



# From Communist Manifesto to Empire: How Marxists Have Viewed Global Capitalism in History

HAMID HOSSEINI

King's College, 133 N. River Street, Wilkes-Barre, PA 18711; e-mail: hshossei@kings.edu

Received January 31, 2003; accepted June 15, 2005

---

## Abstract

This article surveys the recent Marxist globalization debate and its roots in Marx's post-1848 writings and the Lenin-Kautsky unity-rivalry debate on the eve of World War I. The post-1916 Marxist view of capitalist imperialism is contrasted with the Hardt-Negri "Leninist" view of global capitalism they call "empire." To refute their thesis, the author analyzes the Lenin-Kautsky debate, proving that it is not empire, but Kautsky's notion of ultraimperialism that best fits today's global capitalism.

**JEL classification:** F02; B14; B51

**Keywords:** globalization; imperialism; ultra-imperialism; empire; nation-state

---

## I. Introduction

After 1917, Marxists came to accept Lenin's argument that, beginning with end of the nineteenth century, capitalism had entered its final stage of development. This final stage, discussed by Lenin in his celebrated (1916) pamphlet *Imperialism: The Highest Stage of Capitalism*, was called monopoly capitalism, or imperialism. For Lenin, as discussed in section 5, imperialism is that stage of capitalist development at which, among other things, monopolies, finance capital, and export of capital have become dominant. This was the Marxist-Leninist view of capitalism until recently. In fact, even Marxist writers who acknowledged the new (global) developments under capitalism after World War II—developments like the rise of the multinational corporation (MNC) and foreign direct development, the rise of the European Common Market, and the emergence of various international institutions like the IMF and the World Bank—never assumed the end of the stage Lenin had called imperialism. An example is Pierre Jale, in his *Imperialism in the 1970s*.

---

*Author's Note:* The author wishes to thank Editor Hazel Gunn for her help and the three referees (Professors Baiman, Bina, and Willoughby) for their helpful comments.

*Review of Radical Political Economics*, Volume 38, No. 1, Winter 2006, 7-23

DOI: 10.1177/0486613405283118

© 2006 Union for Radical Political Economics

During the 1990s, various writers began to view the end of the Cold War as the dawn of a new age they called globalization. Although the globalization debate began with non-Marxist writers, it was also joined by various Marxists. In section 2, the recent globalization debate among Marxists will be introduced. Various Marxists engaged in this debate, we will see, believe that recent changes in capitalism have been only quantitative ones. But, other Marxist proponents of globalization contend that these developments have caused qualitative changes in world capitalism. Among these Marxists, some even pronounce the end of what Lenin called imperialism. An example of this is *Empire* (2000), in which Michael Hardt and Antonio Negri discussed the end of Lenin's notion of imperialism and the rise of a new phase of capitalism. To these two authors, as we will see in section 2, the end of the Cold War brought about a new phase of capitalism they called "empire," a stage of capitalism under which the nation-state has lost its significance, and transnational political, economic, and professional elites have become important in increasingly international markets.

Of course, this view of global capitalism, which has pronounced the end of the Leninist monopoly (imperialism) phase of capitalism, has been rejected by numerous other Marxists. Some writers, like Peter Gowan (2001) and Bashir Abu-Manneh (2004), or even Istvan Meszaros (2001), James Petras (2003), and Samir Amin (2004), have argued that, in spite of many changes in the world capitalist system, imperialism has persisted. Various Marxists, who emphasize quantitative (rather than qualitative) global changes in capitalism, insist that capitalism, by its very nature, has always been global. In the words of Harry Magdoff and John Bellamy Foster, "capitalism is by its very nature a globally expanding system geared to accumulation on a world scale." (*Monthly Review* 2005, January editorial). According to these writers, global changes in capitalism are not sufficient to cause the rise of a new phase of capitalism. To these Marxists, as early as 1848 in the *Communist Manifesto*, and in his subsequent writings on Asia, Marx had discussed and assumed the global nature of capitalism. To verify the accuracy/falsehood of this claim, in section 3, these works of Marx will be examined. As I will demonstrate, to Marx, capitalism will always expand to noncapitalist regions of the globe, introducing to these regions capitalist productive forces, relations, and institutions.

No doubt, Marx's view of global capitalism and its expansion to noncapitalist regions of the world was substantially different from the post-1916 view of capitalism that was universally accepted by Marxists. In 1916, Lenin had declared that capitalism had left behind its competitive phase assumed by Marx, to reach its financial stage he called imperialism. For Marx, capitalism was an exploitive system whose expansion into precapitalist societies was revolutionary. But, for post-1916 Marxists, imperialism was an exploitive, decaying, and moribund phase of capitalism that had to be opposed. But how did this change of view and position come about? While Lenin's view of the monopoly stage was influenced by John Hobson, Rudolph Hilferding, Rosa Luxemburg, and Nicolai Bukharin, the roots of Lenin's and the Marxist-Leninist anti-imperialism position go back to the debates of the Second (Socialist) International before 1907, particularly in the arguments of the German Marxist theoretician Karl Kautsky. This transformation is discussed in section 4. In that section, the relevance of those debates to today's view of capitalism will also be discussed.

Extremely relevant to today's debate among Marxists as to whether or not capitalism has reached a new stage (as writers like Hardt and Negri would argue) and also relevant to the nature and future of capitalism is the imperialism-versus-ultraimperialism debate that

took place between Lenin and Kautsky on the eve of World War I. This debate, elaborated in section 5, is relevant to today's globalization debate in terms of whether or not imperialism has persisted. While to some Marxists, like Bashir Abu-Manneh, in his 2004 *Monthly Review* essay, Kautsky's view of ultraimperialism resembles the notion of "empire" developed by Hardt and Negri, I find the notion of ultraimperialism to be different from that of empire, and more real and more applicable to today's world capitalism. Ultraimperialism predicted the possibility of peace among big capitalist powers and a postponement of socialism. Empire, on the other hand, pronounces the end of imperialism and exploitation, thus the futility of socialism. Given what we have witnessed in the world during the last several years, like Abu-Manneh, I too find the notion of empire an illusion. However, I do not find it too difficult to agree with John Willoughby's statement that, (not the Leninist but) "the Kautskyist vision has triumphed" (1995: 321).

In section 6, I explore the accuracy/falsehood claims of authors like Hardt and Negri, who view today's globalization as the sign of a new phase of capitalism and the end of the nation-state and imperialism.

## 2. Marxists Too Join the Globalization Debate

Many non-Marxists, followed by Marxist writers, have in recent years talked about various important and even drastic changes that have occurred in the global system. For the *New York Times*'s (non-Marxist) Thomas Friedman, "The slow, fixed, divided Cold War system that had dominated international affairs since 1945 had been replaced by a new, very greased, interconnected system called globalization" (2000: XVI). For many Marxists too the changes in the world are drastic. As (Marxists) David Cormier and Harry Targ would argue, "the changes unfolding over the past decades are as starkly new as the rise of capitalism was to the collapsing feudal age" (1998: 11). There are different ways to classify this vast body of literature. One such classification is made by Cyrus Bina, in his 1997 paper (44). Bina divides this globalization literature into four categories: mainstream, global reach variety, unequal exchange (in which Bina includes Sweezy, Baran, Magdoff, Amin, Emmanuel, and A. G. Frank), and the category of international capital. Bina's fourth category includes Marxists Warren (1975), Murray (1975), Poulantzas (1975), Palloix (1977), Cypher (1979), Shaikh (1979, 1980), Bina and Yaghmaian (1988, 1991), Bina and Davis (1996), and others. I, however, divide this literature into two general categories of non-Marxist and Marxist. Further, I subdivide the Marxist globalization category into two groups: those works which view recent global changes as only quantitative and those that view them as qualitative and drastic.

Marxists, like Streeten (1998) and Dicken, believe that though quite a few of the aspects of globalization are not unprecedented, many recent advances have caused world capitalism to change qualitatively. For Peter Dicken, for example, globalization is a recent phenomenon, being a much more advanced and complex form of internationalization. However, among Marxists, the most drastic departure from the traditional Marxist view of capitalism (i.e., the imperialist phase) is the notion of empire developed by Michael Hardt and Antonio Negri. For these two writers, the recent changes in global capitalism are so drastic that Lenin's notion of imperialism is no longer relevant to understanding our world today.

But how do Hardt and Negri define and elaborate their novel notion of empire? And how does empire differ from the post-1916 Marxist view of imperialism? According to Hardt and Negri, under the influence of the information revolution, the world market/economy is globalizing to the extent that the nation-states have no capacity to affect it. To them, these recent developments have caused the sovereignty of nations to vanish, being replaced by a newly emerging global sovereignty they call empire. According to Hardt and Negri, empire arises from the coalescence of a series of national and supranational organisms united under a single logic of rule with no clear international hierarchy (2000: xii). In the words of Abu-Manneh, Hardt and Negri's notion of empire is "spacially limitless, temporally eternal, socially all-encompassing, politically centerless, and universally peaceful" (2004: 34). As such, for Hardt and Negri, empire does not refer to the imperialist domination of the periphery by the center, but to an all-encompassing entity that recognizes no limiting territories or boundaries outside of itself. For to them, imperialism "was really an extension of the sovereignty of the European nation-states beyond their own boundaries" (2000: xii). To Hardt and Negri, as also stated by John Bellamy Foster, because of recent global changes, imperialism is now dead, as is new colonialism, defined as economic domination and exploitation of the less-advanced countries by industrially advanced nations without political control (2001: 2). In other words, for Hardt and Negri, empire is both "post colonial and post imperialist" (2000: 9).

According to Hardt and Negri, in contrast to the age of imperialism, empire and today's global market require a smooth space of uncoded and deterritorialized flows. This "full realization of the world market is necessarily the end of imperialism, which has made concepts like center and periphery, and North and South irrelevant" (335). Thus "there are no differences of nature between the United States and Brazil, Britain and India, only differences of degrees" (335).

In their view, under empire, "No nation will be world leader in the way modern European nation states were" (xiii–xiv). Thus, the United States does not "form the center of an imperialist project," for "imperialism is over" (ibid). The Vietnam War was "the final moment of imperialist tendency" (178).

To Hardt and Negri, a new constitutional regime, a new world order, emerged with the (first) Persian Gulf War, in which the United States emerged "as the only power able to manage international justice, not as a function of its own national motives but in the name of global right" (180). Explaining Hardt and Negri's notion of empire, John Bellamy Foster writes: "Empire is a product of the struggle over sovereignty and constitutionalism at the global level in an age in which a new global Jeffersonianism—the expansion of the U.S. Constitution form into the global realm—has become possible" (2001).

Interestingly enough, to Hardt and Negri, empire is an extension of Lenin's imperialism, for "Lenin's analysis of imperialism and its crisis leads directly to the theory of Empire" (232). This claim is a contradictory one. Lenin's imperialism, as the last stage of capitalism, was a promise of socialism. However, empire implies the denial of socialism and the promise of a healthy form of global capitalism.

While for the above-mentioned Marxists world capitalism has changed qualitatively in the global age, for other Marxists these changes have been more quantitative, and their roots precede the end of the Cold War. Hirst and Thompson (1999), who acknowledge that to-

day's global capitalism is a highly internationalized form of capitalism, argue that: "If the theories of globalization mean that we have an economy in which each part of the world is linked by markets sharing close to real-time information, then that began not in the 1970s, but in the 1870s" (1999: 9–10). Many Marxists adhere to a weaker version of globalization that emphasizes globalization of capitalism as only a quantitative progression of capitalism which began long before. According to David Cormier and Harry Targ, "From the initial forays of merchants to Africa, to the slave trade linking Africans to the Caribbean and what would become North America, to the products of slave labor finding their way to Europe for processing to the global pursuit of market, the Marxian vision was very much in keeping with the theme of globalization articulated 150 years after the Manifesto was published" (1998: 5).

Emphasizing that quantitative global changes do not imply the rise of a new phase of capitalism, and that it is the continuation of a long process, William Tabb argues that "current changes are considered in a longer historical perspective and are seen as distinct but not unprecedented, and as not necessarily involving either the emergence of, or movement toward, a type of economic system which is basically different from what we have known" (1997: 1). For those Marxists who emphasize quantitative global changes, these changes are caused by the nature of capitalism. According to Ellen Meiksins Wood, "It is not in the nature of capitalism to remain at home for long. Its need for endless accumulation, on which its very survival depends, produced near and distinctive imperatives of expansion" (1999: 5). Paul Sweezy too viewed recent global changes as natural consequences of the nature of capitalism. To him, "what is relevant and important is to understand that capitalism is in its inner most essence an expanding system both internally and externally" (2001: 1).

Somewhere between these two Marxist positions lies the view expressed by Humphrey McQueen. For McQueen, while accepting many changes that have occurred under capitalism, "The paths by which imperialism as monopolizing capitals might have moved to a newer phase are still not clear. Without that map we cannot know whether we have seen the start of a new qualitative change to the totality, just more of the same, or little beyond hype" (2003: 103). Although he is not sure that these changes are signs of a new phase, he writes: "Of course new things happen, otherwise capitalism would never have come into being and there will be no possibility for socialism. So it is possible that the past twenty years have brought a qualitative difference to capital expansion, just as its monopolizing did a century ago" (ibid). To state that he is not necessarily contradicting Lenin, he explains: "Imperialism need not be the last stage just because Lenin's *novishii* was translated as the highest rather than the newest stage of capitalism" (ibid). To explain that he is not really sure, he writes, "Alternatively, recent amendments, such as the unraveling of tariffs as the prime form of protectionism for manufactured goods, may prove to be only a blip within that monopolizing" (ibid).

Of course, Marxists are not the only ones who disagree about the supposed drastic changes, not the only ones stating that globalization may not be totally new. In fact, many (non-Marxist) economic historians have made the argument that global capitalism goes back to the nineteenth century. In his 1995 presidential address to the Economic History Association, Jeffrey Williamson argued: "Two important features of the late 20<sup>th</sup> Century in-



ternational economy characterized the 19<sup>th</sup> Century as well. First, the earlier period was one of rapid globalization: capital and labor flowed across national frontiers in unprecedented quantities, and commodity trade boomed as transport costs declined sharply” (1995: 1).

Maurice Obstfeld, another non-Marxist economist, emphasizes that capital markets were very global before World War I, breaking up during World War I, making a brief comeback between 1925 and 1931, and then withering in the Great Depression (1998: 11). Globalization is said to have benefited from advances in communication and transportation technologies in recent decades. But this is not, by any means, unique to the present phase of globalization. According to Obstfeld, “The laying of the Trans-Atlantic cable in 1866 reduced the settlement time for international transactions—from roughly ten days—to only hours. This enormous communications advance of the era was perhaps more significant than anything that has been achieved since” (ibid).

### **3. Marx: Capitalism and Its Global Expansions**

In the *Manifesto*, Marx and Engels view capitalism as a global system that expands to the noncapitalist parts of the globe, introducing these regions to the capitalist productive forces, relations, and institutions. (This, of course, is not to suggest that Marx had a complete theory of globalization in 1848, or even after). Because Marx and Engels viewed capitalism as a more progressive phase of history as compared to the precapitalist societies it was penetrating, for them the bourgeoisie is a progressive force when it introduces capitalist productive relations and forces to precapitalist economic formations. Bina and Yaghmaian contend: “Internationalization of all circuits of capital and accumulation on a global scale necessitated the destruction of all pre-capitalist obstacles to production through the completion of the primitive accumulation of capital in pre-capitalist regions of the world” (1989: 237). As stated by Ivan Vujacic, Marx and Engels, in the *Communist Manifesto*, “strongly emphasize the progressive role of the bourgeoisie which will create preconditions for higher stages of social organization, i.e., higher socio-economic formations” (1988: 473).

For Marx and Engels, capitalism is a global force that transforms the noncapitalist world, and the bourgeoisie is the real economic and political force that transforms the world and brings about general progress. For these two writers, the progressive character of the bourgeoisie remains, so long as precapitalist socioeconomic formations persist. Like modern proponents of globalization, Marx and Engels also assumed in the *Communist Manifesto* homogenization of the world: “National differences and antagonism between people 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” (1848: 80).

Marx and Engels, in their 1848 *Manifesto*, view this capitalist globalization as inevitable: “The bourgeoisie, by the rapid improvement of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilization. The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese Walls, with which it forces the barbarians’ intensely obstinate hatred of foreigners to capitulate. It compels all nations on pain of extinction, to adopt the bourgeois mode of production; it compels to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image” (39).

In the *Manifesto*, the cause of that inevitability is explained as follows: “The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, establish connections everywhere. . . . The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and competition in every country” (ibid). The capitalist mode of production is viewed as the unconscious instrument of history, and, regardless of its darker sides, it has the superior ability to create the material preconditions for progress on a worldwide scale.

For these writers, the globalization/transformation process is universal and applies to all aspects of society and economy, and connects all societies together. As stated in the *Manifesto*: “In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production” (ibid).

The *Communist Manifesto* is not the only work of Marx (and Engels) in which the global nature of capitalism is being discussed. Marx’s *Capital* implicitly assumes the global character of capitalism. However, Marx’s explicit assumption of the global nature of capitalism, and its progressive nature when it enters precapitalist formations, is also evident when he discusses China, India, and some other “Asian” societies. This is clear in the *New York Daily Tribune* essays that he wrote on the British rule in India. In an 1853 essay, Marx wrote: “England, it is true, in causing a social revolution in Hindustan, was actuated only by the vilest interests, and was stupid in her manner of enforcing them. But that is not the question. The question is, can mankind fulfill its destiny without a fundamental revolution in the state of Asia? If not, whatever may have been the crimes of England she was the unconscious tool of history in bringing about that revolution” (in Robert Tucker 1978: 658).

In another *New York Daily Tribune* essay, Marx wrote: “All the English bourgeoisie may be forced to do will neither emancipate nor materially mend the social condition of the mass of the people, depending not only on the development of the productive powers, but on their appropriation by the people. But what they will not fail to do is to lay down the material premises for both. Has the bourgeoisie ever done more? Has it ever affected a progress without dragging individuals and peoples through blood and dirt, through misery and degradation?” (ibid: 622).

The global nature of capitalism is evident in Marx’s essays on the British rule in India when he writes: “England has to fulfill a double mission in India; one destructive, the other regenerative—the annihilation of old Asiatic society, and the laying of the foundations of Western society in Asia” (ibid: 659).

Marx makes the same argument about China and other Asian societies. For, according to Marx, “The oriental empires always show an unchanging social infrastructure coupled with unceasing change in the persons and tribes who manage to ascribe to themselves the political superstructure” (ibid).

According to Marx, the cause of this stagnation lies in the “Asiatic” mode of production whose main characteristics are absence of private property on land and a dominant role of the central government in organizing public works in the goal of carrying through irrigation projects, and the autarchy of village communities (see Vujacic 1988: 477). Of course, as Vujacic reminds us: “It should be mentioned that the adjective Asiatic is probably the result of the lack of a better term and does not represent a geographical determinant, as Marx himself cites Arabia, Persia, Egypt, Mesopotamia as areas in which at one time or another this

mode of production was dominant. In other contexts Marx explicitly mentions Turkey, Java, the Dutch East Indies, Mexico, Peru (under the Incas), Spain (under the Moors), and the Etruscan civilization as examples of the Asiatic mode of production” (1988: 477–78).

In such societies, penetration of Western capitalism can put an end to that stagnation. Marx’s belief in the “Asiatic” mode of production explains why his view of the English colonization of Ireland was different from that of “Eastern” societies. For example, Marx, in *Capital*, volume 1, chapter 15, and in his “Letters on Ireland,” is much more critical of the British colonization of Ireland than of India. Perhaps it was this double mission of capitalism discussed by Marx that influenced the debates in the Second International about colonial expansion of capitalism, and whether or not it is positive.

#### **4. The Second International: How Did Marxists View Capitalist Expansion before World War I?**

The works of Marx on economics (or anything else for that matter) never used the term “imperialism,” nor did they discuss the rise of a new phase Marxists called imperialism or monopoly capitalism in the second decade of the twentieth century. Marx only discussed colonialism in the context of the capitalist expansion into the precapitalist regions of the globe.

As stated in the introduction, the twentieth-century Marxist view of and its opposition to colonial imperialism began during the debates of the Second International, and Kautsky was chiefly responsible for it. The issue of colonial policy of capitalist countries in non-Western societies was first introduced in the Paris Congress of the Second International in 1900. At this congress, the Second International adopted a resolution which committed it “not only to fight, by every possible means, the colonial expansion of the capitalist powers but also to promote the formation of socialist parties in the colonial and semicolonial countries and to collaborate with such parties to the fullest possible extent” (in Cole, *The Second International*, Part I: 42). This unequivocal anti-imperialist resolution was supported by Kautsky and other Marxists and socialists, including those who supported colonialism only several years later. The resolution was carried unanimously.

The general denunciation of colonialism was repeated at the Amsterdam Congress in 1904 in a similar resolution. Interestingly enough, this resolution was passed on a motion proposed by Dutch Marxist Van Kol, who changed his position during the next congress.

A few years later, colonialism was to find its defenders among the Marxists of the Second International. This happened in the 1907 Stuttgart Congress of the Second International. According to Cole, the growing rivalries of big powers had also influenced the socialist camp (43). Vol Kol of Holland, who had opposed colonial expansion in the 1900 and 1904 congresses of the Second International, “strongly urged the need for a positive socialist colonial policy, saying the negative anti-colonialism of the resolutions passed at previous Congresses had been mostly unhelpful and that socialists were required in practice to recognize the unavoidable existence of colonial empires” (ibid.: 70). However, when the matter came to a vote in the full congress, “the minority defeated the majority by 127 to 108 votes, and the International thus went on record against colonialism” (70).



In spite of this victory, the damage was done, and many Marxists/socialists openly defended the colonial policies of their countries when imperialist rivalries were on the rise. According to Cole, the majority of German, Dutch, Danish, Austrian, Swedish, Belgian, and South African delegates supported Van Kol's position, and Kautsky's anticolonial position was upheld by the delegates from Russia, Poland, Hungary, Serbia, Romania, Bulgaria, Spain, Australia, Japan, the United States, Finland, Argentina, and Norway. And delegations whose votes were split included French, British, and Italian, with the Swiss abstaining (ibid: 42–43).

A look at the debates at the 1907 congress demonstrates that various socialists supported the “civilizing” effect of Western powers in the colonies. For example, Bernstein who—along with the majority of the German delegation—promoted a “positive” colonial policy, stated that: “We must get away from the utopian idea which leads to disposing of the colonies. The final consequences of this approach would be to return the United States to the Indians. The colonies are here to stay: we have to come to terms with that” (quoted by Kautsky 1970: 3). Bernstein then goes on to say: “Civilized people have to exercise a certain guardianship over uncivilized peoples—even socialists have to recognize this . . . much of our economic life rests upon products from the colonies which the natives were not able to utilize” (ibid).

During the 1907 congress, Kautsky supported an anticolonial resolution. This is acknowledged by Lenin, who was a Russian delegate at congress. Criticizing the procolonial position of Van Kol (and his supporters in the German delegation), Lenin wrote: “Incidentally, they were opposed by Kautsky, who felt obligated to ask the Congress to pronounce against the majority of the German delegation. . . . The point at issue was whether we should make concessions to the modern regime of bourgeoisie plunder and violence. The Congress was to discuss present-day colonial policy, which was based on the downright enslavement of primitive populations” (*Lenin's Collected Works*, volume 13, 75–76, in his essay “The International Social Congress in Stuttgart”).

Among the globalizing effects of capitalism Lenin mentioned were: “The bourgeoisie was actually introducing slavery in the colonies and subjecting the native populations to unprecedented outrageous acts of violence, civilizing them by the spread of liquor and syphilis” (ibid). In that 1907 essay, concerning those who would accept the “civilizing effect” of imperialism, Lenin said: “That would be an outright desertion to the bourgeois point of view” (ibid).

In his 1907 essay on colonial policy, in which he elaborated on the debates of the 1907 congress, Lenin had not discussed the rise of a new phase (i.e., imperialism) in global capitalism. In other words, in both of these 1907 essays, while Lenin supported the anticolonial arguments led by Kautsky, there is no recognition that global capitalism has entered its final (or to some, latest) stage. It is only in 1916 that he acknowledged the rise of this new stage. To him, this final stage had emerged sometime between 1898 and 1900 (but for non-Marxist historians the Age of Imperialism had emerged some two decades before). In other words, Lenin must have become convinced of the rise of this new phase sometime after 1907. But, it seems that to Kautsky, at least in 1907, a new form of global capitalism had already started. However, unlike Lenin's imperialism, Kautsky discusses a new global policy (rather than a new structural phase). In his 1907 *Socialism and Colonial Policy* we read: “It

is not until the 80s of the last century that a new era of colonial policy begins. This now sets its sights on the rest of the world, on Africa and China" (1907: 24). However, a few lines below, Kautsky recognizes that: "The new colonial system nevertheless, has a completely different character from its predecessor" (ibid).

Lenin discussed the rise of a new (and more global) phase of capitalism in 1916, in an essay on imperialism that appears in volume 22 of his *Collected Works*, and in his forceful/authoritative work *Imperialism: The Last Stage of Capitalism*. And it seems that both Lenin and Buckarin had come to accept this view at about the same time. While Buckarin's *Imperialism and World Economy* was published after Lenin's work, in 1917, it was, as is generally believed, written in 1915. Lenin was aware of this work (and its content) early on, since he wrote the foreword to it. These two works about the imperialist phase seem to have been influenced by many works: by Hobson's 1902 book about imperialism, by Kautsky's view of colonialism and its characteristics, by Hilferding's seminal work *Finance Capital*, and by Luxemburg's *Capital Accumulation*. Lenin's genius in writing his forceful pamphlet *Imperialism* was in his ability to synthesize into a whole the various attributes of capitalism in this new age that had been acknowledged by the non-Marxist Hobson, and the above-mentioned Marxist authors. Many acknowledge that even non-Marxist Hobson (who used under-consumptionist theories to describe the rise of imperialism), in his 1902 book, discussed some of the attributes of the monopoly phase of capitalism, like the rise of capital exports. Thus, he too influenced Lenin. But among Marxists, Kautsky was the first to elaborate on some of the attributes of Lenin's last phase of capitalism. For example, nine years before Lenin, he acknowledged the rise of big business he called monopolies (1907: 26) and discussed the formation of cartels and trusts (26) and the newly emerged importance of capital exports (28). However, in the section dealing with ultraimperialism versus imperialism, I will demonstrate that Lenin's purpose for the writing of *Imperialism* was, in the main, to challenge and critique Kautsky's new thesis.

In spite of Kautsky's contributions to the beginnings of Marxist imperialism theory, Rudolph Hilferding's 1910 semiannual book *Finance Capital* provided the most systematic analysis of the new developments of capitalism before the publication of Lenin's 1916 pamphlet. Kautsky's 1907 pamphlet may have indicated some of those developments. However, Hilferding (1910), in a much more thorough way, examined the rise of big business (i.e., corporations, often called monopolies in Marxist literature), the rise of finance capital (as the merger of what Marx had called industrial and money or financial capitals), and the newly acquired importance of the export of capital. Hilferding's *Finance Capital* is mainly concerned with the internal dynamics of advanced capitalism. However, it also described the global aspects of world capitalism. During his time, free trade versus protection was an important concern of major capitalist countries. Hilferding wrote: "With developed capitalist production, there is no doubt that free trade would unify the entire world market, guaranteeing the maximum possible productivity of labor and the most rational international division of labor" (421). To Hilferding, capitalism is global, for it must make the maximum possible use of the different natural conditions and resources to be found in different parts of the globe. And, concerning the globalizing effect of the export of capital, Hilferding writes: "The export of capital and finance capital has greatly accelerated the transformation of all pre-existing social relations and the exportation of capitalism over all the surfaces of the globe. Capitalist development does not take place in each country separately" (435).

## 5. Imperialism or Ultra-imperialism

As stated above, for Lenin, the ending years of the nineteenth century marked the start of a new phase of capitalism he called imperialism.<sup>1</sup> To him, this phase has the following (and now famous) features:

(1) The concentration of production and capital has developed to such a high stage that it has created monopolies (i.e., big corporations), which play a decisive role in economic life; (2) the merging of bank capital with industrial capital, and the creation, on the basis of this finance capital, of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves; and (5) the territorial divisions of the whole world among the biggest capitalist powers is completed. (Lenin, *Imperialism: The Highest Stage of Capitalism*, 1916: 244, in Tucker, 1975)

Lenin's view of the global nature of capitalism in this pamphlet is obvious in the following statement: "The export of capital affects 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 do so only by expanding and deepening the further development of capitalism throughout the world" (Lenin 1916, in Tucker 1975: 277). However, to Lenin, capitalism is a global system that contains various centers of power in competition among themselves and for control of the weaker global members, including the noncapitalist poorer nations. For Lenin, it is this rivalry that leads to world conflicts, thus eventually causing the downfall of capitalism. This explains why in the preface to the French and German editions of *Imperialism* he writes that "capitalism has grown into a world system of colonial oppression and the financial strangulation of the overwhelming majority of the population of the world by a handful of advanced countries. And this booty is shared between two or three powerful world plunderers armed to the teeth . . . who are drawing the whole world into their war over the division of their booty" (207).

Or, in Lenin's essay "On the Slogan for a United States of Europe," we read: "Capital becomes international and monopolist. The world has been covered up by a handful of Great Powers, i.e. powers successful in the great plunder and oppression of nations" (in Tucker 1975: 201).

Lenin's *Imperialism: The Highest Stage of Capitalism* (1916), which is regarded as an authoritative and succinct explanation of that phase of capitalism, influenced generations of Marxist authors. But why did Lenin, a revolutionary political activist leader, and during a very busy time (i.e., when leading a revolution), take the time to write this essentially economic work? Understanding this requires an appreciation for the division that was taking place between two groups of former Marxist comrades, represented by Lenin and Kautsky. This division concerned the nature of World War I and imperialism, the future of capitalism, the possibility of socialism, and even the tactics used during the Russian Revolution. Lenin's *Imperialism* was to provide a critique of the new positions Kautsky had acquired on

1. It is worth mentioning that Lenin's imperialism is not unrelated to Marx's arguments in *Capital* about competition leading to concentration and centralization, for these two tendencies would lead to what Lenin calls monopoly, which is an important feature of what Lenin calls imperialism.

the eve of World War I. In writing that work, Lenin wanted to drive home two major political points: that capitalism inevitably generates imperialist wars of division and redivision among the world's major powers, and that only socialist revolution could free humankind from the scourge of militaristic, nation-state rivalry. In contrast to Lenin, however, Kautsky assumed that the war might not lead to the demise of capitalism and thus the rise of socialism.

Lenin's *Imperialism* pamphlet explicitly attacks (numerous times) the position of Karl Kautsky concerning the (First World) War, the latest phase of capitalism, and the possibility of ultraimperialism. In the words of Willoughby, Lenin: "specifically counter posed this thesis to Karl Kautsky's analysis that the end of World War I could usher in a period of peaceful expansion of capitalism that would lay the basis for the eventual socialist transformation of the world societies" (1979: 91). In other words, on the eve of the First World War, Kautsky, a leading Marxist theoretician, had come to the conclusion that the transition to ultraimperialism is conceivable. This view of Kautsky is to be contrasted with Lenin's position that the age of imperialism, by giving rise to violent confrontations among rival capitalist powers, will eventually cause the demise of capitalism and rise of socialism. In the pamphlet, Lenin is referring to Kautsky's new thesis when he writes: "There is no doubt that the development is going in the direction of a single world trust that will swallow up all enterprises and all states without exception . . . before a single world trust will be reached, before the respective national finance capitals will have formed a world union of ultraimperialism, will inevitably explode, capitalism will turn into its opposite" (1916: 232–3).

To Kautsky, whether or not ultraimperialism would become a historical reality in the near, medium, or distant future would depend on the dynamic of socioeconomic development. For Lenin, Kautsky's position ignores the uneven nature of capitalism and, in essence, it ignores the possibility of socialism. To appreciate the gravity of this new position by Kautsky, one should be reminded that, in 1912, socialists (including Kautsky) had adopted the Basle Manifesto (of 1912). According to this manifesto, if a war among various capitalist powers erupted (which was expected in 1912), socialists must capitalize on the ensuing economic/political crisis and fight for the downfall of capitalism and the establishment of socialism. However, from the beginning of the First World War, Kautsky seemed to have come to a different conclusion than many of his former comrades, including the rise of a new global capitalist balance led by the United States.

Between 1911 and 1913, Kautsky undertook a study that led to his celebrated September 1914 *Der Imperialismus* (which appeared as an essay entitled "Ultra Imperialism" in the *New Left Review*, 1970), against which Lenin directed his polemics in *Imperialism: The History Stage of Capitalism*. In that essay by Kautsky, imperialism is not regarded as the last and highest stage of capitalism, but only a possible policy of it. Further, in Kautsky's article (unlike Lenin's pamphlet), World War I was not viewed as a purely imperialistic war either. In his own words: "Austria's conflict with Serbia did not arise purely from imperialistic tendencies. In Eastern Europe, nationalism is still a revolutionary motive force, and the present conflict between Austria and Serbia has nationalistic as well as imperialistic roots" (46).

To Kautsky, under capitalism, the interests of finance and industrial capitals diverge. While the latter expands only by broadening its markets through free trade, imperialism and militarism emerge only through finance capital (i.e., a type of capital that he viewed as the

most reactionary and prowar). However, to him, it could be conjectured that the imperialist phase would give way to a subsequent phase of ultraimperialism established on agreement among the great industrial concentrations and thus among industrial states. In other words, he spoke of the possibility of the end of wars among European (and the Western) powers. Kautsky had come to the conclusion that only extreme socialists and certain capitalist factions see wars as necessary. This is to suggest that, to him, not all capitalists are imperialistic and prowar. He wrote: "Imperialism is not peaceful and has tendencies towards armed conflict: but there were also other tendencies. Economic inter-dependence is a factor that works against the warmongers" (quoted by Salvadori 1979: 177).

Though this seems to be the case after World War II, particularly among certain Western European countries, it is interesting that, during World War I, Kautsky did not see the rise of a second world war as an impossibility, absent realization of that lasting peace. Paraphrasing another war-time essay by Kautsky, Salvadori writes, "If international peace turned out to be impossible, if imperialism prevailed, then a second world war would be inevitable, as would be the ruin of Europe for an entire historical period, during which capitalism will continue to be viable, with the United States advancing from a position of leadership already consecrated by the first World War to an even more complete dominance" (186) (which happened after World War II). Earlier, on August 21, 1914, in an essay published in *Die Neue Zeit*, he argued that the real victor in the war (i.e., World War I) would inevitably be the United States, which would reap the greatest benefits. Predicting the new position of the United States (and even the post-World War II Marshall Plan more than thirty years before its initiation), Kautsky writes: "The reconstruction of the economic ruin of Europe after the war will be impossible without American aid. The defeated states, at least, will fall into a position of dependence on American financial capital" (in Salvadori 1979: 183).

Kautsky's new positions angered many of his former Marxist comrades. One such former comrade was Rosa Luxemburg. To her, Kautsky's new positions required a revision of Marxism, compared to which all the past attempts of (revisionist) Bernstein appear as innocent child play. As argued by Salvadori, "Luxemburg urged a strategy based on the action of the proletariat, whose task, she said, must be to intervene in the crisis opened by the war to promote a revolutionary and international break with capitalism" (187). The same criticism of Kautsky can be found in various works by Lenin, including his essay "Socialism and War." In a section of that essay entitled "Kautskyism," Lenin accuses Kautsky of following the revisionist path of Bernstein and other so-called revisionist Marxists.

Concerning the new positions of Kautsky, in the preface of the French and German editions of *Imperialism* (by Lenin), we also read: "The views held by Kautsky and the like are a complete renunciation of those same revolutionary principles of Marxism that he has championed for decades . . ." (in Tucker: 208). Specifically, Lenin's *Imperialism* pamphlet attacks various aspects of Kautsky's ultraimperialism theory. For example, Lenin writes, "Certain bourgeois writers (now joined by Karl Kautsky, who has completely abandoned the Marxist position he had held, for example, in 1909) have expressed the opinion that international cartels, being one of the most striking expressions of the internationalization of capital, give the hope of peace among nations under capitalism. Theoretically, this opinion is absolutely absurd, while in practice it is sophistry and a dishonest defense of the worst opportunism" (233).



## 6. Concluding Remarks: An Assessment of the Issues Raised in the Globalization Debate and Before

Undoubtedly, the world is becoming more global; that is, economically, politically, and socioculturally. Among those who discuss the globalization process, as we saw before, there are those who view it as a qualitative transformation of the world economy and polity (with tremendous economic consequences and the demise of the nation-state). However, there also are those (subscribing to different ideologies) who view it as a gradual and quantitative process whose changes have not always been uniform and unidirectional (and with different phases), and whose roots should be sought in at least the nineteenth century. As argued above, various non-Marxist economic historians, using statistical evidence, have demonstrated that the world was global between 1870 and 1914. According to Robert Feenstra (one such non-Marxist economic historian), "The decades leading up to 1913 were a golden age of trade and investment worldwide. This was ended in World War I and the Great Depression, and it took many years to regain the same level of integration . . ." (1998: 32–33).

For Marx, as for many Marxists in recent decades, "capitalism is by its nature a globally expanding system geared to accumulation on a world scale" (Magdoff and Foster 2005). We examined the *Manifesto* and Marx's writings on Asia to demonstrate that Marx and his followers have viewed capitalism as a global system since 1848. In fact, this view is apparent in many of Marx's writings. In the *Grundrisse* we read: "The tendency to create a world market is directly given in the concept of capital itself." As we saw before, globalization has been assumed by Marxists of different generations. However, for them, the globalization process has gone through various stages. Lenin's view of the changes in world capitalism after 1898–1900, or Kautsky's notion of ultraimperialism as a capitalist tendency, are two Marxist interpretations of these changes in global capitalism.

At the time of the Lenin-Kautsky debate, particularly because Kautsky was also opposing the tactics of the Lenin-led Bolshevik Party, Lenin's position seemed to be the more revolutionary and the correct one. However, it seems that Lenin's prediction about the end of capitalism because of international imperialist conflicts was proven to be wrong. Whatever faults Kautsky might have had on the eve of World War I, and concerning the October Revolution, history seems to have proven him (more) correct. After all, the world did not witness the collapse of capitalism, and Lenin's own socialist revolution eventually failed. (The war Lenin was predicting in 1916 had already occurred). As predicted by Kautsky, we have seen the end of the primacy of Europe and the rise of the United States, and (in spite of recent disagreements among major powers about economic and political issues) we have not seen a war among major capitalist powers since 1945. Obviously, some rivalries remain. However, since these rivalries coexist with economic integration and a degree of collaboration, they do not seem to be moving in the direction of causing an end to capitalism (which is much closer to Kautsky's position). Perhaps, because of the existence of some of the northwestern European countries (with no imperialist tendencies today), one could also agree with Kautsky that imperialism is only a tendency of capitalism, and not its essence. Reality also suggests that the "new world order" is not identical to what Hardt and Negri termed "empire." Far from the internationalization of the U.S. Constitution suggested by these two writers, for many Marxists the hegemonic role of the United States has not disappeared. For example, according to Samir Amin (2004), the United States in recent years has

even attempted to globalize its Monroe Doctrine. To Samir Amin, by viewing itself “the ruler of the last resort throughout the world,” the United States has “extended the Monroe Doctrine to the entire planet,” which effectively has given itself “the exclusive right of managing the whole globe in accordance with what it defines as its national interest” (2004). And economically, Peter Gowan has described this new order as an attempt at the “Americanization of the world economy—a process of harmonizing the rest of the world to the rhythms and requirements of the U.S. economy” (2001: 373). Gowan’s argument seems to be consistent with the trend that began at the end of World War II, with the rise of the multinational enterprise (MNE), foreign direct investment (FDI), the World Bank, the IMF, WTO, and similar organizations, and the leadership role of the United States in these institutions.

To reject Hardt and Negri’s empire thesis, one can also adhere to the arguments made by Istvan Meszaros in his celebrated work *Socialism or Barbarism*. As also indicated by John Bellamy Foster (*Monthly Review* 2001, December), Meszaros’s *Socialism or Barbarism* makes three important points. In my view, all these three points can be employed to prove the fallacy of Hardt and Negri’s empire thesis. These three points are as follows: 1) Although capitalism has expanded throughout the world, its expansion has been uneven. To him, this expansion has only produced enclaves of capital. (It is no wonder that, for example, according to the U.S. Department of Commerce, in 2002, only 1 percent of U.S. direct investments abroad went to Africa, the poorest continent, while 10 percent went to Canada, and 52.4 percent to Western Europe). As a result of this unevenness of capitalist expansion, Meszaros argues, there is no longer the hope that the LDCs would catch up economically with more advanced nations (2001: 19, 61). 2) Meszaros would disagree with Hardt and Negri that imperialism has ended. In his *Socialism or Barbarism*, Meszaros divides imperialism into three distinct phases: early modern phase identified with European colonialism, the phase Lenin called imperialism, and what Meszaros calls the U.S.-led global hegemonic phase. To him, although this third phase emerged at the end of World War II, it became more pronounced more recently (2001: 510). For Meszaros, as John Bellamy Foster also argues, the third phase of imperialism is the most dangerous of the three (*Monthly Review* 2001, December). 3) To Meszaros, unlike Hardt and Negri, absence of direct political control under the U.S.-led global hegemonic phase should not imply that imperialism has ended, or even lessened. In support of this point Meszaros points out that European colonialists actually occupied a smaller territory of the periphery than the foreign territory the United States has under its influence (through its military bases in seventy or so countries, and other mechanisms) at this time (40).

## References

- Abu-Manneh, B. 2004. The illusions of empire. *Monthly Review* 56(2)(June).
- Amin, S. 1974. *Accumulation on a world scale*, 2 vols. New York: Monthly Review Press.
- . 2004. U.S. imperialism, Europe, and the Middle East. *Monthly Review* 56(6)(November).
- Bina, C. 1997. Globalization: The epochal imperatives and developmental tendencies. In *Political economy of globalization*, ed. D. Gupta. Boston: Kluwer.
- Bina, C., and C. Davis. 1996. Wage labor and global capital. In *Wage labor in the 20<sup>th</sup> century*, ed. C. Bina et al. Armonk, NY: M. E. Sharpe.

- Bina, C., and B. Yaghmaian. 1989. Import substitution and export promotion within the context of the internalization of capital. *Review of Radical Political Economics* 20: 234–240.
- Brenner, S. 1982. Karl Kautsky and the twilight of orthodoxy. *Political Theory* 10: 580–605.
- Brewer, A. 1980. *Marxist theories of imperialism*. London and Boston: Routledge & Kegan Paul.
- Cormier, D., and H. Targ. 1998. Globalization: What is new? Paper presented during the 1998 meeting of the Third World Conference, Chicago, IL.
- Cypher, J. 1979. The internationalization of capital and the transformation of social formations. *Review of Radical Political Economics* 11(4).
- Dicken, P. 1992. *The internationalization of economic activity*, 2<sup>nd</sup> edition. London: Paul Chapman Publishing, Ltd.
- Emmanuel, A. 1972. *Unequal exchange*. New York: Monthly Review Press.
- Feenstra, R. 1998. Integration of trade and disintegration of production in the global economy. *The Journal of Economic Perspectives* 12(4)(Fall): 9–30.
- Foster, J. B. 2001. Imperialism and empire. *Monthly Review* (Fall).
- Frank, A. G. 1979. *Dependent accumulation and underdevelopment*. New York: Monthly Review Press.
- Friedman, T. 2000. *The Lexus and the olive tree*. New York: Anchor Books.
- Gowan, P. 2001. Explaining the American boom: The roles of globalization and United States global power. *New Political Economy* 6(3).
- Hardt, M., and A. Negri. 2000. *Empire*. Cambridge, MA and London: Harvard University Press.
- Hilferding, R. 1981. *Finance capital: A study of the latest phase of capitalist development*. London: Routledge and Kegan Paul.
- Hirst, P., and G. Thompson. 1999. *Globalization in question: The international economy and the possibility of governance*, 2<sup>nd</sup> edition. Cambridge: Polity Press.
- Hobson, J. 1938. *Imperialism: A study*. New York and London: Allen and Unwin.
- Kautsky, K. 1970. Ultra-imperialism. *New Left Review* 59 (Winter): 41–46.
- . 1975. *Socialism and colonial policy*. London: Athol Books.
- Lenin, V. I. 1975a. Socialism and war. In *The Lenin anthology*, ed. R. Tucker, 183–195. New York: Norton and Company, Inc.
- . 1975b. On the slogan for a United States of Europe. In *The Lenin anthology*, ed. R. Tucker, 200–203. New York: Norton and Company, Inc.
- . 1975c. Imperialism: The highest stage of capitalism. In *The Lenin anthology*, ed. R. Tucker, 204–274. New York: Norton and Company, Inc.
- Luxemburg, R. 1951. *The accumulation of capital*. London: Routledge and Kegan Paul.
- Magdoff, H., and J. B. Foster. 2005. The failures of empire. *Monthly Review* (Winter).
- Marx, K., and F. Engels. [1848] 1978. *Manifesto of the Communist Party*. Moscow: Foreign Language Publishing House.
- Marx, K. 1978. Marx's essays on India. In *Marx-Engels reader*, ed. R. Tucker. New York: W. Norton and Company.
- . 1967. *Capital*, Vol. I. Moscow: Foreign Languages Publishing House.
- . 1968. Marx's essays on China. In *Marx on colonialism and modernization*, ed. S. Aviceri. New York: Garden City.
- McQueen, H. 2003. What happened in globalization? *The Journal of Australian Political Economy* (51): 103–131.
- Meszaros, I. 2001. *Socialism or barbarism*. New York: Monthly Review Press.
- Murray, R. 1975. The internationalization of capital and the nation state. In *International firm and modern imperialism*, ed. H. Radice. Harmondsworth: Penguin.
- Obstfeld, M. 1998. The global capital markets: Benefactor of Menano. *The Journal of Economic Perspectives* 12(4) (Fall): 9–30.

- Palloix, C. 1977. The self expansion of capital on a world scale. *Review of Radical Political Economics* 9(2): 1–28.
- Poulantzas, N. 1971. International capitalist relations and the nation state. *Economy and Society* 82: 991–99.
- Salvadori, M. 1979. *Karl Katusky and the socialist revolution: 1880–1938*, trans. J. Rothschild. London: New Left Books.
- Shaikh, A. 1979. Foreign trade and the law of value, part I. *Science and Society* 63(3): 281–302.
- Streeten, P. 1998. Globalization: The threat or salvation. In *Globalization, growth, and marginalization*, ed. A. S. Bhalla. London: Macmillan Press Ltd.
- Sweezy, P. 2001. More (or less) on globalization. *Monthly Review: An Independent Socialist Magazine* 49(4)(Summer): 1–14.
- Tabb, W. 1997. Globalization is an issue: The power of capital is the issue. *The Monthly Review* 49(2).
- Vujacic, I. 1988. Marx and Engels on development and underdevelopment: The restoration of a certain coherence. *History of Political Economy* 20(330): 471–498.
- Warren, B. 1975. How international is capital. In *International firm and modern imperialism*, ed. H. Radice. Harmondsworth: Penguin.
- . 1979. The Lenin-Katusky unit-rivalry debate. *Review of Radical Political Economics* 11(4)(Winter): 91–101.
- . 1996. Globalization, convergence, and history. *Journal of Economic History* 56: 1–30.
- Williamson, J. 1998. Globalization, labor markets and policy backlash in the past. *The Journal of Economic Perspectives* 12(4)(Fall): 51–72.
- Willoughby, J. 1995. Evaluating Lenin's theory of imperialism. *Science and Society* 59(3)(Fall): 320–338.
- Wood, E. M. 1999. Unhappy families: Global capitalism in a world of nation states. *Monthly Review: An Independent Socialist Magazine* 51(3)(Summer): 1–12.
- Yaghmaian, B. 1998. Globalization and the state: The political economy of global accumulation and its emerging mode of regulation. *Science & Society* 62(2): 241–265.

*Hamid Hosseini is Professor of Economics and International Business at King's College in Pennsylvania. He has also taught at the University of Oregon, Wayne State University, Marywood University, and Jundi Shahpur University in Iran. He was Resident Scholar at Harvard University three times and once at the Graduate School of Business, University of Chicago. His areas of research are economic development, international economics, foreign direct investment, behavioral economics, globalization, medieval history of economics, and Iran.*