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ANALYSING IMPERIALISM

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THE BEST-KNOWN statement about the centrality of imperialism to the system is Lenin's pamphlet *Imperialism: The Highest Stage of Capitalism*. It was written in the midst of the First World War. Its aim was to be a "popular outline", showing how the resort to war was a product of the "latest stage of capitalism"—the original subtitle to the work:

Capitalism has grown into a world system of colonial oppression and financial strangulation of the overwhelming majority of the people of the world by a handful of "advanced" countries. And this "booty" is shared by two or three world-dominating pirates (America, England, Japan), armed to the teeth, who embroil the whole world in their war over the division of their booty.

The capitalist powers, he points out, have partitioned the world between them on the basis of "a calculation of the strength of the participants, their general economic, financial, military and other strength". But "the relative strength of these participants is not changing uniformly, for under capitalism there cannot be an equal development of different undertakings, trusts, branches of industry or countries". A partition of the world that corresponded to the relative strength of the great powers at one point no longer does so a couple of decades later. The partitioning of the world gives way to struggles over the repartitioning of the world:

Peaceful alliances prepared the ground for wars and in their turn grow out of wars. One is the condition for the other, giving rise to alternating forms of peaceful and non-peaceful struggle on one and the same basis, that of imperialist connections and interrelations of world economics and world politics.

Lenin's theory was not just a theory of military conflicts between the great powers. He insisted these conflicts were a product of changes in capitalism itself:

Half a century ago, when Marx was writing *Capital*, free competition appeared to the overwhelming majority of economists to be a "natural law"... Marx had proved that free competition gives rise to the concentration of production, which, in turn, at a certain stage of development, leads to monopoly... 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... Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials...of a country and even...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.

But once this stage is reached, competition between the giant corporations is no longer based simply—or even mainly—on the old purely market methods. Taking control of raw materials so that rivals cannot get them, blocking rivals' access to transport facilities, selling goods at a loss so as to drive rivals out of business, denying them access to credit, are all methods used. "Monopolies bring with them everywhere monopolist principles: the utilisation of 'connections' for profitable deals takes the place of competition in the open market."

And central among the connections are those linking the monopolies based in a particular country to its state. Lenin concluded that

the development of monopoly at home has its corollary in the use of state power to establish influence abroad. The competitive struggle between the monopolies became a struggle between their states to control different parts of the world:

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”.

This found expression in the division of the world into the great empires—the British, the French, the Russian, the Belgian and the Dutch—which divided most of Asia and Africa between them in Lenin’s time. But Lenin was insistent that imperialism involved more than the division between the great powers of what we would today call the “Third World”. He criticises Karl Kautsky for writing, “Imperialism...consists in the striving of every industrial capitalist nation to bring under its control or to annex all large areas of agrarian territory, irrespective of what nations inhabit it.” The imperialist division of the world, Lenin insisted, was increasingly centred on industrial areas: “The characteristic feature of imperialism is precisely that it strives to annex not only agrarian territories, but even most highly industrialised regions.”

Lenin’s fellow Bolshevik, Bukharin—whose *Imperialism and World Economy* was written shortly before Lenin’s work, but which appeared afterwards, with an introduction by Lenin—made the arguments just as forcefully:

Where formerly many individually owned enterprises competed with each other, there appears the most stubborn competition between a few gigantic capitalist combines pursuing a complicated and, to a considerable degree, calculated policy. There finally comes a time when competition ceases in an entire branch

of production... The centralisation process proceeds apace. Combines...in industry and banking...unite the entire “national” production, which assumes the form of a company of companies, thus becoming a state capitalist trust. Competition reaches its highest, the last conceivable, stage of development. It is now competition of the state capitalist trusts on the world market.

Lenin and Bukharin’s works were produced in the middle of the First World War, and their aim was to explain the forces behind it. Their enduring power lies in the way in which they still provide an explanation, like no other, of the whole of what has been called the “30 years war” of the 20th century—the great military clashes that tore Europe apart, causing a total of 50 million deaths and devastation all the way from the Channel to the Volga, and sucking into the maelstrom hundreds of millions of people in the most distant stretches of the world. It was an explanation that spurred opponents of war in Europe and North America to challenge not merely the militarists, but also the economic system as a whole. And it spurred a whole generation of people fighting to shake off the shackles of empire in the Third World to see some sort of identity of interest with the workers’ movements of the advanced countries.

The attacks on the theory

The sheer power of this theory of imperialism has led to repeated attempts to refute it. The attacks have generally concentrated on two interlinked fronts. They have denied any empirical link between the great expansion of the Western colonial empires and the dynamics of capitalism. And they have argued that peaceful free trade rather than a militaristic struggle to control chunks of territory is the most profitable course for the majority of capitalists to pursue.

The first argument is not difficult to deal with. The great period of growth of the Western empires was the last quarter of the 19th century. Some European powers (Britain, Holland, France) already had empires, inherited from a previous phase of capitalist development, but not until the 1880s did they seek to divide all the world between them. In 1876 no more than 10 percent of Africa was under

European rule. By 1900 more than 90 percent was colonised. In the same period Britain, France, Russia and Germany established wide spheres of influence extending out from colonial enclaves in China; Japan took over Korea and Taiwan; France conquered all of Indochina; the US seized Puerto Rico and the Philippines from Spain; and Britain and Russia agreed to an informal partitioning of Iran.

This was the period in which the export of capital became a central feature of the economy of Britain, still then the world's dominant capitalist country. Total investment in foreign stocks rose from £95 million in 1883 to £393 million in 1889. It soon equalled 8 percent of Britain's gross national product and absorbed 50 percent of savings. Its biggest colony, India, accounted for 12 percent of its exports of goods and 11 percent of its capital exports, while providing a surplus to Britain's balance of payments that could help pay for investments elsewhere in the world.

The 1870s and early 1880s had been a period of depressed markets, falling prices, and low profits and dividends in Britain. With the growth of foreign investment this "great depression" came to an end.

It is not true that the exports of capital, let alone of goods, went to the colonies. Much went to the US, and quite a lot went to Latin American countries like Argentina. But what mattered for both politicians and industrial interests was that "Britain ruled the waves". There was a global empire, in which direct dominance in some parts of the world contributed to hegemony—and defence of economic interests—in other areas.

Where British capitalism went, others wanted to follow and set about grabbing what they could. It was usually a case of first come, first served. France took huge swathes of North and West Africa, Belgium's king seized a vast area of the Congo region, and the Dutch consolidated their scattered holdings in the East Indies into a modern empire. But the one country in Europe that was beginning to overtake British capitalism industrially, Germany, was the last to join the race. By the turn of the century there were powerful voices in German industry connected to the National Liberal Party (after 1918 the National People's Party) who were arguing that German business could only compete globally if Germany had more colonies—or

at least a sphere of influence stretching through eastern and south eastern Europe.

Whichever way you look at the 1890s and the 1900s—or for that matter the 1920s and the 1930s—you find that empire was seen as a positive economic advantage by capitalist classes. There would be differences of opinion over the advantages to be gained from particular imperialist adventures. There was no great divergence about the benefits of empire in general.

But this still leaves open the second objection. Was it really in the interests of businessmen to see their taxes burnt up in wars that disrupted markets? This was essentially the argument of one of the first accounts of imperialism, produced by the English liberal economist Hobson, whose work was published in 1902. He saw imperialism as the product of one interest group, those connected with certain financial institutions. These opted for guaranteed returns of interest on overseas loans rather than taking the risks involved in industrial investment at home, and welcomed colonial expansion as a way of making sure their state guaranteed the safety of their investments.

Other sectors of capitalists might support imperialist policies, such as arms manufacturers, “the great manufacturers for export trade”, “the shipping trade”, but Hobson insists that “by far the most important economic factor in imperialism is the influence relating to investments”.

So one small section of the capitalist class has, in effect, turned the state to its own advantage, despite the harm it does to the rest. The alternative to imperialism, on Hobson’s reasoning, was not the revolutionary overthrow of capitalism, but governmental action to expand the domestic economy and defend the interests of industry against finance. Such action would form the basis of an alliance uniting trade unions and the great majority of business interests in opposition to the rentiers and the finance capitalists.

Ten years later Karl Kautsky, the veteran theorist of the German Social Democratic Party, came up with a very similar account of imperialism. Along with finance capitalists, Kautsky also saw the arms producers as having an interest in imperialism and war. But he maintained that “the economic costs of rearmament, while they

favoured the development of some sectors of industry, were detriments to others". "The source of the political power of finance capital, which aimed at subjugating all society, could be traced back to its union with militarism and the bureaucracy."

From his view that capitalism as whole had no interest in partitioning the world into rival colonies, Kautsky drew the conclusion that it was approaching a new stage. He developed this argument in an article he wrote in 1914 in which he saw the colonisation of the previous three decades as a result of industrial capitalists trying to secure for themselves raw materials and markets.

"Capitalist accumulation in industry can proceed freely only when the agricultural region which supplies its raw material and consumes its products is constantly being enlarged." There were various ways to do this. One was called "imperialism", especially fostered by the system of investing capital in agrarian countries which encouraged "efforts to reduce these lands to a state of political dependence". "The effort to subdue and hold agrarian regions" had caused serious conflicts between the great capitalist powers which led to "tremendous competition in armaments" and "long-prophesied world war". But, he went on to argue, "this phase of imperialism" was not necessary to the continued existence of capitalism:

There is no economic necessity for the continuation of the great competition in the production of armaments after the close of the present war. At best such a continuation would serve the interests of only a few capitalist groups. On the contrary capitalist industry is threatened by the conflicts between the various governments. Every far-sighted capitalist must call out to his associates: Capitalists of all lands unite! From a purely economic point of view, therefore, it is not impossible that capitalism is now to enter upon a new phase, a phase marked by the transfer of trust methods to international politics, a sort of super-imperialism.

Monopolies, the state and finance capital

Lenin's *Imperialism* is very much a critique of Kautsky. It rests on three planks. First, there is the argument that the whole system is in

a monopoly stage. Monopolies are the central, dominating forms of capital, dragging other sections behind them.

Second, in such a situation the political “influence” they exert is not an accidental feature. It is intrinsic to the form capitalist competition now takes. No large capital can survive unless it has connections to the state and uses these to expand at the expense of other capitals. Or, to put the argument another way, capitalism is never simply an abstract system of free-flowing capital. The system has always been composed of different individual capitals, each run by people who attempt to use their connections with each other and with the state to cheat the market. But under the “free market” capitalism of Marx’s time, none was big enough to influence the dynamic of the system as a whole. By contrast, in Lenin’s picture individual capitals dominate each major sector of production within each country and are able, through their connections with each other and the state, to impose a whole new dynamic of political and military expansionism on society as a whole. Finally, Lenin backs up his points by his empirical accounts of the development of major industrial concerns.

There are, however, certain subsidiary problems with the way Lenin presents his arguments that leave a back door open for arguments of the Kautsky sort.

In his pamphlet Lenin readily acknowledges his use of Hobson’s work and that of the Austrian Marxist economist Hilferding, who was also an important influence on Kautsky’s views on imperialism. Lenin is critical of both. But he puts at the very centre of his analysis Hilferding’s use of the phrase “finance capital” to describe the dominant feature of the system in its imperialist phase, and he accepts much of Hobson’s description of the dominant and parasitic role of finance within this.

Hilferding had carried through a very important account of the changes in capitalism in the quarter of a century after Marx’s death in 1883—the rise of the joint stock company in place of the individual entrepreneur, the growing importance of the banks as a source of investment, and the role of the state in protecting the markets of already mature national capitalisms. There was, he argued, a merging together of financial capital and industrial capital to produce a

synthesis of the two. But there was a central ambiguity in Hilferding's own use of "finance capital". At some points it meant a merger of finance and industry—or at least financial interests lubricating the merger of industrial concerns: "Industry becomes increasingly dependent upon bank capital, but this does not mean that the magnates of industry also become dependent on banking magnates."

On this basis giant trusts and cartels were emerging that could dominate whole sectors of industry. They leaned on the state to protect their domestic markets, so enabling them to raise their prices at home—and attempt to conquer foreign markets with lower prices. It was this pressure of the combined finance-industrial capitals that changed the whole attitude of capital to the state. "It is not free trade England, but the protectionist countries, Germany and the United States, which become the models of capitalist development," wrote Hilferding. The drive for empire was endemic in the most modern forms of capitalism.

But Hilferding also used the term "finance capital" in a way resonant of Hobson's description of finance as something with interests in opposition to those of the mass of industrial capitals: "The mobilisation of capital and the continual expansion of credit gradually bring about a complete change in the position of the money capitalists. The power of the banks increases, and they become the founders and eventually the rulers of industry, whose profits they seize for themselves as finance capital, just as formerly the old usurer seized, in the form of 'interest', the produce of the peasants and the ground rent of the lord of the manor."

The finance capitalists were then seen as the force pushing for colonies and wars, even while the industrial capitalists want to hold back. Lenin was scathing about this trend in Hilferding's politics. Yet he took over the term finance capital and put it at the centre of his own theory. In doing so he left his own work open to ambiguous interpretations.

The phraseology of certain parts of the pamphlet allowed people to interpret him as saying that financial interests and the banks were mainly responsible for imperialism. This stress on the "parasitism" of finance capital allowed some people who supposedly based themselves on his work to claim in the decades after his death that it was

possible to form anti-imperialist alliances with sections of industrial capital against finance capital—that is, to fall back precisely into the Kautsky policy that Lenin attacked so bitterly.

It also seemed to make the whole theory of imperialism rest upon the key role of the banks in exporting financial capital. But this did not fit with the picture even when Lenin was writing, let alone in the decades afterwards. The export of finance was a central feature of British capitalism in the two decades before Hobson wrote. But Britain no longer “showed the future” to other capitalist countries, as it had in Marx’s day. Its new competitors, like Germany and the US, had leapt over Britain when it came to the concentration and monopolisation of industry. In the German case it was the industrial combines, especially those in heavy industry, that sought to expand beyond national frontiers by the establishment of colonies and spheres of influence. Moreover, the characteristic feature of the US and Russian economies in this period was not the export of capital but the inflow of funds from other capitalist countries (although here there was some re-export of capital).

Bukharin and the drive to war

Bukharin’s account of imperialism holds up much better, despite being much less widely known. He uses the category of “finance capital” repeatedly in *Imperialism and World Economy*. But he explicitly warns against seeing it as something distinct from industrial capital: “Finance capital...must not be confused with money capital, for finance capital is characterised by being simultaneously banking and industrial capital.” It is inseparable, for Bukharin, from the trend towards domination of the whole national economy by “state capitalist trusts”: “The individual production branches are in various ways knit together into one collective body, organised on a large scale. Finance capital seizes the entire country in an iron grip. ‘National economy’ turns into one gigantic combined trust whose partners are the financial groups and the state. Such formations we call state capitalist trusts.”

Once this stage is reached “there is a struggle of economies against each other, a war of capitalist competition. The form of this competition can be widely different. The imperialist policy...is one

form of this competition.” War now becomes central to the system, arising from the competition between the “state capitalist trusts”, but also feeding back into and determining their internal organisation: “With the formation of state capitalist trusts, competition is being almost entirely shifted to foreign countries; obviously, the organs of the struggle that is to be waged abroad, primarily state power, must therefore grow tremendously... If state power is generally growing in significance, the growth of its military organisation, the army and the navy, is particularly striking... This is why in our times, when economic conflicts have reached an unusual degree of intensity, we are witnessing a mad orgy of armaments.”

Bukharin’s account here foreshadows the version of imperialism that characterised the late 1930s and the 1940s. But in one respect he was weaker than Lenin—in terms of drawing out the political consequences of his theory when it came to the countries oppressed by imperialism.

Lenin, imperialism and the colonial countries

Imperialism: The Highest Stage of Capitalism had an enormous impact on the colonial liberation movements—and on those showing solidarity with them in the imperialist countries. This was partly because it was a clear call for workers within imperialist countries to oppose the policies of their own rulers. It was also because it was read in association with other writings by him on the right of peoples to self-determination.

In these Lenin had dealt with the political implications of imperialism. He saw that the revolt of the oppressed nationalities within the great empires that dominated the world could tear them apart. These revolts could arouse much wider layers of the population to action and weaken the Western capitalist states running the great empires—and this was true even if the revolts were led by remnants of the old pre-capitalist exploiting classes or by the newly emerging bourgeois groups. What mattered was that these local exploiting classes were politically dominated by the states of the great empires, and in fighting back weakened those states. Revolutionary socialists had to encourage and aid such fightbacks by unconditionally

supporting the right of political self-determination in the face of imperialist oppression.¹

But there was one big problem with Lenin's theory when it came to the colonial world. *Imperialism: The Highest Stage of Capitalism* held that the export of capital to the colonies would lead to their industrial development:

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.

However, the attraction of Communism to many in the national liberation movements had been because of the perception that capitalism was not producing appreciable industrial advance. In many Third World countries there was a large urban middle class that suffered from impoverishment, precarious job opportunities and unemployment, as well as political marginalisation by the colonial set-up. The lack of willingness of movements dependent on the local bourgeoisie to wage a consistent and determined struggle against colonialism could attract some of the urban middle class to Communism—provided Communism addressed their concerns about economic development as well as political independence. A debate over this issue arose in the Communist International in 1927-8, just before complete Stalinisation destroyed any possibility of rational debate within it.

Jane Degras has written:

The chief point in dispute was whether the colonies were being “decolonised”, i.e. whether the metropolitan countries were promoting or retarding the industrialisation of their colonies; India served as the focus of this discussion... Members of the

1: The subject of national liberation is covered in detail below in the piece by Alex Callinicos—*editor's note*.

British delegation believed Britain was industrialising India to take advantage of cheap labour there. Bukharin in his introductory speech came out against the decolonisation theory; the Indians themselves were divided.

Kuusinen, Stalin's man in the Communist International at the time, then intervened to insist, "If it were true that British imperialism had really turned to the industrialisation of India, we should have to revise our entire conception of the nature of imperialist colonial policy"—without, of course, recognising that any "revision" would have meant agreeing with Lenin's writings!

Two British delegates, Arnot and Rothstein, argued back, "Imperialism by its own contradictions fostered industrial development in the colonies that was going to compete with it, thus transferring domestic contradictions onto the world scene." But the theses of the Congress were adamant: "There is an objective impossibility of a non-capitalist path of development for the backward countries... The specific colonial forms of capitalist exploitation...hinder the development of the productive forces of the colonies." This argument became cast in stone during the following decades of Stalinism, when it was used to argue that the only way colonial and ex-colonial countries could develop economically was to follow the pattern established in the USSR.

There was a convergence between this current of ideas rooted in the Stalinist tradition with another current that had arisen, more or less independently, in Latin America. Direct colonial rule had ended in most of the region in the 1820s. But in the first decades of the 20th century the conditions of life of people in large areas of it were hardly different from those for the colonised peoples of Africa and Asia.

Movements began to arise in the inter-war years that saw the main obstacle to economic advance as lying in the stultifying influence of British and American imperialism. Haya de la Torre, son of an unsuccessful businessman, formed the Alianza Revolucionaria Peruana (APRA) in 1924 around a programme of nationalism and anti-imperialism which gathered wide support from both the middle

class and workers in Peru, and encouraged middle class activists in other countries to follow suit. As one author writes:

In political terms, the strategy was seen as an alliance of nearly all social classes against the landed oligarchy... In many ways this analysis was similar to the argument put forward by the Communist Party, which...argued that revolutionaries should support the “progressive national bourgeoisie” in its struggle to remove the last vestiges of feudalism and imperialist domination, and modernise the economy.

Governments like that of Vargas in Brazil and then that of Peron in Argentina moved strongly in the direction suggested by such arguments, but so did others, so that for a time the policy was virtually the orthodoxy. Such governments were not in any serious sense hostile to US or Western European capitalism. But their policies did face varying degrees of opposition from powerful landowning classes who had commercial and financial links with Britain or the US, and it was possible for the “populist” politicians to give a nationalist and supposedly anti-imperialist tinge to their policies.

The Second World War: the confirmation of the theory

The Second World War was the great and barbaric confirmation of the classic theory of imperialism. In response to the unprecedented economic crisis of the 1930s each national capitalism turned to a greater or lesser degree to an integration between national capital and the national state—and the other side of this “state monopoly capitalism” was the use of “protectionist” measures to restrict direct market competition from foreign capitalists. World trade, which had risen fourfold between 1891 and 1925, by 1932 had fallen back to the level of 1905. The imperialism of countries seeking to penetrate distant parts of the world through capital exports turned into the imperialism of countries trying to form tight trading blocs in opposition to each other. But capitalist states could not simply undo their dependence upon components and materials from outside their own borders. This put a greater premium than before on the

national state being able to exert direct political influence to control resources beyond its own borders.

The result was a recurrence, on a more intense basis, of the tension that had culminated in the First World War. The established colonial powers, especially Britain and France, were able to rely upon their existing empires to create political-economic blocs, dominated by their own currencies. The US was able to increase its influence, particularly in Latin America, after buying up many British investments there during the First World War. The world's second industrial power, Germany, was restricted to an even narrower national territory than in 1914. It had lost its colonies, and France had made a series of alliances in Eastern Europe directed at reducing German influence there, and even over German-speaking Austria. In the Far East expanding Japanese capitalism similarly felt penned in by the colonial rule exercised by the French over Vietnam, the British over Malaya, the Dutch over the East Indies (present-day Indonesia) and the US over the Philippines—as well as by the continuing British and French “concessions” in China.

The rulers of Germany and Japan went for political options that, as well as repression of the working class movement at home, subordinated individual capitalists to programmes of national capitalist accumulation imposed by the state. The Nazi government used dictatorial political powers to impose regimentation on the economy. The major capitalist groups remained intact. But from now on they were subordinated to the needs of an arms drive which they themselves supported. Armaments and the expansion of heavy industry drove the whole economy forward, providing markets and outlets for investment. However, there was one major problem with any such policy. Germany was not a self-contained economic unit. The only way to overcome instability in raw material sources was to expand the boundaries of the German Reich so as to incorporate neighbouring economies, and to subordinate their industries to the German military drive. The logic of state-directed monopoly capitalism led to a form of imperialism Lenin had referred to in 1916 and which was central to Bukharin's theory—the seizure of “highly industrialised regions”. Beyond a certain point such expansion led

to inevitable clashes with other great powers who feared threats to their own spheres of influence and empires. As they reacted by resorting to armed force, the German regime in turn had to direct even more of the economy towards arms—and reach out to grab new territory—in order “defend” the lands it had already grabbed.

The rulers of the British and French empires were driven to resist, later joined by the US and USSR. The alliance against Germany and Japan overshadowed the clashes between the other imperialisms. In the 1920s there had been predictions of a major clash between the US and Britain. The predictions were not fulfilled. There were sharp clashes of interest between the British and US governments in the course of the Second World War. For instance, they jostled for influence over Saudi Arabia with its oilfields. But greater hostility to the demands of German and Japanese imperialism led to British imperialism accepting, grudgingly, a subordination to US interests.

Imperialism in the Cold War years

The clash of imperialisms in the 1930s had taken the form of the conflict between Britain and France with their diffuse global empires and Germany as it built a continental empire in Europe. With the defeat of Germany, a new conflict in some ways similar grew up between the two great victors of the war.

The US had aspirations for its industries, the most advanced and productive in the world, to penetrate the whole world economy through “free trade”. The Western European powers, exhausted by the war, were in no position to challenge it directly. But the other victor, the USSR, was in such a position. Its ruling bureaucracy had embarked with a degree of success on the forced industrialisation of their country in the late 1920s by subordinating everything to accumulation of means of production, building a state capitalism of their own at the expense of the gains made by workers and peasants in the revolution of 1917. This gave them the means, through large and powerful land forces, to dominate virtually the whole of northern Eurasia, from the borders of Western Europe right through to the Pacific. But with levels of industrial productivity less than half

those of the US, they were in no position to sustain themselves in economic competition through free trade.

In 1947 and 1948 they decided to contest the US attempt at global hegemony by blocking its access to the economies under their control—not just the territory of the old Russian Empire, but also the countries of Eastern Europe which they subordinated to their military-industrial goals. The US, for its part, rushed to cement its hegemony over Western Europe through finance to pro-American Christian Democrat and Social Democrat political parties, a Marshall Plan for reviving European industry within parameters favourable to US interests, the creation of the Nato military alliance and setting up US bases in Europe.

The developing conflict cannot be explained by economics as often understood, in terms simply of profit and loss accounting. The armaments bills of both great powers soon exceeded anything their rulers could hope to gain from the increased exploitation of the lesser powers under their control. At no stage in the 1940s or 1950s did total US overseas investment exceed US spending on arms. Even in the period of “disarmament” prior to the outbreak of the Korean War “military expenditure...was not only 25 times as high as the sum of private capital exports, but it was also many times greater than the sum of foreign aid.” Over the subsequent three decades US overseas investment grew many times over. Total expenditure on “defence” also rose. It was eventually less than total overseas investment, but still substantially more than the profits that could possibly accrue from that investment. The picture for the USSR will have been somewhat similar.

The imperialism which necessitated arms spending was not the imperialism of a single empire in which a few “finance capitalists” at the centre make huge super-profits by holding billions of people down. Rather it was the imperialism of rival empires, in which the combined capitalists of each ruling class had to divert funds from productive investments to military expenditure in order to ensure that they hung on to what they already possessed.

The calculation in both Washington and Moscow was simple. To relax the level of military spending was to risk losing strategic

superiority to the rival imperialism, enabling it to seize territory. So the pattern was laid for the next 30 years, of each of the two great powers reaching out to draw as much of the world into its sphere of influence so as to gain a strategic advantage over the other. They fought a bloody war over control of the Korean peninsula, not because of the little wealth it possessed, but because of the strategic implications for the whole of the East Asian and Pacific region. They gave aid and arms to regimes which fell out with their rival—the US to “Communist” Yugoslavia so as to gain a foothold in the Balkans close to Russia’s borders; the USSR to Cuba so as to get a toehold in the Caribbean close to US borders; the USSR armed Somalia to fight an Ethiopia armed by the US, and then, in a quick turnaround, the USSR armed Ethiopia and the US Somalia.

The Cold War clash of imperialisms came to an end with the collapse of the Soviet Bloc in the late 1980s. But during its course enormous changes had taken place within the structure of world capitalism as a whole.

The end of the European empires

The Second World War fits neatly with the theory of imperialism as expounded in 1916, especially by Bukharin, but not with the emphasis taken over by Lenin from Hobson on financial capital and investments overseas. So do the 40 or so years of the Cold War.

Britain, France, Holland and Belgium reacted to the defeat of Germany and Japan by re-establishing their hold over their old colonial possessions in the Far East, North Africa and the Middle East—even if France often relied upon British or US troops to retake colonies for it. But the trend in the post-war decades was away from the colonial policies and conflicts between Western capitalist powers, as theorised by Lenin and Bukharin, which had characterised the previous 70 years. Britain finally abandoned attempts to hang on to the jewel in the colonial crown, the Indian subcontinent, in 1947 after a major mutiny by its Indian sailors, and began in the same year a long retreat from the eastern Mediterranean. Malaysia and the African colonies were to follow in the next two decades. Dutch

imperialism tried to hang on to the East Indies, but had conceded defeat by 1950. French resistance to abandonment of empire was stronger—an unsuccessful nine-year war to hold on to Indochina was followed by an equally unsuccessful nine-year attempt to keep Algeria, but by the 1960s it too gave up all of its formal empire apart from a couple of islands in the Caribbean and Pacific.

The US replaced Western European influence in some regions. It took control of South Vietnam when the French withdrew in 1954—until it too was forced to withdraw after the most bitter of wars in the mid-1970s. It became the dominant influence in most of the Middle East and parts of Africa. But, like the European powers, it retreated from formal colonisation, granting independence to the Philippines and keeping direct control only over Puerto Rico.

This retreat from direct colonisation had as a direct corollary the end of the old clashes between the Western powers over the partitioning of the rest of the world. The drive to war between them seemed to have gone once and for all. It was also accompanied by something else unexpected by the Lenin and Bukharin theories of imperialism—once divested of their colonies, each of the Western economies participated in a boom that eventually lasted more than a quarter of a century, saw minimal unemployment, and maintained profit levels without apparent trouble despite regular rises in living standards for their workers.

The driving force behind the boom was precisely the Cold War imperialist rivalry between the US and the USSR, with its massive arms expenditure.² Far from there being a “surplus” of capital in the advanced countries, there was a shortage, and the exports of capital stayed down at the very low levels they had sunk to in the great slump of the 1930s. And foreign investment was decreasingly directed towards the less industrialised parts of the world.

2: This is a reference to the theory of the permanent arms economy, developed by Harman and Mike Kidron in this period. For a summary of the theory, read Gonzalo Pozo’s “Reassessing the Permanent Arms Economy” in *International Socialism* 127 (available from www.isj.org.uk)—*editor’s note*.

A shift in the demand for Third World products took place at the same time as the changing in the pattern of investment. At the beginning of the First World War raw materials from agricultural countries were indispensable for industrial production in the West, and colonial control was an important way for industrialised countries to ensure their own supplies and block access to their rivals. But the interruptions to trade during the two world wars forced them to try to find substitutes for such raw materials. So the first half of the 20th century saw the invention of artificial fertilisers, synthetic rubber, rayon, nylon and a vast range of plastics. And during and after the Second World War there was a massive transformation of agriculture in both Europe and North America, with the use of industrial outputs and subsidies to raise food output, so reducing reliance on imports from the rest of the world. In a world now awash with raw material and foodstuffs, withdrawal from colonies in Africa and Asia was no longer the threat it would once have been to the industrialists of the European countries, and companies which had made their fortunes from such things now began to diversify their investments into new lines of business.

There was, however, one great exception to this picture—oil. Here was the raw material of raw materials, the ingredient for manufacturing the plastics, the synthetic rubber and the artificial fibres, as well as providing for massively expanding energy needs and propelling the ever greater proliferation of motor vehicles, tanks and aircraft. And the supplies of it were increasingly to be found outside Europe and North America. In the early 1950s “gulf oil” referred to reserves to be found around the Gulf of Mexico, especially in Texas. It was cost of pumping out that oil that determined world prices. By the mid-1970s, as was shown by the temporary interruption of supplies during the Arab-Israeli war of 1973, the gulf that mattered was the Persian Gulf. Saudi Arabia, Iraq, Iran, Kuwait, the petty sheikhdoms around the Arabian peninsula, were the countries that mattered. Control over their policies became increasingly important for the advanced capitalist states. Bribes, threats, weapons sales, the deployment of military “advisers” and seconded troops were used to achieve this—and so was support for the world’s last classic colony, the Israeli settler state

with its expulsion of most of the indigenous population and denial of rights to the rest. It was in this region that the wars that mattered for the world system increasingly took place—in 1947-8, in 1956, in 1967, in 1973, in 1980-9, in 1982, in 1991, in 2003.

The Third World after colonialism

The dismantling of the European colonial empires was a political fact of immense importance for something like half the world's people. It raised important questions for those who had fought against the hold of those empires. What happened to imperialism—and the fight against it—if empires no longer existed?

The reaction of many social democrats and liberals in the West was to say that imperialism no longer existed. An important section of the left rejected this. They could see that the former colonial countries were still plagued by poverty and hunger—and that the Western firms that had benefited from empire remained entrenched in them.

Rejecting facile talk about an end to imperialism usually meant insisting on the continued relevance of Lenin's 1916 analysis without recognising the changes that had occurred since it was written. This led most of the left to quietly redefine imperialism so as to refer simply to the exploitation of the Third World by Western capitalist classes, ignoring the drive towards war between imperialist powers so central to Lenin's theory. At the same time they simply replaced talk of colonialism with talk of "neo-colonies" or "semi-colonies".

Lenin had written of "semi-colonies". For him these were places like China at the time of the First World War, where colonial armies occupied enclaves of territory and used force to impose their will on the national government. There were some places where things did seem like this after the end of direct colonial control in the 1950s and 1960s. But in some of the most important cases independence did mean independence. Governments proceeded not only to take seats in the United Nations and set up embassies all over the world. They also intervened in the economy, nationalising colonial companies, implementing land reforms, embarking on schemes of industrialisation inspired by the preaching of the Latin American dependency theorists or, often, by Stalin's Russia. Such things were undertaken

with varying degrees of success or failure in India, Egypt, Syria, Iraq, Algeria, Indonesia, Ghana, Equatorial Guinea, Angola, Taiwan and South Korea, as well as by the more radical regimes of China, Cuba and Vietnam.

To call regimes like Nasser's Egypt or Nehru's India "neo-colonial" or "semi-colonial" was a travesty. In such cases, attempts were made to establish not only independent political entities, but also independent centres of capital accumulation. These still operated within a world dominated by the much stronger capitalisms of the advanced countries, but they were by no means mere playthings of them.

The success of such attempts varied enormously from place to place. A handful of countries made it into what might be called the "second division" of advanced capitalism. This was true of South Korea, Taiwan, Singapore and Hong Kong—and by the 1990s of coastal China as it experienced industrial growth rates much higher than anywhere else in the world. But similar methods in many other places had very different outcomes. In the major Latin American countries nearly half a century of successful if slow accumulation was followed, in the 1980s, by a "lost decade" of stagnation, debt crises and increased impoverishment of wide sections of the population. Sub-Saharan Africa underwent more than 30 years of falling output per head.

Even where "development" did take place, it was usually accompanied by a combination of dictatorship and appalling conditions for the mass of people. Inevitably there was growing disillusionment among the lower middle class and the workers—and sometimes sections of the peasantry—with the nationalist "developmentalist" state. It became increasingly clear that it could not fulfil the promises it had made to improve the living standards of the mass of the population and improve the life chances of the middle class. This could easily translate into the feeling that it had betrayed the goal it had proclaimed of "national liberation". Opposition movements took up its old slogans and directed them against it—even when, as in Argentina in the 1950s or India in the 1960s, the direct links between the state and foreign capital were still minimal. The nationalist ideology

of the bourgeoisie and petty bourgeoisie seeking capitalist development became the left nationalist ideology of those who had suffered from the attempts at such development.

One expression of this was the popularity, particularly after the Cuban Revolution of 1959, of new, radical versions of dependency theory which fused the Stalinist and Latin American traditions and hegemonised much of the left worldwide in the 1960s. The writings of Paul Baran and André Gunder Frank dominated most Marxist thinking on the subject.

Baran wrote, "Far from serving as an engine of economic expansion, of technological progress and social change, the capitalist order in these countries has represented a framework for economic stagnation, for archaic technology and for social backwardness," and, "The establishment of a socialist planned economy is the essential, indeed indispensable, condition for the attainment of economic and social progress in underdeveloped countries." "Socialism" for Baran meant following the model of Stalinist Russia.

The "dependency theory" argument was a weak one. It rested on four unsustainable assumptions.

It assumed that capitalists from the advanced countries who invested in the Third World deliberately chose not to build up industry, even when it would have been profitable to do so, for fear of competing with industrial capital in their home states. This assumption, of course, was completely opposed to Lenin's belief that foreign capital could go into the building of industry. It also failed to account for the considerable industrial development that had taken place in Argentina and the British dominions before the First World War and in Mexico, Argentina and Brazil from the 1930s onwards.

Its second false assumption was that the Western states at all times have an interest in using their power to prevent any such industrialisation. In practice, they have done so at some points, but not at others. So Britain followed policies which prevented industrialisation of some parts of its empire, but at other points was quite happy to see industrialisation take place (for instance, with the growth of enormous shipbuilding and engineering industries in north east Ireland, or of jute mills in Bengal).

Third, it assumed that the Western powers were able so to manipulate the Latin American governments as to prevent them following independent policies. Yet the reality was much more complex. Any powerful state has a variety of instruments for bending a less powerful state to its will. But it can rarely achieve more than part of what it wants. So, for instance, Britain did try to influence the outcome of the civil wars that plagued Argentina between the final achievement of independence in the 1820s and the early 1860s. But it was never fully successful, and was usually reduced to trying to make sure the outcome was the least worst from its point of view. The civil wars themselves, and the balance of forces determining their outcome, were a result of internal divisions within the Argentinian exploiting classes, with each looking for foreign allies to back its claims. This was a very different situation to that which prevailed in Europe's direct colonies.

Finally, the theory insisted that because the ruling class of one country was "dependent" upon its trade and investment patterns with bigger capitalist countries, it inevitably lost any ability to forge an independent path of capital accumulation and economic development. But this would rule out any such independence for most of the world's capitalist countries. For a good half-century the European economies, for instance, have been to a high degree dependent on what happens in the US economy. The Dutch economy is to a very high degree dependent on what happens in Britain and Germany. But this has not turned the European ruling classes simply into puppets of the US, or the Dutch ruling class into a plaything of British and German interests.

Imperialism and globalisation

Imperialism had changed from Hobson's time to that of the Second World War. It had changed again in the post-war years. In the late 1960s and 1970s a third change took place. For 20 years the Western powers were united behind US leadership in their opposition to a Soviet Bloc. There were occasional tensions between them. But these tensions seemed marginal in the face of a series of Cold War conflicts.

However, important shifts were those taking place beneath the surface. The economic balance between the various Western states underwent a long-term change, as Germany and Japan grew rapidly. In 1945 the US had accounted for something over 50 percent of world output; by the 1980s the figure was down to about 25 percent. In the early 1960s Japan's manufacturing exports were less than a third of the US's; by the late 1970s they were at the same level. The US—and to a lesser extent Britain—were paying the price of sustaining the whole world economy through arms spending. Essentially the US's arms industry kept its economy booming, and so provided a market for German and Japanese exports.

Along with this went a second great shift within the system as a whole. From the late 1960s onwards there were growing financial flows across national boundaries. Foreign currency commitments of West European banks increased eightfold between 1968 and 1974. By September 1985 total lending to the world banking system totalled \$2,347 billion.

The growth of finance was accompanied by a resurrection of the feature Hobson, Hilferding and Lenin had paid so much attention to—the export of capital. The stock of foreign direct investment (FDI) had amounted to only 4 percent of world gross domestic product in 1950 (as against 9 percent in 1913). In 1999 it reached 15.9 percent. But there was one major departure from the Hobson-Lenin picture. The flows were not from industrial to “underdeveloped” countries. They were overwhelmingly to areas where industry already existed. Europe alone accounted for around half of US direct investment overseas in the mid-1990s, 50 times more than Indonesia and nearly 400 times as much as India, even though India's population is around four times larger than Europe's.

Such flows of investment are an indication of where capitalists think profits are to be made, and they suggest that it is overwhelmingly within the advanced countries, and a handful of “newly industrialising” countries and regions (of which coastal China is now the most important). This means that, whatever may have been the case

a century ago, it makes no sense to see the advanced countries as “parasitic”, living off the former colonial world. Nor does it make sense to see workers in the West gaining from “super-exploitation” in the Third World. Those who run the system do not miss any opportunity to exploit workers anywhere, however poor they are. But the centres of exploitation, as indicated by the FDI figures, are where industry already exists.

The rise in the figures for FDI reflects very much the rise of the multinational corporations. Multinational firms had existed in the pre-war period. But they were not generally based upon integrated international research and production. From the 1960s and 1970s successful firms began to be those who operated international development, production and marketing strategies. Once the process of internationalisation of production was under way, there was no stopping it. By the late 1980s there was hardly an industry in which firms in one country did not have to work out international strategies, based upon buying up, merging with or establishing strategic alliances with firms in other countries.

The state, capital and globalisation

The internationalisation of finance, markets and production led, in the mid-1990s, to many people making a simple judgement. The state was disappearing as an economic actor. A new multinational world capitalist class was emerging which had no need for this relic of half a century ago. The judgement was wrong. It failed to recognise the continued interconnectedness of the biggest multinationals and the most powerful states.

A big portion of the sales and the bulk of the investments of the major multinationals remain concentrated in their home country (or, for small countries, in that and adjacent countries). Of the Fortune 100 largest firms, 40 did half or more of their sales in foreign markets, but only 18 maintained the majority of their assets abroad, and only 19 at least half their workforce. The picture was slightly less clear cut in the case of the European multinationals, because many have begun investing in neighbouring European countries, but if the European Union was treated as a “home region”, degrees

of concentration comparable to those in the US and Japan were found.

The internationalisation of the system has proceeded apace over the past decade. But at the same time, most major multinational firms remain firmly controlled by capitalists from a particular country. Recent studies suggest that most top multinational corporations will now have a couple of non-nationals on their boards. But these remain a small minority. Firms with a global reach like ExxonMobil and Microsoft can operate with no non-US directors. Renault-Nissan refers to itself as a “binational group” (French-Japanese), rather than a multinational.

Regardless of the nationality of its directors, what the national state does can still have an enormous impact on the profitability of a company operating from its territory. It controls taxation and government expenditure, both of which influence both the general level of economic activity and the possibilities open to particular firms. Through its influence on the national bank, it influences the liquidity available to firms and the rates of interest they have to pay on any borrowing. It is responsible for company laws and labour laws which affect the balance between different companies, and between them all and their workers. It negotiates trade agreements which can open up markets in other countries. It ensures that other states make sure firms get paid for “intellectual copyright” on new inventions and discoveries—increasingly important when it comes to pharmaceuticals, agroindustry and software. It has the capacity to intervene to protect firms against going bust if their profitability calculations go wildly wrong. And last, but by no means least, it exercises a monopoly of armed force which can be used against other states.

The world biggest companies have both expanded beyond national boundaries on a scale that now exceeds the internationalisation of the system before the First World War and remain dependent to a high degree on their ability to influence “their” national government. This is because, at the end of the day, they need a state to protect their web of international interests, and the only states that exist are national states.

MARXISM AND THE NATIONAL QUESTION

ALEX CALLINICOS

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WE LIVE in a world of wars and revolutions. Yet the participants in these conflicts usually justify their actions in terms, not of class, but of nation. Nationalism has replaced organised religion as the most important single form of the dominant ideology. However, there are many different types of nationalism. There is the nationalism of old imperialist states, and minorities within them, such as Scottish and Basque nationalism. There is the nationalism of liberation struggles against imperialism—in Ireland, South Africa, El Salvador,¹ for example, and of regimes like that in Iran, rhetorically anti-imperialist, brutally repressive internally. There is the nationalism of communalistic campaigns like that in India for a separate Sikh state.

Faced with this bewildering variety of nationalisms, how are revolutionary socialists to react? Does Marxism offer an adequate guide to dealing with the problems posed by the national question?

Marxism's theoretical foundations are radically different from those of any sort of nationalist ideology. For Marxism, the motor of history is the class struggle. It follows that the main conflict in modern society is that between the international working class and the international capitalist class. National divisions are secondary compared to the class struggle, and constitute simply a peculiar form

1: More recent examples might include the struggles in Palestine, Afghanistan under the US-led occupation or Kurdistan—*editor's note*.

taken by that struggle. “The workers have no country,” declares the *Communist Manifesto*.

The reverse is true for nationalism, which sees the world divided not into classes, but into nations. The class struggle represents the great threat to all forms of nationalism, from fascism to the “left wing” nationalism espoused by many regimes in the Third World, because it threatens to compromise the unity of the nation, to sacrifice the sacred “national interest” at the altar of the “selfish” interests of one section of the nation. Depending on which class is identified as the threat to the national interest (the “monopolists” or “greedy workers”) nationalism can take a more or less radical or reactionary form. Nonetheless, it remains nationalism, an ideology which places nation before class.

Marxism does not differ from nationalism solely in its theoretical basis. Its strategy for revolution is an internationalist one. For Marx and Engels the historic role of capitalism is the creation of a world economy of which individual national economies form integral parts. The internationalisation of the world’s productive forces is the objective prerequisite for the establishment of communism.

In a famous passage in *The German Ideology* Marx and Engels explicitly reject the thesis that socialism can be built in one country:

This development of the productive forces [on a world scale] is an absolutely necessary practical premise, because without it privation, want, is merely made general, and with want the struggle for necessities would begin again, and all the old filthy business would necessarily be restored.

Therefore to be successful the socialist revolution must be *international*. In recognition of this fact the Bolsheviks, when they led the Russian working class to power in October 1917, saw the spreading of the revolution to Western Europe as essential to the survival of the soviet state.

Lenin and the Bolsheviks therefore took the initiative in founding the Communist International in 1919. The statutes of the Comintern (adopted by its second congress in 1920) declare:

The new international association of workers is established to organise joint action by the proletariat of the different countries which pursue the one goal: the overthrow of capitalism, the establishment of the dictatorship of the proletariat and of an international Soviet republic which will completely abolish all classes and realise socialism, the first stage of communist society.

How, then, do *international* socialists relate to a world that is divided into nation states?

There is a certain tendency in some of Marx's and Engels's writings to treat national divisions as a phenomenon that would wither away with the further development of capitalism. The formation of nation states they see as essential to the creation of the home market, without which the economic domination of capitalism is impossible. However, they write in the *Communist Manifesto*:

National differences and antagonisms between peoples are daily more and more vanishing, owing to the development of the bourgeoisie, to freedom of commerce, to the world market, to uniformity in the mode of production and in the conditions of life corresponding thereto.

This remains no more than a tendency in the work of Marx and Engels. It was left to Karl Kautsky to generalise these hints into a theory according to which the development of capitalism would gradually undermine the existence of separate nation states.² However, in reality the development of capitalism on a world scale has sharpened, not weakened, national divisions. The creation of a world capitalist economy in the late 19th century took the form of imperialism—the dominance over the rest of the world of a few advanced capitalist states. Imperialism had a number of consequences from the point of view of the national question.

2: See Harman's article on imperialism, above, on this question—*editor's note*.

First of all, in the advanced capitalist countries imperialism has involved a tendency towards state capitalism—that is, a tendency for the state and big capital to coalesce into a single integrated economic complex. The result of this tendency is that conflicts between competing capitals often take the form of confrontations between different nation states. During the period of “classical” imperialism, from the 1890s to the 1940s, the economic struggle between the imperialist powers for the most favourable territorial division led twice to world war.

Connected with the trend towards state capitalism in the advanced countries is the development within the workers’ movements of these countries of reformist bureaucracies who see their interests as closely wedded to those of their own capitalist states. In this way the ideology of the national interest takes a hold on the workers of the advanced countries.

Thirdly, in the “backward” countries of the Third World exploited and oppressed by imperialism, their involvement in the international capitalist system gives birth to profound national movements. For the workers and peasants of these, their revolt against imperialism almost invariably takes the form of nationalism.

Finally, the past generation has seen the emergence of a number of major centres of capital accumulation—the newly industrialising countries (NICs) of the Third World such as Brazil or South Korea. The ruling classes of these countries are not merely the clients of Western imperialism, but have their own interests and the ability to defend these interests against the metropolitan powers—and each other. This economic shift has led to the emergence of “sub-imperialisms”—NICs which seek to become the dominant power of a particular region. In some cases they have no serious rivals; in others they do, which leads to military competition (such as between Greece and Turkey) and sometimes wars (such as the war between Iran and Iraq). The pattern of inter-imperialist conflict which led to two world wars is being reproduced on a smaller scale in various parts of the world.

In these four ways nationalism is endemic in modern capitalism. How have Marxists responded to this phenomenon?

The most important debates on the national question took as their starting point the problems posed for socialists by the two great multinational empires which dominated east and central Europe before the First World War—Russia and Austria-Hungary.

In the case of the Tsarist empire, “the prison-house of nations”, in which Great Russians formed a privileged minority, the most important national question was that in Poland. Poland had been divided up between its neighbours—Prussia, Russia and Austria—in the 18th century. The largest part of the country, the kingdom of Poland, was under Russian rule. A series of heroic insurrections against foreign rule had made Poland the equivalent of Vietnam for 19th century European socialists and radicals.

With the development of industry, and consequently the emergence of an urban working class in Poland, the leadership of the national movement passed from the hands of the traditional nobility and bourgeois radicals to socialists. However, major differences emerged.

The Polish Socialist Party (PPS) adopted an essentially nationalistic position. According to the PPS, the struggle for national independence took priority over everything else. The struggle of Polish workers for their own emancipation was a diversion from the national struggle which threatened to disrupt the national unity of the Polish people. The PPS was even opposed to Polish workers participating in mass strikes during the Russian revolution of 1905.

The social-patriotism of the PPS was challenged by the group of revolutionary socialists headed by Rosa Luxemburg and Leo Jogiches, the Social Democracy of the Kingdom of Poland and Lithuania. Luxemburg did not confine herself to showing how the PPS’s nationalism threatened the unity of Polish and Russian workers. She went on to argue that the demand for Polish national independence was historically outdated and reactionary.

In the first instance, her argument was based on the analysis of the Polish social formation developed in her doctoral thesis where she showed that the evolution of industrial capitalism in both Russia and Poland was leading to the creation of a single economic organism uniting both countries. As a result, neither the Polish

bourgeoisie nor the Polish working class had an interest in national independence—the former because they depended on Russian markets, the latter because they and Russian workers shared a common enemy. Only the petty bourgeoisie, the main social base of the PPS, continued to harbour utopian dreams of national independence. Luxemburg concluded her thesis with these words:

The capitalist fusion of Poland and Russia leads to a final result, which has escaped the Russian government as well as the Polish bourgeoisie and the Polish nationalists: the union of the Polish and Russian proletariat to form the future gravedigger...first of the rule of Russian Tsarism and then of Polish-Russian capitalism.

Luxemburg subsequently developed her critique of Polish nationalism into a position of general opposition to the slogan of national independence. In a series of articles she argued that the formation of a capitalist world economy had destroyed the material basis for national independence. She concluded, “The return to an objective which consists in dividing up all existing states in national units and limiting their relations to those of small national states is a completely hopeless and historically reactionary venture.”

A very different position was developed by Marxists in the Austro-Hungarian empire. This ramshackle multinational state embraced what is now Austria, Hungary, Czechoslovakia and much of Yugoslavia, and was riven by national tensions between the dominant groups—the Germans and the Magyars—and the various oppressed Slavonic nationalities. These tensions affected the workers’ movement itself.

The theoretical school which dominated the Austrian Social Democratic Party (SPO), the Austro-Marxists, were concerned, like Luxemburg, to preserve the unity of the workers’ movement. However, they sought to do so by preventing the fragmentation of the Hapsburg state. They argued that this could be achieved by certain reforms—in particular, the ceding of political and cultural autonomy to the different national groups within the empire, but not by granting them the right to self-determination.

There is a certain similarity between the Austro-Marxists and the opponents of devolution on the British left who claim to preserve the unity of the British working class by defending the integrity of the British imperialist state. Similarly the Austro-Marxists sought to dampen down national tensions within the workers' movement by patching up the structure of the Austro-Hungarian state.

The theoretical underpinnings for the Austro-Marxists' position were provided by one of their leading thinkers, Otto Bauer, in a major study, *Social Democracy and the National Question*. In this book he interpreted nationalism as primarily a cultural phenomenon. As such the national question was for Bauer a problem of how a genuine cultural community could be created through the victory of socialism, the ways in which the working class could take over the culture inherited from capitalist society. The political problem of the struggle against national oppression was ignored.

As the Marxist historian Raimund Loew pointed out, "This position expressed a double opportunism vis-à-vis both the Hapsburg monarchy and the national tendencies. Outside the ruling house itself, the Social Democrats were the only international political factor in the empire. Their opposition to the centrifugal nationalist tendencies in the name of a policy of peaceful social and political reform brought them to a certain objective convergence of interests with the government." At the same time, the SPO's support for "cultural-national autonomy" blended into 'the ideology...according to which internationalism allowed the workers of each nation to be nationalists, as long as they granted the same right to the workers of other nations...the resulting promotion of national differences between the workers of different parts of Austria could not but undermine the political unity of the proletariat.'" By the outbreak of the First World War, when the SPO supported the monarchy, there were separate Czech and German Social Democratic Parties and trade union movements.

The debate on the national question was sharpened by the outbreak of the First World War. On the one hand there were the open social patriots, like Noske, Ebert and Scheidemann in the German Social Democratic Party, who openly endorsed the nationalism of their own ruling class. On the other hand, there evolved a radical

left which followed Rosa Luxemburg in both her unflinching opposition to the imperialist war and her rejection of the slogan of national independence as historically reactionary.

Lenin adopted a radically distinct position. He supported the demand for national self-determination but as part of the struggle against imperialism.

He did so in the first place because he believed that winning the workers of the imperialist countries to a position of supporting the right of the oppressed nations to self-determination, including the right to secede, was an essential precondition to breaking the hold of social-patriotic and chauvinistic ideas upon their minds. Lenin wrote, "In the internationalist education of the workers of the oppressor countries, emphasis must necessarily be laid on their advocating freedom for the oppressed countries to secede and their fighting for it."

This argument was essentially a generalisation of the reasons Marx had given for the First International's support for Irish independence. He had written in 1870:

Every industrial and commercial centre in England now possesses a working class divided into two hostile camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish workers he feels himself a member of the ruling nation and so turns himself into a tool of the aristocrats and capitalists of his country against Ireland, thus strengthening their domination over himself. He cherishes religious, social and national prejudices against the Irish worker. His attitude towards him is much the same as that of the "poor whites" to the Negroes in the former slave states of the USA. The Irishman pays him back with interest in his own money. He sees in the English worker at once the accomplice and the stupid tool of the English rule in Ireland.

This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. This antagonism is the

secret of the impotence of the English working class, despite its organisation. It is the secret by which the capitalist class maintains its power. And that class is fully aware of it.

British socialists had therefore, said Marx, to support Irish independence as part of the struggle to unite the working class in Britain itself. Fifty years later, in a world where imperialism had made the divisions analysed by Marx in Britain a global phenomenon, Lenin extended this argument into a general defence of the right to self-determination of oppressed nations.

But support for national self-determination was more than a method of fighting social patriotism in the advanced capitalist countries. Lenin saw this position as an element in his strategy of rousing the colonial masses against imperialism.

Here Lenin broke radically with the past. During the earlier debates the national question was treated as an essentially European problem. The colonies were quite a separate matter, and there were those who argued that after the victory of socialism in the advanced capitalist countries the latter would continue to rule their colonial empires in order to raise the “barbarians” of Africa, Asia and Latin America to the level of “civilisation”.

After Lenin all this changed. The Russian Revolution itself challenged the evolutionary schemes constructed by these theoreticians—by showing that the working class could take power in a relatively backward country before the workers of Germany or Britain had overthrown their capitalists. For Lenin the colonial masses were no longer a problem but a force to be won to the struggle against capitalism and imperialism. The national question was married irrevocably to the struggle against imperialism. In Leon Trotsky’s words, “What characterises Bolshevism on the national question is that in its attitude towards oppressed nations, even the most backward, it considers them not only the objects but also the subjects of politics.”

Against those revolutionaries who regarded national struggles as a diversion from the class struggle, Lenin wrote (at the time of the 1916 Easter Uprising in Dublin):

To imagine that social revolution is conceivable without revolts by small nations in the colonies and in Europe, without revolutionary outbursts by a section of the petty bourgeoisie with all its prejudices, without a movement of the politically non-conscious proletarian and semi-proletarian masses against oppression by the landowners, the church, and the monarchy, against national oppression etc—to imagine all this is to repudiate social revolution. So one army lines up in one place and says, “We are for socialism,” and another somewhere else and says, “We are for imperialism,” and that will be a social revolution. Whoever expects a “pure” social revolution will never live to see it.

The implication is that in the epoch of imperialism profound social revolts will often take nationalist forms and develop in an anti-capitalist direction. However, this position did not represent for Lenin the slightest compromise with nationalist ideologies. He saw support for the right of national self-determination as a means of creating international working class unity, not destroying it.

Lenin was careful, therefore, to distinguish between the tasks of revolutionaries in oppressor and oppressed nations. In the former the main enemy is the nationalism of the oppressors, and socialists must campaign in support of the right of national self-determination, both to challenge the hold of chauvinism on the workers’ movement and as a practical demonstration of internationalism. In the oppressed countries, on the other hand, revolutionaries must combine firm opposition to imperialism with clear support for international working class unity. The latter involves both ideological and political struggle against the bourgeois nationalists who seek to subordinate the class struggle to the national struggle and, in certain cases, opposition to the exercise of the right of self-determination.

From this point of view, Luxemburg’s position on national independence for Poland was not so much wrong as one-sided. She was absolutely correct as a Polish revolutionary to combat the social-patriotism of the PPS. Where she went wrong was to demand that revolutionaries in the oppressor countries should oppose the slogan of Polish independence. It was up to the Polish working class to decide whether

they wished to form their own national state—the duty of Russian and German workers was to support their right to do so.

It does not follow, however, that Lenin believed that revolutionaries in oppressed countries should generally oppose movements for national self-determination, leaving it to revolutionaries in the oppressor countries to support them. Such a position would have meant Irish socialists such as James Connolly abstaining from the struggle against British imperialism. Where the demand for national independence becomes the focus for a mass struggle against oppression, it is the duty of revolutionaries to involve themselves in that struggle and indeed to fight for leadership. That does not imply the acceptance of the ideology of even revolutionary nationalism but rather that they should offer a distinctive strategy to achieve national self-determination based upon working class methods of struggle.

For Lenin, therefore, support for national movements did not involve compromising the political and organisational independence of the workers' movements in oppressed nations. The "Theses on the National and Colonial Question" adopted by the Second Congress of the Comintern in 1920 declared:

A resolute struggle must be waged against the attempts to clothe the revolutionary liberation movements in the backward countries which are not genuinely communist in communist colours. The Communist International has the duty of supporting the revolutionary movement in the colonies and backward countries only with the object of rallying the constituent element of the future proletarian parties—which will be truly communist and not only in name—in all the backward countries and educating them to a consciousness of their special task, that of fighting the bourgeois-democratic trend in their own nation. The Communist International should collaborate provisionally with the revolutionary movement of the colonies and backward countries, and even form an alliance with it, but it must not amalgamate with it; it must unconditionally maintain the independence of the proletarian movement, even if it is only in an embryonic stage.

Lenin's position, therefore, had nothing in common with the various attempts to subordinate the working class to multi-class national liberation movements.

It was left to Trotsky to complete the Leninist approach to the national question by developing the theory of permanent revolution. According to this theory, which received its mature and general form as a result of the Chinese Revolution of 1925-7, the struggle in the backward countries for national independence could only be successful if the working class assumed the leadership of the struggle, in the process transforming it into a struggle for workers' power and seeking to spread a successful socialist revolution to other countries.

This position reflected Trotsky's understanding that the development of imperialism had led to a situation in which the objective prerequisites for socialism existed, not within any individual country, but on a world scale, while inclusion of each country in the international capitalist system implied that genuine national independence was impossible while this system existed. Trotsky concluded, not, as Luxemburg had, that the national struggle was irrelevant and reactionary, but that to succeed it had to develop into an international struggle for workers' power.

The significance of Lenin's treatment of the national question was twofold. First, it took as its starting point the existence of imperialism and sought to evolve a revolutionary strategy attuned to the domination of capitalism on a world scale. Second, it was a political theory. In this respect it differed sharply from the other positions on the national question. Both Kautsky and Luxemburg saw nation states as the product of a certain stage in capitalism's economic evolution. Kautsky drew a reformist conclusion—national conflicts could be peacefully overcome through further development of capitalism.

Luxemburg, by contrast, showed in *The Accumulation of Capital* that national conflicts were endemic to capitalism once its dominance had been established on a world scale and that these conflicts would contribute to the eventual breakdown of capitalism. However, she concluded that because the economic basis for national independence had been undermined by the development of imperialism, national struggles had become a diversion.

Again, Bauer and the Austro-Marxists treated nationalism as primarily a cultural problem which could be dealt with by reorganising existing state structures while awaiting the victory of socialism. Lenin, by contrast, saw nationalism as primarily a political problem—the struggle against social patriotism in the advanced countries and national oppression in the backward countries.

All other theories stressed either the economic or ideological (meaning cultural) aspects of the national question, while Lenin addressed it from the point of view of its effect upon the struggle of the working class for political power.

An understanding of this point enables us to grasp why those Marxists who, usually starting directly or indirectly from Stalin's *Marxism and the National Question*, seek to "define" nations by means of a set of economic, geographical and linguistic criteria, and so go sadly astray. When seeking to apply Lenin's position on the national question to the racial oppression suffered by blacks in America, Trotsky argued that "an abstract criterion is not decisive in this question [the 'definition' of nations], but much more decisive is the historical consciousness, their feelings and their impulses". He stressed that it was the experience of oppression by a particular state which produced national consciousness among the oppressed: "We do not, of course, obligate the Negroes to become a nation; if they are, then that is what they desire and what they strive for...the suppression of the Negroes pushes them towards a political and national unity."

Applying the theory

The Marxist approach to the national question, as developed above all by Lenin, represents a response to the reality of 20th century capitalism, and especially to the national conflicts it breeds. How, then, should we apply it today?

In the first place, we must always remember that Lenin defended the right to self-determination of oppressed nations. His starting point was the situation of a group driven to demand their own state by the disadvantages which they suffered either at the hands of imperialism directly or at the hands of the dominant class of the state ruling them. Supporting such an oppressed group's right

to self-determination is not the same as supporting any claim to national independence.

For sometimes such claims are raised by groups who wish to use their own state as a means of consolidating their domination over another group. If socialists supported any group prepared to fight for their own state it would imply support for, say, the Sikh fundamentalists in the Punjab, even though their struggle does not reflect any history of national oppression and takes the form primarily of attacking the Hindus, who are half the population in the Punjab. Socialists would have had to defend the right to self-determination of the Afrikaners in South Africa and of the Jewish settlers in Palestine. Yet the demand for national self-determination in both these cases amounted to claiming the right to use state power as a means of domination over the oppressed majority—respectively black South Africans and Palestinian Arabs.

Revolutionaries' support for the right to self-determination is not an abstract principle, but arises from the struggle against imperialism, and is subordinated to the needs of that struggle. It therefore does not extend to support nationalisms which can triumph only through the oppression of others, thereby strengthening imperialism, but is confined to those movements whose demands for national independence bring them into conflict with imperialism and whose victory will therefore undermine imperialism. The classic case of such a struggle is the Vietnamese, whose triumph over American imperialism long made it difficult for the US to intervene militarily in the Third World.

There are a number of these anti-imperialist national liberation struggles going on in the world today, to which Lenin's approach clearly applies. Our stance towards such struggles is summed up by the slogan, "Unconditional but not uncritical support". Our support is unconditional because it derives not from political agreement with the ideology of the national movement concerned, but from the fact of its conflict with imperialism. Trotsky supported the Haile Selassie regime against Mussolini's invasion, despite the fact that slavery still existed in Ethiopia, because the war was between a semi-colonial country and Italian imperialism. We support the Provisional IRA not because we agree with their politics—we are opposed to Irish

Republicanism as a form of bourgeois nationalism—but because they are fighting British imperialism.³

Support for a national movement that is conditional on political agreement with its programme all too easily leads either to opportunism or abstentionism. The tendency of the Western left has all too often been to give “communist coloration” to Third World nationalisms, which have proceeded to establish capitalist states presiding over the exploitation of “their” workers and peasants. The other danger is that of a sectarian refusal to support any but revolutionary Marxist organisations. By contrast, we support all genuinely anti-imperialist struggles irrespective of their politics. This allows us to combine principled opposition to imperialism with firm and ruthless criticism of the class-collaborationist politics of bourgeois nationalists, whether it be that of the IRA or of the ANC or of any other such movement.

There are, however, some more complex cases. There are, for example, the problems posed by the rise of nationalist movements within the “historic” European states—Scottish and Welsh nationalism in Britain, Breton and Occitan nationalism in France, Basque and Catalan nationalism in Spain. The emergence of these movements highlights the artificial character of even the oldest nation states—nations don’t reflect some “natural” identity but are formed through often violent processes in which minorities are forcibly incorporated and local cultures and languages suppressed to the benefit of those of the dominant group. While it has generally been the uneven development of international capitalism which has exposed the fault-lines within these European states, typically major separatist movements have been precipitated by some overriding political factor, whether it be the repressive nature of the Francoist regime in Spain or the crisis of British Labourism.

The approach of revolutionaries to these national questions has to be more complicated than in the case of anti-imperialist struggles. The SWP’s analysis of the national question in Britain involves three main elements: (1) There is no genuine case of national oppression

3: At the time this article first appeared the IRA were engaged in a military campaign against the British state—*editor’s note*.

in Great Britain (the six counties of Northern Ireland are, of course, quite another matter); (2) Our main enemy is, nevertheless, the existing United Kingdom state and the dominant British nationalism supporting it, and consequently we have no interest in preserving the unity of that state and support the right to self-determination of the Scottish and Welsh peoples (if they desire to exercise it); (3) At the same time we should unrelentingly criticise the idea that Scottish and Welsh workers have distinct national interests different from those of workers in England, which justifies class collaboration between the leadership of the labour movement in Scotland and Scottish Tories, clergy and so on.

Yet another set of problems was posed by the war of 1980-8 between Iran and Iraq. Here there were three main considerations. The first was the Iranian Revolution of 1978-9 and its aftermath. Although the working class was the decisive force in overthrowing the Shah, the weakness of the Iranian left allowed Ayatollah Khomeini and the other mullahs to seize political power and impose a regime which wiped out the main gains of the revolution, justifying the exploitation of workers and the oppression of women and national minorities in terms of a reactionary Islamic fundamentalist ideology.

However, the regime was able to consolidate its hold partly because of its claim to be leading a struggle against the “Great Satan” of American imperialism. This has had important internal effects—much of the Iranian left sided with the regime after the US embassy in Tehran was seized by Islamist students.

The left throughout the Middle East is bankrupt—above all because of the influence of Stalinism which encouraged, for example, the Palestinian resistance to put its faith in “progressive” Arab regimes rather than in the workers and peasants of the region. Consequently in country after country Islamic fundamentalism has filled the vacuum, appealing especially to the urban poor as an apparently radical anti-imperialist ideology.

Fear of the political destabilising impact of Iranian fundamentalism on the Gulf states was one factor precipitating the Iran-Iraq war—the second issue—in August 1980. The Baath regime in Iraq, led by Saddam Hussein, was encouraged to attack Iran by Saudi

Arabia and other oil sheikhdoms terrified that they too would be swept away by the Iranian Revolution, and Washington seems to have taken a benevolent attitude for similar reasons.

Nevertheless, the war rapidly developed into a struggle for regional dominance. Iraq hoped to take over the role of military *gendarme* of the Gulf, which the Shah of Iran had inherited from Britain in the 1960s, while Khomeini sought, by destroying the Hussein regime, to put his own stamp on the Gulf. The bloody war of attrition, claiming a million lives, came to resemble the First World War, this time between two “sub-imperialisms” fighting for local rather than global hegemony. In this situation, the stance of revolutionaries could only be the same as Lenin’s, a defeatist position—the workers and peasants of each belligerent country could only gain by the defeat of “their” government.

The situation was changed by the third factor, the US military build-up in the Gulf in 1987-8 and the resulting clashes with Iranian forces. The Iranian Revolution had been one of the most serious defeats suffered by US imperialism in the previous 20 years. The US military confrontation with Iran altered the character of the Gulf War. Now Iraqi attacks on Iran were part of a broader imperialist campaign against Iran orchestrated from Washington. Some elements in the US administration clearly welcomed the prospect of war with Iran as a means of ending the “Vietnam syndrome”, which had blocked US military intervention abroad.

For revolutionaries to welcome Iran’s defeat in these circumstances would have been to line up with American imperialism. Revolutionary socialists now had to support the Khomeini regime against the US and its allies, including Iraq. Iran’s ultimate defeat in the Gulf was a major victory for Western imperialism.

Does this mean revolutionaries abandoning their opposition to the mullahs and their reactionary ideology? Absolutely not. During the Spanish Civil War, Trotsky argued that his followers in Spain should give the Republican government military but not political support—they should fight alongside the government forces but argue that Franco could only be defeated by revolutionary means

(seizure of the factories and estates, the granting of Moroccan independence and so on).

In Iran this would have meant revolutionaries arguing that the only way the war could be brought to a conclusion satisfactory to the masses was by the use of revolutionary methods—workers' control of the factories, seizure of the wealth of the ruling class, the right to self-determination of national minorities. They would seek to encourage working class discontent with the Khomeini regime and with its method of waging the war (trench warfare, human wave attacks, the bombing of cities). However, they would direct this discontent, not to calling for an end to the war on terms that could only benefit imperialism, but to demands for revolutionary war—demands which could only be fulfilled on the basis of a revolutionary challenge to the Khomeini regime. They would explain, for instance, that the regime was impeded from fighting effectively against imperialism by its suppression of the Kurdish and Arab minorities in Iran, its support for the luxury corruption of the Iranian bourgeoisie, its corruption and so on. They would explain that the horrific losses suffered by the working class were due to the regime's way of waging the war. They would oppose every attempt to create confidence in the regime (for instance, by the regime's calls to donate unpaid hours of work to the war effort).

But revolutionaries would not support actions which could lead to an immediate collapse of the front and a victory for imperialism (for example strikes which would stop munitions getting to the front).

The case of the Gulf War illustrates how the national question requires revolutionaries to make a careful analysis of the concrete situation when applying the Marxist approach to the national question in particular circumstances. Mere abstract opposition to nationalism will take us nowhere. As Lenin said, "Whoever expects a 'pure revolution' will never live to see it." People can come to fight capitalism through different avenues, including nationalism. To recognise this is not to capitulate to nationalism. On the contrary, support for the right to self-determination of oppressed nations is indispensable to breaking the hold of nationalism on the workers of the world.

Sample questions for discussion

- › The Roman Empire involved conquests of other territories and the enslavement of much of their population. Is this an example of imperialism?
- › In early 2011, Nato intervened in Libya, aligning itself with rebels seeking to overthrow the country's dictator and claiming to prevent the slaughter of these rebels by government forces. What motivated the Nato governments? What should socialists say in such a situation?
- › What position should socialists take on movements such as Hamas and Hizbullah in the Middle East?

Further reading

Lenin's and Bukharin's classic texts, and many of the other authors cited here on imperialism, are available from the Marxist Internet Archive (www.marxists.org). A major work by Alex Callinicos, *Imperialism and Global Political Economy* (Polity), looks in detail at the emergence and development of imperialism.

The full version of the Chris Harman article presented here is available from <http://pubs.socialistreviewindex.org.uk/> which also contains a mass of other articles by Harman and others looking at the development of the system. More recent articles from *International Socialism* can be found on www.isj.org.uk

Another article by Chris Harman, "The Return of the National Question", is available from the Marxist Internet Archive. As should be clear from the article here, the national question involves a concrete assessment of situation, as well as an understanding of the Marxist tradition. A mass of material about specific struggles, such as those of the Palestinians and other oppressed groups, can be found in *International Socialism*, *Socialist Review* (www.socialistreview.org.uk) and *Socialist Worker* (www.socialistworker.co.uk).