, is not the Diet, but the general regime in Russia. If such a grossly Asiatic social and political regime existed in Russia now as in the past, at the time the Polish Diet was abolished, things would go much harder with the Finnish Diet. Moreover, the policy of "encroachments" upon Finland is growing, and it cannot be said that it has met with defeat....

If such is the case with old, historically evolved institutions—political Diets—still less will young Diets, young institutions, especially such feeble institutions as

* Our italics.—*J. St.*

"cultural" Diets, be able to guarantee the free development of nations.

Obviously, it is not a question of "institutions," but of the general regime prevailing in the country. If there is no democracy in the country there can be no guarantees of "complete freedom for cultural development" of nationalities. One may say with certainty that the more democratic a country is the fewer are the "encroachments" made on the "freedom of nationalities," and the greater are the guarantees against such "encroachments."

Russia is a semi-Asiatic country, and therefore in Russia the policy of "encroachments" not infrequently assumes the grossest form, the form of pogroms. It need hardly be said that in Russia "guarantees" have been reduced to the very minimum.

Germany is, however, European, and she enjoys a measure of political freedom. It is not surprising that the policy of "encroachments" there never takes the form of pogroms.

In France, of course, there are still more "guarantees," for France is more democratic than Germany.

There is no need to mention Switzerland, where, thanks to her highly developed, although bourgeois democracy, nationalities live in freedom, whether they are a minority or a majority.

Thus, the Bund adopts a false position when it asserts that "institutions" by themselves are able to guarantee complete cultural development for nationalities.

It may be said that the Bund itself regards the establishment of democracy in Russia as a *preliminary* condition for the "creation of institutions" and guarantees of freedom. But this is not the case. From the report of the Eighth Conference of the Bund[244] it will be seen that the Bund thinks it can secure "institutions" *on the basis* of the present system in Russia, by "reforming" the *Jewish community*. One of the leaders of the Bund said at this conference:

> "The community may become the nucleus of future cultural-national autonomy. Cultural-national autonomy is a form of self-service on the part of nations, a form of satisfying national needs. The community form conceals within itself a similar content. They are links in the same chain, stages in the same evolution."[245]

On this basis, the conference decided that it was necessary to strive "for *reforming* the Jewish community and transforming it by *legislative means* into a secular institution," democratically organized.*[246]

It is evident that the Bund considers as the condition and guarantee not the democratization of Russia, but some future "secular institution" of the Jews, obtained by "reforming the Jewish community," so to speak, by "legislative" means, through the Duma.

But we have already seen that "institutions" in themselves cannot serve as "guarantees" if the regime in the state generally is not a democratic one.

But what, it may be asked, will be the position under a future democratic system? Will not special "cultural institutions which guarantee," etc., be required even under democracy? What is the position in this respect in democratic Switzerland, for example? Are there special cultural institutions in Switzerland on the pattern of Springer's "National Council"? No, there are *not*. But do not the cultural interests of, for instance, the Italians, who constitute a minority there, suffer for that reason? One does not seem to hear that they do. And that is quite natural: in Switzerland all special cultural "institutions," which supposedly "guarantee," etc., are rendered superfluous by democracy.

And so, impotent in the present and superfluous in the future; such are the *institutions* of cultural-national autonomy, and such is national autonomy.

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* Our italics—*J. St.*

But it becomes still more harmful when it is thrust upon a "nation" whose existence and future are open to doubt. In such cases the advocates of national autonomy are obliged to protect and preserve all the peculiar features of the "nation," the bad as well as the good, just for the sake of "saving the nation" from assimilation, just for the sake of "preserving" it.

That the Bund should take this dangerous path was inevitable. And it did take it. We are referring to the resolutions of recent conferences of the Bund on the question of the "Sabbath," "Yiddish," etc.

Social-Democracy strives to secure *for all nations* the right to use their own language. But that does not satisfy the Bund; it demands that "the rights of the *Jewish* language"* be championed with "exceptional persistence,"[247] and the Bund itself in the elections to the Fourth Duma declared that it would give "preference to those of them (i.e., electors) who undertake to defend the rights of the Jewish language."[248]

Not the *general* right of all nations to use their own language, but the *particular* right of the Jewish language, Yiddish! Let the workers of the various nationalities fight *primarily* for their own language: the Jews for Jewish, the Georgians for Georgian, and so forth. The struggle for the general right of all nations is a secondary matter. You do not have to recognize the right of all oppressed nationalities to use their own language; but if you have recognized the right of Yiddish, know that the Bund will vote for you, the Bund will "prefer" you.

But in what way then does the Bund differ from the bourgeois nationalists?

Social-Democracy strives to secure the establishment of a compulsory weekly rest day. But that does not satisfy the Bund; it demands that "by legislative means... the Jewish proletariat

* Our italics.—*J. St.*

should be guaranteed the right to observe their Sabbath and be relieved of the obligation to observe another day."[249]

It is to be expected that the Bund will take another "step forward" and demand the right to observe all the ancient Hebrew holidays. And if, to the misfortune of the Bund, the Jewish workers have discarded religious prejudices and do not want to observe these holidays, the Bund with its agitation for "the right to the Sabbath," will remind them of the Sabbath; it will, so to speak, cultivate among them "the Sabbatarian spirit."

Quite comprehensible, therefore, are the "passionate speeches" delivered at the Eighth Conference of the Bund demanding "Jewish hospitals," a demand that was based on the argument that "a patient feels more at home among his own people," that "the Jewish worker will not feel at ease among Polish workers, but will feel at ease among Jewish shopkeepers."[250]

Preservation of everything Jewish, conservation of *all* the national peculiarities of the Jews, even those that are patently harmful to the proletariat, isolation of the Jews from everything non-Jewish, even the establishment of special hospitals—that is the level to which the Bund has sunk!

Comrade Plekhanov was right a thousand times over when he said that the Bund "is adapting socialism to nationalism."[251] Of course, V. Kossovsky and Bundists like him may denounce Plekhanov as a "demagogue"[252]—paper will put up with anything that is written on it—but those who are familiar with the activities of the Bund will easily realize that these brave fellows are simply afraid to tell the truth about themselves and are hiding behind strong language about "demagogy."...

But since it holds such a position on the national question, the Bund was naturally obliged, in the matter of organization also, to take the path of segregating the Jewish workers, the path of formation of national curiae[253] within Social-Democracy. Such is the logic of national autonomy!

And, in fact, the Bund did pass from the theory of "sole representation" to the theory of "national demarcation" of workers. The Bund demands that Russian Social-Democracy should "in its organizational structure introduce demarcation according to nationalities."[254] From "demarcation" it made a "step forward" to the theory of "segregation." It is not for nothing that speeches were made at the Eighth Conference of the Bund declaring that "national existence lies in segregation."[255]

Organizational federalism harbors the elements of disintegration and separatism. The Bund is heading for separatism.

And, indeed, there is nothing else it can head for. Its very existence as an extra-territorial organization drives it to separatism. The Bund does not possess a definite integral territory; it operates on "foreign" territories, whereas the neighboring Polish, Lettish and Russian Social-Democracies are international territorial collective bodies. But the result is that every extension of these collective bodies means a "loss" to the Bund and a restriction of its field of action. There are two alternatives: either Russian Social-Democracy as a whole must be reconstructed on the basis of national federalism—which will enable the Bund to "secure" the Jewish proletariat for itself; or the territorial-international principle of these collective bodies remains in force—in which case the Bund must be reconstructed on the basis of internationalism, as is the case with the Polish and Lettish Social-Democracies.

This explains why the Bund from the very beginning demanded "the reorganization of Russian Social-Democracy on a federal basis."[256]

In 1906, yielding to the pressure from below in favor of unity, the Bund chose a middle path and joined Russian Social-Democracy. But how did it join? Whereas the Polish and Lettish Social-Democracies joined for the purpose of peaceable joint action, the Bund joined for the purpose of

waging war for a federation. That is exactly what Medem, the leader of the Bundists, said at the time:

> "We are joining not for the sake of an idyll, but in order to fight. There is no idyll, and only Manilovs[257] could hope for one in the near future. The Bund must join the Party armed from head to foot."[258]

It would be wrong to regard this as an expression of evil intent on Medem's part. It is not a matter of evil intent, but of the peculiar position of the Bund, which compels it to fight Russian Social-Democracy, which is built on the basis of internationalism. And in fighting it the Bund naturally violated the interests of unity. Finally, matters went so far that the Bund formally broke with Russian Social-Democracy, violating its statutes, and in the elections to the Fourth Duma joining forces with the Polish nationalists against the Polish Social-Democrats.

The Bund has apparently found that a rupture is the best guarantee for independent activity.

And so, the "principle" of organizational "demarcation" led to separatism and to a complete rupture.

In a controversy with the old *Iskra*[259] on the question of federalism, the Bund once wrote:

> "*Iskra* wants to assure us that federal relations between the Bund and Russian Social-Democracy are bound to weaken the ties between them. We cannot refute this opinion by referring to practice in Russia, for the simple reason that Russian Social-Democracy does not exist as a federal body. But we can refer to the extremely instructive experience of Social-Democracy in Austria, which assumed a federal character by virtue of the decision of the Party Congress of 1897."[260]

That was written in 1902.

But we are now in the year 1913. We now have both Russian "practice" and the "experience of Social-Democracy in Austria."

What do they tell us?

Let us begin with "the extremely instructive experience of Social-Democracy in Austria." Up to 1896 there was a united Social-Democratic Party in Austria. In that year the Czechs at the International Congress in London for the first time demanded separate representation, and were given it. In 1897, at the Vienna (Wimberg) Party Congress, the united party was formally Liquidated and, in its place, a federal league of six national "Social-Democratic groups" was set up. Subsequently these "groups" were converted into independent parties, which gradually severed contact with one another. Following the parties, the parliamentary group broke up; national "clubs" were formed. Next came the trade unions, which also split according to nationalities. Even the cooperative societies were affected, the Czech separatists calling upon the workers to split them up.[261] We will not dwell on the fact that separatist agitation weakens the workers' sense of solidarity and frequently drives them to strike-breaking.

Thus "the extremely instructive experience of Social-Democracy in Austria" speaks *against* the Bund and for the old *Iskra*. Federalism in the Austrian party has led to the most outrageous separatism, to the destruction of the unity of the labor movement.

We have seen above that "practical experience in Russia" also bears this out. Like the Czech separatists, the Bundist separatists have broken with the general Russian Social-Democratic Party. As for the trade unions, the Bundist trade unions, from the outset they were organized on national lines, that is to say, they were cut off from the workers of other nationalities.

Complete segregation and complete rupture, that is what is revealed by the "Russian practical experience" of federalism.

It is not surprising that the effect of this state of affairs upon the workers is to weaken their sense of solidarity and to demoralize them; and the latter process is also penetrating the Bund. We are referring to the increasing collisions between

Jewish and Polish workers in connection with unemployment. Here is the kind of speech that was made on this subject at the Ninth Conference of the Bund:

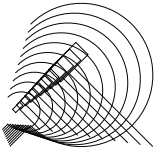
> "We regard the Polish workers, who are ousting us, as pogromists, as scabs; we do not support their strikes, we break them. Secondly, we reply to being ousted by ousting in our turn: we reply to Jewish workers not being allowed into the factories by not allowing Polish workers near the benches.... *If we do not take this matter into our own hands the workers will follow others.*"*[262]

That is the way they talk about solidarity at a Bundist conference.

You cannot go further than that in the way of "demarcation" and "segregation." The Bund has achieved its aim: it is carrying its demarcation between the workers of different nationalities to the point of conflicts and strike-breaking. And there is no other course: "If we do not take this matter into our own hands *the workers will follow others*...."

Disorganization of the labor movement, demoralization of the Social-Democratic ranks—that is what the federalism of the Bund leads to.

Thus, the idea of cultural-national autonomy, the atmosphere it creates, has proved to be even more harmful in Russia than in Austria.



* Our italics.—*J. St.*

CHAPTER 6

The Caucasians, the Conference of the Liquidators

WE SPOKE ABOVE OF THE WAVERINGS OF ONE section of the Caucasian Social-Democrats who were unable to withstand the nationalist "epidemic." These waverings were revealed in the fact that, strange as it may seem, the above-mentioned Social-Democrats followed in the footsteps of the Bund and proclaimed cultural-national autonomy.

Regional autonomy for the Caucasus as a whole and cultural-national autonomy for the nations forming the Caucasus—that is the way these Social-Democrats, who, incidentally, are linked with the Russian Liquidators, formulate their demand.

Listen to their acknowledged leader, the not unknown "*N.*"[263]

> "Everybody knows that the Caucasus differs profoundly from the central gubernias, both as regards the racial composition of its population and as regards its territory and agricultural development. The exploitation and material development of such a region require local workers acquainted with local peculiarities and accustomed

> to the local climate and culture. All laws designed to further the exploitation of the local territory should be issued locally and put into effect by local forces. Consequently, the jurisdiction of the central organ of Caucasian self-government should extend to legislation on local questions.... Hence, the functions of the Caucasian center should consist in the passing of laws designed to further the economic exploitation of the local territory and the material prosperity of the region."[264]

Thus, regional autonomy for the Caucasus.

If we abstract ourselves from the rather confused and incoherent arguments of *N.*, it must be admitted that his conclusion is correct. Regional autonomy for the Caucasus, within the framework of a general state constitution, which *N.* does not deny, is indeed essential because of the peculiarities of its composition and its conditions of life. This was also acknowledged by the Russian Social-Democratic Party, which at its Second Congress proclaimed "regional self-government for those border regions which in respect of their conditions of life and the composition of their population differ from the regions of Russia proper."

When Martov submitted this point for discussion at the Second Congress, he justified it on the grounds that "the vast extent of Russia and the experience of our centralized administration point to the necessity and expediency of regional self-government for such large units as Finland, Poland, Lithuania and the Caucasus."

But it follows that regional *self-government* is to be interpreted as regional *autonomy*.

But *N.* goes further. According to him, regional autonomy for the Caucasus covers "only one aspect of the question."

> "So far, we have spoken only of the material development of local life. But the economic development of a region is facilitated not only by economic activity but also by spiritual, cultural activity.... A culturally strong nation is strong also in the economic sphere.... But the cultural development of nations is possible only in the national languages.... Consequently, all questions connected with the native language are

> questions of national culture. Such are the questions of education, the judicature, the church, literature, art, science, the theatre, etc. If the material development of a region unites nations, matters of national culture disunite them and place each in a separate sphere. Activities of the former kind are associated with a definite territory.... This is not the case with matters of national culture. These are associated not with a definite territory but with the existence of a definite nation. The fate of the Georgian language interests a Georgian, no matter where he lives. It would be a sign of profound ignorance to say that Georgian culture concerns only the Georgians who live in Georgia. Take, for instance, the Armenian church. Armenians of various localities and states take part in the administration of its affairs. Territory plays no part here. Or, for instance, the creation of a Georgian museum interests not only the Georgians of Tiflis, but also the Georgians of Baku, Kutais, St. Petersburg, etc. Hence, the administration and control of all affairs of national culture must be left to the nations concerned. we proclaim in favor of cultural-national autonomy for the Caucasian nationalities."[265]

In short, since culture is not territory, and territory is not culture, cultural-national autonomy is required. That is all *N.* can say in the latter's favor.

We shall not stop to discuss again national-cultural autonomy in general; we have already spoken of its objectionable character. We should like to point out only that, while being unsuitable in general, cultural-national autonomy is also meaningless and nonsensical in relation to Caucasian conditions.

And for the following reason:

Cultural-national autonomy presumes more or less developed nationalities, with a developed culture and literature. Failing these conditions, autonomy loses all sense and becomes an absurdity. But in the Caucasus, there are a number of nationalities each possessing a primitive culture, a separate language, but without its own literature; nationalities, moreover, which are in a state of transition, partly becoming assimilated and partly continuing to develop. How is cultural-national autonomy to be applied to them? What is to be done with such nationalities? How are they to be "organized" into

separate cultural-national unions, as is undoubtedly implied by cultural-national autonomy?

What is to be done with the Mingrelians, the Abkhasians, the Adjarians, the Svanetians, the Lesghians, and so on, who speak different languages but do not possess a literature of their own? To what nations are they to be attached? Can they be "organized" into national unions? Around what "cultural affairs" are they to be "organized"?

What is to be done with the Ossetians, of whom the Transcaucasian Ossetians are becoming assimilated (but are as yet by no means wholly assimilated) by the Georgians, while the Cis-Caucasian Ossetians are partly being assimilated by the Russians and partly continuing to develop and are creating their own literature? How are they to be "organized" into a single national union?

To what national union should one attach the Adjarians, who speak the Georgian language, but whose culture is Turkish and who profess the religion of Islam? Shall they be "organized" separately from the Georgians *with regard to religious affairs and together with the Georgians with regard to other cultural affairs*? And what about the Kobuletians, the Ingushes, the Inghilois?

What kind of autonomy is that which excludes a whole number of nationalities from the list?

No, that is not a solution of the national question, but the fruit of idle fancy.

But let us grant the impossible and assume that our *N.*'s national-cultural autonomy has been put into effect. Where would it lead to, what would be its results? Take, for instance, the Transcaucasian Tatars, with their minimum percentage of literates, their schools controlled by the omnipotent mullahs and their culture permeated by the religious spirit.... It is not difficult to understand that to "organize" them into a cultural national union would mean to place them under the control of the mullahs, to deliver them over to the tender mercies of the

reactionary mullahs, to create a new stronghold of spiritual enslavement of the Tatar masses to their worst enemy.

But since when have Social-Democrats made it a practice to bring grist to the mill of the reactionaries?

Could the Caucasian Liquidators really find nothing better to "proclaim" than the isolation of the Transcaucasian Tatars within a cultural-national union which would place the masses under the thralldom of vicious reactionaries?

No, that is no solution of the national question.

The national question in the Caucasus can be solved only *by drawing the belated nations and nationalities into the common stream of a higher culture*. It is the only progressive solution and the only solution acceptable to Social-Democracy. Regional autonomy in the Caucasus is acceptable because it would draw the belated nations into the common cultural development; it would help them to cast off the shell of small nation insularity; it would impel them forward and facilitate access to the benefits of higher culture. Cultural-national autonomy, however, acts in a diametrically opposite direction, because it shuts up the nations within their old shells, binds them to the lower stages of cultural development and prevents them from rising to the higher stages of culture.

In this way national autonomy counteracts the beneficial aspects of regional autonomy and nullifies it.

That is why the mixed type of autonomy which combines national-cultural autonomy and regional autonomy as proposed by *N.* is also unsuitable. This unnatural combination does not improve matters but makes them worse, because in addition to retarding the development of the belated nations it transforms regional autonomy into an arena of conflict between the nations organized in the national unions.

Thus cultural-national autonomy, which is unsuitable generally, would be a senseless, reactionary undertaking in the Caucasus.

So much for the cultural-national autonomy of *N.* and his Caucasian fellow-thinkers.

Whether the Caucasian Liquidators will take "a step forward" and follow in the footsteps of the Bund on the question of organization also, the future will show. So far, in the history of Social-Democracy federalism in organization always preceded national autonomy in program. The Austrian Social-Democrats introduced organizational federalism as far back as 1897, and it was only two years later (1899) that they adopted national autonomy. The Bundists spoke distinctly of national autonomy for the first time in 1901, whereas organizational federalism had been practiced by them since 1897.

The Caucasian Liquidators have begun from the end, from national autonomy. If they continue to follow in the footsteps of the Bund, they will first have to demolish the whole existing organizational edifice, which was erected at the end of the 1890s on the basis of internationalism.

But easy though it was to adopt national autonomy, which is still not understood by the workers, it will be difficult to demolish an edifice which it has taken years to build and which has been raised and cherished by the workers of all the nationalities of the Caucasus. This Herostratian undertaking has only to be begun and the eyes of the workers will be opened to the nationalist character of cultural-national autonomy.



While the Caucasians are settling the national question in the usual manner, by means of verbal and written discussion, the All-Russian Conference of the Liquidators has invented a

most unusual method. It is a simple and easy method. Listen to this:

> "Having heard the communication of the Caucasian delegation to the effect that... it is necessary to demand national-cultural autonomy, this conference, while expressing no opinion on the merits of this demand, declares that such an interpretation of the clause of the program which recognizes the right of every nationality to self-determination does not contradict the precise meaning of the program."[266]

Thus, first of all they "express no opinion on the merits" of the question, and then they "declare." An original method....

And what does this original conference "declare"?

That the "demand" for national-cultural autonomy "does not contradict the precise meaning" of the program, which recognizes the right of nations to self-determination.

Let us examine this proposition.

The clause on self-determination speaks of the rights of nations.[267] According to this clause, nations have the right not only of autonomy but also of secession. It is a question of *political* self-determination. Whom did the Liquidators want to fool when they endeavored to misinterpret this right of nations to political self-determination, which has long been recognized by the whole of international Social-Democracy?

Or perhaps the Liquidators will try to wriggle out of the situation and defend themselves by the sophism that cultural-national autonomy "does not contradict" the rights of nations? That is to say, if all the nations in a given state agree to arrange their affairs on the basis of cultural-national autonomy, they, the given sum of nations, are fully entitled to do so and nobody may *forcibly impose* a different form of political life on them. This is both new and clever. Should it not be added that, speaking generally, a nation has the right to abolish its own constitution, replace it by a system of tyranny and revert to the old order on the grounds that the nation, and the nation alone, has the right to determine its own destiny? We repeat:

in this sense, neither cultural-national autonomy nor any other kind of nationalist reaction "contradicts" *the rights of nations*.

Is that what the esteemed conference wanted to say?

No, not that. It specifically says that cultural-national autonomy "does not contradict," not the rights of nations, but "*the precise meaning*" *of the program*. The point here is the program and not the rights of nations.

And that is quite understandable. If it were some nation that addressed itself to the conference of Liquidators, the conference might have directly declared that the nation has a right to cultural-national autonomy. But it was not a nation that addressed itself to the conference, but a "delegation" of Caucasian Social-Democrats—bad Social-Democrats, it is true, but Social-Democrats nevertheless. And they inquired not about the rights of nations, but whether cultural-national autonomy contradicted *the principles of Social-Democracy*, whether it did not "contradict" "*the precise meaning*" *of the program of Social-Democracy*.

Thus, *the rights of nations and* "*the precise meaning*" *of the program of Social-Democracy* are not one and the same thing.

Evidently, there are demands which, while they do not contradict the rights of nations, may yet contradict "the precise meaning" of the program.

For example. The program of the Social-Democrats contains a clause on freedom of religion. According to this clause any group of persons *have the right* to profess any religion they please: Catholicism, the religion of the Orthodox Church, etc. Social-Democrats will combat all forms of religious persecution, be it of members of the Orthodox Church, Catholics or Protestants. Does this mean that Catholicism, Protestantism, etc., "do not contradict the precise meaning" of the program? No, it does not. Social-Democrats will always protest against persecution of Catholicism or Protestantism; they will always defend the right of nations to profess any

religion they please; but at the same time, on the basis of a correct understanding of the interests of the proletariat, they will carry on agitation against Catholicism, Protestantism and the religion of the Orthodox Church in order to achieve the triumph of the socialist world outlook.

And they will do so just because there is no doubt that Protestantism, Catholicism, the religion of the Orthodox Church, etc., "contradict the precise meaning" of the program, i.e., the correctly understood interests of the proletariat.

The same must be said of self-determination. Nations have a right to arrange their affairs as they please; they have a right to preserve any of their national institutions, whether beneficial or harmful—nobody can (nobody has a right to!) *forcibly* interfere in the life of a nation. But that does not mean that Social-Democracy will not combat and agitate against the harmful institutions of nations and against the inexpedient demands of nations. On the contrary, it is the duty of Social-Democracy to conduct such agitation and to endeavor to influence the will of nations so that the nations may arrange their affairs in the way that will best correspond to the interests of the proletariat. For this reason, Social-Democracy, while fighting for the right of nations to self-determination, will at the same time agitate, for instance, against the secession of the Tatars, or against cultural-national autonomy for the Caucasian nations; for both, while not contradicting the rights of these nations, do contradict "*the precise meaning*" *of the program*, i.e., the interests of the Caucasian proletariat.

Obviously, "the rights of nations" and the "precise meaning" of the program are on two entirely different planes. Whereas the "precise meaning" of the program expresses the interests of the proletariat, as scientifically formulated in the program of the latter, the rights of nations may express the interests of any class—bourgeoisie, aristocracy, clergy, etc.—depending on the strength and influence of these classes. On the one hand are the *duties* of Marxists, on the other the

rights of nations, which consist of various classes. The rights of nations and the principles of Social-Democracy may or may not "contradict" each other, just as, say, the pyramid of Cheops may or may not contradict the famous conference of the Liquidators. They are simply not comparable.

But it follows that the esteemed conference most unpardonably muddled two entirely different things. The result obtained was not a solution of the national question but an absurdity, according to which the rights of nations and the principles of Social-Democracy "do not contradict" each other, and, consequently; every demand of a nation may be made compatible with the interests of the proletariat; consequently, no demand of a nation which is striving for self-determination will "contradict the precise meaning" of the program!

They pay no heed to logic....

It was this absurdity that gave rise to the now famous resolution of the conference of the Liquidators which declares that the demand for national-cultural autonomy "does not contradict the precise meaning" of the program. But it was not only the laws of logic that were violated by the conference of the Liquidators.

By sanctioning cultural-national autonomy it also violated its duty to Russian Social-Democracy. It most definitely did violate "the precise meaning" of the program, for it is well known that the Second Congress, which adopted the program, *emphatically repudiated* cultural-national autonomy. Here is what was said at the congress in this connection:

> "*Goldblatt* (Bundist): ... I deem it necessary that special institutions be set up to protect the freedom of cultural development of nationalities, and I therefore propose that the following words be added to §8: '*and the creation of institutions which will guarantee them complete freedom of cultural development*.'" [This, as we know, is the Bund's definition of cultural-national autonomy.—*J. St.*]
>
> "*Martynov* pointed out that general institutions must be so constituted as to protect particular interests also. It is impossible

to create a *special* institution to guarantee freedom for cultural development of the nationalities.

"*Yegorov*: On the question of nationality, we can adopt only negative proposals, i.e., we are opposed to all restrictions upon nationality. But we, as Social-Democrats, are not concerned with whether any particular nationality will develop as such. That is a spontaneous process.

"*Koltsov*: The delegates from the Bund are always offended when their nationalism is referred to. Yet the amendment proposed by the delegate from the Bund is of a purely nationalist character. We are asked to take purely offensive measures in order to support even nationalities that are dying out.

[In the end] "*Goldblatt's amendment was rejected by the majority, only three votes being cast for it*."[268]

Thus, it is clear that the conference of the Liquidators did "contradict the precise meaning" of the program. It violated the program.

The Liquidators are now trying to justify themselves by referring to the Stockholm Congress, which they allege sanctioned cultural-national autonomy. Thus, V. Kossovsky writes:

"As we know, according to the agreement adopted by the Stockholm Congress, the Bund was allowed to preserve its national program (pending a decision on the national question by a general Party congress). This congress recorded that national-cultural autonomy at any rate does not contradict the general Party program."[269]

But the efforts of the Liquidators are in vain. The Stockholm Congress never thought of sanctioning the program of the Bund—it merely agreed to leave the question open for the time being. The brave Kossovsky did not have enough courage to tell the whole truth. But the facts speak for themselves. Here they are:

"An amendment was moved by Galin: 'The question of the national program *is left open in view of the fact that it is not being examined* by the congress.' (For—50 votes, against—32.)

"*Voice*: What does that mean – open?

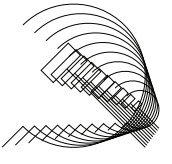
> "*Chairman*: When we say that the national question is left open, it means that the Bund may maintain its decision on this question until the next congress."[270*]

As you see, the congress even did "not examine" the question of the national program of the Bund—it simply left it "open," leaving the Bund itself to decide the fate of its program until the next general congress met. In other words, the Stockholm Congress avoided the question, expressing no opinion on cultural-national autonomy one way or another.

The conference of the Liquidators, however, most definitely undertakes to give an opinion on the matter, declares cultural-national autonomy to be acceptable, and endorses it in the name of the Party program. The difference is only too evident.

Thus, in spite of all its artifices, the conference of the Liquidators did not advance the national question a single step.

All it could do was to squirm before the Bund and the Caucasian national-Liquidators.



* Our italics.—*J. St.*

CHAPTER 7

The National Question in Russia

IT REMAINS FOR US TO SUGGEST A POSITIVE solution of the national question.

We take as our starting point that the question can be solved only in intimate connection with the present situation in Russia.

Russia is in a transitional period, when "normal," "constitutional" life has not yet been established and when the political crisis has not yet been settled. Days of storm and "complications" are ahead. And this gives rise to the movement, the present and the future movement, the aim of which is to achieve complete democratization.

It is in connection with this movement that the national question must be examined.

Thus, the complete democratization of the country is the *basis* and condition for the solution of the national question.

When seeking a solution of the question we must take into account not only the situation at home but also the situation abroad. Russia is situated between Europe and Asia, between Austria and China. The growth of democracy in Asia

is inevitable. The growth of imperialism in Europe is not fortuitous. In Europe, capital is beginning to feel cramped, and it is reaching out towards foreign countries in search of new markets, cheap labor and new fields of investment. But this leads to external complications and to war. No one can assert that the Balkan War[271] is the end and not the beginning of the complications. It is quite possible, therefore, that a combination of internal and external conditions may arise in which one or another nationality in Russia may find it necessary to raise and settle the question of its independence. And, of course, it is not for Marxists to create obstacles in such cases.

But it follows that Russian Marxists cannot dispense with the right of nations to self-determination.

Thus, *the right of self-determination is an essential element* in the solution of the national question.

Further. What must be our attitude towards nations which for one reason or another will prefer to remain within the framework of the whole?

We have seen that cultural-national autonomy is unsuitable. Firstly, it is artificial and impracticable, for it proposes artificially to draw into a single nation people whom the march of events, real events, is disuniting and dispersing to every corner of the country. Secondly, it stimulates nationalism, because it leads to the viewpoint in favor of the "demarcation" of people according to national curiae, the "organization" of nations, the "preservation" and cultivation of "national peculiarities"—all of which are entirely incompatible with Social-Democracy. It is not fortuitous that the Moravian separatists in the Reichsrat, having severed themselves from the German Social-Democratic deputies, have united with the Moravian bourgeois deputies to form a single, so to speak, Moravian "kolo." Nor is it fortuitous that the separatists of the Bund have got themselves involved in nationalism by acclaiming the "Sabbath" and "Yiddish." There are no

Bundist deputies yet in the Duma, but in the Bund area there is a clerical-reactionary Jewish community, in the "controlling institutions" of which the Bund is arranging, for a beginning, a "get-together" of the Jewish workers and bourgeois.[272] Such is the logic of cultural-national autonomy.

Thus, *national* autonomy does not solve the problem.

What, then, is the way out?

The only correct solution is *regional* autonomy, autonomy for such crystallized units as Poland, Lithuania, the Ukraine, the Caucasus, etc.

The advantage of regional autonomy consists, first of all, in the fact that it does not deal with a fiction bereft of territory, but with a definite population inhabiting a definite territory. Next, it does not divide people according to nations, it does not strengthen national barriers; on the contrary, it breaks down these barriers and unites the population in such a manner as to open the way for division of a different kind, division according to classes. Finally; it makes it possible to utilize the natural wealth of the region and to develop its productive forces in the best possible way without awaiting the decisions of a common center—functions which are not inherent features of cultural-national autonomy.

Thus, *regional autonomy is an essential element* in the solution of the national question.

Of course, not one of the regions constitutes a compact, homogeneous nation, for each is interspersed with national minorities. Such are the Jews in Poland, the Letts in Lithuania, the Russians in the Caucasus, the Poles in the Ukraine, and so on. It may be feared, therefore, that the minorities will be oppressed by the national majorities. But there will be grounds for fear only if the old order continues to prevail in the country. Give the country complete democracy and all grounds for fear will vanish.

It is proposed to bind the dispersed minorities into a single national union. But what the minorities want is not an artificial

union, but real rights in the localities they inhabit. What can such a union give them *without* complete democratization? On the other hand, what need is there for a national union *when there* is complete democratization?

What is it that particularly agitates a national minority?

A minority is discontented not because there is no national union but because it does not enjoy the right to use its native language. Permit it to use its native language and the discontent will pass of itself.

A minority is discontented not because there is no artificial union but because it does not possess its own schools. Give it its own schools and all grounds for discontent will disappear.

A minority is discontented not because there is no national union, but because it does not enjoy liberty of conscience (religious liberty), liberty of movement, etc. Give it these liberties and it will cease to be discontented.

Thus, *equal rights of nations in all forms* (*language, schools, etc.*) *is an essential element* in the solution of the national question. Consequently, a state law based on complete democratization of the country is required, prohibiting all national privileges without exception and every kind of disability or restriction on the rights of national minorities.

That, and that alone, is the real, not a paper guarantee of the rights of a minority.

One may or may not dispute the existence of a logical connection between organizational federalism and cultural-national autonomy. But one cannot dispute the fact that the latter creates an atmosphere favoring unlimited federalism, developing into complete rupture, into separatism. If the Czechs in Austria and the Bundists in Russia began with autonomy, passed to federation and ended in separatism, there can be no doubt that an important part in this was played by the nationalist atmosphere that is naturally generated by cultural-national autonomy. It is not fortuitous that national autonomy and organizational federalism go hand in hand. It

is quite understandable. Both demand demarcation according to nationalities. Both presume organization according to nationalities. The similarity is beyond question. The only difference is that in one case the population as a whole is divided, while in the other it is the Social-Democratic workers who are divided.

We know where the demarcation of workers according to nationalities leads to. The disintegration of a united workers' party, the splitting of trade unions according to nationalities, aggravation of national friction, national strikebreaking, complete demoralization within the ranks of Social-Democracy—such are the results of organizational federalism. This is eloquently borne out by the history of Social-Democracy in Austria and the activities of the Bund in Russia.

The only cure for this is organization on the basis of internationalism.

To unite locally the workers of all nationalities of Russia into *single, integral* collective bodies, to unite these collective bodies into a *single* party—such is the task.

It goes without saying that a party structure of this kind does not preclude, but on the contrary presumes, wide autonomy for the *regions* within the single integral party.

The experience of the Caucasus proves the expediency of this type of organization. If the Caucasians have succeeded in overcoming the national friction between the Armenian and Tatar workers; if they have succeeded in safeguarding the population against the possibility of massacres and shooting affrays; if in Baku, that kaleidoscope of national groups, national conflicts are now no longer possible, and if it has been possible to draw the workers there into the single current of a powerful movement, then the international structure of the Caucasian Social-Democracy was not the least factor in bringing this about.

The type of organization influences not only practical work. It stamps an indelible impress on the whole mental life of the worker. The worker lives the life of his organization, which stimulates his intellectual growth and educates him. And thus, acting within his organization, and continually meeting there, comrades from other nationalities, and side by side with them waging a common struggle under the leadership of a common collective body, he becomes deeply imbued with the idea that workers are *primarily* members of one class family, members of the united army of socialism. And this cannot but have a tremendous educational value for large sections of the working class.

Therefore, the international type of organization serves as a school of fraternal sentiments and is a tremendous agitational factor on behalf of internationalism.

But this is not the case with an organization on the basis of nationalities. When the workers are organized according to nationality, they isolate themselves within their national shells, fenced off from each other by organizational barriers. The stress is laid not on what is *common* to the workers but on what distinguishes them from each other. In this type of organization, the worker is *primarily* a member of his nation: a Jew, a Pole, and so on. It is not surprising that *national* federalism in organization inculcates in the workers a spirit of national seclusion.

Therefore, the national type of organization is a school of national narrow-mindedness and stagnation.

Thus, we are confronted by two *fundamentally* different types of organization: the type based on international solidarity and the type based on the organizational "demarcation" of the workers according to nationalities.

Attempts to reconcile these two types have so far been vain. The compromise rules of the Austrian Social-Democratic Party drawn up in Wimberg in 1897 were left hanging in the air. The Austrian party fell to pieces and dragged the trade

unions with it. "Compromise" proved to be not only utopian, but harmful. Strasser is right when he says that "separatism achieved its first triumph at the Wimberg Party Congress."[273] The same is true in Russia. The "compromise" with the federalism of the Bund which took place at the Stockholm Congress ended in a complete fiasco. The Bund violated the Stockholm compromise. Ever since the Stockholm Congress the Bund has been an obstacle in the way of union of the workers locally in a *single* organization, which would include workers of all nationalities. And the Bund has obstinately persisted in its separatist tactics in spite of the fact that in 1907 and in 1908 Russian Social-Democracy repeatedly demanded that unity should at last be established from below among the workers of all nationalities. The Bund, which began with organizational national autonomy, in fact passed to federalism, only to end in complete rupture, separatism. And by breaking with the Russian Social-Democratic Party it caused disharmony and disorganization in the ranks of the latter. Let us recall the Jagiello affair,[274] for instance.

The path of "compromise" must therefore be discarded as utopian and harmful.

One thing or the other: *either* the federalism of the Bund, in which case the Russian Social-Democratic Party must re-form itself on a basis of "demarcation" of the workers according to nationalities; *or* an international type of organization, in which case the Bund must reform itself on a basis of territorial autonomy after the pattern of the Caucasian, Lettish and Polish Social-Democracies, and thus make possible the direct union of the Jewish workers with the workers of the other nationalities of Russia.

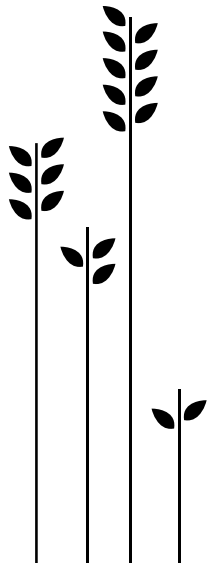
There is no middle course: principles triumph, they do not "compromise."

Thus, *the principle of international solidarity of the workers is an essential element* in the solution of the national question.

Mao Zedong

OPPOSE BOOK WORSHIP, & WHERE DO CORRECT IDEAS COME FROM?





OPPOSE BOOK WORSHIP

I. No Investigation, No Right to Speak

UNLESS YOU HAVE INVESTIGATED A PROBLEM, you will be deprived of the right to speak on it.[275] Isn't that too harsh? Not in the least. When you have not probed into a problem, into the present facts and its past history, and know nothing of its essentials, whatever you say about it will undoubtedly be nonsense. Talking nonsense solves no problems, as everyone knows, so why is it unjust to deprive you of the right to speak? Quite a few comrades always keep their eyes shut and talk nonsense, and for a Communist that is disgraceful. How can a Communist keep his eyes shut and talk nonsense?

It won't do!

It won't do!

You must investigate!

You must not talk nonsense!

II. To Investigate a Problem is to Solve It

You can't solve a problem? Well, get down and investigate the present facts and its past history! When you have investigated the problem thoroughly, you will know how to solve it. Conclusions invariably come after investigation, and not before. Only a blockhead cudgels his brains on his own, or together with a group, to "find solution" or "evolve an idea" without making any investigation. It must be stressed that this cannot possibly lead to any effective solution or any good idea. In other words, he is bound to arrive at a wrong solution and a wrong idea.

There are not a few comrades doing inspection work, as well as guerrilla leaders and cadres newly in office, who like to make political pronouncements the moment they arrive at a place and who strut about, criticizing this and condemning that when they have only seen the surface of things or minor details. Such purely subjective nonsensical talk is indeed detestable. These people are bound to make a mess of things, lose the confidence of the masses and prove incapable of solving any problem at all.

When they come across difficult problems, quite a number of people in leading positions simply heave a sigh without being able to solve them. They lose patience and ask to be transferred on the ground that they "have not the ability and cannot do the job"; These are cowards' words. Just get moving on your two legs, go the rounds of every section placed under your charge and "inquire into everything" as Confucius did,[276] and then you will be able to solve the problems, however little is your ability; for although your head may be empty before you go out of doors, it will be empty no longer when you return but will contain all sorts of material necessary for the solution of the problems, and that is how problems are solved. Must you go out of doors? Not necessarily. You can call a fact-finding meeting of people familiar with the situation in order

to get at the source of what you call a difficult problem and come to know how it stands now, and then it will be easy to solve your difficult problem.

Investigation may be likened to the long months of pregnancy, and solving a problem to the day of birth. To investigate a problem is, indeed, to solve it.

III. Oppose Book Worship

Whatever is written in a book is right—such is still the mentality of culturally backward Chinese peasants. Strangely enough, within the Communist Party there are also people who always say in a discussion, "Show me where it's written in the book." When we say that a directive of a higher organ of leadership is correct, that is not just because it comes from "a higher organ of leadership" but because its contents conform with both the objective and subjective circumstances of the struggle and meet its requirements. It is quite wrong to take a formalistic attitude and blindly carry out directives without discussing and examining them in the light of actual conditions simply because they come from a higher organ. It is the mischief done by this formalism which explains why the line and tactics of the Party do not take deeper root among the masses. To carry out a directive of a higher organ blindly, and seemingly without any disagreement, is not really to carry it out, but is the most artful way of opposing or sabotaging it.

The method of studying the social sciences exclusively from the book is likewise extremely dangerous and may even lead one onto the road of counter-revolution. Clear proof of this is provided by the fact that whole batches of Chinese Communists who confined themselves to books in their study of the social sciences have turned into counter-revolutionaries. When we say Marxism is correct, it is certainly not because Marx was a "prophet" but because his theory has been proved correct in our practice and in our struggle. We need

Marxism in our struggle. In our acceptance of his theory no such formalization of mystical notion as that of "prophecy" ever enters our minds. Many who have read Marxist books have become renegades from the revolution, whereas illiterate workers often grasp Marxism very well. Of course, we should study Marxist books, but this study must be integrated with our country's actual conditions. We need books, but we must overcome book worship, which is divorced from the actual situation.

How can we overcome book worship? The only way is to investigate the actual situation.

IV. Without Investigating the Actual Situation, There is Bound to be an Idealist Appraisal of Class Forces and an Idealist Guidance in Work, Resulting Either in Opportunism or in Putschism

Do you doubt this conclusion? Facts will force you to accept it. Just try and appraise the political situation or guide the struggle without making any investigation, and you will see whether or not such appraisal or guidance is groundless and idealist and whether or not it will lead to opportunist or putschist errors.* Certainly, it will. This is not because of failure to make careful plans before taking action but because of failure to study the specific social situation carefully before making the plans, as often happens in our Red Army guerrilla units. Officers of the Li Kui type do not discriminate when they punish the men for offenses.[277] As a result, the offenders feel they have been unfairly treated, many disputes ensue, and the leaders lose all prestige. Does this not happen frequently in the Red Army?

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* *Putschism*—the idea that revolution must take place through a putsch, a coup d'état, rather than the mobilization of the masses.—*Ed*.

We must wipe out idealism and guard against all opportunist and putschist errors before we can succeed in winning over the masses and defeating the enemy. The only way to wipe out idealism is to make the effort and investigate the actual situation.

V. The Aim of Social and Economic Investigation is to Arrive at a Correct Appraisal of Class Forces and Then to Formulate Correct Tactics for the Struggle

This is our answer to the question: Why do we have to investigate social and economic conditions? Accordingly, the object of our investigation is all the social classes and not fragmentary social phenomena. Of late, the comrades in the Fourth Army of the Red Army have generally given attention to the work of investigation,[278] but the method many of them employ is wrong. The results of their investigation are therefore as trivial as a grocer's accounts, or resemble the many strange tales a country bumpkin hears when he comes to town, or are like a distant view of a populous city from a mountain top. This kind of investigation is of little use and cannot achieve our main purpose. Our main purpose is to learn the political and economic situation of the various social classes. The outcome of our investigation should be a picture of the present situation of each class and the ups and downs of its development. For example, when we investigate the composition of the peasantry, not only must we know the number of owner-peasants, semi-owner peasants and tenant-peasants, who are differentiated according to tenancy relationships, but more especially we must know the number of rich peasants, middle peasants and poor peasants, who are differentiated according to class or stratum. When we investigate the composition of the merchants, not only must we know the number in each trade, such as grain, clothing, medicinal herbs, etc., but more

especially we must know the number of small merchants, middle merchants and big merchants. We should investigate not only the state of each trade, but more especially the class relations within it. We should investigate the relationships not only between the different trades but more especially between the different classes. Our chief method of investigation must be to dissect the different social classes, the ultimate purpose being to understand their interrelations, to arrive at a correct appraisal of class forces and then to formulate the correct tactics for the struggle, defining which classes constitute the main force in the revolutionary struggle, which classes are to be won over as allies and which classes are to be overthrown. This is our sole purpose.

What are the social classes requiring investigation? They are: the industrial proletariat, the handicraft workers, the farm laborers, the poor peasants, the urban poor, the lumpen-proletariat, the master handicraftsmen, the small merchants, the middle peasants, the rich peasants, the landlords, the commercial bourgeoisie, and the industrial bourgeoisie.

In our investigation we should give attention to the state of all these classes or strata. Only the industrial proletariat and industrial bourgeoisie are absent in the areas where we are now working, and we constantly come across all the others. Our tactics of struggle are tactics in relation to all these classes and strata.

Another serious shortcoming in our past investigations has been the undue stress on the countryside to the neglect of the towns, so that many comrades have always been vague about our tactics towards the urban poor and the commercial bourgeoisie. The development of the struggle has enabled us to leave the mountains for the plains.[279] We have descended physically, but we are still up in the mountains mentally. We must understand the towns as well as the countryside, or we shall be unable to meet the needs of the revolutionary struggle.

VI. Victory in China's Revolutionary Struggle Will Depend on the Chinese Comrades' Understanding of Chinese Conditions

The aim of our struggle is to attain socialism via the stage of democracy. In this task, the first step is to complete the democratic revolution by winning the majority of the working class and arousing the peasant masses and the urban poor for the overthrow of the landlord class, imperialism and the Kuomintang regime. The next step is to carry out the socialist revolution, which will follow on the development of this struggle. The fulfillment of this great revolutionary task is no simple or easy job and will depend entirely on correct and firm tactics on the part of the proletarian party. If its tactics of struggle are wrong, or irresolute and wavering, the revolution will certainly suffer temporary defeat. It must be borne in mind that the bourgeois parties, too, constantly discuss their tactics of struggle. They are considering how to spread reformist influences among the working class so as to mislead it and turn it away from Communist Party leadership, how to get the rich peasants to put down the uprisings of the poor peasants and how to organize gangsters to suppress the revolutionary struggles. In a situation when the class struggle grows increasingly acute and is waged at close quarters, the proletariat has to depend for its victory entirely on the correct and firm tactics of struggle of its own party, the Communist Party. A Communist Party's correct and unswerving tactics of struggle can in no circumstance be created by a few people sitting in an office; they emerge in the course of mass struggle, that is, through actual experience. Therefore, we must at all times study social conditions and make practical investigations. Those comrades who are inflexible, conservative, formalistic and groundlessly optimistic think that the present tactics of struggle are perfect, that the "Book of Documents" of the Party's Sixth National Congress guarantees lasting victory,[280]

and that one can always be victorious merely by adhering to the established methods. These ideas are absolutely wrong and have nothing in common with the idea that Communists should create favorable new situations through struggle; they represent a purely conservative line. Unless it is completely discarded, this line will cause great losses to the revolution and do harm to these comrades themselves. There are obviously some comrades in our Red Army who are content to leave things as they are, who do not seek to understand anything thoroughly and are groundlessly optimistic, and they spread the fallacy that "this is proletarian." They eat their fill and sit dozing in their offices all day long without ever moving a step and going out among the masses to investigate. Whenever they open their mouths, their platitudes make people sick. To awaken these comrades, we must raise our voices and cry out to them:

Change your conservative ideas without delay!

Replace them by progressive and militant Communist ideas!

Get into the struggle!

Go among the masses and investigate the facts!

VII. The Technique of Investigation

1. Hold fact-finding meetings and undertake investigation through discussions.

This is the only way to get near the truth, the only way to draw conclusions. It is easy to commit mistakes if you do not hold fact-finding meetings for investigation through discussions but simply rely on one individual relating his own experience. You cannot possibly draw more or less correct conclusions at such meetings if you put questions casually instead of raising key questions for discussion.

2. What kind of people should attend the fact-finding meetings?

They should be people well acquainted with social and economic conditions. As far as age is concerned, older people are best, because they are rich in experience and not only know what is going on but understand the causes and effects. Young people with experience of struggle should also be included, because they have progressive ideas and sharp eyes. As far as occupation is concerned, there should be workers, peasants, merchants, intellectuals, and occasionally soldiers, and sometimes even vagrants. Naturally, when a particular subject is being looked into, those who have nothing to do with it need not be present. For example, workers, peasants and students need not attend when commerce is the subject of investigation.

3. Which is better, a large fact-finding meeting or a small one?

That depends on the investigator's ability to conduct a meeting. If he is good at it, a meeting of as many as a dozen or even twenty or more people can be called. A large meeting has its advantages; from the answers you get fairly accurate statistics (e.g., in finding out the percentage of poor peasants in the total peasant population) and fairly correct conclusions (e.g., in finding out whether equal or differentiated land redistribution is better). Of course, it has its disadvantages too; unless you are skillful in conducting meetings, you will find it difficult to keep order. So, the number of people attending a meeting depends on the competence of the investigator. However, the minimum is three, or otherwise the information obtained will be too limited to correspond to the real situation.

4. Prepare a detailed outline for the investigation.

A detailed outline should be prepared beforehand, and the investigator should ask questions according to the outline, with those present at the meeting giving their answers. Any points which are unclear or doubtful should be put up for discussion. The detailed outline should include main subjects and sub-headings and also detailed items. For instance, taking

commerce as a main subject, it can have such sub-headings as cloth, grain, other necessities and medicinal herbs; again, under cloth, there can be such detailed items as calico, homespun and silk and satin.

5. Personal participation.

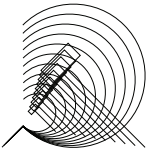
Everyone with responsibility for giving leadership—from the chairman of the township government to the chairman of the central government, from the detachment leader to the commander-in-chief, from the secretary of a Party branch to the general secretary—must personally undertake investigation into the specific social and economic conditions and not merely rely on reading reports. For investigation and reading reports are two entirely different things.

6. Probe deeply.

Anyone new to investigation work should make one or two thorough investigations in order to gain full knowledge of a particular place (say, a village or a town) of a particular problem (say, the problem of grain or currency). Deep probing into a particular place or problem will make future investigation of other places or problems easier.

7. Make your own notes.

The investigator should not only preside at fact-finding meetings and give proper guidance to those present but should also make his own notes and record the results himself. To have others do it for him is no good.



WHERE DO CORRECT IDEAS COME FROM?

WHERE DO CORRECT IDEAS COME FROM? DO they drop from the skies? No. Are they innate in the mind? No. They come from social practice, and from it alone; they come from three kinds of social practice, the struggle for production, the class struggle, and scientific experiment. It is man's social being that determines his thinking.

Once the correct ideas characteristic of the advanced class are grasped by the masses, these ideas turn into a material force which changes society and changes the world. In their social practice, men engage in various kinds of struggle and gain rich experience, both from their successes and from their failures. Countless phenomena of the objective external world are reflected in a man's brain through his five sense organs—the organs of sight, hearing, smell, taste, and touch.

At first, knowledge is perceptual. The leap to conceptual knowledge, i.e., to ideas, occurs when sufficient perceptual knowledge is accumulated. This is one process in cognition. It is the first stage in the whole process of cognition, the stage leading from objective matter to subjective consciousness—

from existence to ideas. Whether or not one's consciousness or ideas (including theories, policies, plans or measures) do correctly reflect the laws of the objective external world is not yet proved at this stage, in which it is not yet possible to ascertain whether they are correct or not.

Then comes the second stage in the process of cognition, the stage leading from consciousness back to matter, from ideas back to existence, in which the knowledge gained in the first stage is applied in social practice to ascertain whether the theories, policies, plans or measures meet with the anticipated success.

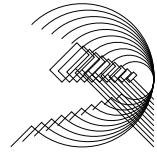
Generally speaking, those that succeed are correct and those that fail are incorrect, and this is especially true of man's struggle with nature. In social struggle, the forces representing the advanced class sometimes suffer defeat not because their ideas are incorrect but because, in the balance of forces engaged in struggle, they are not as powerful for the time being as the forces of reaction; they are therefore temporarily defeated, but they are bound to triumph sooner or later.

Man's knowledge makes another leap through the test of practice. This leap is more important than the previous one. For it is this leap alone that can prove the correctness or incorrectness of the first leap in cognition, i.e., of the ideas, theories, policies, plans or measures formulated in the course of reflecting the objective external world. There is no other way of testing truth.

Furthermore, the one and only purpose of the proletariat in knowing the world is to change it. Often, correct knowledge can be arrived at only after many repetitions of the process leading from matter to consciousness and then back to matter, that is, leading from practice to knowledge and then back to practice. Such is the Marxist theory of knowledge, the dialectical materialist theory of knowledge.

Among our comrades there are many who do not yet understand this theory of knowledge. When asked the

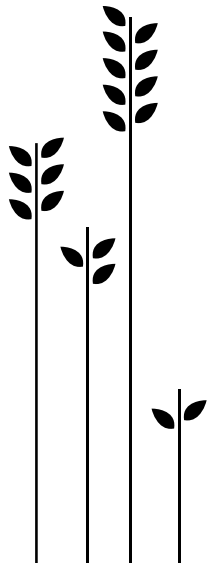
sources of their ideas, opinions, policies, methods, plans and conclusions, eloquent speeches, and long articles, they consider the questions strange and cannot answer. Nor do they comprehend that matter can be transformed into consciousness and consciousness into matter, although such leaps are phenomena of everyday life. It is therefore necessary to educate our comrades in the dialectical materialist theory of knowledge, so that they can orientate their thinking correctly, become good at investigation and study and at summing up experience, overcome difficulties, commit fewer mistakes, do their work better, and struggle hard so as to build China into a great and powerful socialist country and help the broad masses of the oppressed and exploited throughout the world in fulfillment of our great internationalist duty.



Mao Zedong

ON PRACTICE & ON CONTRADICTION





ON PRACTICE

BEFORE MARX, MATERIALISM EXAMINED THE problem of knowledge apart from the social nature of man and apart from his historical development, and was therefore incapable of understanding the dependence of knowledge on social practice, that is, the dependence of knowledge on production and the class struggle.[281]

Above all, Marxists regard man's activity in production as the most fundamental practical activity, the determinant of all his other activities. Man's knowledge depends mainly on his activity in material production, through which he comes gradually to understand the phenomena, the properties and the laws of nature, and the relations between himself and nature; and through his activity in production, he also gradually comes to understand, in varying degrees, certain relations that exist between man and man. None of this knowledge can be acquired apart from activity in production. In a classless society every person, as a member of society, joins in common effort with the other members, enters into definite relations of production with them and engages in production to meet

man's material needs. In all class societies, the members of the different social classes also enter, in different ways, into definite relations of production and engage in production to meet their material needs. This is the primary source from which human knowledge develops.

Man's social practice is not confined to activity in production, but takes many other forms—class struggle, political life, scientific and artistic pursuits; in short, as a social being, man participates in all spheres of the practical life of society. Thus man, in varying degrees, comes to know the different relations between man and man, not only through his material life but also through his political and cultural life (both of which are intimately bound up with material life). Of these other types of social practice, class struggle in particular, in all its various forms, exerts a profound influence on the development of man's knowledge. In class society everyone lives as a member of a particular class, and every kind of thinking, without exception, is stamped with the brand of a class.

Marxists hold that in human society activity in production develops step by step from a lower to a higher level and that consequently man's knowledge, whether of nature or of society, also develops step by step from a lower to a higher level, that is, from the shallower to the deeper, from the one-sided to the many-sided. For a very long period in history, men were necessarily confined to a one-sided understanding of the history of society because, for one thing, the bias of the exploiting classes always distorted history and, for another, the small scale of production limited man's outlook. It was not until the modern proletariat emerged along with immense forces of production (large-scale industry) that man was able to acquire a comprehensive, historical understanding of the development of society and turn this knowledge into a science, the science of Marxism.

Marxists hold that man's social practice alone is the criterion of the truth of his knowledge of the external world. What actually happens is that man's knowledge is verified only when he achieves the anticipated results in the process of social practice (material production, class struggle or scientific experiment). If a man wants to succeed in his work, that is, to achieve the anticipated results, he must bring his ideas into correspondence with the laws of the objective external world; if they do not correspond, he will fail in his practice. After he fails, he draws his lessons, corrects his ideas to make them correspond to the laws of the external world, and can thus turn failure into success; this is what is meant by "failure is the mother of success" and "a fall into the pit, a gain in your wit."

The dialectical-materialist theory of knowledge places practice in the primary position, holding that human knowledge can in no way be separated from practice and repudiating all the erroneous theories which deny the importance of practice or separate knowledge from practice. Thus, Lenin said, "Practice is higher than (theoretical) knowledge, for it has not only the dignity of universality, but also of immediate actuality."[282]

The Marxist philosophy of dialectical materialism has two outstanding characteristics. One is its class nature: it openly avows that dialectical materialism is in the service of the proletariat. The other is its practicality: it emphasizes the dependence of theory on practice, emphasizes that theory is based on practice and in turn serves practice. The truth of any knowledge or theory is determined not by subjective feelings, but by objective results in social practice. Only social practice can be the criterion of truth. The standpoint of practice is the primary and basic standpoint in the dialectical materialist theory of knowledge.[283]

But how then does human knowledge arise from practice and in turn serve practice? This will become clear if we look at the process of development of knowledge.

In the process of practice, man at first sees only the phenomenal side, the separate aspects, the external relations of things. For instance, some people from outside come to Yan'an on a tour of observation. In the first day or two, they see its topography, streets and houses; they meet many people, attend banquets, evening parties and mass meetings, hear talk of various kinds and read various documents, all these being the phenomena, the separate aspects and the external relations of things. This is called the perceptual stage of cognition, namely, the stage of sense perceptions and impressions. That is, these particular things in Yan'an act on the sense organs of the members of the observation group, evoke sense perceptions and give rise in their brains to many impressions together with a rough sketch of the external relations among these impressions: this is the first stage of cognition. At this stage, man cannot as yet form concepts, which are deeper, or draw logical conclusions.

As social practice continues, things that give rise to man's sense perceptions and impressions in the course of his practice are repeated many times; then a sudden change (leap) takes place in the brain in the process of cognition, and concepts are formed. Concepts are no longer the phenomena, the separate aspects and the external relations of things; they grasp the essence, the totality and the internal relations of things. Between concepts and sense perceptions there is not only a quantitative but also a qualitative difference. Proceeding further, by means of judgment and inference one is able to draw logical conclusions. The expression in *Sanguo Yanyi*,[284] "knit the brows and a stratagem comes to mind," or in everyday language, "let me think it over," refers to man's use of concepts in the brain to form judgments and inferences. This is the second stage of cognition.

When the members of the observation group have collected various data and, what is more, have "thought them over," they are able to arrive at the judgment that "the Communist

Party's policy of the National United Front Against Japan is thorough, sincere and genuine." Having made this judgment, they can, if they too are genuine about uniting to save the nation, go a step further and draw the following conclusion, "The National United Front Against Japan can succeed." This stage of conception, judgment and inference is the more important stage in the entire process of knowing a thing; it is the stage of rational knowledge.

The real task of knowing is, through perception, to arrive at thought, to arrive step by step at the comprehension of the internal contradictions of objective things, of their laws and of the internal relations between one process and another, that is, to arrive at logical knowledge. To repeat, logical knowledge differs from perceptual knowledge in that perceptual knowledge pertains to the separate aspects, the phenomena and the external relations of things, whereas logical knowledge takes a big stride forward to reach the totality, the essence and the internal relations of things and discloses the inner contradictions in the surrounding world. Therefore, logical knowledge is capable of grasping the development of the surrounding world in its totality, in the internal relations of all its aspects.

This dialectical-materialist theory of the process of development of knowledge, basing itself on practice and proceeding from the shallower to the deeper, was never worked out by anybody before the rise of Marxism. Marxist materialism solved this problem correctly for the first time, pointing out both materialistically and dialectically the deepening movement of cognition, the movement by which man in society progresses from perceptual knowledge to logical knowledge in his complex, constantly recurring practice of production and class struggle. Lenin said, "The abstraction of matter, of a law of nature, the abstraction of value, etc., in short, all scientific (correct, serious, not absurd) abstractions reflect nature more deeply, truly and

completely."[285] Marxism-Leninism holds that each of the two stages in the process of cognition has its own characteristics, with knowledge manifesting itself as perceptual at the lower stage and logical at the higher stage, but that both are stages in an integrated process of cognition. The perceptual and the rational are qualitatively different, but are not divorced from each other; they are unified on the basis of practice.

Our practice proves that what is perceived cannot at once be comprehended and that only what is comprehended can be more deeply perceived. Perception only solves the problem of phenomena; theory alone can solve the problem of essence. The solving of both these problems is not separable in the slightest degree from practice. Whoever wants to know a thing has no way of doing so except by coming into contact with it, that is, by living (practicing) in its environment.

In feudal society it was impossible to know the laws of capitalist society in advance because capitalism had not yet emerged, the relevant practice was lacking. Marxism could be the product only of capitalist society. Marx, in the era of laissez-faire capitalism, 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.

Leaving aside their genius, the reason why Marx, Engels, Lenin and Stalin could work out their theories was mainly that they personally took part in the practice of the class struggle and the scientific experimentation of their time; lacking this condition, no genius could have succeeded. The saying, "without stepping outside his gate the scholar knows all the wide world's affairs," was mere empty talk in past times when technology was undeveloped. Even though this saying can be valid in the present age of developed technology, the people with real personal knowledge are those engaged in practice the wide world over. And it is only when these people have come

to "know" through their practice and when their knowledge has reached him through writing and technical media that the "scholar" can indirectly "know all the wide world's affairs."

If you want to know a certain thing or a certain class of things directly, you must personally participate in the practical struggle to change reality, to change that thing or class of things, for only thus can you come into contact with them as phenomena; only through personal participation in the practical struggle to change reality can you uncover the essence of that thing or class of things and comprehend them. This is the path to knowledge which every man actually travels, though some people, deliberately distorting matters, argue to the contrary.

The most ridiculous person in the world is the "know all" who picks up a smattering of hearsay knowledge and proclaims himself "the world's number one authority"; this merely shows that he has not taken a proper measure of himself.

Knowledge is a matter of science, and no dishonesty or conceit whatsoever is permissible. What is required is definitely the reverse—honesty and modesty. If you want knowledge, you must take part in the practice of changing reality. If you want to know the taste of a pear, you must change the pear by eating it yourself. If you want to know the structure and properties of the atom, you must make physical and chemical experiments to change the state of the atom. If you want to know the theory and methods of revolution, you must take part in revolution.

All genuine knowledge originates in direct experience. But one cannot have direct experience of everything; as a matter of fact, most of our knowledge comes from indirect experience, for example, all knowledge from past times and foreign lands. To our ancestors and to foreigners, such knowledge was—or is—a matter of direct experience, and this knowledge is reliable if in the course of their direct experience the requirement of "scientific abstraction," spoken

of by Lenin, was—or is—fulfilled and objective reality scientifically reflected, otherwise it is not reliable. Hence a man's knowledge consists only of two parts, that which comes from direct experience and that which comes from indirect experience. Moreover, what is indirect experience for me is direct experience for other people. Consequently, considered as a whole, knowledge of any kind is inseparable from direct experience.

All knowledge originates in perception of the objective external world through man's physical sense organs. Anyone who denies such perception, denies direct experience, or denies personal participation in the practice that changes reality, is not a materialist. That is why the "know-all" is ridiculous. There is an old Chinese saying, "How can you catch tiger cubs without entering the tiger's lair?" This saying holds true for man's practice and it also holds true for the theory of knowledge. There can be no knowledge apart from practice.

To make clear the dialectical-materialist movement of cognition arising on the basis of the practice which changes reality—to make clear the gradually deepening movement of cognition—a few additional concrete examples are given below.

In its knowledge of capitalist society, the proletariat was only in the perceptual stage of cognition in the first period of its practice, the period of machine-smashing and spontaneous struggle; it knew only some of the aspects and the external relations of the phenomena of capitalism. The proletariat was then still a "class-in-itself." But when it reached the second period of its practice, the period of conscious and organized economic and political struggles, the proletariat was able to comprehend the essence of capitalist society, the relations of exploitation between social classes and its own historical task; and it was able to do so because of its own practice and because of its experience of prolonged struggle, which Marx and Engels scientifically summed up in all its variety to create

the theory of Marxism for the education of the proletariat. It was then that the proletariat became a "class-for-itself."

Similarly with the Chinese people's knowledge of imperialism. The first stage was one of superficial, perceptual knowledge, as shown in the indiscriminate anti-foreign struggles of the Movement of the Taiping Heavenly Kingdom (1850-1864),[286] the Boxer Movement (1900),[287] and so on. It was only in the second stage that the Chinese people reached the stage of rational knowledge, saw the internal and external contradictions of imperialism and saw the essential truth that imperialism had allied itself with China's comprador and feudal classes to oppress and exploit the great masses of the Chinese people. This knowledge began about the time of the May 4th Movement of 1919.[288]

Next, let us consider war. If those who lead a war lack experience of war, then at the initial stage they will not understand the profound laws pertaining to the directing of a specific war (such as our Agrarian Revolutionary War of the years 1927-1937). At the initial stage they will merely experience a good deal of fighting and, what is more, suffer many defeats. But this experience (the experience of battles won and especially of battles lost) enables them to comprehend the inner thread of the whole war, namely, the laws of that specific war, to understand its strategy and tactics, and consequently to direct the war with confidence. If, at such a moment, the command is turned over to an inexperienced person, then he too will have to suffer a number of defeats (gain experience) before he can comprehend the true laws of the war.

"I am not sure I can handle it." We often hear this remark when a comrade hesitates to accept an assignment. Why is he unsure of himself? Because he has no systematic understanding of the content and circumstances of the assignment, or because he has had little or no contact with such work, and so the laws governing it are beyond him. After a detailed analysis of the

nature and circumstances of the assignment, he will feel more sure of himself and do it willingly. If he spends some time at the job and gains experience and if he is a person who is willing to look into matters with an open mind and not one who approaches problems subjectively, one-sidedly and superficially, then he can draw conclusions for himself as to how to go about the job and do it with much more courage. Only those who are subjective, one-sided and superficial in their approach to problems will smugly issue orders or directives the moment they arrive on the scene, without considering the circumstances, without viewing things in their totality (their history and their present state as a whole) and without getting to the essence of things (their nature and the internal relations between one thing and another). Such people are bound to trip and fall.

Thus, it can be seen that the first step in the process of cognition is contact with the objects of the external world; this belongs to the stage of perception. The second step is to synthesize the data of perception by arranging and reconstructing them; this belongs to the stage of conception, judgment and inference. It is only when the data of perception are very rich (not fragmentary) and correspond to reality (are not illusory) that they can be the basis for forming correct concepts and theories.

Here, two important points must be emphasized. The first, which has been stated before but should be repeated here, is the dependence of rational knowledge upon perceptual knowledge. Anyone who thinks that rational knowledge need not be derived from perceptual knowledge is an idealist. In the history of philosophy there is the "rationalist" school that admits the reality only of reason and not of experience, believing that reason alone is reliable while perceptual experience is not; this school errs by turning things upside down. The rational is reliable precisely because it has its source in sense perceptions, otherwise it would be like water without

a source, a tree without roots, subjective, self-engendered and unreliable.

As to the sequence in the process of cognition, perceptual experience comes first; we stress the significance of social practice in the process of cognition precisely because social practice alone can give rise to human knowledge and it alone can start man on the acquisition of perceptual experience from the objective world. For a person who shuts his eyes, stops his ears and totally cuts himself off from the objective world there can be no such thing as knowledge. Knowledge begins with experience—this is the materialism of the theory of knowledge.

The second point is that knowledge needs to be deepened, that the perceptual stage of knowledge needs to be developed to the rational stage—this is the dialectics of the theory of knowledge.[289] To think that knowledge can stop at the lower, perceptual stage and that perceptual knowledge alone is reliable while rational knowledge is not, would be to repeat the historical error of "empiricism." This theory errs in failing to understand that, although the data of perception reflect certain realities in the objective world (I am not speaking here of idealist empiricism which confines experience to so-called introspection), they are merely one-sided and superficial, reflecting things incompletely and not reflecting their essence. Fully to reflect a thing in its totality, to reflect its essence, to reflect its inherent laws, it is necessary through the exercise of thought to reconstruct the rich data of sense perception, discarding the dross and selecting the essential, eliminating the false and retaining the true, proceeding from the one to the other and from the outside to the inside, in order to form a system of concepts and theories—it is necessary to make a leap from perceptual to rational knowledge.

Such reconstructed knowledge is not more empty or more unreliable; on the contrary, whatever has been scientifically reconstructed in the process of cognition, on the basis of

practice, reflects objective reality, as Lenin said, more deeply, more truly, more fully. As against this, vulgar "practical men" respect experience but despise theory, and therefore cannot have a comprehensive view of an entire objective process, lack clear direction and long-range perspective, and are complacent over occasional successes and glimpses of the truth. If such persons direct a revolution, they will lead it up a blind alley.

Rational knowledge depends upon perceptual knowledge and perceptual knowledge remains to be developed into rational knowledge—this is the dialectical-materialist theory of knowledge. In philosophy, neither "rationalism" nor "empiricism" understands the historical or the dialectical nature of knowledge, and although each of these schools contains one aspect of the truth (here I am referring to materialist, not to idealist, rationalism and empiricism), both are wrong on the theory of knowledge as a whole. The dialectical-materialist movement of knowledge from the perceptual to the rational holds true for a minor process of cognition (for instance, knowing a single thing or task) as well as for a major process of cognition (for instance, knowing a whole society or a revolution).

But the movement of knowledge does not end here. If the dialectical-materialist movement of knowledge were to stop at rational knowledge, only half the problem would be dealt with. And as far as Marxist philosophy is concerned, only the less important half at that. Marxist philosophy holds that the most important problem does not lie in understanding the laws of the objective world and thus being able to explain it, but in applying the knowledge of these laws actively to change the world. From the Marxist viewpoint, theory is important, and its importance is fully expressed in Lenin's statement, "Without revolutionary theory there can be no revolutionary movement."[290] But Marxism emphasizes the importance of theory precisely and only because it can guide action. If we

have a correct theory but merely prate about it, pigeonhole it and do not put it into practice, then that theory, however good, is of no significance.

Knowledge begins with practice, and theoretical knowledge is acquired through practice and must then return to practice. The active function of knowledge manifests itself not only in the active leap from perceptual to rational knowledge, but—and this is more important—it must manifest itself in the leap from rational knowledge to revolutionary practice. The knowledge which grasps the laws of the world, must be redirected to the practice of changing the world, must be applied anew in the practice of production, in the practice of revolutionary class struggle and revolutionary national struggle and in the practice of scientific experiment. This is the process of testing and developing theory, the continuation of the whole process of cognition.

The problem of whether theory corresponds to objective reality is not, and cannot be, completely solved in the movement of knowledge from the perceptual to the rational, mentioned above. The only way to solve this problem completely is to redirect rational knowledge to social practice, apply theory to practice and see whether it can achieve the objectives one has in mind. Many theories of natural science are held to be true not only because they were so considered when natural scientists originated them, but because they have been verified in subsequent scientific practice. Similarly, Marxism-Leninism is held to be true not only because it was so considered when it was scientifically formulated by Marx, Engels, Lenin and Stalin but because it has been verified in the subsequent practice of revolutionary class struggle and revolutionary national struggle. Dialectical materialism is universally true because it is impossible for anyone to escape from its domain in his practice.

The history of human knowledge tells us that the truth of many theories is incomplete and that this incompleteness

is remedied through the test of practice. Many theories are erroneous and it is through the test of practice that their errors are corrected. That is why practice is the criterion of truth and why "the standpoint of life, of practice, should be first and fundamental in the theory of knowledge."[291] Stalin has well said, "Theory becomes purposeless if it is not connected with revolutionary practice, just as practice gropes in the dark if its path is not illuminated by revolutionary theory."[292]

When we get to this point, is the movement of knowledge completed? Our answer is: it is and yet it is not. When men in society throw themselves into the practice of changing a certain objective process (whether natural or social) at a certain stage of its development, they can, as a result of the reflection of the objective process in their brains and the exercise of their subjective activity, advance their knowledge from the perceptual to the rational, and create ideas, theories, plans or programs which correspond in general to the laws of that objective process. They then apply these ideas, theories, plans or programs in practice in the same objective process. And if they can realize the aims they have in mind, that is, if in that same process of practice they can translate, or on the whole translate, those previously formulated ideas, theories, plans or programs into fact, then the movement of knowledge may be considered completed with regard to this particular process. In the process of changing nature, take for example the fulfillment of an engineering plan, the verification of a scientific hypothesis, the manufacture of an implement or the reaping of a crop; or in the process of changing society, take for example the victory of a strike, victory in a war or the fulfillment of an educational plan. All these may be considered the realization of aims one has in mind.

But generally speaking, whether in the practice of changing nature or of changing society, men's original ideas, theories, plans or programs are seldom realized without any alteration. This is because people engaged in changing reality

are usually subject to numerous limitations; they are limited not only by existing scientific and technological conditions but also by the development of the objective process itself and the degree to which this process has become manifest (the aspects and the essence of the objective process have not yet been fully revealed). In such a situation, ideas, theories, plans or programs are usually altered partially and sometimes even wholly, because of the discovery of unforeseen circumstances in the course of practice. That is to say, it does happen that the original ideas, theories, plans or programs fail to correspond with reality either in whole or in part and are wholly or partially incorrect. In many instances, failures have to be repeated many times before errors in knowledge can be corrected and correspondence with the laws of the objective process achieved, and consequently before the subjective can be transformed into the objective, or in other words, before the anticipated results can be achieved in practice. But when that point is reached, no matter how, the movement of human knowledge regarding a certain objective process at a certain stage of its development may be considered completed.

However, so far as the progression of the process is concerned, the movement of human knowledge is not completed. Every process, whether in the realm of nature or of society, progresses and develops by reason of its internal contradiction and struggle, and the movement of human knowledge should also progress and develop along with it. As far as social movements are concerned, true revolutionary leaders must not only be good at correcting their ideas, theories, plans or programs when errors are discovered, as has been indicated above; but when a certain objective process has already progressed and changed from one stage of development to another, they must also be good at making themselves and all their fellow-revolutionaries progress and change in their subjective knowledge along with it, that is to say, they must ensure that the proposed new revolutionary tasks and

new working programs correspond to the new changes in the situation. In a revolutionary period, the situation changes very rapidly; if the knowledge of revolutionaries does not change rapidly in accordance with the changed situation, they will be unable to lead the revolution to victory. It often happens, however, that thinking lags behind reality; this is because man's cognition is limited by numerous social conditions.

We are opposed to die-hards in the revolutionary ranks whose thinking fails to advance with changing objective circumstances and has manifested itself historically as Right opportunism. These people fail to see that the struggle of opposites has already pushed the objective process forward while their knowledge has stopped at the old stage. This is characteristic of the thinking of all die-hards. Their thinking is divorced from social practice, and they cannot march ahead to guide the chariot of society; they simply trail behind, grumbling that it goes too fast and trying to drag it back or turn it in the opposite direction.

We are also opposed to "Left" phrase-mongering. The thinking of "Leftists" outstrips a given stage of development of the objective process; some regard their fantasies as truth, while others strain to realize in the present an ideal which can only be realized in the future. They alienate themselves from the current practice of the majority of the people and from the realities of the day, and show themselves adventurist in their actions.

Idealism and mechanical materialism, opportunism and adventurism, are all characterized by the breach between the subjective and the objective, by the separation of knowledge from practice. The Marxist-Leninist theory of knowledge, characterized as it is by scientific social practice, cannot but resolutely oppose these wrong ideologies. Marxists recognize that in the absolute and general process of development of the universe, the development of each particular process is relative, and that hence, in the endless flow of absolute

truth, man's knowledge of a particular process at any given stage of development is only relative truth. The sum total of innumerable relative truths constitutes absolute truth.[293]

The development of an objective process is full of contradictions and struggles, and so is the development of the movement of human knowledge. All the dialectical movements of the objective world can sooner or later be reflected in human knowledge. In social practice, the process of coming into being, developing and passing away is infinite, and so is the process of coming into being, developing and passing away in human knowledge. As man's practice which changes objective reality in accordance with given ideas, theories, plans or programs, advances further and further, his knowledge of objective reality likewise becomes deeper and deeper. The movement of change in the world of objective reality is never-ending and so is man's cognition of truth through practice. Marxism-Leninism has in no way exhausted truth but ceaselessly opens up roads to the knowledge of truth in the course of practice. Our conclusion is the concrete, historical unity of the subjective and the objective, of theory and practice, of knowing and doing, and we are opposed to all erroneous ideologies, whether "Left" or Right, which depart from concrete history.

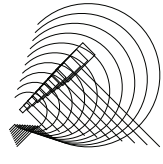
In the present epoch of the development of society, the responsibility of correctly knowing and changing the world has been placed by history upon the shoulders of the proletariat and its party. This process, the practice of changing the world, which is determined in accordance with scientific knowledge, has already reached a historic moment in the world and in China, a great moment unprecedented in human history, that is, the moment for completely banishing darkness from the world and from China and for changing the world into a world of light such as never previously existed.

The struggle of the proletariat and the revolutionary people to change the world comprises the fulfillment of the following

tasks: to change the objective world and, at the same time, their own subjective world—to change their cognitive ability and change the relations between the subjective and the objective world. Such a change has already come about in one part of the globe, in the Soviet Union. There the people are pushing forward this process of change. The people of China and the rest of the world either are going through, or will go through, such a process.

And the objective world which is to be changed also includes all the opponents of change, who, in order to be changed, must go through a stage of compulsion before they can enter the stage of voluntary, conscious change. The epoch of world communism will be reached when all mankind voluntarily and consciously changes itself and the world.

Discover the truth through practice, and again through practice verify and develop the truth. Start from perceptual knowledge and actively develop it into rational knowledge; then start from rational knowledge and actively guide revolutionary practice to change both the subjective and the objective world. Practice, knowledge, again practice, and again knowledge. This form repeats itself in endless cycles, and with each cycle the content of practice and knowledge rises to a higher level. Such is the whole of the dialectical-materialist theory of knowledge, and such is the dialectical-materialist theory of the unity of knowing and doing.



ON CONTRADICTION

THE LAW OF CONTRADICTION IN THINGS, THAT is, the law of the unity of opposites, is the basic law of materialist dialectics. Lenin said, "Dialectics in the proper sense is the study of contradiction *in the very essence of objects*."[294] Lenin often called this law the essence of dialectics; he also called it the kernel of dialectics.[295] In studying this law, therefore, we cannot but touch upon a variety of questions, upon a number of philosophical problems. If we can become clear on all these problems, we shall arrive at a fundamental understanding of materialist dialectics. The problems are: the two world outlooks, the universality of contradiction, the particularity of contradiction, the principal contradiction and the principal aspect of a contradiction, the identity and struggle of the aspects of a contradiction, and the place of antagonism in contradiction.

The criticism to which the idealism of the Deborin school has been subjected in Soviet philosophical circles in recent years has aroused great interest among us. Deborin's idealism has exerted a very bad influence in the Chinese Communist

Party, and it cannot be said that the dogmatist thinking in our Party is unrelated to the approach of that school. Our present study of philosophy should therefore have the eradication of dogmatist thinking as its main objective.

I. The Two World Outlooks

Throughout the history of human knowledge, there have been two conceptions concerning the law of development of the universe, the metaphysical conception and the dialectical conception, which form two opposing world outlooks. Lenin said:

> "The two basic (or two possible? or two historically observable?) conceptions of development (evolution) are: development as decrease and increase, as repetition, *and* development as a unity of opposites (the division of a unity into mutually exclusive opposites and their reciprocal relation)."[296]

Here Lenin was referring to these two different world outlooks.

In China another name for metaphysics is *xuanxue*. For a long period in history whether in China or in Europe, this way of thinking, which is part and parcel of the idealist world outlook, occupied a dominant position in human thought. In Europe, the materialism of the bourgeoisie in its early days was also metaphysical. As the social economy of many European countries advanced to the stage of highly developed capitalism, as the forces of production, the class struggle and the sciences developed to a level unprecedented in history, and as the industrial proletariat became the greatest motive force in historical development, there arose the Marxist world outlook of materialist dialectics. Then, in addition to open and barefaced reactionary idealism, vulgar evolutionism emerged among the bourgeoisie to oppose materialist dialectics.

The metaphysical or vulgar evolutionist world outlook sees things as isolated, static and one-sided. It regards all things

in the universe, their forms and their species, as eternally isolated from one another and immutable. Such change as there is can only be an increase or decrease in quantity or a change of place. Moreover, the cause of such an increase or decrease or change of place is not inside things but outside them, that is, the motive force is external. Metaphysicians hold that all the different kinds of things in the universe and all their characteristics have been the same ever since they first came into being. All subsequent changes have simply been increases or decreases in quantity. They contend that a thing can only keep on repeating itself as the same kind of thing and cannot change into anything different. In their opinion, capitalist exploitation, capitalist competition, the individualist ideology of capitalist society, and so on, can all be found in ancient slave society, or even in primitive society, and will exist for ever unchanged. They ascribe the causes of social development to factors external to society, such as geography and climate.

They search in an over-simplified way outside a thing for the causes of its development, and they deny the theory of materialist dialectics which holds that development arises from the contradictions inside a thing. Consequently, they can explain neither the qualitative diversity of things, nor the phenomenon of one quality changing into another. In Europe, this mode of thinking existed as mechanical materialism in the 17th and 18th centuries and as vulgar evolutionism at the end of the 19th and the beginning of the 20th centuries. In China, there was the metaphysical thinking exemplified in the saying "Heaven changeth not, likewise the Tao changeth not,"[297] and it was supported by the decadent feudal ruling classes for a long time. Mechanical materialism and vulgar evolutionism, which were imported from Europe in the last hundred years, are supported by the bourgeoisie.

As opposed to the metaphysical world outlook, the world outlook of materialist dialectics holds that in order to

understand the development of a thing we should study it internally and in its relations with other things; in other words, the development of things should be seen as their internal and necessary self-movement, while each thing in its movement is interrelated with and interacts on the things around it. The fundamental cause of the development of a thing is not external but internal; it lies in the contradictoriness within the thing. There is internal contradiction in every single thing, hence its motion and development. Contradictoriness within a thing is the fundamental cause of its development, while its interrelations and interactions with other things are secondary causes. Thus, materialist dialectics effectively combats the theory of external causes, or of an external motive force, advanced by metaphysical mechanical materialism and vulgar evolutionism. It is evident that purely external causes can only give rise to mechanical motion, that is, to changes in scale or quantity, but cannot explain why things differ qualitatively in thousands of ways and why one thing changes into another.

As a matter of fact, even mechanical motion under external force occurs through the internal contradictoriness of things. Simple growth in plants and animals, their quantitative development, is likewise chiefly the result of their internal contradictions. Similarly, social development is due chiefly not to external but to internal causes. Countries with almost the same geographical and climatic conditions display great diversity and unevenness in their development. Moreover, great social changes may take place in one and the same country although its geography and climate remain unchanged. Imperialist Russia changed into the socialist Soviet Union, and feudal Japan, which had locked its doors against the world, changed into imperialist Japan, although no change occurred in the geography and climate of either country. Long dominated by feudalism, China has undergone great changes in the last hundred years and is now changing in the direction of a new China, liberated and free, and yet no

change has occurred in her geography and climate. Changes do take place in the geography and climate of the earth as a whole and in every part of it, but they are insignificant when compared with changes in society; geographical and climatic changes manifest themselves in terms of tens of thousands of years, while social changes manifest themselves in thousands, hundreds or tens of years, and even in a few years or months in times of revolution. According to materialist dialectics, changes in nature are due chiefly to the development of the internal contradictions in nature.

Changes in society are due chiefly to the development of the internal contradictions in society, that is, the contradiction between the productive forces and the relations of production, the contradiction between classes and the contradiction between the old and the new; it is the development of these contradictions that pushes society forward and gives the impetus for the supersession of the old society by the new. Does materialist dialectics exclude external causes? Not at all. It holds that external causes are the condition of change and internal causes are the basis of change, and that external causes become operative through internal causes. In a suitable temperature an egg changes into a chicken, but no temperature can change a stone into a chicken, because each has a different basis. There is constant interaction between the peoples of different countries. In the era of capitalism, and especially in the era of imperialism and proletarian revolution, the interaction and mutual impact of different countries in the political, economic and cultural spheres are extremely great. The October Socialist Revolution ushered in a new epoch in world history as well as in Russian history. It exerted influence on internal changes in the other countries in the world and, similarly and in a particularly profound way, on internal changes in China. These changes, however, were affected through the inner laws of development of these countries, China included. In battle, one army is victorious

and the other is defeated, both the victory and the defeat are determined by internal causes. The one is victorious either because it is strong or because of its competent generalship, the other is vanquished either because it is weak or because of its incompetent generalship; it is through internal causes that external causes become operative. In China in 1927, the defeat of the proletariat by the big bourgeoisie came about through the opportunism then to be found within the Chinese proletariat itself (inside the Chinese Communist Party). When we liquidated this opportunism, the Chinese revolution resumed its advance. Later, the Chinese revolution again suffered severe setbacks at the hands of the enemy, because adventurism had risen within our Party. When we liquidated this adventurism, our cause advanced once again. Thus, it can be seen that to lead the revolution to victory, a political party must depend on the correctness of its own political line and the solidity of its own organization.

The dialectical world outlook emerged in ancient times both in China and in Europe. Ancient dialectics, however, had a somewhat spontaneous and naive character; in the social and historical conditions then prevailing, it was not yet able to form a theoretical system, hence it could not fully explain the world and was supplanted by metaphysics. The famous German philosopher Hegel, who lived in the late 18th and early 19th centuries, made most important contributions to dialectics, but his dialectics was idealist. It was not until Marx and Engels, the great protagonists of the proletarian movement, had synthesized the positive achievements in the history of human knowledge and, in particular, critically absorbed the rational elements of Hegelian dialectics and created the great theory of dialectical and historical materialism that an unprecedented revolution occurred in the history of human knowledge. This theory was further developed by Lenin and Stalin. As soon as it spread to China, it wrought tremendous changes in the world of Chinese thought.

This dialectical world outlook teaches us primarily how to observe and analyze the movement of opposites in different things and, on the basis of such analysis, to indicate the methods for resolving contradictions. It is therefore most important for us to understand the law of contradiction in things in a concrete way.

II. The Universality of Contradiction

For convenience of exposition, I shall deal first with the universality of contradiction and then proceed to the particularity of contradiction. The reason is that the universality of contradiction can be explained more briefly, for it has been widely recognized ever since the materialist-dialectical world outlook was discovered and materialist dialectics applied with outstanding success to analyzing many aspects of human history and natural history and to changing many aspects of society and nature (as in the Soviet Union) by the great creators and continuers of Marxism—Marx, Engels, Lenin and Stalin; whereas the particularity of contradiction is still not dearly understood by many comrades, and especially by the dogmatists. They do not understand that it is precisely in the particularity of contradiction that the universality of contradiction resides. Nor do they understand how important is the study of the particularity of contradiction in the concrete things confronting us for guiding the course of revolutionary practice. Therefore, it is necessary to stress the study of the particularity of contradiction and to explain it at adequate length. For this reason, in our analysis of the law of contradiction in things, we shall first analyze the universality of contradiction, then place special stress on analyzing the particularity of contradiction, and finally return to the universality of contradiction.

The universality or absoluteness of contradiction has a twofold meaning. One is that contradiction exists in the

process of development of all things, and the other is that in the process of development of each thing a movement of opposites exists from beginning to end.

Engels said, "Motion itself is a contradiction."[298] Lenin defined the law of the unity of opposites as:

> "The recognition (discovery) of the contradictory, *mutually exclusive*, opposite tendencies in *all* phenomena and processes of nature (*including* mind and society)."[299]

Are these ideas correct? Yes, they are. The interdependence of the contradictory aspects present in all things and the struggle between these aspects determine the life of all things and push their development forward. There is nothing that does not contain contradiction; without contradiction nothing would exist.

Contradiction is the basis of the simple forms of motion (for instance, mechanical motion) and still more so of the complex forms of motion.

Engels explained the universality of contradiction as follows:

> "If simple mechanical change of place contains a contradiction, this is even more true of the higher forms of motion of matter, and especially of organic life and its development.... life consists precisely and primarily in this—that a being is at each moment itself and yet something else. Life is therefore also a contradiction which is present in things and processes themselves, and which constantly originates and resolves itself; and as soon as the contradiction ceases, life, too, comes to an end, and death steps in. We likewise saw that also in the sphere of thought we could not escape contradictions, and that for example the contradiction between man's inherently unlimited capacity for knowledge and its actual presence only in men who are externally limited and possess limited cognition finds its solution in what is—at least practically, for us—an endless succession of generations, in infinite progress.... One of the basic principles of higher mathematics is the contradiction that in certain circumstances straight lines and curves may be the same.... But even lower mathematics teems with contradictions."[300]

Lenin illustrated the universality of contradiction as follows:

> "In mathematics: + and –. Differential and integral.
> "In mechanics: action and reaction.
> "In physics: positive and negative electricity.
> "In chemistry: the combination and dissociation of atoms.
> "In social science: the class struggle."[301]

In war, offense and defense, advance and retreat, victory and defeat are all mutually contradictory phenomena. One cannot exist without the other. The two aspects are at once in conflict and in interdependence, and this constitutes the totality of a war, pushes its development forward and solves its problems.

Every difference in men's concepts should be regarded as reflecting an objective contradiction. Objective contradictions are reflected in subjective thinking, and this process constitutes the contradictory movement of concepts, pushes forward the development of thought, and ceaselessly solves problems in man's thinking.

Opposition and struggle between ideas of different kinds constantly occur within the Party; this is a reflection within the Party of contradictions between classes and between the new and the old in society. If there were no contradictions in the Party and no ideological struggles to resolve them, the Party's life would come to an end.

Thus, it is already clear that contradiction exists universally and, in all processes, whether in the simple or in the complex forms of motion, whether in objective phenomena or ideological phenomena. But does contradiction also exist at the initial stage of each process?

Is there a movement of opposites from beginning to end in the process of development of every single thing?

As can be seen from the articles written by Soviet philosophers criticizing it, the Deborin school maintains that

contradiction appears not at the inception of a process but only when it has developed to a certain stage. If this were the case, then the cause of the development of the process before that stage would be external and not internal. Deborin thus reverts to the metaphysical theories of external causality and of mechanism. Applying this view in the analysis of concrete problems, the Deborin school sees only differences but not contradictions between the kulaks and the peasants in general under existing conditions in the Soviet Union, thus entirely agreeing with Bukharin. In analyzing the French Revolution, it holds that before the Revolution there were likewise only differences but not contradictions within the Third Estate, which was composed of the workers, the peasants and the bourgeoisie. These views of the Deborin school are anti-Marxist. This school does not understand that each and every difference already contains contradiction and that difference itself is contradiction. Labor and capital have been in contradiction ever since the two classes came into being, only at first the contradiction had not yet become intense. Even under the social conditions existing in the Soviet Union, there is a difference between workers and peasants and this very difference is a contradiction, although, unlike the contradiction between labor and capital, it will not become intensified into antagonism or assume the form of class struggle; the workers and the peasants have established a firm alliance in the course of socialist construction and are gradually resolving this contradiction in the course of the advance from socialism to communism. The question is one of different kinds of contradiction, not of the presence or absence of contradiction. Contradiction is universal and absolute; it is present in the process of development of all things and permeates every process from beginning to end.

What is meant by the emergence of a new process? The old unity with its constituent opposites yields to a new unity with its constituent opposites, whereupon a new process

emerges to replace the old. The old process ends and the new one begins. The new process contains new contradictions and begins its own history of the development of contradictions.

As Lenin pointed out, Marx in *Capital* gave a model analysis of this movement of opposites which runs through the process of development of things from beginning to end. This is the method that must be employed in studying the development of all things. Lenin, too, employed this method correctly and adhered to it in all his writings.

In *Capital*, Marx first analyses the simplest, most ordinary and fundamental, most common and everyday relation of bourgeois (commodity) society, a relation encountered billions of times, viz. the exchange of commodities. In this very simple phenomenon (in this "cell" of bourgeois society) analysis reveals all the contradictions (or the germs of all the contradictions) of modern society. The subsequent exposition shows us the development (both growth and movement) of these contradictions and of this society in the [summation] of its individual parts, from its beginning to its end.

Lenin added, "Such must also be the method of exposition (or study) of dialectics in general."[302]

Chinese Communists must learn this method; only then will they be able to correctly analyze the history and the present state of the Chinese revolution and infer its future.

III. The Particularity of Contradiction

Contradiction is present in the process of development of all things; it permeates the process of development of each thing from beginning to end. This is the universality and absoluteness of contradiction which we have discussed above. Now let us discuss the particularity and relativity of contradiction.

This problem should be studied on several levels.

First, the contradiction in each form of motion of matter has its particularity. Man's knowledge of matter is knowledge of its forms of motion, because there is nothing in this world except matter in motion and this motion must assume certain forms. In considering each form of motion of matter, we must observe the points which it has in common with other forms of motion. But what is especially important and necessary, constituting as it does the foundation of our knowledge of a thing, is to observe what is particular to this form of motion of matter, namely, to observe the qualitative difference between this form of motion and other forms. Only when we have done so can we distinguish between things. Every form of motion contains within itself its own particular contradiction. This particular contradiction constitutes the particular essence which distinguishes one thing from another. It is the internal cause or, as it may be called, the basis for the immense variety of things in the world. There are many forms of motion in nature, mechanical motion, sound, light, heat, electricity, dissociation, combination, and so on. All these forms are interdependent, but in its essence, each is different from the others. The particular essence of each form of motion is determined by its own particular contradiction. This holds true not only for nature but also for social and ideological phenomena. Every form of society, every form of ideology, has its own particular contradiction and particular essence.

The sciences are differentiated precisely on the basis of the particular contradictions inherent in their respective objects of study. Thus, the contradiction peculiar to a certain field of phenomena constitutes the object of study for a specific branch of science. For example, positive and negative numbers in mathematics; action and reaction in mechanics; positive and negative electricity in physics; dissociation and combination in chemistry; forces of production and relations of production, classes and class struggle, in social science; offense and defense in military science; idealism

and materialism, the metaphysical outlook and the dialectical outlook, in philosophy; and so on—all these are the objects of study of different branches of science precisely because each branch has its own particular contradiction and particular essence. Of course, unless we understand the universality of contradiction, we have no way of discovering the universal cause or universal basis for the movement or development of things; however, unless we study the particularity of contradiction, we have no way of determining the particular essence of a thing which differentiates it from other things, no way of discovering the particular cause or particular basis for the movement or development of a thing, and no way of distinguishing one thing from another or of demarcating the fields of science.

As regards the sequence in the movement of man's knowledge, there is always a gradual growth from the knowledge of individual and particular things to the knowledge of things in general. Only after man knows the particular essence of many different things can he proceed to generalization and know the common essence of things.

When man attains the knowledge of this common essence, he uses it as a guide and proceeds to study various concrete things which have not yet been studied, or studied thoroughly, and to discover the particular essence of each; only thus is he able to supplement, enrich and develop his knowledge of their common essence and prevent such knowledge from withering or petrifying. These are the two processes of cognition: one, from the particular to the general, and the other, from the general to the particular. Thus, cognition always moves in cycles and (so long as scientific method is strictly adhered to) each cycle advances human knowledge a step higher and so makes it more and more profound. Where our dogmatists err on this question is that, on the one hand, they do not understand that we have to study the particularity of contradiction and know the particular essence of individual

things before we can adequately know the universality of contradiction and the common essence of things, and that, on the other hand, they do not understand that after knowing the common essence of things, we must go further and study the concrete things that have not yet been thoroughly studied or have only just emerged. Our dogmatists are lazy-bones. They refuse to undertake any painstaking study of concrete things, they regard general truths as emerging out of the void, they turn them into purely abstract unfathomable formulas, and thereby completely deny and reverse the normal sequence by which man comes to know truth. Nor do they understand the interconnection of the two processes in cognition—from the particular to the general and then from the general to the particular. They understand nothing of the Marxist theory of knowledge.

It is necessary not only to study the particular contradiction and the essence determined thereby of every great system of the forms of motion of matter, but also to study the particular contradiction and the essence of each process in the long course of development of each form of motion of matter. In every form of motion, each process of development which is real (and not imaginary) is qualitatively different. Our study must emphasize and start from this point.

Qualitatively different contradictions can only be resolved by qualitatively different methods. For instance, the contradiction between the proletariat and the bourgeoisie is resolved by the method of socialist revolution; the contradiction between the great masses of the people and the feudal system is resolved by the method of democratic revolution; the contradiction between the colonies and imperialism is resolved by the method of national revolutionary war; the contradiction between the working class and the peasant class in socialist society is resolved by the method of collectivization and mechanization in agriculture; contradiction within the Communist Party is resolved by the method of criticism and

self-criticism; the contradiction between society and nature is resolved by the method of developing the productive forces. Processes change, old processes and old contradictions disappear, new processes and new contradictions emerge, and the methods of resolving contradictions differ accordingly. In Russia, there was a fundamental difference between the contradiction resolved by the February Revolution and the contradiction resolved by the October Revolution, as well as between the methods used to resolve them. The principle of using different methods to resolve different contradictions is one which Marxist-Leninists must strictly observe. The dogmatists do not observe this principle; they do not understand that conditions differ in different kinds of revolution and so do not understand that different methods should be used to resolve different contradictions; on the contrary, they invariably adopt what they imagine to be an unalterable formula and arbitrarily apply it everywhere, which only causes setbacks to the revolution or makes a sorry mess of what was originally well done.

In order to reveal the particularity of the contradictions in any process in the development of a thing, in their totality or interconnections, that is, in order to reveal the essence of the process, it is necessary to reveal the particularity of the two aspects of each of the contradictions in that process; otherwise, it will be impossible to discover the essence of the process. This likewise requires the utmost attention in our study.

There are many contradictions in the course of development of any major thing. For instance, in the course of China's bourgeois-democratic revolution, where the conditions are exceedingly complex, there exist the contradiction between all the oppressed classes in Chinese society and imperialism, the contradiction between the great masses of the people and feudalism, the contradiction between the proletariat and the bourgeoisie, the contradiction between the peasantry and the urban petty bourgeoisie on the one hand and the bourgeoisie

on the other, the contradiction between the various reactionary ruling groups, and so on. These contradictions cannot be treated in the same way since each has its own particularity; moreover, the two aspects of each contradiction cannot be treated in the same way since each aspect has its own characteristics. We who are engaged in the Chinese revolution should not only understand the particularity of these contradictions in their totality, that is, in their interconnections, but should also study the two aspects of each contradiction as the only means of understanding the totality. When we speak of understanding each aspect of a contradiction, we mean understanding what specific position each aspect occupies, what concrete forms it assumes in its interdependence and in its contradiction with its opposite, and what concrete methods are employed in the struggle with its opposite, when the two are both interdependent and in contradiction, and also after the interdependence breaks down. It is of great importance to study these problems. Lenin meant just this when he said that the most essential thing in Marxism, the living soul of Marxism, is the concrete analysis of concrete conditions.[303] Our dogmatists have violated Lenin's teachings; they never use their brains to analyze anything concretely, and in their writings and speeches they always use stereotypes devoid of content, thereby creating a very bad style of work in our Party.

In studying a problem, we must shun subjectivity, one-sidedness and superficiality. To be subjective means not to look at problems objectively, that is, not to use the materialist viewpoint in looking at problems. I have discussed this in my essay "On Practice." To be one-sided means not to look at problems all-sidedly, for example, to understand only China but not Japan, only the Communist Party but not the Kuomintang, only the proletariat but not the bourgeoisie, only the peasants but not the landlords, only the favorable conditions but not the difficult ones, only the past but not the future, only individual parts but not the whole, only the

defects but not the achievements, only the plaintiff's case but not the defendant's, only underground revolutionary work but not open revolutionary work, and so on. In a word, it means not to understand the characteristics of both aspects of a contradiction. This is what we mean by looking at a problem one-sidedly. Or it may be called seeing the part but not the whole, seeing the trees but not the forest. That way it is impossible to find the method for resolving a contradiction, it is impossible to accomplish the tasks of the revolution, to carry out assignments well or to develop inner-Party ideological struggle correctly. When Sun Tzu said in discussing military science, "Know the enemy and know yourself, and you can fight a hundred battles with no danger of defeat,"[304] he was referring to the two sides in a battle. Wei Zheng[305] of the Tang Dynasty also understood the error of one-sidedness when he said, Listen to both sides and you will be enlightened, heed only one side and you will be benighted." But our comrades often look at problems one-sidedly, and so they often run into snags. In the novel *Shuihu Zhuan*, Song Jiang thrice attacked Zhu Village.[306] Twice he was defeated because he was ignorant of the local conditions and used the wrong method. Later he changed his method; first he investigated the situation, and he familiarized himself with the maze of roads, then he broke up the alliance between the Li, Hu and Zhu Villages and sent his men in disguise into the enemy camp to lie in wait, using a stratagem similar to that of the Trojan Horse in the foreign story. And on the third occasion he won. There are many examples of materialist dialectics in *Shuihu Zhuan*, of which the episode of the three attacks on Zhu Village is one of the best. Lenin said:

> "If we are to have a true knowledge of an object we must look at and examine all its facets, its connections and "mediacies." That is something we cannot ever hope to achieve completely, but the rule of comprehensiveness is a safeguard against mistakes and rigidity."[307]

We should remember his words. To be superficial means to consider neither the characteristics of a contradiction in its totality nor the characteristics of each of its aspects; it means to deny the necessity for probing deeply into a thing and minutely studying the characteristics of its contradiction, but instead merely to look from afar and, after glimpsing the rough outline, immediately to try to resolve the contradiction (to answer a question, settle a dispute, handle work, or direct a military operation). This way of doing things is bound to lead to trouble. The reason the dogmatist and empiricist comrades in China have made mistakes lies precisely in their subjectivist, one-sided and superficial way of looking at things. To be one-sided and superficial is at the same time to be subjective. For all objective things are actually interconnected and are governed by inner laws, but instead of undertaking the task of reflecting things as they really are, some people only look at things one-sidedly or superficially and who know neither their interconnections nor their inner laws, and so their method is subjectivist.

Not only does the whole process of the movement of opposites in the development of a thing, both in their interconnections and in each of the aspects, have particular features to which we must give attention, but each stage in the process has its particular features to which we must give attention too.

The fundamental contradiction in the process of development of a thing and the essence of the process determined by this fundamental contradiction will not disappear until the process is completed; but in a lengthy process the conditions usually differ at each stage. The reason is that, although the nature of the fundamental contradiction in the process of development of a thing and the essence of the process remain unchanged, the fundamental contradiction becomes more and more intensified as it passes from one stage to another in the lengthy process. In addition, among

the numerous major and minor contradictions which are determined or influenced by the fundamental contradiction, some become intensified, some are temporarily or partially resolved or mitigated, and some new ones emerge; hence the process is marked by stages. If people do not pay attention to the stages in the process of development of a thing, they cannot deal with its contradictions properly.

For instance, 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, and thus there arose the special stage of capitalism, the stage of imperialism. Leninism is the Marxism of the era of imperialism and proletarian revolution precisely because Lenin and Stalin have correctly explained these contradictions and correctly formulated the theory and tactics of the proletarian revolution for their resolution.

Take the process of China's bourgeois-democratic revolution, which began with the Revolution of 1911[308]; it, too, has several distinct stages. In particular, the revolution in its period of bourgeois leadership and the revolution in its period of proletarian leadership represent two vastly different historical stages. In other words, proletarian leadership has fundamentally changed the whole face of the revolution, has brought about a new alignment of classes, given rise to a tremendous upsurge in the peasant revolution, imparted thoroughness to the revolution against imperialism and feudalism, created the possibility of the transition from the democratic revolution to the socialist revolution, and so on.

None of this was possible in the period when the revolution was under bourgeois leadership. Although no change has taken place in the nature of the fundamental contradiction in the process as a whole, i.e., in the anti-imperialist, anti-feudal, democratic-revolutionary nature of the process (the opposite of which is its semi-colonial and semi-feudal nature), nonetheless this process has passed through several stages of development in the course of more than twenty years; during this time many great events have taken place—the failure of the Revolution of 1911 and the establishment of the regime of the Northern warlords, the formation of the first national united front and the revolution of 1924-27,[309] the break-up of the united front and the desertion of the bourgeoisie to the side of the counterrevolution, the wars among the new warlords, the Agrarian Revolutionary War, the establishment of the second national united front and the War of Resistance Against Japan.[310] These stages are marked by particular features such as the intensification of certain contradictions (e.g., the Agrarian Revolutionary War and the Japanese invasion of the four northeastern provinces), the partial or temporary resolution of other contradictions (e.g., the destruction of the Northern warlords and our confiscation of the land of the landlords), and the emergence of yet other contradictions (e.g., the conflicts among the new warlords, and the landlords' recapture of the land after the loss of our revolutionary base areas in the south).

In studying the particularities of the contradictions at each stage in the process of development of a thing, we must not only observe them in their interconnections or their totality, we must also examine the two aspects of each contradiction.

For instance, consider the Kuomintang and the Communist Party. Take one aspect, the Kuomintang. In the period of the first united front, the Kuomintang carried out Sun Yat-sen's Three Great Policies of alliance with Russia,[311] cooperation with the Communist Party, and assistance to the peasants and

workers; hence it was revolutionary and vigorous, it was an alliance of various classes for the democratic revolution. After 1927, however, the Kuomintang changed into its opposite and became a reactionary bloc of the landlords and big bourgeoisie. After the Xi'an Incident in December 1936,[312] it began another change in the direction of ending the civil war and cooperating with the Communist Party for joint opposition to Japanese imperialism. Such have been the particular features of the Kuomintang in the three stages. Of course, these features have arisen from a variety of causes.

Now take the other aspect, the Chinese Communist Party. In the period of the first united front, the Chinese Communist Party was in its infancy; it courageously led the revolution of 1924-27 but revealed its immaturity in its understanding of the character, the tasks and the methods of the revolution, and consequently it became possible for Chen Duxiu-ism,[313] which appeared during the latter part of this revolution, to assert itself and bring about the defeat of the revolution. After 1927, the Communist Party courageously led the Agrarian Revolutionary War and created the revolutionary army and revolutionary base areas; however, it committed adventurist errors which brought about very great losses both to the army and to the base areas. Since 1935 the Party has corrected these errors and has been leading the new united front for resistance to Japan; this great struggle is now developing. At the present stage, the Communist Party is a Party that has gone through the test of two revolutions and acquired a wealth of experience. Such have been the particular features of the Chinese Communist Party in the three stages.

These features, too, have arisen from a variety of causes. Without studying both these sets of features we cannot understand the particular relations between the two parties during the various stages of their development, namely, the establishment of a united front, the break-up of the united front, and the establishment of another united front. What is

even more fundamental for the study of the particular features of the two parties is the examination of the class basis of the two parties and the resultant contradictions which have arisen between each party and other forces at different periods. For instance, in the period of its first cooperation with the Communist Party, the Kuomintang stood in contradiction to foreign imperialism and was therefore anti-imperialist; on the other hand, it stood in contradiction to the great masses of the people within the country—although in words it promised many benefits to the working people, in fact it gave them little or nothing. In the period when it carried on the anti-Communist war, the Kuomintang collaborated with imperialism and feudalism against the great masses of the people and wiped out all the gains they had won in the revolution, and thereby intensified its contradictions with them.

In the present period of the anti-Japanese war, the Kuomintang stands in contradiction to Japanese imperialism and wants cooperation with the Communist Party, without however relaxing its struggle against the Communist Party and the people or its oppression of them. As for the Communist Party, it has always, in every period, stood with the great masses of the people against imperialism and feudalism, but in the present period of the anti-Japanese war, it has adopted a moderate policy towards the Kuomintang and the domestic feudal forces because the Kuomintang has pressed itself in favor of resisting Japan. The above circumstances have resulted now in alliance between the two parties and now in struggle between them, and even during the periods of alliance there has been a complicated state of simultaneous alliance and struggle. If we do not study the particular features of both aspects of the contradiction, we shall fail to understand not only the relations of each party with the other forces, but also the relations between the two parties.

It can thus be seen that in studying the particularity of any kind of contradiction—the contradiction in each form of

motion of matter, the contradiction in each of its processes of development, the two aspects of the contradiction in each process, the contradiction at each stage of a process, and the two aspects of the contradiction at each stage—in studying the particularity of all these contradictions, we must not be subjective and arbitrary but must analyze it concretely. Without concrete analysis there can be no knowledge of the particularity of any contradiction. We must always remember Lenin's words, the concrete analysis of concrete conditions.

Marx and Engels were the first to provide us with excellent models of such concrete analysis.

When Marx and Engels applied the law of contradiction in things to the study of the socio-historical process, they discovered the contradiction between the productive forces and the relations of production, they discovered the contradiction between the exploiting and exploited classes and also the resultant contradiction between the economic base and its superstructure (politics, ideology, etc.), and they discovered how these contradictions inevitably lead to different kinds of social revolution in different kinds of class society.

When Marx applied this law to the study of the economic structure of capitalist society, he discovered that the basic contradiction of this society is the contradiction between the social character of production and the private character of ownership. This contradiction manifests itself in the contradiction between the organized character of production in individual enterprises and the anarchic character of production in society as a whole. In terms of class relations, it manifests itself in the contradiction between the bourgeoisie and the proletariat.

Because the range of things is vast and there is no limit to their development, what is universal in one context becomes particular in another. Conversely, what is particular in one context becomes universal in another. The contradiction in the capitalist system between the social character of production and

the private ownership of the means of production is common to all countries where capitalism exists and develops; as far as capitalism is concerned, this constitutes the universality of contradiction. But this contradiction of capitalism belongs only to a certain historical stage in the general development of class society; as far as the contradiction between the productive forces and the relations of production in class society as a whole is concerned, it constitutes the particularity of contradiction. However, in the course of dissecting the particularity of all these contradictions in capitalist society, Marx gave a still more profound, more adequate and more complete elucidation of the universality of the contradiction between the productive forces and the relations of production in class society in general.

Since the particular is united with the universal and since the universality as well as the particularity of contradiction is inherent in everything, universality residing in particularity, we should, when studying an object, try to discover both the particular and the universal and their interconnection, to discover both particularity and universality and also their interconnection within the object itself, and to discover the interconnections of this object with the many objects outside it. When Stalin explained the historical roots of Leninism in his famous work, *The Foundations of Leninism*, he analyzed the international situation in which Leninism arose, analyzed those contradictions of capitalism which reached their culmination under imperialism, and showed how these contradictions made proletarian revolution a matter for immediate action and created favorable conditions for a direct onslaught on capitalism. What is more, he analyzed the reasons why Russia became the cradle of Leninism, why tsarist Russia became the focus of all the contradictions of imperialism, and why it was possible for the Russian proletariat to become the vanguard of the international revolutionary proletariat. Thus, Stalin analyzed the universality of contradiction in imperialism,

showing why Leninism is the Marxism of the era of imperialism and proletarian revolution, and at the same time analyzed the particularity of tsarist Russian imperialism within this general contradiction, showing why Russia became the birthplace of the theory and tactics of proletarian revolution and how the universality of contradiction is contained in this particularity. Stalin's analysis provides us with a model for understanding the particularity and the universality of contradiction and their interconnection.

On the question of using dialectics in the study of objective phenomena, Marx and Engels, and likewise Lenin and Stalin, always enjoin people not to be in any way subjective and arbitrary but, from the concrete conditions in the actual objective movement of these phenomena, to discover their concrete contradictions, the concrete position of each aspect of every contradiction and the concrete interrelations of the contradictions. Our dogmatists do not have this attitude in study and therefore can never get anything right. We must take warning from their failure and learn to acquire this attitude, which is the only correct one in study.

The relationship between the universality and the particularity of contradiction is the relationship between the general character and the individual character of contradiction. By the former we mean that contradiction exists in and runs through all processes from beginning to end; motion, things, processes, thinking—all are contradictions. To deny contradiction is to deny everything. This is a universal truth for all times and all countries, which admits of no exception. Hence the general character, the absoluteness of contradiction. But this general character is contained in every individual character; without individual character there can be no general character. If all individual character were removed, what general character would remain? It is because each contradiction is particular that individual character arises. All

individual character exists conditionally and temporarily, and hence is relative.

This truth concerning general and individual character, concerning absoluteness and relativity, is the quintessence of the problem of contradiction in things; failure to understand it is tantamount to abandoning dialectics.

IV. The Principal Contradiction and the Principal Aspect of a Contradiction

There are still two points in the problem of the particularity of contradiction which must be singled out for analysis, namely, the principal contradiction and the principal aspect of a contradiction.

There are many contradictions in the process of development of a complex thing, and one of them is necessarily the principal contradiction whose existence and development determine or influence the existence and development of the other contradictions.

For instance, in capitalist society the two forces in contradiction, the proletariat and the bourgeoisie, form the principal contradiction. The other contradictions, such as those between the remnant feudal class and the bourgeoisie, between the peasant petty bourgeoisie and the bourgeoisie, between the proletariat and the peasant petty bourgeoisie, between the non-monopoly capitalists and the monopoly capitalists, between bourgeois democracy and bourgeois fascism, among the capitalist countries and between imperialism and the colonies, are all determined or influenced by this principal contradiction.

In a semi-colonial country such as China, the relationship between the principal contradiction and the non-principal contradictions presents a complicated picture.

When imperialism launches a war of aggression against such a country, all its various classes, except for some traitors,

can temporarily unite in a national war against imperialism. At such a time, the contradiction between imperialism and the country concerned becomes the principal contradiction, while all the contradictions among the various classes within the country (including what was the principal contradiction, between the feudal system and the great masses of the people) are temporarily relegated to a secondary and subordinate position. So it was in China in the Opium War of 1840,[314] the Sino-Japanese War of 1894,[315] and the Yihetuan War of 1900,[316] and so it is now in the present Sino-Japanese War.

But in another situation, the contradictions change position. When imperialism carries on its oppression not by war, but by milder means—political, economic and cultural—the ruling classes in semi-colonial countries capitulate to imperialism, and the two form an alliance for the joint oppression of the masses of the people. At such a time, the masses often resort to civil war against the alliance of imperialism and the feudal classes, while imperialism often employs indirect methods rather than direct action in helping the reactionaries in the semi-colonial countries to oppress the people, and thus the internal contradictions become particularly sharp. This is what happened in China in the Revolutionary War of 1911, the Revolutionary War of 1924-27, and the ten years of Agrarian Revolutionary War after 1927. Wars among the various reactionary ruling groups in the semi-colonial countries, e.g., the wars among the warlords in China, fall into the same category.

When a revolutionary civil war develops to the point of threatening the very existence of imperialism and its running dogs, the domestic reactionaries, imperialism often adopts other methods in order to maintain its rule; it either tries to split the revolutionary front from within or sends armed forces to help the domestic reactionaries directly. At such a time, foreign imperialism and domestic reaction stand quite openly at one pole while the masses of the people stand at the other pole,

thus forming the principal contradiction which determines or influences the development of the other contradictions. The assistance given by various capitalist countries to the Russian reactionaries after the October Revolution is an example of armed intervention. Chiang Kai-shek's betrayal in 1927 is an example of splitting the revolutionary front.[317]

But whatever happens, there is no doubt at all that at every stage in the development of a process, there is only one principal contradiction which plays the leading role.

Hence, if in any process there are a number of contradictions, one of them must be the principal contradiction playing the leading and decisive role, while the rest occupy a secondary and subordinate position. Therefore, in studying any complex process in which there are two or more contradictions, we must devote every effort to finding its principal contradiction. Once this principal contradiction is grasped, all problems can be readily solved. This is the method Marx taught us in his study of capitalist society. Likewise, Lenin and Stalin taught us this method when they studied imperialism and the general crisis of capitalism and when they studied the Soviet economy. There are thousands of scholars and men of action who do not understand it, and the result is that, lost in a fog, they are unable to get to the heart of a problem and naturally cannot find a way to resolve its contradictions.

As we have said, one must not treat all the contradictions in a process as being equal but must distinguish between the principal and the secondary contradictions, and pay special attention to grasping the principal one. But, in any given contradiction, whether principal or secondary, should the two contradictory aspects be treated as equal? Again, no. In any contradiction the development of the contradictory aspects is uneven. Sometimes they seem to be in equilibrium, which is however only temporary and relative, while unevenness is basic. Of the two contradictory aspects, one must be principal and the other secondary. The principal aspect is the one playing

the leading role in the contradiction. The nature of a thing is determined mainly by the principal aspect of a contradiction, the aspect which has gained the dominant position.

But this situation is not static; the principal and the non-principal aspects of a contradiction transform themselves into each other and the nature of the thing changes accordingly. In a given process or at a given stage in the development of a contradiction, *A* is the principal aspect and *B* is the non-principal aspect; at another stage or in another process the roles are reversed—a change determined by the extent of the increase or decrease in the force of each aspect in its struggle against the other in the course of the development of a thing.

We often speak of "the new superseding the old." The supersession of the old by the new is a general, eternal and inviolable law of the universe. The transformation of one thing into another, through leaps of different forms in accordance with its essence and external conditions—this is the process of the new superseding the old. In each thing there is contradiction between its new and its old aspects, and this gives rise to a series of struggles with many twists and turns. As a result of these struggles, the new aspect changes from being minor to being major and rises to predominance, while the old aspect changes from being major to being minor and gradually dies out. And the moment the new aspect gains dominance over the old, the old thing changes qualitatively into a new thing. It can thus be seen that the nature of a thing is mainly determined by the principal aspect of the contradiction, the aspect which has gained predominance. When the principal aspect which has gained predominance changes, the nature of a thing changes accordingly.

In capitalist society, capitalism has changed its position from being a subordinate force in the old feudal era to being the dominant force, and the nature of society has accordingly changed from feudal to capitalist. In the new, capitalist era, the feudal forces changed from their former dominant position to

a subordinate one, gradually dying out. Such was the case, for example, in Britain and France. With the development of the productive forces, the bourgeoisie changes from being a new class playing a progressive role to being an old class playing a reactionary role, until it is finally overthrown by the proletariat and becomes a class deprived of privately owned means of production and stripped of power, when it, too, gradually dies out. The proletariat, which is much more numerous than the bourgeoisie and grows simultaneously with it but under its rule, is a new force which, initially subordinate to the bourgeoisie, gradually gains strength, becomes an independent class playing the leading role in history, and finally seizes political power and becomes the ruling class. Thereupon the nature of society changes and the old capitalist society becomes the new socialist society. This is the path already taken by the Soviet Union, a path that all other countries will inevitably take.

Look at China, for instance. Imperialism occupies the principal position in the contradiction in which China has been reduced to a semi-colony, it oppresses the Chinese people, and China has been changed from an independent country into a semi-colonial one. But this state of affairs will inevitably change; in the struggle between the two sides, the power of the Chinese people which is growing under the leadership of the proletariat will inevitably change China from a semi-colony into an independent country, whereas imperialism will be overthrown and old China will inevitably change into New China.

The change of old China into New China also involves a change in the relation between the old feudal forces and the new popular forces within the country. The old feudal landlord class will be overthrown, and from being the ruler it will change into being the ruled; and this class, too, will gradually die out. From being the ruled, the people, led by the proletariat, will become the rulers. Thereupon, the nature

of Chinese society will change and the old, semi-colonial and semi-feudal society will change into a new democratic society.

Instances of such reciprocal transformation are found in our past experience. The Qing Dynasty which ruled China for nearly 300 years was overthrown in the Revolution of 1911, and the revolutionary Tongmenghui under Sun Yat-sen's leadership was victorious for a time. In the Revolutionary War of 1924-27, the revolutionary forces of the Communist-Kuomintang alliance in the south changed from being weak to being strong and won victory in the Northern Expedition,[318] while the Northern warlords who once ruled the roost were overthrown. In 1927, the people's forces led by the Communist Party were greatly reduced numerically under the attacks of Kuomintang reaction, but with the elimination of opportunism within their ranks they gradually grew again. In the revolutionary base areas under Communist leadership, the peasants have been transformed from being the ruled to being the rulers, while the landlords have undergone a reverse transformation. It is always so in the world, the new displacing the old, the old being superseded by the new, the old being eliminated to make way for the new, and the new emerging out of the old.

At certain times in the revolutionary struggle, the difficulties outweigh the favorable conditions and so constitute the principal aspect of the contradiction and the favorable conditions constitute the secondary aspect. But through their efforts the revolutionaries can overcome the difficulties step by step and open up a favorable new situation; thus, a difficult situation yields place to a favorable one. This is what happened after the failure of the revolution in China in 1927 and during the Long March of the Chinese Red Army.[319] In the present Sino-Japanese War, China is again in a difficult position, but we can change this and fundamentally transform the situation as between China and Japan. Conversely, favorable conditions can be transformed into difficulty if the revolutionaries make

mistakes. Thus, the victory of the revolution of 1924-27 turned into defeat. The revolutionary base areas which grew up in the southern provinces after 1927 had all suffered defeat by 1934.

When we engage in study, the same holds good for the contradiction in the passage from ignorance to knowledge. At the very beginning of our study of Marxism, our ignorance of, our scanty acquaintance with Marxism stands in contradiction to knowledge of Marxism. But by assiduous study, ignorance can be transformed into knowledge, scanty knowledge into substantial knowledge, and blindness in the application of Marxism into mastery of its application.

Some people think that this is not true of certain contradictions. For instance, in the contradiction between the productive forces and the relations of production, the productive forces are the principal aspect; in the contradiction between theory and practice, practice is the principal aspect; in the contradiction between the economic base and the superstructure, the economic base is the principal aspect; and there is no change in their respective positions. This is the mechanical materialist conception, not the dialectical materialist conception. True, the productive forces, practice and the economic base generally play the principal and decisive role; whoever denies this is not a materialist. But it must also be admitted that in certain conditions, such aspects as the relations of production, theory and the superstructure in turn manifest themselves in the principal and decisive role. When it is impossible for the productive forces to develop without a change in the relations of production, then the change in the relations of production plays the principal and decisive role.

The creation and advocacy of revolutionary theory plays the principal and decisive role in those times of which Lenin said, "Without revolutionary theory there can be no revolutionary movement."[320] When a task, no matter which, has to be performed, but there is as yet no guiding line, method, plan or policy, the principal and decisive thing is to decide on a

guiding line, method, plan or policy. When the superstructure (politics, culture, etc.) obstructs the development of the economic base, political and cultural changes become principal and decisive. Are we going against materialism when we say this? No. The reason is that while we recognize that in the general development of history the material determines the mental and social being determines social consciousness, we also—and indeed must—recognize the reaction of mental on material things, of social consciousness on social being and of the superstructure on the economic base. This does not go against materialism; on the contrary, it avoids mechanical materialism and firmly upholds dialectical materialism.

In studying the particularity of contradiction, unless we examine these two facets—the principal and the non-principal contradictions in a process, and the principal and the non-principal aspects of a contradiction—that is, unless we examine the distinctive character of these two facets of contradiction, we shall get bogged down in abstractions, be unable to understand contradiction concretely and consequently be unable to find the correct method of resolving it. The distinctive character or particularity of these two facets of contradiction represents the unevenness of the forces that are in contradiction. Nothing in this world develops absolutely evenly; we must oppose the theory of even development or the theory of equilibrium. Moreover, it is these concrete features of a contradiction and the changes in the principal and non-principal aspects of a contradiction in the course of its development that manifest the force of the new superseding the old. The study of the various states of unevenness in contradictions, of the principal and non-principal contradictions and of the principal and the non-principal aspects of a contradiction constitutes an essential method by which a revolutionary political party correctly determines its strategic and tactical policies both in political and in military affairs. All Communists must give it attention.

V. The Identity and Struggle of the Aspects of a Contradiction

When we understand the universality and the particularity of contradiction, we must proceed to study the problem of the identity and struggle of the aspects of a contradiction.

Identity, unity, coincidence, interpenetration, interpermeation, interdependence (or mutual dependence for existence), interconnection or mutual cooperation—all these different terms mean the same thing and refer to the following two points: first, the existence of each of the two aspects of a contradiction in the process of the development of a thing presupposes the existence of the other aspect, and both aspects coexist in a single entity; second, in given conditions, each of the two contradictory aspects transforms itself into its opposite. This is the meaning of identity.

Lenin said:

> "*Dialectics* is the teaching which shows how *opposites* can be and how they happen to be (how they become) *identical*—under what conditions they are identical, transforming themselves into one another—why the human mind should take these opposites not as dead, rigid, but as living, conditional, mobile, transforming themselves into one another."[321]

What does this passage mean?

The contradictory aspects in every process exclude each other, struggle with each other and are in opposition to each other. Without exception, they are contained in the process of development of all things and in all human thought. A simple process contains only a single pair of opposites, while a complex process contains more. And in turn, the pairs of opposites are in contradiction to one another.

That is how all things in the objective world and all human thought are constituted and how they are set in motion.

This being so, there is an utter lack of identity or unity. How then can one speak of identity or unity?

The fact is that no contradictory aspect can exist in isolation. Without its opposite aspect, each loses the condition for its existence. Just think, can any one contradictory aspect of a thing or of a concept in the human mind exist independently? Without life, there would be no death; without death, there would be no life.

Without "above," there would be no "below" without "below," there would be no "above." Without misfortune, there would be no good fortune; without good fortune, these would be no misfortune. Without facility, there would be no difficulty without difficulty, there would be no facility. Without landlords, there would be no tenant-peasants; without tenant-peasants, there would be no landlords. Without the bourgeoisie, there would be no proletariat; without the proletariat, there would be no bourgeoisie. Without imperialist oppression of nations, there would be no colonies or semi-colonies; without colonies or semi-colonies, there would be no imperialist oppression of nations. It is so with all opposites; in given conditions, on the one hand they are opposed to each other, and on the other they are interconnected, interpenetrating, interpermeating and interdependent, and this character is described as identity. In given conditions, all contradictory aspects possess the character of non-identity and hence are described as being in contradiction. But they also possess the character of identity and hence are interconnected. This is what Lenin means when he says that dialectics studies "how opposites can be... identical." Then how can they be identical? Because each is the condition for the other's existence. This is the first meaning of identity.

But is it enough to say merely that each of the contradictory aspects is the condition for the other's existence, that there is identity between them and that consequently they can coexist in a single entity? No, it is not. The matter does not end with their dependence on each other for their existence; what is more important is their transformation into each other. That is

to say, in given conditions, each of the contradictory aspects within a thing transforms itself into its opposite, changes its position to that of its opposite. This is the second meaning of the identity of contradiction.

Why is there identity here, too? You see, by means of revolution the proletariat, at one time the ruled, is transformed into the ruler, while the bourgeoisie, the erstwhile ruler, is transformed into the ruled and changes its position to that originally occupied by its opposite. This has already taken place in the Soviet Union, as it will take place throughout the world. If there were no interconnection and identity of opposites in given conditions, how could such a change take place?

The Kuomintang, which played a certain positive role at a certain stage in modern Chinese history, became a counter-revolutionary party after 1927 because of its inherent class nature and because of imperialist blandishments (these being the conditions); but it has been compelled to agree to resist Japan because of the sharpening of the contradiction between China and Japan and because of the Communist Party's policy of the united front (these being the conditions). Things in contradiction change into one another, and herein lies a definite identity.

Our agrarian revolution has been a process in which the landlord class owning the land is transformed into a class that has lost its land, while the peasants who once lost their land are transformed into small holders who have acquired land, and it will be such a process once again. In given conditions having and not having, acquiring and losing, are interconnected; there is identity of the two sides. Under socialism, private peasant ownership is transformed into the public ownership of socialist agriculture; this has already taken place in the Soviet Union, as it will take place everywhere else. There is a bridge leading from private property to public property, which

in philosophy is called identity, or transformation into each other, or interpenetration.

To consolidate the dictatorship of the proletariat or the dictatorship of the people is in fact to prepare the conditions for abolishing this dictatorship and advancing to the higher stage when all state systems are eliminated. To establish and build the Communist Party is in fact to prepare the conditions for the elimination of the Communist Party and all political parties. To build a revolutionary army under the leadership of the Communist Party and to carry on revolutionary war is in fact to prepare the conditions for the permanent elimination of war. These opposites are at the same time complementary.

War and peace, as everybody knows, transform themselves into each other. War is transformed into peace; for instance, the First World War was transformed into post-war peace, and the civil war in China has now stopped, giving place to internal peace. Peace is transformed into war; for instance, the Kuomintang-Communist cooperation was transformed into war in 1927, and today's situation of world peace may be transformed into a second world war. Why is this so? Because in class society such contradictory things as war and peace have an identity in given conditions.

All contradictory things are interconnected; not only do they coexist in a single entity in given conditions, but in other given conditions, they also transform themselves into each other. This is the full meaning of the identity of opposites. This is what Lenin meant when he discussed "how they happen to be (how they become) identical—under what conditions they are identical, transforming themselves into one another."

Why is it that "the human mind should take these opposites not as dead, rigid, but as living, conditional, mobile, transforming themselves into one another"? Because that is just how things are in objective reality. The fact is that the unity or identity of opposites in objective things is not dead or rigid, but is living, conditional, mobile, temporary and relative; in

given conditions, every contradictory aspect transforms itself into its opposite. Reflected in man's thinking, this becomes the Marxist world outlook of materialist dialectics. It is only the reactionary ruling classes of the past and present and the metaphysicians in their service who regard opposites not as living, conditional, mobile and transforming themselves into one another, but as dead and rigid, and they propagate this fallacy everywhere to delude the masses of the people, thus seeking to perpetuate their rule. The task of Communists is to expose the fallacies of the reactionaries and metaphysicians, to propagate the dialectics inherent in things, and so accelerate the transformation of things and achieve the goal of revolution.

In speaking of the identity of opposites in given conditions, what we are referring to is real and concrete opposites and the real and concrete transformations of opposites into one another. There are innumerable transformations in mythology, for instance, Kuafu's race with the sun in *Shan Hai Jing*,[322] Yi's shooting down of nine suns in *Huai Nan Zi*,[323] the Monkey King's seventy-two metamorphoses in *Xi You Ji*,[324] the numerous episodes of ghosts and foxes metamorphosed into human beings in *Liaozhai*,[325] etc. But these legendary transformations of opposites are not concrete changes reflecting concrete contradictions. They are naive, imaginary, subjectively conceived transformations conjured up in men's minds by innumerable real and complex transformations of opposites into one another. Marx said:

> "All mythology subdues, dominates and fashions the forces of nature in the imagination and through the imagination; it therefore disappears when real domination over these forces is established."[326]

The myriads of changes in mythology (and also in nursery tales) delight people because they imaginatively picture man's conquest of the forces of nature, and the best myths possess "eternal charm," as Marx put it; but myths are not built out of the concrete contradictions existing in given conditions

and therefore are not a scientific reflection of reality. That is to say, in myths or nursery tales the aspects constituting a contradiction have only an imaginary identity, not a concrete identity. The scientific reflection of the identity in real transformations is Marxist dialectics.

Why can an egg but not a stone be transformed into a chicken? Why is there identity between war and peace and none between war and a stone? Why can human beings give birth only to human beings and not to anything else? The sole reason is that the identity of opposites exists only in necessary given conditions. Without these necessary given conditions there can be no identity whatsoever.

Why is it that in Russia in 1917 the bourgeois-democratic February Revolution was directly linked with the proletarian socialist October Revolution, while in France the bourgeois revolution was not directly linked with a socialist revolution and the Paris Commune of 1871 ended in failure? Why is it, on the other hand, that the nomadic system of Mongolia and Central Asia has been directly linked with socialism? Why is it that the Chinese revolution can avoid a capitalist future and be directly linked with socialism without taking the old historical road of the Western countries, without passing through a period of bourgeois dictatorship? The sole reason is the concrete conditions of the time. When certain necessary conditions are present, certain contradictions arise in the process of development of things and, moreover, the opposites contained in them are interdependent and become transformed into one another; otherwise, none of this would be possible.

Such is the problem of identity. What then is struggle? And what is the relation between identity and struggle?

Lenin said:

> "The unity (coincidence, identity, equal action) of opposites is conditional, temporary, transitory, relative. The struggle of mutually

exclusive opposites is absolute, just as development and motion are absolute."[327]

What does this passage mean?

All processes have a beginning and an end, all processes transform themselves into their opposites. The constancy of all processes is relative, but the mutability manifested in the transformation of one process into another is absolute.

There are two states of motion in all things, that of relative rest and that of conspicuous change. Both are caused by the struggle between the two contradictory elements contained in a thing. When the thing is in the first state of motion, it is undergoing only quantitative and not qualitative change and consequently presents the outward appearance of being at rest. When the thing is in the second state of motion, the quantitative change of the first state has already reached a culminating point and gives rise to the dissolution of the thing as an entity and thereupon a qualitative change ensues, hence the appearance of a conspicuous change.

Such unity, solidarity, combination, harmony, balance, stalemate, deadlock, rest, constancy, equilibrium, solidity, attraction, etc., as we see in daily life, are all the appearances of things in the state of quantitative change. On the other hand, the dissolution of unity, that is, the destruction of this solidarity, combination, harmony, balance, stalemate, deadlock, rest, constancy, equilibrium, solidity and attraction, and the change of each into its opposite are all the appearances of things in the state of qualitative change, the transformation of one process into another. Things are constantly transforming themselves from the first into the second state of motion; the struggle of opposites goes on in both states but the contradiction is resolved through the second state. That is why we say that the unity of opposites is conditional, temporary and relative, while the struggle of mutually exclusive opposites is absolute.

When we said above that two opposite things can coexist in a single entity and can transform themselves into each other because there is identity between them, we were speaking of conditionality, that is to say, in given conditions two contradictory things can be united and can transform themselves into each other, but in the absence of these conditions, they cannot constitute a contradiction, cannot coexist in the same entity and cannot transform themselves into one another. It is because the identity of opposites obtains only in given conditions that we have said identity is conditional and relative. We may add that the struggle between opposites permeates a process from beginning to end and makes one process transform itself into another, that it is ubiquitous, and that struggle is therefore unconditional and absolute.

The combination of conditional, relative identity and unconditional, absolute struggle constitutes the movement of opposites in all things.

We Chinese often say, "Things that oppose each other also complement each other."[328] That is, things opposed to each other have identity. This saying is dialectical and contrary to metaphysics. "Oppose each other" refers to the mutual exclusion or the struggle of two contradictory aspects. "Complement each other" means that in given conditions the two contradictory aspects unite and achieve identity. Yet struggle is inherent in identity and without struggle there can be no identity.

In identity there is struggle, in particularity there is universality, and in individuality there is generality. To quote Lenin, "there is an absolute within the relative."[329]

VI. The Place of Antagonism in Contradiction

The question of the struggle of opposites includes the question of what is antagonism. Our answer is that antagonism is one form, but not the only form, of the struggle of opposites.

In human history, antagonism between classes exists as a particular manifestation of the struggle of opposites. Consider the contradiction between the exploiting and the exploited classes. Such contradictory classes coexist for a long time in the same society, be it slave society, feudal society or capitalist society, and they struggle with each other; but it is not until the contradiction between the two classes develops to a certain stage that it assumes the form of open antagonism and develops into revolution. The same holds for the transformation of peace into war in class society.

Before it explodes, a bomb is a single entity in which opposites coexist in given conditions. The explosion takes place only when a new condition, ignition, is present. An analogous situation arises in all those natural phenomena which finally assume the form of open conflict to resolve old contradictions and produce new things.

It is highly important to grasp this fact. It enables us to understand that revolutions and revolutionary wars are inevitable in class society and that without them, it is impossible to accomplish any leap in social development and to overthrow the reactionary ruling classes and therefore impossible for the people to win political power. Communists must expose the deceitful propaganda of the reactionaries, such as the assertion that social revolution is unnecessary and impossible. They must firmly uphold the Marxist-Leninist theory of social revolution and enable the people to understand that social revolution is not only entirely necessary but also entirely practicable, and that the whole history of mankind and the triumph of the Soviet Union have confirmed this scientific truth.

However, we must make a concrete study of the circumstances of each specific struggle of opposites and should not arbitrarily apply the formula discussed above to everything. Contradiction and struggle are universal and absolute, but the methods of resolving contradictions, that is, the forms

of struggle, differ according to the differences in the nature of the contradictions. Some contradictions are characterized by open antagonism, others are not. In accordance with the concrete development of things, some contradictions which were originally non-antagonistic develop into antagonistic ones, while others which were originally antagonistic develop into non-antagonistic ones.

As already mentioned, so long as classes exist, contradictions between correct and incorrect ideas in the Communist Party are reflections within the Party of class contradictions. At first, with regard to certain issues, such contradictions may not manifest themselves as antagonistic. But with the development of the class struggle, they may grow and become antagonistic. The history of the Communist Party of the Soviet Union shows us that the contradictions between the correct thinking of Lenin and Stalin and the fallacious thinking of Trotsky, Bukharin and others did not at first manifest themselves in an antagonistic form, but that later they did develop into antagonism. There are similar cases in the history of the Chinese Communist Party. At first the contradictions between the correct thinking of many of our Party comrades and the fallacious thinking of Chen Duxiu, Zhang Guotao and others also did not manifest themselves in an antagonistic form,[330] but later they did develop into antagonism. At present the contradiction between correct and incorrect thinking in our Party does not manifest itself in an antagonistic form, and if comrades who have committed mistakes can correct them, it will not develop into antagonism. Therefore, the Party must on the one hand wage a serious struggle against erroneous thinking, and on the other give the comrades who have committed errors ample opportunity to wake up. This being the case, excessive struggle is obviously inappropriate. But if the people who have committed errors persist in them and aggravate them, there is the possibility that this contradiction will develop into antagonism.

Economically, the contradiction between town and country is an extremely antagonistic one both in capitalist society, where under the rule of the bourgeoisie the towns ruthlessly plunder the countryside, and in the Kuomintang areas in China, where under the rule of foreign imperialism and the Chinese big comprador bourgeoisie, the towns most rapaciously plunder the countryside. But in a socialist country and in our revolutionary base areas, this antagonistic contradiction has changed into one that is non-antagonistic; and when communist society is reached it will be abolished.

Lenin said:

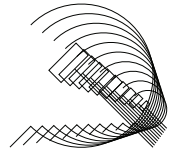
> "Antagonism and contradiction are not at all one and the same. Under socialism, the first will disappear, the second will remain."[331]

That is to say, antagonism is one form, but not the only form, of the struggle of opposites; the formula of antagonism cannot be arbitrarily applied everywhere.

VII. Conclusion

We may now say a few words to sum up. The law of contradiction in things, that is, the law of the unity of opposites, is the fundamental law of nature and of society and therefore also the fundamental law of thought. It stands opposed to the metaphysical world outlook. It represents a great revolution in the history of human knowledge. According to dialectical materialism, contradiction is present in all processes of objectively existing things and of subjective thought and permeates all these processes from beginning to end; this is the universality and absoluteness of contradiction. Each contradiction and each of its aspects have their respective characteristics; this is the particularity and relativity of contradiction. In given conditions, opposites possess identity, and consequently can coexist in a single entity and can transform themselves into each other; this again is the

particularity and relativity of contradiction. But the struggle of opposites is ceaseless, it goes on both when the opposites are coexisting and when they are transforming themselves into each other, and becomes especially conspicuous when they are transforming themselves into one another; this again is the universality and absoluteness of contradiction. In studying the particularity and relativity of contradiction, we must give attention to the distinction between the principal contradiction and the non-principal contradictions and to the distinction between the principal aspect and the non-principal aspect of a contradiction; in studying the universality of contradiction and the struggle of opposites in contradiction, we must give attention to the distinction between the different forms of struggle. Otherwise, we shall make mistakes. If, through study, we achieve a real understanding of the essentials explained above, we shall be able to demolish dogmatist ideas which are contrary to the basic principles of Marxism-Leninism and detrimental to our revolutionary cause, and our comrades with practical experience will be able to organize their experience into principles and avoid repeating empiricist errors. These are a few simple conclusions from our study of the law of contradiction.



NOTES



NOTES

Imperialism, the Highest Stage of Capitalism

1. Lenin calls his book, *Imperialism, the Highest Stage of Capitalism*. In reality, however, this book occupies an exclusive position in all Marxist literature devoted to imperialism. One of the most important major works of Lenin, it is linked closely with Marx's *Capital*. The development of Lenin's theory of imperialism in this book is a direct continuation of Marx's theory of capitalism. Marx uncovered the fundamental economic and class contradictions of capitalism and the laws of its development. He thus gave a scientific economic foundation to his teaching of proletarian revolution and the dictatorship of the proletariat. But neither Marx nor Engels lived to see the full development of imperialism. They witnessed merely its first steps (primarily in England). They therefore could foresee only in general outline the peculiarities and consequences of this new and highest stage of the development of capitalism. In the development of capitalist combinations (stock companies, trusts, syndicates), in the growing centralization of production and its concentration in the hands of small groups of the biggest capitalists ("magnates of capital") and in the growth of their *monopoly*, i.e., of their exclusive domination over the national economy, Marx and Engels already foresaw the advance of an epoch when further capitalist development would become impossible and when the breakdown of capitalism would ensue.

It is just this epoch that Marx had in mind when he stated in Volume I of *Capital* that:

> "While there is thus a progressive diminution in the number of the capitalist magnates, who usurp and monopolize all the advantages of this transformative process, [i.e. the transformation that produces capitalism in the technique of production and the entire national economy.—*Ed.*], there occurs a corresponding increase in the mass of poverty, oppression, enslavement, degeneration, and exploitation; but at the same time there is a steady intensification of the wrath of the working class—a class which grows ever more numerous, and is disciplined, unified, and organized by the very mechanism of the capitalist method of production. Capitalist monopoly becomes a fetter upon the method of production which has flourished with it and under it. The centralization of the means of production and the socialization of labor reach a point where they prove incompatible with their capitalist husk. This bursts asunder. The knell of capitalist private property sounds. The expropriators are expropriated."

And it is this very stage of the development of capitalism as its highest and final stage that Engels has in mind in his *Anti-Dühring* when speaking of the "monopoly" of the trusts. He says there that "not a single people would reconcile itself to a system of production that is regulated by trusts with the undisguised exploitation of society as a whole by a small band of coupon-clippers." He states that even the passing of production into the hands of the capitalist state (i.e., state capitalism in a bourgeois state) will not save capitalism from destruction because by such a transfer "capitalist relationships are not set aside but are, on the contrary, made more acute; this intensification however will be the last step in their development." But all this was only a forecast in the most general terms. Marx and Engels could not as yet observe the peculiarities of the new epoch of monopoly capitalism (or in other words, imperialism) in their *developed* state.

To uncover these peculiarities, to show what new and much sharper forms are assumed by the development of the economic and class contradictions of capitalism during the epoch of imperialism, in what manner they transform this epoch into the "eve of socialism" and into the epoch of proletarian revolutions, creating all the necessary preliminary conditions for it—all this fell to the share of Lenin. By accomplishing this task in his book, *Imperialism, the Highest Stage of Capitalism*, Lenin supplied a scientific foundation for the further development of the Marxist teaching of the proletarian revolution and the dictatorship of the proletariat, for its transformation into what we now call Leninism. Leninism grew on the theoretical base of Marxism in the epoch of imperialism, and Lenin's teaching of proletarian revolution and dictatorship in each of its propositions rests on that understanding of Marxism which is unfolded in this book of Lenin. The Leninist teaching of imperialism lies at the foundation of the program of the All-Union Communist Party as well as the program of the Communist International as a whole. This teaching served for Lenin himself, has served and continues to serve for the Party and the Communist International as a whole, as the starting point for the solution of all the questions of strategy and tactics of the struggle against capitalism, all the time, from the imperialist war until the present. This teaching also serves as a mighty weapon both in the struggle against the Second International, against the theoretical justification of imperialism, against the obsequiousness and subservience to imperialism on the part of that International, and in the struggle against the opportunist "left" and "right" currents in the Communist Parties themselves.

The Second International, in the person of its "theoreticians" such as Hilferding and Company, explains its policy of betrayal of the working class and obsequiousness to the bourgeoisie by the theory of so-called

"organized capitalism," i.e., of capitalism that is presumably able precisely in the epoch of imperialism to eliminate the contradictions sundering it and to create production without crises developing in accordance with a plan. This theory of the Second International serves at present as the basis for its denial of the proletarian revolution, of its struggle against the revolution and for its opportunist teaching of the growing into socialism through collaboration with the bourgeoisie, through so-called "political and economic democracy." One of the sources of this theory of "organized capitalism," its original expression, was the theory of "ultra-imperialism" ("super-imperialism") of Kautsky which had its origin simultaneously with the Leninist teaching of imperialism, during the period of the Imperialist War, and it was especially created to vindicate social-chauvinism. This theory forecast a development of imperialism that would do away with the contradictions of capitalism, first of all in the international sphere by means of "the unification of the imperialisms of the entire world" and the abolition of war, by means of "internationally consolidated finance capital." Lenin in *Imperialism, the Highest Stage of Capitalism* (Chapters 7 and 9) and in another pamphlet written at an earlier date, *The Collapse of the Second International* (Chapters 4 and 9) gave an annihilating criticism of this theory of "ultra-imperialism" as "ultra-rubbish," as an anti-Marxist reformist theory *dulling the contradictions of capitalism*. By this criticism and his entire teaching of imperialism as the epoch of the *greatest intensification* of all the contradictions of capitalism, Lenin supplied an irreplaceable weapon for the struggle against the modern opportunist theory of organized capital preached by the leaders of the Second International.

Trotskyism, together with the group of Zinoviev-Kamenev, opposing in 1925-1927 Lenin's teaching of the possibility of the victory of socialism in a single country, a teaching based on Lenin's understanding of imperialism, really continued that struggle against Leninism that was conducted by Trotsky during the Imperialist War. During the years of the war, Trotskyism, as was shown by Lenin in a series of articles, passed from disguised liquidatorship to social-chauvinism disguised by "Marxian phrases," joining in this respect Kautsky and Company. At that time Trotsky opposed the Leninist slogans of converting the imperialist war into civil war and of the victory of socialism gained at first in one or several countries. As against these Leninist slogans, Trotsky supported the slogan of a United States of Europe "without monarchies and standing armies," i.e., the slogan of the bourgeois democratic unification of Europe which in his opinion was an indispensable condition for the victory of the Socialist revolution. This slogan of Trotsky was nothing else but a Kautskyian

recognition of the possibility of "the unification of the imperialisms" of Europe into a single European super-imperialism. He attributed to "modern economy," i.e., to imperialism, "a really liberating historical mission: the construction of a unified world economy, independent of national frontiers and state-customs toll gates" (Leon Trotsky, "Program of Peace," in *War and Revolution*, russ. ed., vol. 2, pp. 477-503). Out of this very unification of world economy under imperialism Trotsky drew the conclusion as to the impossibility of a lasting victory of the proletarian revolution and the building of socialism in any one country, especially in Russia. Thus, Trotsky's denial of the victory of socialism in one country had its basis in the anti-Leninist, Kautskyian, reformist conception of imperialism. The Trotsky struggle against Leninism during the years of the war was a struggle that had its basis in Kautskyianism and in reality remained on that basis in 1925-1927. Lenin's teaching of imperialism and his annihilating criticism of Kautskyianism and Trotskyism during the years of the war gave our Party an irreplaceable weapon also for victory over Trotskyism during the period of the XIV-XV Congresses.

A similarly irreplaceable weapon was supplied by these teachings also for the struggle against right opportunism in the ranks of the All-Union Communist Party. In the questions concerning the conception of imperialism this right opportunism also degenerated into the theory of "organized capitalism" developed out of the Kautskyian "super-imperialism." As early as during the period of the Imperialist War, Comrade Bukharin uttered thoughts bringing his viewpoint on imperialism very close to that of Kautsky and Hilferding. In Bukharin's work, *Imperialism and World Economy*, written in 1915, we find:

"There is a process taking place transforming capital divided into 'national' groups into a single world organization, a universal world trust opposed by the world proletariat. Speaking in an abstract, theoretical way such a trust is perfectly thinkable, for, generally speaking, there is no economic limit to the process of cartelization." (Page 135.) The author proceeds to quote Hilferding on the possibility of a single trust, announcing his complete agreement with Hilferding on this question.

No less characteristic are Comrade Bukharin's arguments on this question in his later theoretical work, *Imperialism and the Accumulation of Capital* (1925, Russian edition). Here, too, "considering the question from an abstract theoretical point of view" Comrade Bukharin writes about "the *collective-capitalist order* (state capitalism), where the capitalist class is united into a single trust and where consequently we have an *organized*, but at the same time, from the *class point of view*, an antagonistic economy."

From this he draws the following conclusion: "Hence no crisis of overproduction is *here* [with a single trust.—*Ed*.] *possible of arising*. The course of production in general runs smoothly. The stimulus of production and of the production plan is the consumption of the capitalist." (Page 84, *Editor's italics*.)

Starting from the point of view of the possibility of planned economy under imperialism, Bukharin stage by stage comes in his well-known articles in the *Pravda* of May 26th and June 30th, 1929 ("Some Problems of Modern Capitalism as Treated by Theorists of the Bourgeoisie" and "Theory of Organised Economic Anarchy") to the opportunist evaluation of the contemporary period of imperialism. To be sure, he no longer speaks of a single world trust, of the possibility of a planned world economy. Instead, however, Bukharin goes to another no less opportunist extreme. All the contradictions of imperialism and all their intensification is transferred by Comrade Bukharin to the international field and in that way all the possibilities of proletarian revolutions are linked *exclusively* with the sharpening of international contradictions, international clashes between imperialist countries and for that reason with the inevitability of imperialist wars. Instead of the "abstract" possibility of "a single *world* trust," we now have, according to Bukharin, the real possibility of a single trust *within* the individual imperialist country, in the form of "state capitalism" which, in his opinion, signifies "the dying off of competition *within* the capitalist country and the greatest *sharpening* of the competition between capitalist countries." This means nothing else than the possibility of a crisis-less, planned development of capitalism within the individual capitalist countries, and consequently, not the sharpening but the dulling of the contradictions of capitalism within these countries. The opportunism of this theory is quite apparent, it approaches very closely the argumentation of the "theorists" of the Second International concerning organized capitalism, inasmuch as it is concerned with the "dying off of competition" and capitalism without crises *within* the imperialist countries. On the other hand, this theory cannot possibly be reconciled with the Leninist teaching of the imperialist epoch as an epoch of the greatest sharpening of the contradictions of capitalism, not merely of the international contradictions but also of the contradictions within each imperialist country. In subjecting in his book, *Imperialism, the Highest Stage of Capitalism*, the viewpoints of Kautsky and the bourgeois economists on imperialism to the most devastating criticism, Lenin rejects as a "fable spread by bourgeois economists who at all costs desire to place capitalism in a favorable light" (page 24) all suggestions of the possibility of a planned economy without crises in the epoch of imperialism. He proves that in this epoch, on the

contrary, monopoly "increases and intensifies the anarchy inherent in capitalist production *as a whole*" (*ibid*.) *notwithstanding* the development of combinations of capitalists, notwithstanding the aspiration of monopoly capitalism to destroy free competition within each country. These parts of Lenin's book seem to be originally directed against contemporary right opportunism and its treatment of the present period of imperialism.

Lenin's book, *Imperialism, the Highest Stage of Capitalism*, being the basis of the Leninist teaching of proletarian revolution, serves at the same time as the best key to the understanding of the positions and the slogans of Lenin during the period of the Imperialist War and the period of the struggle for a proletarian dictatorship in Russia (1917). At the same time it serves as a key also to the struggle that was conducted by Lenin on "two fronts"—against all the various species of social-chauvinism on the one hand and against the "left" deviation in the ranks of Bolshevism at that time (the group of Bukharin-Pyatakov, etc.) on the other hand.—*Ed*.

2. "Aesopian," after the Greek fable writer Æsop, was the term applied to the allusive and round-about style adopted in "legal" publications by revolutionaries in order to avoid words which would arouse the suspicions of the authorities. Thus, instead of "Social-Democrat" they would write "consistent Marxist."—*Ed*.

3. This preface was first published under the title "Capitalism and Imperialism" in *Communist International* No. 18, dated October, 1921.—*Ed*.

4. The Brest-Litovsk Peace was concluded by the Soviet Government with Germany, Austria-Hungary, Bulgaria and Turkey. The peace agreement was signed by the Soviet delegation in the city of Brest-Litovsk at the peace conference of March 1-3, 1918, and was ratified by the IV Extraordinary Congress of the Soviets on March 15, after the VII Congress of the Party had adopted the motion of Lenin and the Central Committee on the conclusion of peace. That was preceded by protracted negotiations with Germany which lasted from December 2, 1917, and a no less protracted struggle for the conclusion of peace within the Party and its Central Committee with the "Left Communists" headed by Comrade Bukharin and Trotsky. Lenin categorically insisted that peace be concluded "by ceding territory and gaining time," in order to secure a "breathing space" in which to strengthen the proletarian dictatorship, organize the Red Army, and break the sabotage and resistance of the counter-revolution within the country. The group of "Left-Communists," headed by Comrade Bukharin, conducted a struggle against Lenin, considering the conclusion of peace to be a betrayal of the proletarian revolution. The Moscow Regional Bureau of

the Party, guided by Comrade Bukharin, adopted a resolution; the Moscow Bureau expressed non-confidence in the Central Committee headed by Lenin. Trotsky took a position close to that of the "Left Communists," defending a policy expressed in the formula: "No continuation of the war; no conclusion of peace."

The point of view of the "Left Communists" and Trotsky was subjected to a devastating criticism by Lenin both in his oral addresses, particularly at the VII Congress of the Party, and in the press. The resistance of the "Left Communists" and the position of Trotsky led to a considerable delay in the conclusion of peace, and peace had to be concluded on more unfavorable conditions than had been possible in December, 1917. According to the Brest-Litovsk Peace Agreement, the Soviets lost Latvia, Estonia and a part of White Russia; Germany retained part of Poland and Lithuania, occupied by it during the war and the Soviet Government agreed to "withdraw" not only from Latvia and Estonia, but also from the Ukraine and Finland. In November, 1918, in connection with the revolution in Germany, the Soviet Government annulled the Brest-Litovsk Peace Treaty.—*Ed.*

5. The Versailles Peace (named after the city of Versailles near Paris, France) was concluded as a result of the Imperialist War of 1914-1918 between Germany and its allies on the one hand and the Allied Powers at war with them (Great Britain, France, United States, Serbia, Italy, Japan) on the other hand. If the Brest-Litovsk Peace disclosed the grasping predatory purposes of the war on the part of Germany, the Versailles Peace confirmed the predatory war purposes on the part of France, Great Britain and their allies. According to the Versailles Treaty—signed on June 28, 1919, after the armistice declared in November, 1918—Germany and Austria lost much of their European territory. The colonies were taken away from Germany and distributed among the victors. Germany was practically entirely disarmed and its arms, including the navy, were taken away by the victorious countries. An excessively high tribute was imposed upon Germany and it was to be paid partly in gold and partly in kind, with coal, building materials, machinery, dyes, etc. This tribute ("reparations") is even now, as is well known, a heavy burden upon the working class and other toiling masses of Germany because the bourgeoisie, as always, transfers the burden of its payments through the state to the shoulders of the toiling classes exploited by it and its state.—*Ed.*

6. The Independent Social-Democratic Party of Germany was a Centrist party set up at an inaugural congress at Gotha in April 1917. Owing to the revolutionary upswing, which was greatly intensified by the bourgeois-democratic revolution in Russia in February 1917, the opportunist

leadership of the Social-Democratic Party of Germany was losing ground among the rank and file. To overcome their discontent, divert attention from the revolutionary struggle and prevent the establishment of a revolutionary working-class party, the Centrist leaders tried to set up a party which would give them continued control of the masses. It was intended to make the Independent Social-Democratic Party of Germany such a party. The Independents used Centrist phrases to cover up their call for unity with the social-chauvinists and desertion of the class struggle. The bulk of the party consisted of the Kautskyite Labor Commonwealth.

The Spartacus group remained in the party for a time but was organizationally and politically independent, continuing its illegal work and struggle to rid the masses of the influence of Centrist leaders. In 1918, the Spartacus League withdrew from the Independent Party and became the core of the Communist Party of Germany.

In October 1920, a split took place at the congress in Halle. In December 1920, a considerable part of the Independent S.D. Party merged with the Communist Party of Germany. The Right-wing elements formed a separate party and took the old name of I.S.D.P.G., which existed until 1922.—*Ed*.

7. *The Spartacists*—members of a revolutionary organization of German Left-wing Social-Democrats; formed in January 1916 under the leadership of Karl Liebknecht, Rosa Luxemburg, Franz Mehring, Clara Zetkin, J. Marchlewski, L. Jogiches (Tyszka) and Wilhelm Pieck. In April 1915, Luxemburg and Mehring founded *Die Internationale*, a magazine which rallied the main group of the Left-wing Social-Democrats of Germany. From 1916, the *Internationale* group, apart from the political leaflets they had been printing since 1915, began the illegal publication and circulation of *Political Letters* which were signed Spartacus (issued regularly until October 1918); this gave the group its name of Spartacus League. They conducted revolutionary propaganda among the masses, organized massive anti-war action, led strikes, exposed the imperialist nature of the world war and the treachery of the opportunist Social-Democratic leaders. But they made serious theoretical and political mistakes: they denied the possibility of national liberation wars in the imperialist epoch, they took an inconsistent stand on the slogan of turning the imperialist war into a civil war, underestimated the role of the proletarian party as the vanguard of the working class, underestimated the peasantry as the ally of the proletariat and were afraid to break with the opportunists. Lenin repeatedly criticized their mistakes [see "The Junius Pamphlet," in *Lenin Collected Works* (Progress Publishers, 1974), vol. 22, pp. 305-319. & "A

Caricature of Marxism and 'Imperialist Economism,'" in *Lenin Collected Works* (Progress Publishers, 1974), vol. 23, pp. 28-76.].

In April 1917, the Spartacus League joined the Centrist I.S.D.P.G. [see Note 6], but remained organizationally independent. During the revolution in Germany in November 1918, they issued their own program (December 14) and broke with the Independents. On December 30, 1918-January 1, 1919, they founded the Communist Party of Germany.—*Ed*.

8. The Spanish-American War of 1898 was conducted by the United States of America against Spain for the purpose of seizing the Antilles, Philippines, etc., islands in the Atlantic and Pacific, under the pretext of struggling for the "liberation" of these islands from the Spanish yoke. This war is one of the illustrations of Lenin's thesis concerning the struggle of the imperialist countries for a re-division of the world. The largest islands of the Antilles (Cuba, Puerto Rico) supply a base for domination and control over Mexico, the Republics of Central America and the northern half of South America. In addition, by seizing these islands in the Atlantic Ocean, the United States received the key to the Panama Canal [see Note 89] connecting the Atlantic and Pacific Oceans. The Philippine Islands on their part were to serve the United States as a base in the Pacific Ocean for penetration into China, Indochina and as a vantage in relation to Japan and Australia, as well as for control over the movement of European ships to Eastern Asia. These conditions played a decisive part in the causes of the war between the United States and Spain.

The Spanish-American War was concluded by the Paris Peace Treaty of December 10, 1898. In accordance with this treaty, Spain was compelled to withdraw from the islands of Cuba, Guam, Puerto Rico and the Philippines. Cuba was declared "independent" but when the Spanish withdrew, the American troops remained there and the United States started to rule in Cuba as if it were its colony. Later, by legislative action and agreements with Cuba concluded in 1901 and subsequent years, Cuba was transformed into a colony of the United States. For the purpose, however, of transforming the Philippines into its colony the United States started a new war against these islands after the withdrawal of Spain and this war was concluded with the "pacification" of the Philippines in 1901. [See Note 171]—*Ed*.

9. The Anglo-Boer War of 1899-1902 was waged by England in South Africa against the Boer republics of Transvaal and Orange. The Boers (from the Dutch word meaning peasant) were descendants of immigrants from Holland, who had settled in South Africa as early as the 17th century, and in the 19th century had organized there the two above-mentioned

republics, dependent neither on Holland nor on any other European country. England, which was gradually surrounding the Transvaal and Orange with its own colonies, several times attempted to convert these republics also into colonies. Towards the end of the 19th century, when the exploitation of the precious stone and gold mines began, England first started invasion of the Transvaal and after that formally declared war on both republics, which concluded a military alliance between themselves. The war continued with varying success for almost four years. Against an entire population of the Boers of 645,000 during the war, England sent about 500,000 officers and men and mobilized them in the South African colonies. The English imperialists, interested in the profitable market for investment of capital, dealt ruthlessly with the armies and civilian population of the Boer republics. As a result of the war the Boer republics were annexed by Great Britain. The war cost the English bourgeoisie about a billion dollars.—*Ed.*

10. In speaking about Hilferding's mistake in the theory of money, Lenin had in mind chiefly Chapter 2 of his *Finanzkapital*. In this chapter Hilferding tries to "deepen" Marx and "correct" him by referring to facts about Austrian and Indian economy. Marx in his introduction to *A Critique of Political Economy*, and in Chapter 3 of Vol. I of Capital, defines the value of paper money based upon the value of metallic (gold) money, in relation to which the paper money is only a sort of substitute. The circulation of paper money, according to Marx, may be understood on the basis of the laws of circulation of gold. Hilferding, however, in contradistinction to Marx, asserts that "under pure paper-money circulation... paper money... *assumes complete independence of the cost of gold and directly reflects the cost of goods* [*Finanzkapital*, ital. ed., (Wien, 1923), p. 19.]. Hilferding also formulates his disagreement with Marx in the note on pp. 44-45 of the same edition. These revisionist positions taken by Hilferding met with sharp opposition in Marxist (some German) literature. Kautsky, who had not yet become a traitor to Marxism, refuted Hilferding in 1911 in the theoretical organ of the German Social-Democracy, *Die Neue Zeit*.—*Ed.*

11. By "non-economic" Lenin meant political. The political aspects were omitted because the pamphlet was intended as a legal publication to be passed upon by the tsarist censors.—*Ed.*

12. *Annalen des deutschen Reichs* [*Annals of the German Empire*] (1911), pp. 165-169.

13. *Statistical Abstract of the United States* (1912), p. 202.

14. Rudolf Hilferding, *Das Finanzkapital* [*Finance Capital*] (Vienna, 1910), p. 239.

15. Hans Gideon Heymann, *Die gemischten Werke im deutschen Grosseiseugewerbe* [*Combined Plants in the German Big Iron Industry*] (Stuttgart, 1904), pp. 256, 278.

16. Hermann Levy, *Monopole, Kartelle und Trusts* [*Monopolies, Cartels and Trusts*] (Jena, 1909), pp. 286, 290, 298.

17. Theodor Vogelstein, "Die finanzielle Organisation der kapitalistischen Industrie und die Monopolbildungen" ["Financial Organization of Capitalist Industry and the Formation of Monopolies"] in *Grundriss der Sozialökonomik* [*Outline of Social Economics*], sect. 6 (Tübingen, 1914). See also by the same author: *Organisationsformen der Eisenindustrie und Textilindustrie in England und Amerika* [*The Organizational Forms of the Iron and Textile Industries of England and America*], vol. 1 (Leipzig, 1910).

18. Jacob Riesser, *Die deutschen Grossbanken und ihre Konzentration im Zusammenhang mit der Entwicklung der Gesamtwirtschaft in Deutschland* [*The German Big Banks and their Concentration in Connection with the Development of the General Economy in Germany*], 4th ed. (1912), p. 149; See also Robert Liefmann, *Kartelle und Trusts und die Weiterbildung der volkswirtschaftlichen Organisation* [*Cartels and Trusts and the Further Development of Economic Organization*], 2nd ed. (1910), p. 25.

19. Fritz Kestner, *Der Organisationszwang. Eine Untersuchung über die Kämpfe zwischen Kartellen und Aussenseitern* [*The Compulsion to Organize. An Investigation of the Struggles between Cartels and Outsiders*] (Berlin, 1912), p. 11.

20. Holding company was formed in 1899 to replace trust agreement of 1882.—*Ed*.

21. Robert Liefmann, *Beteiligungs- und Finanziertingsgesellschaften. Eine Studie über den modernen Kapitalismus und das Effektenwesen* [*Holding and Finance Companies. A study in Modern Capitalism and Securities*] (Jena, 1909), p. 212.

22. Liefmann, *Holding and Finance Companies*, p. 218.

23. Siegfried Tschierschky, *Kartell und Trust* [*Cartels and Trusts*] (Göttingen, 1903), p. 13.

24. Vogelstein, *Organizational Forms*, p. 275.

25. *Report of the Commissioner of Corporations on the Tobacco Industry* (Washington, 1909), p. 266, cited according to Paul Tafel, *Die nordamerikanischen Trusts und ihre Wirkungen auf den Fortschritt der*

Technik [*North American Trusts and their Effect on Technical Progress*] (Stuttgart, 1913), p. 48.

26. Tafel, *North American Trusts*, pp. 48-49.

27. Riesser, *German Big Banks*, 3rd ed., pp. 547-549. The newspapers (June 1916) report the formation of a new gigantic trust which combines the chemical industry of Germany.

28. Kestner, *Investigation of the Struggles*, pp. 81-137.—*Ed.*

29. Kestner, *Investigation of the Struggles*, p.241.—*Ed.*

30. Kestner, *Investigation of the Struggles*, p. 254. [Lenin's italics.—*Ed*.]

31. Ludwig Eschwege, "Zement," in *Die Bank*, no. 1 (1909): p. 115ff.

32. Otto Jeidels, *Das Verhältnis der deutschen Grossbanken zur Industrie mit besonderer Berüchsichtigung der Eisenindustrie* [*The Relationship of the German Big Banks to Industry, with Special Reference to the Iron Industry*] (Leipzig, 1905), p. 271.

33. Liefmann, *Holding and Finance Companies*, p. 434.

34. Liefmann, *Holding and Finance Companies*, p. 465-66.

35. Jeidels, *Relationship of the German Big Banks*, p. 108.

36. Alfred Lansburgh, "Fünf Jahre deutsches Bankwesen" ["Five Years of German Banking"], in *Die Bank*, no. 2 (1913): p. 728.

37. Gerhart von Schulze-Gaevernitz, "Die deutsche Kreditbank," in *Grundriss der Sozialökonomik* ["The German Credit Bank" in *Outline of Social Economics*], sec. 5, part 2 (Tübingen, 1915), p. 12, 137. [Lenin's italics.—*Ed*.]

38. Liefmann, *Holding and Finance Companies*, p. 212.

39. Alfred Lansburgh, "Das Beteilgungssystem im deutschen Bankwesen" ["The Holding System in German Banking"], in *Die Bank*, no. 1 (1910): p. 500ff.

40. Riesser, *German Big Banks*, p. 745.—*Ed.*

41. Eugen Kaufmann, *Das französische Bankwesen* [*French Banking*] (Tübingen, 1911), p. 356, 362.

42. Jean Lescure, *L'épargne en France* [*Savings in France*] (Paris, 1914), p. 52.

43. Alfred Lansburgh, "Die Bank mit den 300 Millionen" ["The 300 Million Mark Bank"], in *Die Bank*, no. 1 (1914): p. 426.

44. Tschierschky, *Cartels and Trusts*, p. 128.

45. Karl Marx, "*Capital* Volume III," in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 37, p. 601.—*Ed*.

46. See also *Statistics of the National Monetary Commission*, quoted in *Die Bank*, no. 1 (1910): p. 1200.

47. *Die Bank,* no. 1 (1913): pp. 811, 1022.

48. *Die Bank*, no. 1 (1914): p. 316.

49. Oscar Stillich, *Geld- und Bankwesen* [*Money and Banking*] (Berlin, 1907), p. 169.

50. These occurred during the widespread establishment of joint-stock companies in the early seventies, which was accompanied by all manner of fraudulent operations by bourgeois businessmen, who were making a great deal of money, and by wild speculation in real estate and securities.—*Ed*.

51. Schulze-Gaevernitz, "German Credit Bank," p. 101.

52. Riesser, *German Big Banks*, 4th ed., p. 629.

53. Schulze-Gaevernitz, "German Credit Bank," p. 151.

54. Alfred Lansburgh, "Der 'Money-Trust'," in *Die Bank*, no. 1 (1912): p. 435.

55. *Frankfurter Zeitung* (Frankfort Newspaper)—a German bourgeois newspaper published in Frankfort-on-Main from 1856.—*Ed*.

56. Schulze-Gaevernitz, "German Credit Bank," p. 155.

57. Jeidels, *Relationship of the German Big Banks*, pp. 161-162.—*Ed.*

58. Jeidels, *Relationship of the German Big Banks*, pp. 139, 172, 173; Riesser, *German Big Banks*, p. 307.

59. Jeidels, *Relationship of the German Big Banks*, p. 149.—*Ed.*

60. Jeidels, *Relationship of the German Big Banks*, pp. 156, 157.

61. An article by Eugen Kaufmann on French banks in *Die Bank*, no. 2 (1909): pp. 854-855.—*Ed*.

62. Jeidels, *Relationship of the German Big Banks*, p. 180. Lenin's italics.—*Ed*.

63. *Deutsche Bank, Disconto-Gesellschaft, Dresdner Bank,* and *Darmstadter Bank.—Ed*.

64. Stillich, *Money and Banking*, p. 147.

65. Jeidels, *Relationship of the German Big Banks*, pp. 183, 184.

66. Jeidels, *Relationship of the German Big Banks*, p. 181.

67. Hilferding, *Finance Capital*, p. 301.

68. Liefmann, *Holding and Finance Companies*, p. 476.

69. Heymann, *Combined Plants*, pp. 268-269.

70. Liefmann, *Holding and Finance Companies*, p. 258.

71. Schulze-Gaevernitz, "German Credit Bank," p. 110.

72. This is reference to G. V. Plekhanov.—*Ed*.

73. Ludwig Eschwege, "Tochtergesellschaften" ["Subsidiary Companies"], in *Die Bank*, no. 1 (1914): 544-546.

74. Kurt Heinig, "Der Weg des Elecktrotrusts" ["The Path of the Electric Trusts"], in *Die Neue Zeit* 30, no. 2 (1912): p. 484.

75. Ernst Agahd, *Grossbanken und Weltmarkt. Die wirstschaftliche und politische Bedeutung der Grossbanken im Weltmarkt unter Berüchsichtigung ihres Einflusses auf Russlands Volkswirtscahft und die deutsche-russichen Beziehungen* [*Big Banks and the World Market. The economic and political significance of the big banks on the world market, with reference to their influence on Russia's national economy and German-Russian relations.*] (Berlin, 1914), pp. 84, 116, 117, 212.

76. "Founders' profit" (Gründergewinn) is usually secured by a founder upon the organization or reorganization of a joint-stock company. Founders' profit is realized in the following manner: let us suppose that 100,000 shares of stock are issued, at a par of $100—altogether a sum of $10,000,000. The promoters can at once buy all the shares and invest $10,000,000 in the enterprise. Suppose the average profit to be 10 percent. Then the capital of ten million will "cost" eleven million, and each share instead of $100, will be sold for $110. If the market is stable, the founders will be able to get rid of their shares on the stock exchange at the higher price, thereby getting an extra million dollars, which constitutes their founders' profit. The purchasers of these shares, in case of a fall in the market, pay for their gullibility. The means of securing founders' profits are extremely varied. Often an enterprise is organized solely for the sake of the founders' profit.—*Ed*.

77. Assets of banks plus assets of syndicates they control.—*Ed*.

78. *Produgol*—an abbreviation for the Russian Society for Trade in Mineral Fuel [i.e., coal] of the Donets Basin, founded in 1906. *Prodamet*—Society for Marketing Russian Metallurgical Goods.—*Ed*.

79. Watering of capital consists in this: the actual capital is valued at a very much increased sum (e.g., a capital of $5,000,000 is valued at $50,000,000), and shares are issued and sold on the basis of the latter sum. This manipulation makes it possible for the managers of an enterprise to lay their hands on a great deal of money. At a definite date (before the first bankruptcy) they pay the ones who have purchased their shares the usual rate of interest. After the bankruptcy, the directors feather their nests with the capital they have accumulated by the methods mentioned, and the broad masses of shareholders are ruined.—*Ed*.

80. Hilferding, *Finance Capital*, p. 299.—*Ed*.

81. Lysis, *Contre l'oligarchie financière en France* [*Against the Financial Oligarchy in France*], 5th ed. (Paris, 1908), pp. 11, 12, 26, 39, 40, 48.

82. *Die Bank*, no. 2 (1913): p. 630.

83. Stillich, *Money and Banking*, p. 143.—*Ed*.

84. Stillich, *Money and Banking*, p. 143; also Werner Sombart, *Die deutsche Volkswirtschaft im 19. Jahrhundert* [*German National Economy in the Nineteenth Century*], (Berlin, 1913), p. 197.

85. Hilferding, *Finance Capital*, p. 152.

86. Stillich, *Money and Banking*, p. 138.

87. Ludwig Eschwege, "Der Sumpf" ["The Bog"], in *Die Bank*, no. 2 (1913): pp. 952ff.

88. "Verkehrstrust" ["Transport Trust"], in *Die Bank*, no. 1 (1914): pp. 89, 90.

89. The *French Panama* refers to the digging of a canal connecting the Atlantic and Pacific Oceans, through the Isthmus of Panama which connects North and South America. Work on this canal was started for the first time in 1882 by the French Lesseps Company, which went bankrupt in 1888. The canal was not completed until 1913, by the United States. In connection with the bankruptcy of the Lesseps Company, an enormous theft was discovered—bribery, fraud, and other swindles as well, in which not only the heads of the Lesseps Company participated, but also well-known political figures (Clemenceau, Loubet, and others). Since then the word "Panama" has come to be used as a designation for any big swindling operation.—*Ed*.

90. Alfred Lansburgh, "Der Zug zur Bank" ["The Attraction of the Banks"], in *Die Bank*, no. 1 (1909): p. 79.

91. Lansburgh, "Attraction of the Banks," p. 307.

92. *Die Bank*, no. 2 (1911): p. 825ff.—*Ed*.

93. *Die Bank*, no. 2 (1913): p. 962.

94. Agahd, *Big Banks and the World Market*, pp. 201, 202.

95. Alfred Neymarck, *Bulletin de l'institut international de statistique* [*Bulletin of the International Statistical Institute*], vol. 19, book 2 (The Hague, 1912). Data concerning small states, second column, are estimated by adding 20 percent to the 1902 figures.

96. John Atkinson Hobson, *Imperialism—A Study* (London, 1902), p. 58; Riesser, *German Big Banks*, pp. 395, 404; Paul Arndt, *Weltwirtschaftliches Archiv* [*World Economic Archive*], vol. 7 (1916), p. 35; Neymarck, *Bulletin*; Hilferding, *Finance Capital*, p. 437; Lloyd George, Speech in the House of Commons, May 4, 1915, reported in the *Daily Telegraph*, May 5, 1915; Bernhard Harms, *Probleme der Weltwirtschaft* [*Problems of World Economy*], (Jena, 1912), pp. 235ff; Siegmund Schilder, *Entwicklungstendenzen der Weltwirtschaft* [*Trends of Development of World Economy*], vol. 1 (Berlin, 1912), p. 150; George Paish, "Great Britain's Capital Investments, etc.," in *Journal of the Royal Statistical Society*, Vol. 74 (1910-11), p. 167ff; Georges Diouritch, *L'Expansion des banques allemandes a l'ètranger, ses rapports avec le développement économique de l'Allemagne* [*Expansion of German Banks Abroad, in Connection with the Economic Development of Germany*] (Paris, 1909), p. 84.

97. *Die Bank*, no. 2 (1913): pp. 1024-1025.

98. Schilder, *Trends of Development*, p. 346, 349, 350.

99. The commercial treaty between France and Russia, September 23, 1905, was concluded at a moment when the tsarist autocracy, faced with the growing first Russian Revolution, was compelled, in order to strengthen its position and put down the uprising, to apply to France for a large loan. It was the Revolution of 1905 which enabled France to "squeeze" the tsarist government by concluding this commercial treaty, with an eye to broad imports of French goods into Russia. The quantity of different kinds of French goods imported into Russia exceeded by about three times the quantity of Russian goods admitted into France. Russia exported exclusively raw materials (grain, leather, lumber, oil); France exported into Russia finished products (food products, perfumes, automobiles, etc.). The duty on the French goods was relatively small compared with the duty on the Russian. Although the treaty foresaw the possibility of a change, the actual state of affairs allowed France to make use of her advantages until the Revolution of 1917.—*Ed*.

100. The commercial treaty between France and Japan, September 1, 1911, was concluded to the obvious advantage of France, since 1) French goods were exempted from duty in all Japanese colonies, whereas Japanese goods were exempted in only one French colony (Algeria), which bought almost none of the silk exported by Japan; 2) France by this treaty gained free importation into Japan of a number of things, such as sardines, various kinds of wine, soap, various kinds of perfume, automobiles, machinery, etc., while in return Japan was given free entry of raw silk alone.—*Ed*.

101. A tariff war is an embittered economic struggle between two or more countries. The struggle is carried on by means of increased tariffs on goods of another country. This country in turn raises the tariff on the first country's goods, and this evokes a new increase in tariff on the part of the first. These quarrels may end in embargoes. A tariff war serves to presage war between capitalist countries. The tariff war between Austria and Serbia began in the first part of 1906. The formal reason for this was the agreement between Serbia and Bulgaria, which affected the interests of Austria; the latter protested and laid down an embargo which was a severe blow to the interests of the trading bourgeoisie and landowners of Serbia, who had been disposing of their cattle in Austria. In the latter part of 1906 the struggle was renewed. Austria demanded an open market for her war industries. Serbia bought munitions from France and was thoroughly bound to her by many obligations. The French bourgeoisie demanded that the monopoly market of war supplies be protected, and the Serbian government had to give in, in spite of the obvious costliness of a cessation of trade with Austria. The representatives of the Austrian government openly, even in the press, declared that it would be impossible to lift the embargo on Serbian cattle unless Serbia bought Austrian munitions.—*Ed.*

102. Schilder, *Trends of Development*, p. 371.—*Ed*.

103. Riesser, *German Big Banks*, pp. 374-375; Diouritch, *German Banks Abroad*, p. 283.

104. *The Annals of the American Academy of Political and Social Science*, vol. 59 (May 1915), p. 301. In the same volume on p. 331, we read that the well-known statistician Paish, in the last issue of the financial magazine *The Statist*, estimated the amount of capital exported by Britain, Germany, France, Belgium and Holland at $40 billion, i.e., 200 billion francs.

105. Jeidels, *Relationship of the German Big Banks*, p. 232.

106. Heinig, "Electric Trusts," p. 474.; see also Riesser, *German Big Banks,* and Diouritch, *German Banks Abroad*.

107. Jeidels, *Relationship of the German Big Banks*, pp. 192-193.

108. In Pennsylvania, chief oil region in the Unites States at time of Jeidels' study.—*Ed*.

109. Diouritch, *German Banks Abroad*, p. 275.

110. *Die Bank*, no. 2 (1912): p. 1036; pp. 629ff.

111. Riesser, *German Big Banks*, pp. 114, 116.

112. Vogelstein, *Organizational Forms*, pp. 99-100.—*Ed*.

113. Vogelstein, *Organizational Forms*, p. 100.

114. Liefmann, *Cartels and Trusts*, p. 161.

115. Alexander Supan, *Die territoriale Entwicklung der europäischen Kolonien* [The Territorial Development of the European Colonies] (1906), p. 254.

116. Henry C. Morris, *The History of Colonization*, vol. 1 (New York, 1900), p. 419; vol. 2, pp. 84-87, 304.

117. Max Beer, "Der moderne englische Imperialismus" ["Modern British Imperialism"], in *Die Neue Zeit* 16, no. 1 (1898): pp. 300-306.

118. Beer, "Modern British Imperialism," p. 304.

119. This is reference to G. V. Plekhanov.—*Ed.*

120. The "imperialism of ancient Rome," which carried on a policy of seizure and conquest, by force of arms subduing to its hegemony a great many countries in Europe, Asia and Africa, must not be confused with modern imperialism, just as, for instance, usury capital which existed before capitalism must not be confused with usury bank capital in the epoch of imperialism. The difference between the imperialism of ancient Rome and modern imperialism consists in the difference of production bases. Then it was small peasant and artisan production and commercial capital; now it is enormous machine production and monopoly capital. This example, among others, shows how incorrect it is to understand by the term "modern imperialism" only a "policy," and not a whole system of capitalist economy. The former point of view makes it impossible to understand the distinction between the imperialism of ancient Rome and modern imperialism.—*Ed.*

121. Charles Prestwood Lucas, *Greater Rome and Greater Britain* (Oxford, 1912); or Earl of Cromer's *Ancient and Modern Imperialism* (London, 1910).

122. Schilder, *Trends of Development*, pp. 38, 42.

123. Maurice Wahl, *La France aux colonies* [*France in the Colonies*] quoted by Henri Russier in *Le Partage de l'Océanie* [*The Partition of Oceania*] (Paris, 1905), p. 167.

124. Gerhart von Schulze-Gaevernitz, *Britischer Imperialismus und englischer Freihandel zu Beginn des 20-ten Jahrhunderts* [*British Imperialism and English Free Trade at the Beginning of the Twentieth Century*] (Leipzig, 1906), p. 318; August Sartorius von Waltershausen says the same in *Das volkswirtschaftliche System der Kapitalanlage im Auslande* [*The National Economic System of Capital Investments Abroad*] (Berlin, 1907), p. 46.

125. Schilder, *Trends of Development*, p. 160, 161.

126. Jean-Édouard Driault, *Problèmes politiques et sociaux* [*Political and Social Problems*] (Paris, 1907), p. 299.

127. Karl Kautsky, "Der Imperialismus" ["Imperialism"], in *Die Neue Zeit* 32, no. 2 (1914): p. 909; see also *Die Neue Zeit* 33, no. 2 (1915), pp. 107-116.

128. In speaking of the importance to England of Baghdad as a base against Germany, Lenin refers to its importance for the struggle of English imperialism of that time against the predatory plans of Germany in Asia Minor, the Persian peninsula, India, and Egypt, in particular against the realization of the German plan for building the Berlin-to-Baghdad Railway.—*Ed*.

129. Hobson, *Imperialism*, p. 324.

130. Kautsky, "Imperialism," p. 921.

131. Karl Kautsky, "Zwei Schriften zum Imperialismus" ["Two Writings on Imperialism"], in *Die Neue Zeit* 33, no. 2, (1915): p. 144.

132. Richard Calwer, *Einführung in die Weltwirtschaft* [*Introduction to the World Economy*] (Berlin, 1906), pp. 3-12, 16-21, 26, 35, 63, 68, 72.

133. *Statistisches Jahrbuch für das deutsche Reich* [*Statistical Yearbook for the German Empire*] (1915); *Archiv für Eisenbahnwesen* [*Railroad Archive*] (1892). Minor details for the distribution of railways among the colonies of the various countries in 1890 had to be estimated approximately.

134. See also Edgar Crammond, "The Economic Relations of the British and German Empires," in *The Journal of the Royal Statistical Society* (July 1914), p. 777ff.

135. Hobson, *Imperialism*, pp. 59.

136. Hobson, *Imperialism*, pp. 62-63.—*Ed*.

137. Schulze-Gaevernitz, *British Imperialism*, p. 320ff.

138. Sartorius von Waltershausen, *National Economic System*, vol. 4.

139. Schilder, *Trends of Development*, pp. 392-393.

140. Schulze-Gaevernitz, *British Imperialism*, p. 122.

141. *Die Bank*, no. 1, (1911): pp. 10-11.

142. Hobson, *Imperialism*, p. 103.

143. Hobson, *Imperialism*, p. 205.

144. Hobson, *Imperialism*, p. 144,

145. Hobson, *Imperialism*, p. 335, 285, 386.

146. Gerhard Hildebrand, *Die Erschütterung der Industrieherrschaft und des Industriesozialismus* [*The Shaking of Industrial Dominance and of Industrial Socialism*] (Jena, 1910), pp. 229ff.

147. Schulze-Gaevernitz, *British Imperialism*, pp. 246, 301, 317, 323, 324, 361.

148. *Statistik des Deutschen Reichs* [*Statistics of the German Empire*], vol. 211, p. 306.

149. Hans Henger, *Die Kapitalsanlage der Franzosen in Wertpapieren* [*French Investments*] (Stuttgart, 1913), p. 75.

150. Issac A**.** Hourwich, *Immigration and Labor* (New York, 1913).

151. Engels to Marx, Manchester, October 7, 1858, in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 40, p. 344.—*Ed*.

152. Engels to Marx, August 11, 1881, in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 46, p. 121.

153. Karl Kautsky, *Sozialismus und Kolonialpolitik* [*Socialism and Colonial Policy*] (Berlin, 1907), p. 79; this pamphlet was written by Kautsky in those infinitely distant days when he was still a Marxist. [See Engels to Eduard Bernstein, London, September 13, 1882, in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 46, pp. 323-326.]

154. In this introduction Engels wrote, among other things, as follows:

> "During the period of England's industrial monopoly the English working class has, to a certain extent, shared in the benefits of the monopoly. These benefits were very unequally parceled out amongst them; the privileged minority pocketed most, but even the great mass had at least a temporary share now and then.... With the breakdown of that monopoly, the English working class will lose that privileged position."—*Ed*

155. Russian social-chauvinism in its overt form, represented by the Potresovs, Chkenkelis, Maslovs, etc., and its covert form (Chkeidze, Skobelev, Axelrod, Martov, etc.) also emerged from the Russian variety of opportunism, namely, liquidationism.

156. *Weltwirtschaffliches Archiv* [*Archives of World Economy*], vol. 2, pp. 194-195.

157. Quoted by Joseph Patouillet, *L'impérialisme américain* [*American Imperialism*] (Dijon, 1904), p. 272. [From speech "On the Repeal of the Missouri Compromise" at Peoria, Illinois, October 16, 1854.—*Ed*.]

158. *Bulletin de l'Institut International de Statistique* [*Bulletin of the International Statistical Institute*], vol. 19, book 2, p. 225.

159. Karl Kautsky, *Nationalstaat, imperialistischer Staat und Staatenbund* [*National State, Imperialist State and Union of States*] (Nürnberg, 1915), pp. 72, 70.

160. The Menshevik S. M. Nakhimson.—*Ed*.

161. Hilferding, *Finance Capital*, p. 504.

162. See *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 37, p. 488.—*Ed.*

163. *Die Bank*, no. 2 (1909): pp. 826, 827.

164. Kautsky, "Two Writings on Imperialism," p. 144.

165. Hobson, *Imperialism*, p. 351.

166. *Boxer* (more precisely: Yìhétuán) *Rebellion*—a popular anti-imperialist uprising In China in 1899-1901 organized by the Yìhéquán (Society of Righteous and Harmonious Fists), which later became known as Yìhétuán (League of Harmony and Justice). It was ruthlessly crushed by an expeditionary corps of the imperialist powers under the command of the German General Waldersee, with the German, Japanese, British, American and Russian imperialists taking part. China was forced to sign the Boxer Protocol of 1901 which turned her into a semi-colony of the foreign imperialists.—*Ed*.

167. David Jayne Hill, *A History of the Diplomacy in the International Development of Europe*, vol. 1, p. x.

168. Schilder, *Trends of Development*, pp. 178ff.

169. Hilferding, *Finance Capital*, pp. 433, 434.

170. Alsace and Lorraine are two provinces which belonged to France before the Franco-Prussian War of 1870-1871. As a result of that war

they were annexed by Germany, and after the Imperialist War they were returned to France. Lenin calls the Alsace-Lorraine question an "important and current" question, because Alsace-Lorraine was one of the subjects of the war between the imperialists of Germany and France, and the German social-chauvinists, defending "their own" bourgeoisie, ignored the fact that Germany had seized Alsace-Lorraine in 1871.—*Ed*.

171. The annexation of the Philippine Islands was accomplished by the United States through armed force. After the Spanish-American War of 1898 [see Note 8], the Philippines, by the peace treaty with Spain, were to be transferred from her to the United States. But the very victory of the latter over Spain in the Philippines was gained to a great extent thanks to the help of the Philippine army of over 30,000 men, under the leadership of the Philippine revolutionist, Aguinaldo, who by deceit was drawn in by the United States to its side. At the end of the war with Spain, after the Spaniards had left the Philippines, Aguinaldo, in answer to the promise of the United States government that it would take over the government of the islands, declared the Philippines an independent republic. The United States sent an army of 140,000 men there. The struggle lasted over three years. Finally the natives were put to rout, their leader Aguinaldo was taken prisoner, and then punishment was meted out to the revolutionists (death sentences, ten-year prison terms, etc.). The struggle of the Philippine people against the United States for their independence cost them 600,000 lives, even by American figures. They were assured by President McKinley that nothing else than the will of God was fulfilled by these means. "I went down on my knees and prayed to the Almighty God for light and guidance more than one night," said McKinley. "And one night late it came to me this way—I don't know how it was, but it came: 1) That we would not give them [the Philippines] back to Spain—that would be cowardly and dishonorable; 2) that we could not turn them over to France or Germany—our commercial rivals in the Orient—that would be bad business and discreditable; 3) that we could not leave them to themselves—they were unfit for self-government—and they would soon have anarchy and misrule over there worse than Spain's was; and 4) that there was nothing left for us to do but to take them all, and to educate the Filipinos, and uplift and civilize and Christianize them, and by God's grace do the very best we could by them, as our fellowmen for whom Christ also died. And then I went to bed, and went to sleep, and slept soundly, and the next morning I sent for the chief engineer of the War Department (our map-maker), and I told him to put the Philippines on the map of the United States [pointing to a large map on the wall of his office], and there they are, and there they will stay while

I am President!" (Charles S. Olcott, *The Life of William McKinley*, vol. 2, pp. 110-111.)—*Ed.*

172. China and Japan conducted a desperate struggle over Korea for a long period of time. From the 1890's on, the struggle for the exploitation of Korea shifted to Japan and Russia. After the Russo-Japanese War of 1904-1905, Korea was annexed by Japan, which took over the management of finances, post office, telegraph and telephone services, and foreign relations. Japan was give the so-called "protectorate" (seizure under the guide of protection) over Korea.—*Ed.*

173. Riesser, *German Big Banks*, p. 354.—*Ed*.

174. Schulze-Gaevernitz, "German Credit Bank," pp. 145-146.

Marxism and the National Question

175. *Marxism and the National Question* was written at the end of 1912 and the beginning of 1913 in Vienna. It first appeared in the magazine *Prosveshcheniye* (*Enlightenment*), Nos. 3-5, 1913, under the title "The National Question and Social-Democracy" and was signed K. Stalin. Describing this particular article Stalin wrote in 1920:

> "The article reflects the period when a controversy on the fundamental principles of the national problem was being waged within the ranks of the Russian Social-Democratic Party; it was the era of the landlord-tsarist reaction, a year and a half before the outbreak of the imperialist war, the era of the growth of the bourgeois-democratic revolution in Russia. At that time there were two conflicting theories of nations and, correspondingly, two national programs: the *Austrian* program, supported by the Bund and the Mensheviks, and the *Russian* program, the program of the Bolsheviks. The reader will find a description of these two currents in this article. Subsequent events, particularly the imperialist war and the disintegration of Austria-Hungary into several national states, clearly demonstrated which side was right. Now, when Springer and Bauer are standing over the spilled milk pail of their national program, there can hardly be room for doubt that history has condemned the 'Austrian school.' Even the Bund has been obliged to admit that 'the demand for national cultural autonomy' [i.e., the Austrian national program.—*J. St.*] which was put forward under the capitalist system, loses all meaning in the conditions of a socialist revolution. [See *Отчет о XII конференции Бунда и резолюции конференции* [*Report of the Twelfth Conference of the Bund and Resolutions of the Conference*] (1920).] The Bund does not even suspect that it thereby admitted (inadvertently admitted) the *fundamental* unsubstantiality of the theoretical basis of the Austrian national program and the *fundamental* unsubstantiality of the Austrian theory of nations."

Lenin, in his article "The National Program of the R.S.D.L.P.," referring to the reasons which were lending prominence to the national question at that period, wrote:

> "This state of affairs, and the principles of the national program of Social-Democracy, have already been dealt with recently in theoretical Marxist literature (prime place must here be given to Stalin's article)."

In February 1913, Lenin wrote to Maxim Gorky:

> "We have a wonderful Georgian here who has sat down to write a big article for *Prosveshcheniye* after collecting *all* the Austrian and other material."

Learning that it was proposed to print the article with the reservation that it was for discussion only, Lenin vigorously objected, and wrote: "Of course, we are absolutely against this. It is a *very good* article. The question is a burning issue, and we shall not yield one jot of principle to the Bundist scum." (Archives of the Marx-Engels-Lenin Institute.) Soon after J. V. Stalin's arrest, in March 1913, Lenin wrote to the editors of *Sotsial-Demokrat*:

> "Arrests among us are very heavy. Koba has been taken.... Koba managed to write a long article (for three issues of *Prosveshcheniye*) on the national question. Good! We must fight for the truth and against separatists and opportunists of the Bund and among the Liquidators." (Archives of the Marx-Engels-Lenin Institute.)

176. *Zionism*—a reactionary nationalist trend of the Jewish bourgeoisie, which had followers among the intellectuals and the more backward sections of the Jewish workers. The Zionists endeavored to isolate the Jewish working-class masses from the general struggle of the proletariat. Today, the Zionist organizations are the agents of the American imperialists in their machinations directed against those countries unwilling to submit to the interests of the American imperialists and against the revolutionary movements in capitalist and colonial countries.

177. *The Bund*—The General Jewish Labor League of Lithuania, Poland and Russia—was formed in 1897. Its membership consisted mainly of Jewish artisans inhabiting the western regions of Russia. The Bund joined the Russian Social-Democratic Labor Party in 1898 at the First Congress of the latter. At the Second Congress of the Russian Social-Democratic Labor Party held in 1903, the Bund withdrew from the Party when the Congress rejected its motion to be recognized as the sole representative of the Jewish proletariat and that the Party should be built on federal lines. The Bund rejoined the Russian Social-Democratic Labor Party in 1906.

Advocating the opportunist views of the Mensheviks the Bund staunchly supported them in the internal Party struggle and was consistent in its

opposition to the Bolsheviks. After the October Socialist Revolution in 1917 it sided actively with the enemies of the Revolution, renouncing the struggle only after the Civil War had ended in a complete victory of the Soviet Government over the combined forces of the Russian counter-revolution and the foreign intervention. It declared itself dissolved at the beginning of 1921.

178. See *Отчет о IX конференции Бунда* [*Report of the Ninth Conference of the Bund*] (1912).

179. See *Извещение о конференции организаций РСДРП* [*Notification of the Conference of Organizations of the RSDLP*] (1912).

180. *The Liquidators*—this was the appellation given to the Mensheviks who in the years of reaction following the defeat of the 1905-1907 Revolution renounced the revolutionary policy of the Party and endeavored to liquidate the revolutionary, underground Party of the proletariat.

The reference here is to the conference of the Liquidators held in Vienna in August 1912 (known as the August Conference of the Liquidators) at which all the anti-Bolshevik groups and trends organized in a bloc headed by L. Trotsky. For the resolution of the conference on the national question and a criticism of this resolution, see pp.p. 208-p. 214 of this book.

181. See *History of the Communist Party of the Soviet Union (Bolsheviks)—Short Course* (Red Prints Publishing, 2022), pp. 226-230.

182. "*The Georgians before the Reform*"—i.e., prior to the abolition of serfdom in Georgia in 1861.

183. Rudolph Springer, *Das nationale Problem* [*The National Problem*] (Leipzig and Vienna, 1902), p. 35.

184. Otto Bauer, *Die Nationalitätenfrage und die Sozialdemokratie* [*The National Question and Social-Democracy*] (Vienna, 1924) p. 2.

185. Bauer, *National Question*, p. 6.

186. Bauer, *National Question*, p. 2.

187. Bauer, *National Question*, p. 24.

188. Bauer, *National Question*, p. 135.

189. Bauer, *National Question*, p. 2.

190. Bauer, *National Question*, p. 2.

191. Bauer, *National Question*, p. 373.

192. Bauer, *National Question*, p. 373.

193. Bauer, *National Question*, p. 379.

194. Bauer, *National Question*, p. 2.

195. Bauer, *National Question*, p. 126.

196. Bauer, *National Question*, p. 379.

197. "*Arresting and preventing*"—a rather free translation of the satirical description of police methods by the Russian writer Gleb Uspenski who in one of his stories, *The Police Station*, depicts an overzealous police officer who is ready to drag anybody and everybody to the police station on the most trifling pretexts.

198. Joseph Strasser, *Der Arbeiter und die Nation* [*The Worker and the Nation*] (Reichenberg, 1912), p. 33.

199. Bauer, *National Question*, p. 161.

200. South-Slavic Social-Democratic Party operates in the Southern part of Austria.

201. Vladimir Kossovsky, *Вопросы национальности* [*Problems of Nationality*] (1907), pp. 16-17.

202. The Brünn Parteitag, or Congress, of the Austrian Social-Democratic Party was held on September 24-29, 1899.

203. Springer, *National Problem*, pp. 10-11.

204. Bauer, *National Question*, p. 382.

205. "Заседание Семнадцатое" ["Seventeenth Session"], in *Протоколы II Съезда РСДРП* [*Protocols of the Second Congress of the RSDLP*] (Moscow, 1932), p. 190.

206. Bauer, *National Question*, p. 404.

207. Springer, *National Problem*, p. 29.

208. "*Thank God we have no parliament here*"—the words uttered by V. Kokovtsev, tsarist Minister of Finance (later Prime Minister), in the State Duma on April 24 1908.

209. Springer, *National Problem*, p. 29.

210. Bauer, *National Question*, p. 384.

211. The representatives of the South-Slav Social-Democratic Party also voted for it; the resolution was adopted unanimously. See *Verhandlungen des Gesamtparteitages zu Brünn* [*Proceedings of the All-Party Congress in Brünn*] (1899).

212. In M. Panin's Russian translation (see his translation of Bauer's book), "national individualities" is given in place of "national peculiarities." Panin translated this passage incorrectly. The word "individuality" is not in the German text, which speaks of *nationalen Eigenart*, i.e., peculiarities, which is far from being the same thing.

213. *Proceedings of the All-Party Congress in Brünn* (1899), p. 74.

214. Springer, *National Problem*, p. 246.

215. Bauer, *National Question*, p. 527.

216. Bauer, *National Question*, p. 533.

217. Springer, *National Problem*, p. 15.

218. Bauer, *National Question*, p. 274.

219. Springer, *National Problem*, pp. 61, 72-73.

220. Bauer, *National Question*, p. 530.

221. Springer, *National Problem*, p. 192.

222. Bauer, *National Question*, p. 354.

223. Bauer, *National Question*, p. 360.

224. Springer, *National Problem*, p. 200.

225. Bauer, *National Question*, p. 531.

226. Bauer, *National Question*, p. 323.

227. Bauer, *National Question*, p. 319.

228. Bauer, *National Question*, 533.

229. Bauer, *National Question*, 533.

230. Bauer, *National Question*, p. 521.

231. Bauer, *National Question*, p. 522.

232. *Proceedings of the All-Party Congress in Brünn*, p. 85.

233. Bauer, *National Question*, p. 531.

234. Bauer, *National Question*, p. 533.

235. Karl Marx and Friedrich Engels, *The Communist Manifesto* (Red Prints Publishing, 2022), p. 38.

236. The Vienna Congress (or *Wimberg* Congress—after the name of the hotel in which it met) of the Austrian Social-Democratic Party was held June 6-12, 1897.

237. Bauer, *National Question*, p. 379.

238. Bauer, *National Question*, p. 373.

239. The reference is to the article by Karl Marx, "On the Jewish Question," in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 3, pp. 146-174.

240. Karl Kautsky, "Das Massaker von Kischinew und die Judenfrage" ["The Kishinev Pogrom and the Jewish Question"], in *Die Neue Zeit* 21, no. 2 (1903): pp. 303-309.

241. Bauer, *National Question*, p. 373.

242. See *Формы национального движения в современных государствах: Австро-Венгрия. Россия. Германия* [*Forms of the National Movement in Modern States: Austria-Hungary, Russia, Germany*], ed. A. I. Kastelyansky (1910), p. 772.

243. *Protocols of the Second Congress of the RSDLP*, p. 176.

244. The Eighth Conference of the Bund was held in September 1910 in Lvov.

245. *VIII конференция Бунда. Отчет* [*Report of the Eighth Conference of the Bund*] (1911), p. 62.

246. *Eighth Conference of the Bund*, pp. 83-84.

247. *Eighth Conference of the Bund*, p. 85.

248. *Ninth Conference of the Bund*, p. 42.

249. *Eighth Conference of the Bund*, p. 83.

250. *Eighth Conference of the Bund*, p. 68.

251. This phrase was applied to Bund and Caucasian Social-Democrats by Plekhanov in an article printed in *Za Partiyu* (*For the Party*) on October 2, 1912.

252. See *Nasha Zarya* [*Our Star*], no. 9-10 (1912), p. 120.

253. *Curiae*—electoral college to the Duma.

254. *Извѣщеніе о VII съѣздѣ Бунда* [*Announcement of the Seventh Congress of the Bund*],* p. 7.

* The Seventh Congress of the Bund was held in Lvov at the end of August and beginning of September 1906.

255. *Eighth Conference of the Bund*, p. 72.

256. *К вопросу о национальной автономии и преобразовании Рос. соц.-демокр. рабочей партии на федеративных началах* [*Concerning National Autonomy and the Reorganization of Russian Social-Democracy on a Federal Basis*] (1902).

257. *Manilov*—one of the characters depicted in *Dead Souls*, a novel by the Russian writer N. V. Gogol. Synonym of smug complacency and fruitless daydreaming.

258. *Nashe Slovo* [*Our Word*], no. 3 (Vilno, 1906), p. 24.

259. *Iskra* (*The Spark*)—the first all-Russian illegal Marxist newspaper founded by V. I. Lenin in 1900.

Regarding the importance of *Iskra*, see *History of the Communist Party of the Soviet Union (Bolsheviks)—Short Course,* pp. 50-74.

260. *Concerning National Autonomy*, p. 17.

261. Quoted from page 29 of a brochure by Karl Vaněk, *Dokumente des Separatismus*. Karl Vaněk was a Czech Social-Democrat who took an openly chauvinist and separatist stand.

262. *Ninth Conference of the Bund*, p. 19.

263. *N.*—the pseudonym of Noe Jordania, leader of the Georgian Mensheviks.

264. *Chveni Tskhovreba* [*Our Life*],* no. 12 (1912).

**Chveni Tskhovreba* was a daily paper published by the Georgian Mensheviks in Kutais from July 1-22, 1912.

265. *Chveni Tskhovreba*, no. 12 (1912).

266. *Извещение о конференции организаций РСДРП* [*Notification of the Conference of Organizations of the RSDLP*] (1912), p. 42.

267. The clause on self-determination in the program of the R.S.D.L.P. adopted at the Second Congress of 1903 reads as follows:

> "9. The right of self-determination for all nations forming part of the state."

268. *Protocols of the Second Congress of the RSDLP*, pp. 190-192.

269. *Nasha Zarya*, no. 9-10 (1912), p. 120.

270. *Nashe Slovo*, no. 8 (1906), p. 53.

271. The reference is to the first Balkan War, which broke out in October 1912 between Bulgaria, Serbia, Greece and Montenegro on the one hand, and Turkey on the other.

272. See "Resolution on the Community," in *Report of the Eighth Conference of the Bund*.

273. Strasser, *Worker and the Nation*.

274. *E. J. Jagiello*—a member of the Polish Socialist Party (P.P.S.), was elected to the Fourth State Duma for Warsaw as a result of a bloc formed by the Bund, the Polish Socialist Party and the bourgeois nationalists against the Polish Social-Democrats. By a vote of the seven Menshevik Liquidators against the six Bolsheviks, the Social-Democratic group in the Duma adopted a resolution that Jagiello be accepted as a member of the group.

Oppose Book Worship

275. This is an old article which was written to oppose dogmatism in the Red Army at that time. At that time we did not use the term *Jiaotiaozhuyi* (dogmatism) but rather *Benbenzhuyi* (book worship). The article was written approximately in the spring of 1930. It has already been 30 years since I have read it. In January 1961, I suddenly found it in the Central Revolutionary Museum. The Central Revolutionary Museum had found it in the Fujian Longyan Area committee. In reading it I find that it still has some use, so I have had printed a good many copies as reference for comrades. ["Preface to '*Oppose Book Worship*,'" in *Wansui* (1968), vol. 5.]

276. See *Confucian Analects*, Book 3, *Pa Yi*: "When Confucius entered the Ancestral Temple, he inquired into everything."

277. Li Kui was a hero in the well-known Chinese novel *Shuihu Zhuan* (*Outlaws of the Marshes*) [see Note 306]. He was simple, outspoken and very loyal to the revolutionary cause of the peasants, but crude and tactless.

278. Comrade Mao Zedong has always laid great stress on investigation, regarding social investigation as the most important task and the basis for defining policy in the work of leadership. The work of investigation was gradually developed in the Fourth Army of the Red Army on Comrade Mao Zedong's initiative. He stipulated that social investigation should be a regular part of the work, and the Political Department of the Red Army prepared detailed forms covering such items as the state of the mass struggle, the condition of the reactionaries, the economic life of the people and the amount of land owned by each class in the rural areas. Wherever the Red Army went, it first made itself familiar with the class situation in the locality and then formulated slogans suited to the needs of the masses.

279. Here "the mountains" are the Jinggang mountain area along the borders of Jiangxi and Hunan Provinces; the "plains" are those in southern Jiangxi and western Fujian. In January 1929, comrade Mao Zedong led the main force of the Fourth Army of the Red Army down from the Jinggang Mountains to southern Jiangxi and western Fujian in order to set up two large revolutionary base areas.

280. The "Book of Documents" consisted of the resolutions adopted at the Sixth National Congress of the Communist Party of China in July 1928, including the political resolution and the resolutions on the peasant question, the land question, the organization of political power, etc. Early in 1929 the Front Committee of the Fourth Army of the Red Army published these resolutions in book form for distribution to the Party organizations in the Red Army and to the local Party organizations.

On Practice

281. There used to be a number of comrades in our Party who were dogmatists and who for a long period rejected the experience of the Chinese revolution, denying the truth that "Marxism is not a dogma but a guide to action" and overawing people with words and phrases from Marxist works, torn out of context. There were also a number of comrades who were empiricists and who for a long period restricted themselves to their own fragmentary experience and did not understand the importance of theory for revolutionary practice or see the revolution as a whole, but worked blindly though industriously. The erroneous ideas of these two types of comrades, and particularly of the dogmatists, caused enormous losses to the Chinese revolution during 1931-34, and yet the dogmatists cloaking themselves as Marxists, confused a great many comrades. On Practice was written in order to expose the subjectivist errors of dogmatism and empiricism in the Party, and especially the error of dogmatism, from the standpoint of the Marxist theory of knowledge. It was entitled *On Practice* because its stress was on exposing the dogmatist kind of subjectivism, which belittles practice. The ideas contained in this essay were presented by Comrade Mao Zedong in a lecture at the Anti-Japanese Military and Political College in Yan'an.

282. V. I. Lenin, "Conspectus of Hegel's Book *The Science of Logic*," in *Lenin Collected Works* (Progress Publishers, 1976), vol. 38, p. 213.

283. See Karl Marx, *Theses on Feuerbach* [see Friedrich Engels, *Socialism: Utopian and Scientific*, 2nd ed. (Red Prints Publishing, 2023), pp. 61-63;

and V. I. Lenin, *Materialism and Empirio-Criticism: Critical Comments on a Reactionary Philosophy* (Red Prints Publishing, 2023), pp. 177-187.

284. *Sanguo Yanyi* (*Romance of the Three Kingdoms*) is a famous Chinese historical novel by Luo Guanzhong (late 14th and early 15th century).

285. Lenin, "Conspectus," p. 171.

286. *The Movement of the Taiping Heavenly Kingdom* was the mid-19th century revolutionary peasant movement against the feudal rule and national oppression of the Qing Dynasty. In January 1851 Hong Xiuquan, Yang Xiuqing and other leaders launched an uprising in Jintian Village in Guiping County, Guangxi Province, and proclaimed the founding of the Taiping Heavenly Kingdom. Proceeding northward from Guangxi, their peasant army attacked and occupied Hunan and Hubei in 1852. In 1853 it marched through Jiangxi and Anhui and captured Nanjing. A section of the forces then continued the drive north and pushed on to the vicinity of Tianjin. However, the Taiping army failed to build stable base areas in the places it occupied; moreover, after establishing its capital in Nanjing, its leading group committed many political and military errors. Therefore it was unable to withstand the combined onslaughts of the counter-revolutionary forces of the Qing government and the British, U.S. and French aggressors, and was finally defeated in 1864.

287. *Boxer* (more precisely: Yìhétuán) *Rebellion*—a popular anti-imperialist uprising In China in 1899-1901 organized by the Yìhéquán (Society of Righteous and Harmonious Fists), which later became known as Yìhétuán (League of Harmony and Justice). It was ruthlessly crushed by an expeditionary corps of the imperialist powers under the command of the German General Waldersee, with the German, Japanese, British, American and Russian imperialists taking part. China was forced to sign the Boxer Protocol of 1901 which turned her into a semi-colony of the foreign imperialists.

288. *The May 4th Movement* was an anti-imperialist and anti-feudal revolutionary movement which began on May 4, 1919. In the first half of that year, the victors of World War I, i.e., Britain, France, the United States, Japan, Italy and other imperialist countries, met in Paris to divide the spoils and decided that Japan should take over all the privileges previously enjoyed by Germany in Shandong Province, China. The students of Beijing were the first to show determined opposition to this scheme, holding rallies and demonstrations on May 4. The Northern warlord government arrested more than thirty students in an effort to suppress this opposition. In protest, the students of Beijing went on strike and large numbers of students in other parts of the country responded. On June 3

the Northern warlord government started arresting students in Beijing *en masse*, and within two days about a thousand were taken into custody. This aroused still greater indignation throughout the country. From June 5 onwards, the workers of Shanghai and many other cities went on strike and the merchants in these places shut their shops. Thus, what was at first a patriotic movement consisting mainly of intellectuals rapidly developed into a national patriotic movement embracing the proletariat, the urban petty bourgeoisie and the bourgeoisie. And along with the growth of this patriotic movement, the new cultural movement which had begun before May 4 as a movement against feudalism and for the promotion of science and democracy, grew into a vigorous and powerful revolutionary cultural movement whose main current was the propagation of Marxism-Leninism.

289. "In order to understand, it is necessary empirically to begin understanding, study, to rise from empiricism to the universal." [Lenin, "Conspectus," p. 205.]

290. V. I. Lenin, *What Is to Be Done?* (Red Prints Publishing, 2023), p. 42.

291. Lenin, *Materialism and Empirio-Criticism*, p. 175.

292. J. V. Stalin, "The Foundations of Leninism," in *Marxist-Leninist Reading Hub Curriculum: Stage 1*, 3rd ed. (Red Prints Publishing, 2026), p.46.

293. Lenin, *Materialism and Empirio-Criticism*, pp. 159-168.

On Contradiction

294. V. I. Lenin, "Conspectus of Hegel's Book *Lectures on the Philosophy of History*," in *Lenin Collected Works* (Progress Publishers, 1976), vol. 38, pp. 251-252.

295. In his essay "On the Question of Dialectics," Lenin said:

> "The splitting of a single whole and the cognition of its contradictory parts (see the quotation from Philo on Heraclitus at the beginning of Section 3, 'On Cognition.' in Lassalle's book on Heraclitus) is the *essence* (one of the 'essentials,' one of the principal, if not the principal, characteristics or features) of dialectics." [*Lenin Collected Works*, vol. 38, p. 357.]

In his "Conspectus of Hegel's Book *The Science of Logic*," he said:

> "In brief, dialectics can be defined as the doctrine of the unity of opposites. This grasps the kernel of dialectics, but it requires explanations and development." [*Lenin Collected Works*, vol. 38, p. 222.]

296. Lenin, "On the Question of Dialectics," p. 358.

297. A saying of Dong Zhongshu (179-104 B.C.), a well-known exponent of Confucianism in the Han Dynasty.

298. Friedrich Engels, *Anti-Dühring* (Red Prints Publishing, 2023), p. 192.

299. Lenin, "On the Question of Dialectics," pp. 357-58.

300. Engels, *Anti-Dühring*, pp. 193, 194.

301. Lenin, "On the Question of Dialectics," p. 357.

302. Lenin, "On the Question of Dialectics," p. 359.

303. See V. I. Lenin, "Kommunismus," in *Lenin Collected Works* (Progress Publishers, 1974), vol. 31, p. 165. In which, Lenin criticizes the Hungarian Communist Bela Kun, and says that Kun "gives up the most essential thing in Marxism, the living soul of Marxism, the concrete analysis of concrete conditions."

304. Sun Wu Tzu , or Sun Wu, was a famous Chinese soldier and military scientist in the 5th century B.C., who wrote *The Art of War*, a treatise on war containing thirteen chapters. This quotation is from Chapter 3, "The Strategy of Attack."

305. Wei Zheng (A.D. 580-643) was a statesman and historian of the Tang Dynasty (618-906). The remark is found in *Zizhi Tongjian*, an ancient Chinese annual compiled by Sima Guang in the Song dynasty (960-1276).

306. *Shuihu Zhuan* (*Outlaws of the Marshes*), a famous 14th century Chinese novel, describes a peasant war towards the end of the Northern Song Dynasty. Zhu Village was in the vicinity of Liangshanpo, where Song Jiang, leader of the peasant uprising and hero of the novel, established his base. Zhu Chaofeng, the head of this village, was a despotic landlord.

307. V. I. Lenin, "Once Again on the Trade Unions, the Current Situation and the Mistakes of Trotsky and Bukharin," in *Lenin Collected Works* (Progress Publishers, 1973), vol. 32, p. 94.

308. The Revolution of 1911, led by the bourgeoisie, overthrew the Qing dynasty and established a new government under the presidency of Dr. Sun Yat-sen. The revolution was abortive, and within a few months the government reverted to the most reactionary feudalists and warlords under the leadership of Yuan Shikai.

309. At the first National Convention of the Kuomintang, held in Canton in January 1924 under the chairmanship of Dr. Sun Yat-sen, a united front was established between the national bourgeoisie and the workers and peasants represented by the Communist Party. The revolutionary war thus launched resulted in the defeat of the Northern warlord government in

1927. In the summer of the same year, under the leadership of Chiang Kai-shek and in alliance with the imperialists, the bourgeoisie betrayed the united front and the common principles of the revolution, and launched civil war against the workers and peasants led by the Communist Party.

310. The second national united front was established in 1936. As early as 1933, when the Japanese were invading China's Northeast areas, the Communists proposed an end to the civil war and a United Anti-Japanese Front aimed at national unity, armed resistance to the Japanese, and the building of a new democratic republic. Under great popular pressure to resist the Japanese, the Kuomintang was forced in 1936 to suspend its civil war policy, and for two years a comparatively strong anti-Japanese unity was maintained. With the fall of Wuhan to the Japanese in October 1938, elements of the Kuomintang, such as Wang Jingwei, deserted to the Japanese, and the Kuomintang itself began gradually to shift its efforts from the battlefront against Japan to struggle against the armies under Communist leadership.

311. Sun Yat-sen (1866-1925), a graduate of a Hong Kong medical college and living most of his life in political exile abroad, was the outstanding figure in the Chinese bourgeois revolution against the Qing dynasty. As sponsor of the first national united front between the Kuomintang and the Communists, he furthered the transition to a people's democratic revolution under the leadership of the workers and peasants. His widow, Soong Ching-ling, became a Vice Chairman of the People's Republic of China on its establishment in 1949.

312. The Xi'an Incident occurred on December 12, 1936, when the Kuomintang troops commanded by Generals Zhang Xueliang and Yang Hucheng, acting under the influence of the widespread anti-Japanese movement, arrested Chiang Kai-shek in Xi'an as a last resort to force him to unite with the Communists to resist Japanese aggression. As a result of the mediation of the Communist Party, Chiang was set free after he accepted the conditions for a national united front.

313. *Chen Duxiu-ism* refers to the right opportunist policies of Chen Duxiu, who was general secretary of the Chinese Communist Party in the early years, and eventually turned renegade. His policies contributed heavily to the defeat of the Revolution of 1924-1927, for in his attempt to reconcile the Kuomintang he deserted the peasantry, who was then engaged or about to engage in revolutionary struggle against the landlords, thus depriving the working class of its main ally in the revolution. Under his leadership, the party also neglected its middle-class allies and especially the armed forces. The Kuomintang could destroy the united front and make war

against the people in 1927 chiefly because it capitalized on this weakness of the Communist Party.

314. The Opium War (1839-1842) was caused by invasion of China by the British, and was precipitated by British insistence upon forcing opium upon the Chinese in contravention of Chinese law. The resulting Treaty of Nanjing marked the formal beginning of China's century-long status as a semi-colony of the Western powers. Though defeated, China's efforts to defend herself opened her long struggle "to change the colonial, semi-colonial and semi-feudal form of society into an independent democratic society." [Mao Zedong, "On New Democracy," in *Socialism With Chinese Characteristics* (Red Prints Publishing, 2022), p. 14.]

315. The Sino-Japanese War of 1894 was launched by Japan under the pretext of quelling a rebellion in Korea, over which the Chinese government claimed sovereignty. China's armed forces suffered a severe defeat. Besides entrenching itself in Korea, Japan gained possession of large Chinese areas (Taiwan, the Pescadores Islands, and the Liaodong Peninsula), and extorted indemnity as well as extensive imperialist privileges throughout China.

316. An imperialist force composed of British, American, Russian, German, and Japanese contingents, intervened in 1900 to disperse a peasant uprising, known as the Boxer Rebellion [see Note 287], initially aimed at overthrowing the absolutist regime and ousting the foreign invaders. The Empress maneuvered the uprising into becoming a tool of her corrupt regime, while posing as a fellow-victim of the foreigners. The invading imperialist troops looted the capital and ravaged the countryside.

317. See Note 309.

318. The Northern Expedition, launched in 1925 by the revolutionary united front, during the next two years occupied the great valleys of the Yangtze and the Huanghe, and defeated the Northern warlord government.

319. After the betrayal of the united front by Chiang Kai-shek in 1927, the Communists established themselves in a number of bases, principally in the Southern provinces. A series of "extermination" campaigns, launched by Chiang Kai-shek with material aid from the imperialist powers, was repulsed. But by 1934 the Communist forces were obliged to evacuate their main Southern bases. Breaking through the cordon of Kuomintang armies, they began the historic Long March. The main column of 30,000 fought its way over a difficult route of 6,000 miles, arriving at the end of 1935 in Yan'an, in the northern province of Shaanxi, where the new Communist base was established.

320. V. I. Lenin, *What Is to Be Done?* (Red Prints Publishing, 2023), p. 42.

321. Lenin, "Conspectus," p. 109.

322. *Shan Hai Jing* (*Classic of Mountains and Seas*) was written in the era of the Warring States (403-221 B.C.). In one of its fables Kuafu, a superman, pursued and overtook the sun. But he died of thirst, whereupon his staff was transformed into the forest of Deng.

323. Yi is one of the legendary heroes of ancient China, famous for his archery. According to a legend in *Huainanzi*, compiled in the 2nd century B.C., there were ten suns in the sky in the days of Emperor Yao. To put an end to the damage to vegetation caused by these scorching suns, Emperor Yao ordered Yi to shoot them down. In another legend recorded by Wang Yi (2nd century A.D.), the archer is said to have shot down nine of the ten suns.

324. *Xi You Ji* (*Journey to the West*) is a 16th century novel, the hero of which is the monkey god Sun Wukong. He could miraculously change at will into seventy-two different shapes, such as a bird, a tree and a stone.

325. *Liaozhai* (*Strangle Tales from a Chinese Studio*), written by Pu Songling in the 17th century, is a well-known collection of 431 tales, mostly about ghosts and fox spirits.

326. Karl Marx, "Introduction," in *Marx & Engels Collected Works* (Lawrence & Wishart, 2010), vol. 28, p. 47.

327. Lenin, "On the Question of Dialectics, p. 358.

328. The saying "Things that oppose each other also complement each other" first appeared in the *History of the Earlier Han Dynasty* by Ban Gu, a celebrated historian in the 1st century A.D. and has been a popular saying ever since.

329. Lenin, "On the Question of Dialectics," p. 358.

330. Zhang Guotao's right opportunist policies were defeated in the period of the Long March [see Note 319] and shortly thereafter, as part of the struggle to establish the policy of the anti-Japanese national united front. He ended up by betraying the party when he joined the anti-Communist secret service of the Kuomintang.

331. V. I. Lenin, "Remarks on N. I. Bukharin's Book Economics of the Transitional Period," in *Ленинский сборник XI* [*Lenin Miscellany 11*] (Moscow-Leningrad, 1931), p. 357.

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