

# Empires and war



## Introduction to Karl Kautsky's “Ultra Imperialism”

THE article by Karl Kautsky on “ultra-imperialism” which we print here is famous in socialist literature in an odd way — not for itself, but for the polemic written against it.

Pierre-Joseph Proudhon's *Philosophy of Poverty* is famous not because we know the book itself, but because we know Marx's reply to it, *The Poverty of Philosophy*. No-one today reads Eugen Dühring's *Systems and Critical History*, but we read Engels' blast against them, *Anti-Dühring*. Bruno Rizzi's *La Bureaucratization du Monde* was virtually unavailable for decades, but celebrated even then because Trotsky polemicalised against it in *The USSR in War*.

In the summer of 1914, when he wrote the bulk of this article, Kautsky was a few months short of his 60th birthday. He had been editor of the world's leading Marxist journal, *Die Neue Zeit*, since 1883 — since a date when Lenin, Luxemburg, Trotsky were all still children, Lenin 13 years old, Luxemburg 12, Trotsky a three-year-old. Those revolutionary Marxists still saw Kautsky as the foremost teacher of the international socialist movement, so confident and so proud of its growth and unity, though they disagreed with him on some issues.

By the time the article was finished and printed, on 11 September 1914, some six weeks into World War One, the international socialist movement had collapsed into a collection of national parties, each one supporting its own capitalist government in the mutual slaughter of World War One. Inside the German Social Democratic Party, Kautsky had not favoured the SDP parliamentarians' vote for war credits on 4 August, but once the vote had taken place he ratio-

nalised it and urged “unity” and “trust” rather than criticism. Lenin and the others denounced Kautsky as a wretch who had abandoned Marxism.

The “ultra-imperialism” article was made more enduringly famous than any other of Kautsky’s writings by the polemic Lenin directed against it in his pamphlet *Imperialism, the highest stage of capitalism* (written in January-June 1916). Re-examining the polemic with Kautsky’s text in front of us confirms, I think, how very clearly Lenin was right against Kautsky. It also shows us that in the repeated rehearsals of that polemic since 1916, at least one important facet of it has been faded out, and another has been warped.

Kautsky’s article contained two main ideas. One: built-in to industrialised capitalism was a tendency for industry to expand out of proportion to agriculture. Every industrialised capitalist state therefore had to seek to conquer and control ever-larger agrarian territories. That was the essence of imperialism. Two: that imperialist drive could be expressed, not by competition between the stronger states to build rival empires, that is, through imperialism as hitherto understood, but by a collaborative effort of those stronger states jointly to dominate the less-industrialised parts of the world — “ultra-imperialism”. Capital’s search to avoid the increasingly unbearable costs of the arms race would in fact make that “ultra-imperialism” a real possibility in the years ahead — though, Kautsky always stressed, very far from a certainty.

Lenin put his argument against Kautsky’s scenario of competitive imperialism heading towards an “ultra-imperialist” cartel of overlord states most crisply in his introduction (written December 1915) to Nikolai Bukharin’s book *Imperialism and World Economy*.

“In this tendency to evade the imperialism that is here and to pass in dreams to an epoch of ‘ultra-imperialism’, of which we do not know even whether it is realisable, there is not a grain of Marxism. In this reasoning Marxism is admitted for that ‘new phase of capitalism’, the realisability of which its inventor himself fails to vouch for, whereas for the present, the existing phase of capitalism, he offers us not Marxism, but a petty-bourgeois and deeply reactionary tendency to soften contradictions...”

“In other words, we have any number of his promises to be a Marxist some time in another epoch, not under present conditions, not at this moment. For tomorrow we have Marxism on credit, Marxism as a promise, Marxism deferred. For today we have a petty-bourgeois opportunist theory — and not only a theory — of softening contradictions...”

“Can one... deny that in the abstract a new phase of capitalism to follow imperialism, namely, a phase of ultra-imperialism, is ‘thinkable’? No. In the abstract one can think of such a phase. In practice, however, he who denies the sharp tasks of today in the name of dreams about soft tasks of the future becomes an opportunist...”

Lenin also denied that the essence of imperialism was the drive of industrialised states to annex agrarian territories.

“The characteristic feature of imperialism is *not* industrial *but* finance capital... The characteristic feature of imperialism is precisely that it strives to annex *not only* agrarian territories, but even most highly industrialised regions (German appetite for Belgium; French appetite for Lorraine)...” (*Imperialism, the highest...*, section VII).

German imperialism’s path in World War Two, when it seized almost all of industrialised Europe, but was willing to leave France’s non-European colonies in the hands of the Vichy regime, would confirm Lenin’s point dramatically.

We need not dally on the details of Kautsky’s ingenious arguments that capitalism *must* make industry grow out of proportion to agriculture. In an era when most of the exports of most poorer countries are manufactured goods, where the

biggest exporters of bulk agricultural produce are the most advanced countries (the USA and the European Union), and where most industrialised states pay farmers not to produce, or hold stocks of their produce at subsidised prices, in order not to have the depopulation of agriculture proceed in too speedy and politically destabilising a fashion — in this era, it is plain that Kautsky got it wrong.

His theoretical error seems to have been of broadly the same sort as that which made the great early-19th century economist David Ricardo think that capitalist profits were doomed eventually to be squeezed to death by rising agricultural prices (and thus rising rents and wages) as farming moved to more and more unfavourable land. Over-impressed by the spectacular expansion of factories, and the lack of anything equally visible in the still vast tracts of agricultural economy — in his period still only 11% of Germany's population lived in big cities, and 35% of the workforce was in agriculture — he underestimated the possibilities for agricultural productivity to rise as fast as or faster than industrial productivity, as in fact it has done in some countries.

Kautsky also underestimated the importance that machinery would assume in both industry and agriculture. To demonstrate the imperative dependence of industry on agriculture, the idea that industry's expansion was constantly vulnerable to being held back by insufficient agricultural production, he wrote: "We could hardly subsist for a day without new supplies of flour, milk, meat and vegetables. But we could wear our old coats and hats a little longer and thus get on without new ones. So the manufacturer of cotton goods could not get on without new importations of cotton, but if his spinning machines are old he can make them do for another year".

Today, however, it would be more accurate to say that the farmer can be crippled instantly by lack of spare parts for machinery, of power, of fuel, or of means of transport — industrial products not easily substituted for — whereas any one particular sort of agricultural produce could have its flow halted without any great effect on industry.

But the new definition of imperialism which Kautsky deduced from his theoretical argument about industry-agriculture proportions fitted in all too well with the sort of political stance that he had been settling into as he got older — a bland, middling, centrist stance, carefully equidistant both from the crassness of the Social Democracy's more and more unashamedly short-sighted reformists and from the high-tension rigour of revolutionaries like Luxemburg and Lenin.

Kautsky could rebuff the Social-Democratic right wing who argued that imperialism was just a further inevitable development of capitalism, progressive in its way, and therefore could not be opposed. "Imperialism is not present-day capitalism; it is only one of the forms of the policy of present-day capitalism. This policy we can and should fight...", arguing instead for disarmament agreements, international treaties, etc. (*Imperialism, the highest...* section VII). Kautsky could also maintain his opposition to colonialism, arguing that it inhibited capitalist development in the colonies.

But his scorn for those who would "widen" the concept of imperialism so much that "all the manifestations of modern capitalism are included in it, cartels, protective tariffs, the domination of finance, as well as colonial policy" — his dismissive comment that it was then the "flattest tautology" to say that imperialism should be fought by fighting capitalism — was directed against the left wing. It was a shoddy polemical device.

Later in the 20th century, some leftists may have used "imperialism" as a shapeless hold-all word to refer to advanced capitalism whenever they wanted to express special hostility to it, thus putting themselves in a posture of indicting advanced capitalism above all for being *advanced* rather than for being *cap* -

*italist*. The revolutionary left of 1914 did not.

There was a bulky literature arguing that the cartels, protective tariffs, hegemony of finance, and colonialism were integrated parts of a single complex of development. Kautsky himself had been one of the most important of the writers on that theme. In essentials, Lenin's 1916 pamphlet on imperialism was a restatement of ideas developed by the younger Kautsky — only honed down to a sharper and tighter argument, and to specific and militant political conclusions.

Back in 1899, Kautsky had replied to Eduard Bernstein's claims that new tendencies in capitalism — growth of credit, growth of the world market, improvements in communications and transport, cartels — made the system more open to peaceful and piecemeal progress, and that colonialism could advance civilisation.

Colonialism, Kautsky insisted, was inseparable from militarism and the despoiling of colonial peoples for the benefit of "the modern kings of finance [who] dominate nations directly through cartels and trusts and subject all production to their power".

"The financier," Kautsky went on to argue, "finds militarism and a strong active governmental policy, both external and internal, very agreeable... In militarism, war and public debts they have a direct interest, not only as creditors, but also as government contractors..."

Kautsky's articles on imperialism and the war in late 1914 show how far he had moved away from the revolutionary left wing who once saw him as their teacher.

On 25 July 1914 he wrote an editorial for *Die Neue Zeit* (NZ 32/2, 18) in the expectation that war would start within hours of him having to send the copy to the printer. (In fact it started on 28 July.) He depicted the prospect thus: "Europe trembles under the thunders of world war, and German youth shed their blood — for what? When all is said and done, for the absolutist regime of the Hapsburgs [the imperial family of Austria] in Bosnia and Croatia and for the exorbitant profits of the Magyar pig magnates, and that is only one of the insanities of the fantastic nonsense in which the prevailing social order is so rich... However, the revolution is not rotting in its grave: the Revolution lives and marches! The Revolution is the only guarantee of peace that remains to us..."

The editorial, however, concluded with the indisputable but studiously vague injunction to "the masses" to be prepared for every eventuality.

Kautsky's first article during the war itself was written on 8 August and printed on 21 August (NZ 32/2, 19). "War with all its horrors has broken out, the 'criticism of weapons' has begun, and with that the weapon of criticism is paralysed. Not only by the mechanical restrictions of war conditions. More, for the moment, by the absolute lack of interest in that criticism. All thought is concentrated, in breathless suspense, on the anticipation of coming events which no-one can clearly imagine and of which everyone only knows that they will be frightful. For the time being people crave the speediest release from this hideous tension, *announcements, decisions*, not criticism..."

Serbia, whose invasion by Austria had triggered the chain of alliance-bound declarations that brought all the big powers of Europe into war within a few days, had "vanished from the field of vision. With that, however, the struggle has temporarily lost all object. For the moment, every state only fights for its own integrity. The war aims will not be exchanged until the relation of forces has been clearly revealed".

However horrible it was, Kautsky also expected the war to be short. He considered it "scarcely thinkable" that it could last as long as the Franco-Prussian war of 1870-1 (six months of hostilities).

In the meantime: “We must keep the organisations and the organs of the party and of the trade unions intact, and protect their members both from rashness and from cowardly flight from their banner. That is self-evident, and there is no comrade who is not conducting themselves in that way. No less necessary, however, will be the inner unity of the party, the renunciation of every idiosyncrasy. We are a party of self-criticism, but in war conditions that must fall silent... Not *criticism*, but *trust* is now the most important condition of our success.”

*Trust* the Social-Democratic leaders who had voted for war credits and agreed on “civil peace” between the trade unions and the government for the duration of the war?

“The recognition of the international solidarity of the proletariat”, wrote Kautsky soothingly, “in no way excludes national feeling, if one understands by that the acceptance of the principle that the independence and welfare of one’s own nation are under all circumstances to be protected and defended... In that sense the representatives of German Social Democracy, and likewise of the French, have voted for war credits — without any feeling of hostility against their brothers on the other side of the border, and deeply grieved that the outbreak of the war has made this sort of defence of their nation necessary” (“Effects of the war”, *NZ* 32/2, 22 and 23).

Nothing else for it, for now. And after the war? The financiers, Kautsky conceded, were a weighty lobby within the capitalist classes, and were inclined to press for a continuation of the old competitive imperialism rather than a move to “ultra-imperialism”. Excessive reparations demands could quickly set Europe on course for a second world war. Kautsky’s conclusion? “We must again and again call on the statesmen of the victorious states: Moderation, moderation, moderation!”

That Kautsky had ceased to be a revolutionary did not mean that he had become stupid or uninformed. He would explain very well why the increasing international economic connectedness of capitalism had not prevented the war.

“All the capitalist states stand in the closest economic dependency on each other these days. What happens to one is strongly felt by others; none can remain indifferent when one or another is raped. From this close international entwinement pacifists expect a growing assurance of world peace; but in the first place it leads not to a general understanding but to the powers assembling in two camps... This policy of alliances, far from being a guarantee of world peace, becomes instead a means by which a world war can be sparked from purely local reasons which concern only one of the alliance partners and to which the rest of the world could be quite indifferent.”

Evasive though they were as a response to the political issues of his own day, Kautsky’s speculations in 1914 about the consequences of world war actually shed much light on what would happen after World War 2. The USA, wrote Kautsky, would emerge much strengthened, and so would the big Asian nations and Egypt. “The more the non-European states are strengthened, the smaller the possibilities of a continuation of imperialist policies. The world war, born in the milieu of imperialism, can easily end in conditions which cut the foundations of imperialism from underneath it. It may undercut itself through its own consequences.”

In fact, in the western of the two “camps” into which most of the world was divided during the Cold War, from the late 1940s to the late 1980s, something pretty much like Kautsky’s “ultra-imperialism” did emerge. Lenin, after all, had never denied that “ultra-imperialism” was theoretically possible. As it turned out, it was not constructed by the different capitalist states all sensibly coming to agreement to avoid the costs of an arms race, but in another way. It was constructed, after two world wars, within one “camp” of a bigger-than-ever arms

race between two camps, and under the hegemony of a sort of hyper-imperialism, the USA's. Western powers avoided or limited the costs of arms-racing by hitching themselves to the USA. The USA was *able* to carry the military costs because of its economic superiority, and *willing* to do so in order to police a world, or half-world, of free-ish trade in which its huge corporations and banks could prosper better than in the old world of trade blocs and rival empires.

Since the collapse of the Stalinist bloc in 1989-91, that "ultra-imperialism" has extended to cover almost the whole globe. It is a cousin of the "ultra-imperialism" sketched by Kautsky, rather than a direct embodiment of it. It is more a system of collaboration and negotiation keystoneed by the "globocop" hyper-imperialist role of the USA than the "moderate" give-and-take agreement between more-or-less equals which Kautsky foresaw. And, rather than being a sharply polarised world of industrial states on one side, agrarian states on the other, with the industrial states joining together to keep the agrarian states un-industrial by force, it is a very unequal but multifarious system, with political independence for the ex-colonies, rapidly-permuting new international divisions of labour, and many poorer states exporting mostly manufactured goods.

If the world has evolved along lines with recognisable similarities to Kautsky's sketch, and his chief crime was to renounce "criticism" and preach instead bland "trust" and "unity" *for now*, with the promise to give "criticism" its due in a speculative future — if that, then why was Lenin's criticism of the "ultra-imperialist" thesis so often re-rehearsed by the left in the second half of the 20th century?

Leftists would point out that any phase of "ultra-imperialist" collaboration was inherently conflict-riven and liable to be totally disrupted in a later phase because of the inevitable changes in the balance of forces and the pressures of capitalist competition. That was true. Kautsky himself, against Bernstein in 1899, had argued that cartels were fragile. Nonetheless, the collaboration of the big bourgeois powers under US leadership, organised through an increasingly dense web of institutions — UN, NATO, IMF, GATT, WTO, G8, European Union — has had a fair degree of stability within the sort of timescales relevant for current political judgments, if only because of the largeness of US superiority and the consequent enormity of the task for any other bourgeois power seeking to vie with the US for politico-military hegemony.

And no-one really doubted that the big bourgeois powers were locked into fairly stable collaboration, for the time being at least. On the contrary. Just as in some literature Death becomes a thing-in-itself, quite over and above particular events (my death, your death, Joe Soap's death), so in much left-wing discourse Imperialism became not a structure, with conflicting interests within it, or the particular activities of states and classes (British imperialism, French imperialism), but a homogeneous world-historical force.

Leftists wrote of "the interests of imperialism", or countries being "dominated by imperialism", as if Imperialism were a thing-in-itself with its own interests, and its own capacities to dominate, quite distinct from any particular state or capitalist class's interests or capacities. Essentially, in fact, even many would-be Trotskyists saw the world in the terms enounced by Stalin's then deputy Andrei Zhdanov in September 1947, as the battlefield of two "camps", one "imperialist and anti-democratic", the other "anti-imperialist and democratic".

They tended to blame all evil on the designs of a superhuman force, "imperialism" — of which the US government, the British government, the French government, various multinationals and banks, now and at other times in history, were only so many profane manifestations. The method of analysis was as idealist as that lampooned by Marx and Engels in *The Holy Family*.

"The ordinary man does not think he is saying anything extraordinary when he states that there are apples and pears. But if the philosopher expresses those

existences in the speculative way he says something extraordinary. He works a wonder by producing the real natural being, the apple, the pear, etc., out of the unreal being of reason 'Fruit'... He declare[s] apples, pears, almonds, etc., to be mere forms of existence, modi, of 'Fruit'..."

If anything, most left-wing discourse *exaggerated* the homogeneity and cohesiveness of Western or, after 1989-91, world, imperialism. What was the Kautsky-bashing about, then?

Generally it was thought to exorcise two possible errors: that of supposing that imperialism could be peaceful, and that of thinking it was a mere policy option, rather than a structural imperative.

In fact, Kautsky's *analysis* contradicted his hopeful *speculations* about "ultra-imperialism" being peaceful. "Ultra-imperialism" might set aside war between the richer states — but only the better to allow them to collaborate against the aspirations to independence and industrialisation of the poorer countries. He expected "growing opposition of the more developed agricultural regions, which threatens not only one or the other of the capitalist governments, but all of them together". On his own account the capitalist governments "all together" would need, and be ready to use, military force to suppress that opposition. "The effort to conquer agrarian regions, to reduce their populations to slavery, is... vital to the very life of capitalism.... This phase of imperialism is only to be conquered by Socialism". To insist that imperialist violence against the Third World was a structural imperative of capitalism — which was generally what the left had in mind in its "anti-Kautskyism" — was a perfectly "Kautskyite" stance.

The cod-Leninists "anti-Kautskyism", therefore, was garbled. They *accepted*, in fact, and in an exaggerated version, the idea that imperialism (or, at least, Western imperialism) was a homogeneous camp. Everything outside that camp, and, in particular, Stalinism and Russian imperialism, became, by being outside, anti-imperialist and therefore progressive. At the same time, the cod-Leninists closed their eyes to the actual development of an "imperialism of free trade" with many traits of "ultra-imperialism". By closing their eyes in that way, they blocked proper examination of the way that this actually-emerging "ultra-imperialism" differed from Kautsky's sketch.

Kautsky's new definition of imperialism, as driven by the economic compulsion of industrial capitalist states to annex agrarian territory, had parallels (though also differences) with the theory developed by Rosa Luxemburg in her book published in 1913, *The Accumulation of Capital*. There, Luxemburg argued that a "pure" capitalist economy could not achieve balance in its schemes of reproduction, because it would lack the buying power to enable the capitalists to sell the products in which surplus-value would be embodied. It needed to seize markets of non-capitalist consumers.

The new Kautsky definition would also be paralleled by would-be Marxist theories of imperialism emerging after World War 2. The school of thought was initiated by Paul Baran's book *The Political Economy of Growth* (1957). For Baran, imperialism was about a drain of surplus from Third World countries to the advanced states. Third World countries were underdeveloped, argued Baran, mainly because of that drain and because of parasitism within the Third World countries themselves. The answer was for those forces seeking development in Third World countries to follow the model provided by the USSR — expropriate the parasitic old property-owning classes, centralise resources in the hands of the state, cut down economic relations with the rest of the world to a minimum.

André Gunder Frank, Samir Amin, Immanuel Wallerstein and others built on Baran's analysis, developing a "dependency theory" according to which imperialism was about creating distorted, stunted, dependent structures in Third World countries and the "development of underdevelopment". This doctrine had obvi-

ous differences from, for example, Lenin's well-known idea that *export of capital* was a main feature of the imperialism he was analysing — for export of capital is also export of capitalist development — but it was assimilated into conventional rehearsals of “Leninism”, filling the gap left by the fact that Lenin's great pamphlet *scarcely mentioned* what had become the hottest question about imperialism, its relation to economic development in the colonial and ex-colonial world. Odd phrases in Lenin about imperialist “parasitism” and metropolitan capital “growing rich by usury” or “tribute from Asia and Africa” were also used to synthesise the new Baranism-Leninism.

The new doctrine, like Kautsky's 1914 theory, held that, whatever other rearrangements might come, independence for the less-capitalistically-developed nations was impossible short of socialism. Where those nations did win independence, the doctrine said that this was only a fake independence. If some nations were plainly no longer ruled over by their former imperial masters, they were nevertheless still “dominated by imperialism” (imperialism-in-general, the imperialist “camp”). Colonialism had been replaced by neo-colonialism, the same in essence but different only in formalities. Where Lenin made a clear distinction between colonies or semi-colonies, on the one hand, and politically independent states which nevertheless, under capitalism, could not but be economically second- or third-rank in a world of rough competition — his examples were Portugal and Argentina — the new doctrine defined any weaker country as “semi-colonial”.

Baranism-Leninism has been seriously discredited by the rise of Third World industrial capitalism, especially in East Asia, and by the collapse of Stalinism, but retains some influence on the left. It was always a theory quite different from the views of any of the Marxists of Lenin's, or Kautsky's, generation. They all believed that capitalism tended to spread capitalist development across the world. Arguments such as Kautsky's in 1914 about the industrialised states' imperialism trying to block industrial growth in their agrarian realms were within that framework.

Lenin, in fact, stressed how the relative economic rank of nations was constantly in flux. “Capitalism is growing with the greatest rapidity in the colonies and the overseas countries. Among the latter, new imperialist powers are emerging (e.g., Japan).” (*Imperialism...*, section VII). It was Lenin, also, who explained how in principle (though he expected no such thing anytime soon) an unequal world, dominated by big finance-capital, could be shaped without colonialism, through the dull compulsion of capitalist economic relations. (See for example *A Caricature of Marxism and Imperialist Economism*.)

Under the banner of “anti-Kautskyism”, paradoxically, the more valuable bits of Kautsky's theorising — including those where Lenin had common ground with him — have been lost, and reworked versions of some of his errors have become common. Re-examining the actual texts can help us better understand the world today.

*Martin Thomas*

# Ultra-imperialism

By Karl Kautsky

[KAUTSKY'S NOTE: The article below was complete several weeks before the outbreak of the war. It was intended for our number which was to have greeted the planned Congress of the International. Like so much else this Congress has been brought to nothing by the events of the last days. Yet although purely theoretical in nature, the article has not lost its relevance to the practice which it sought to help explain. We publish the article, with the omission of passages which related to the international Congress, and the addition of some considerations on the war.]

FIRST OF all we must be clear what we understand by imperialism. This word is used all the time today, but the more we talk about it and discuss it, the more indefinite it becomes, which of course makes understanding very difficult. By now it has widened so much that all the manifestations of modern capitalism are included in it, cartels, protective tariffs, the domination of finance, as well as colonial policy. In that sense, obviously imperialism is a vital necessity for capitalism. To state that is only the flattest tautology. It says no more than that capitalism cannot exist without capitalism.

If we take the word not in that general sense, but in its historical connotation, as it originated in England, then it signifies only a particular kind of political endeavour, provoked, to be sure, by modern capitalism, but by no means coincident with it.

For about a generation, the English have understood by imperialism, on the one side, the drive to bring together all the parts of their enormous colonial empire into a unified realm, and, on the other, the drive to extend that empire. In the other states, outside "Greater Britain", only the latter consideration comes into practical consideration as imperialism, since no other empire possesses independent colonies like England's.

But not every drive for territorial expansion of a state should be described as imperialism. Otherwise we would have to say that imperialism is as old as written history. The drive to enlarge a realm through annexation of neighbouring areas inhabited by members of the same nation is not imperialism, but nationalism. That is why it is wrong to talk about a Serbian imperialism. We can no more regard this drive, which characterises the greater part of the 19th century, as imperialism, than we can the very strong drive in the 18th century to the winning of very rich, highly-industrialised areas.

Imperialism is a product of highly-developed industrial capitalism. It consists in the impulse of every industrial capitalist nation to conquer and annex an ever greater *agrarian* zone, with no regard to what nations live there.

To comprehend this drive, we must above all be clear about the exchanges between agriculture and industry in the capitalist mode of production. In order to simplify the discussion, in the following we will leave out of consideration the extractive industries — mining — that occupy a middle position between agriculture and processing industries.

INDUSTRIAL production receives a strong impetus from the development of the wage system, the substitution of capitalist production for simple production. The capitalist — as capitalist — does not labour in the concern from which he draws his profits. The independent small producer, labouring with his own hands, has motives for shortening the hours of labour. These motives do not exist for the capitalist. It should be borne in mind, of course, that reference is here made to the

craftsman of the time when independent labour was at its height, before it was reduced to a state of frantic misery by the competition of capitalists.

The capitalist has his men working for him. Their discomfort is nothing to him. The longer their hours the greater his profits.

But the individual capitalist must find some other means of increasing production. Development in this direction has definite physical limitations. But no such limitation exists in regard to the number of workers who may be employed. Whether he employs 10 or 100 or 1,000 depends entirely on the extent of his capital. And every additional employee means an increase in profits.

With increased investment of capital and larger number of workers there come, naturally, improved machinery, greater division of labour, improved methods of securing raw materials and marketing the product. Therefore, no matter how rapidly the number of workers in any industry has increased, the amount of capital invested per worker has grown much more rapidly. And in proportion as the profits of the individual capitalist have grown there has grown also the sum which he is unable to consume.

This accumulation must be constantly reinvested if the capitalist process is to be continued.

At this point there appears a tremendous difference between agriculture and industry. The possibilities of investment in the one are immensely greater than in the other. This does not mean that a landowner carrying on agriculture in a capitalistic manner has less opportunity to accumulate profits than an industrial capitalist. But it does mean that in any given district the possibilities of investing capital in agriculture are more limited than the possibilities of investing it in industry. The causes of this difference are to be found in various technical and social considerations.

Agriculture has to do with the production and reproduction of living organisms. This process cannot be arbitrarily facilitated or extended through the increase in the number of labourers devoted to it. Industry, on the contrary, can be developed indefinitely as long as the supply of labour and raw material holds out.

On the other hand, industry is much less dependent on land than is agriculture. If an industrial capitalist has money enough he will have little difficulty in raising the number of his employees from 10 to 100. He can almost always secure the land which is necessary to the enlargement of his buildings. The agricultural capitalist is in a different position. If he wants to hire ten times as many men as hitherto, he must have ten times as much land. But the land beyond his borders is the private property of his competitors. Even if he is able to secure land from these, he will merely take over their labourers and thus the number of workers employed in the district will not be increased. In a settled country an increase in the number of agricultural labourers is out of the question unless there is a change in the methods of production.

In industry, however, there can be in one country or region an increase in the number of concerns, in their average size, and in the total number of workers employed even without any change in the methods of production.

And technical improvements in production affect industry and agriculture differently. In both, to be sure, they tend to decrease the number of workers in proportion to the amount of capital invested and the product turned out. In industry, however, this decrease has been only a relative one, never an absolute one. Instead of a decrease in the number of workers there has been a rapid increase in the capital invested and the amount of the product. In agriculture, on the other hand, the decrease in the number of workers has often been not only relative but absolute.

This difference is increased by another circumstance. When industry is cut off

from agriculture, agriculture remains the basis of society. Without the constant appearance of new agricultural products we should not be able to exist. In the cities we could hardly subsist for a day without new supplies of flour, milk, meat and vegetables. But we could wear our old coats and hats a little longer and thus get on without new ones. So the manufacturer of cotton goods could not get on without new importations of cotton, but if his spinning machines are old he can make them do for another year.

But this is not all.

The products of agriculture are less varied than those of industry and their value is more stable. Grain and milk, meat and potatoes are everywhere the chief means of sustenance; they are not subject to varying fashions. But if you wish a new coat, how many materials are at your disposal? And how rapidly do their fashions change! And the spinner who needs a new machine has the choice among many designs, and the progress in his industry constantly demands new and better ones.

All this results in the fact that there is to be found in capitalist industry a powerful factor which hardly appears in agriculture even when it is carried on capitalistically. This factor is competition, the struggle of various concerns for the market. The industrial capitalist must cultivate his market far more carefully than does the landowner. The difficulties of the agriculturist in relation to his market are brought about by the middleman rather than by competitors.

And the situation changes constantly to the disadvantage of industry. Industrial capital is constantly increasing and agriculture trails farther and farther in the rear. The industrial population grows steadily and demands increased quantities of farm products for sustenance and raw material. And during this time, naturally, the agricultural population is growing relatively, if not absolutely, smaller and its demand for the products of industry is constantly falling off.

In the struggle of competition the larger and better equipped concern has an advantage over others. The more bitter competition becomes, the greater is the necessity of each concern to enlarge its plant and improve its equipment.

Thus far we have viewed the accumulation of capital only from the point of view of the convenience of the individual capitalist. We must now look at it from a different point of view. It is more than a convenience; it is a necessity. The growth of his industry becomes for the capitalist a necessary condition of life. He cannot wait until there is a greater demand for his products. He must increase his production, and if the demand does not increase naturally it must be artificially nurtured.

The intensity of competition is a result of the fact of the impetus toward the accumulation of capital, and the increase of production is far greater in industry than in agriculture. This fact, which is in the first place a result of the difference between industry and agriculture, becomes a cause for the increase in this difference.

This situation presents an important problem.

Industry must develop rapidly under capitalist conditions or society will be plunged into misery. Agriculture is constantly turning off workers. Even where the number of agricultural workers remains stationary the increase in population is sent to the cities. Industry is constantly attracting increased numbers. Unemployment results instantly if industry does not develop with sufficient rapidity. On the other hand, the fiercer competition becomes, the more capitalists are forced to expand. If the market does not keep abreast of this expansion the capitalist stares bankruptcy in the face.

But if industry is to expand agriculture must keep pace with it. It must furnish increased quantities of raw materials and means of life; and it must, also, consume the products of industry with which those of agriculture are purchased.

How is this possible if the accumulation of capital goes on much more rapidly in industry than in agriculture?

Malthus saw that population increases geometrically, that is, as the progression 1, 2, 4, 8, 16, etc., while the means of life increase arithmetically, that is, as the progression 1, 2, 3, 4, 5, etc. He viewed this as the law of population. In reality, however, it turns out to be a law of capitalist accumulation. As such it is less terrible than Malthus conceived it to be. For in accordance with it the industrial population of a region increases in proportion to the series 1, 2, 4, 8, 16, while the agricultural population remains stationary or decreases. And at the same time the total product of an industrial worker increases much more rapidly than that of an agricultural worker. The industry of any district would find it impossible to carry on the accumulation necessary to its continued existence if it were limited to the markets of that district. 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.

Since agrarian production has a twofold relation to industry a rupture between them may manifest itself in two ways. At one time the market for the products of industry in the agricultural districts will not increase as rapidly as production; then we have what is called overproduction. At another time agriculture will fail to produce a sufficient quantity of raw material and food, and then we have the increased cost of living. So far as these phenomena are not the results of other considerations which lie outside the boundaries of the present discussion they are closely related. Either one of them may quickly lead to the other. The rise of prices leads to a panic, which is merely another name for overproduction, and the panic leads to a fall of prices.

**O**N THE other hand, the constant effort of industry to increase the agricultural region through relations with which it carries on its activity may take on the most varied forms. It is true that this effort is necessary to the continued existence of capitalism, but this does not mean that the capitalist is compelled to resort to any particular methods of expansion.

One form of effort in this direction is called *imperialism*. This was preceded by another known as *free trade*. Half a century ago this latter was regarded as the last word of capitalism just as imperialism is today.

Free trade became a controlling principle through the predominance of the capitalist industry of England. Great Britain was to be the workshop of the world and the world was to be one mighty agrarian region for the exploitation of England, to take England's products and furnish England the necessary raw materials and means of sustenance.

*Free trade* was the most important means whereby this agricultural zone could be expanded continuously in accordance with the needs of English industry, and all sides were supposed to profit therefrom. In fact, the landowners of the countries which exported their products to England were as inveterate free-traders as England's industrialists.

But this beautiful dream came quickly to an end. As a rule, industrial zones overmaster and dominate agrarian zones. This was true earlier of the city vis-à-vis the countryside, and it is now true of the industrial state vis-à-vis an agrarian state. A state which remains agrarian decays politically and usually economically, too, and loses its autonomy in both respects. Hence, efforts to maintain or win national independence or autonomy necessarily generate within the overall cycle of international capitalist circulation the struggle for an autonomous heavy industry, which must under present conditions be a capitalist one. The development of outlets for foreign industrial products in the agrarian state itself creates a series of preconditions for this. It destroys the internal

precapitalist industry, thereby releasing a large quantity of labour power which is at the disposal of capital as wage labour. These workers emigrate to other states with growing industry if they can find no employment in their home country, but would prefer to remain at home if the construction of a capitalist industry allowed them to. Foreign capital itself flows into the agrarian country, first to open it by building railways, and then in order to develop its raw-materials production, which includes not only agriculture, but also extractive industries — mining. The possibility of adding other capitalist enterprises to these grows. It then depends primarily on the political power of the state whether an autonomous capitalist industry develops.

At first it was the countries of Western Europe and the Eastern states of America which went through this phase and became competitors against England. They opposed English free trade with their tariff systems. Their idea was to divide the advantages of trade with the agrarian regions of the world among the great industrial powers.

ENGLAND HAD to defend herself against this movement, and this was the beginning of imperialism. Imperialism was especially fostered by the system of investing capital in agrarian countries which emerged at the same time. The growth of industry in the capitalist states today is so fast that a sufficient expansion of the market can no longer be achieved by the methods that had been employed up to the 1870s. Till then, the primitive means of transport which existed in the agrarian zones sufficed, particularly the waterways which had hitherto been the only possible form of large-scale transport of foodstuffs and raw materials. For railways had been constructed almost exclusively in highly industrialised and heavily populated zones. Now, however, they became the way to open up thinly populated agrarian zones, making it possible to take their products to the market, but also to increase their population and production.

But these zones did not possess the means to plan railways themselves. The capital necessary for this and the directing labour force were provided by the industrial nations. They advanced the capital, thereby raising their exports of railway materials and increasing the ability of the newly opened areas to buy the industrial products of the capitalist nations with foodstuffs and raw materials. Thus the material interchange between agriculture and industry greatly increased.

But if a railway in the wilderness is to be a profitable business, if it is even to be possible, if it is to obtain the labour power necessary for its construction and the security necessary for its operational demands, there must be a state authority strong and ruthless enough to defend the interests of the foreign capitalists and even to yield blindly to their interests. The home governments of the capitalists naturally served these purposes most efficiently. These remarks apply also to extensive investments looking to the development of mines or any other source of wealth.

So there developed with the tendency to export capital to agrarian lands the effort to reduce these lands to a state of political dependence.

Another element in the situation operated in the same direction. It has already been noted that there is a tendency in every agrarian region to develop independent industry. In case a country in which foreign capital has been invested is able to develop its own industry and maintain its political independence the benefit of the foreign capitalists is only temporary, as in the United States and Russia. Instead of furnishing raw materials and a market for finished products such a land soon becomes a competitor. This fact becomes a strong motive tending to force the capitalists to attempt to make the new lands dependent, either

as colonies or as parts of a sphere of influence. Through the impeding of industry by means of unfavourable legislation they hope to keep them agrarian.

These are the chief roots of imperialism.

**W**E HAVE seen that imperialism replaced free trade as a means of capitalist expansion. This brings us face to face with an important problem: Is imperialism the final form of capitalist world politics, or are we to look for still another? In other words, is imperialism the only means of maintaining the necessary relation between industry and agriculture within the limits of the capitalist system?

There is no doubt as to the answer. The construction of railways, the exploitation of mines, the increased production of raw materials and means of life have become necessary to the continued existence of capitalism. The capitalist class will not commit suicide; no capitalist party will be willing to surrender with regard to these things. The effort to conquer agrarian regions, to reduce their populations to slavery, is too vital to the very life of capitalism to render possible the serious opposition of any capitalist group. The subjection of these lands will cease only when their populations or the working class of the great industrial countries becomes strong enough to call a halt.

This phase of imperialism is only to be conquered by Socialism.

But imperialism has another phase. The effort to subdue and hold agrarian regions has given rise to serious conflicts between the great capitalist powers. These conflicts brought about the tremendous competition in armaments which has finally resulted in the long-prophesied world war. Is this phase of imperialism necessary to the continued existence of capitalism? Will it disappear only with capitalism itself?

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!

In the first place we have to consider the growing opposition of the more developed agricultural regions, which threatens not only one or the other of the capitalist governments, but all of them together. This refers both to the awakening of eastern Asia and India and to the pan-Islamite movement of Asia Minor and northern Africa.

In the same category is the increasing opposition of the proletariat of industrial nations to additional taxes.

To all this was added after the close of the Balkan war the fact that the cost of armaments and colonial expansion reached such a point that the accumulation of capital was threatened, and so the very basis of imperialism was placed in danger.

Industrial accumulation in the interior did still go on, thanks to technical development of industry. But capital was no longer pushing itself into foreign fields. This is proved by the fact that European governments had difficulty in floating their loans. The rate of interest was constantly rising.

This will grow worse rather than better after the war if the increase in armaments continues to make its demands on the money market.

**I**MPERIALISM is digging its own grave. Instead of developing capitalism it has become a means of hindering it. But this is not equivalent to saying that capitalism is at the end of its tether. So long as it is possible for the capitalism of the old countries to provide a sufficient expansion of agricultural domain it can

go on developing. It may, to be sure, be shattered by an uprising of the working-class. But until it has exhausted the resources of the agricultural regions which it can make subsidiary to its activities it will not necessarily perish in an economic cataclysm.

Such economic bankruptcy would be hastened by a continuation of the present imperialist policy. This policy cannot be carried on much longer.

If imperialism were necessary to the continued existence of the capitalist method of production these arguments against it would make little impression on the capitalist mind. But they will make a deep impression if imperialism is only one among several means of achieving this object.

We can say of imperialism what Marx said of capitalism: Monopoly creates competition and competition creates monopoly.

The violent competition of great concerns led to the formation of trusts and the destruction of small concerns. Just so there may develop in the present war a combination of the stronger nations which will put an end to the competitive building of armaments.

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. The working class would be forced to fight this new form of capitalism as it did the old, but the danger from it would lie in a new direction, not in that of the arms race and the threat to world peace.

This analysis was completed before Austria surprised us with her ultimatum to Serbia. The conflict between these two nations did not result from imperialistic tendencies alone. In eastern Europe nationalism still plays a role as a revolutionary force and the present conflict has a nationalist as well as an imperialist cause. Austria attempted to carry out an imperialist policy; she annexed Bosnia and appeared to be on the point of bringing Albania within her sphere of influence. Through these activities she roused the nationalist spirit of Serbia, which felt itself threatened by Austria and thus became a danger to the Austrian government.

The world war was brought on, not because imperialism was necessary to Austria, but because Austria, on account of the peculiarity of its organisation, endangered itself through following an imperialist policy. Such a policy can be successfully followed only by a state which is internally united and which has for its field of operations a region far behind it in civilisation. But in this case a state divided against itself, a state half Slavic in population, attempted to carry out an imperialist policy at the expense of a Slavic neighbour state which is quite the equal in civilisation of the adjacent parts of its imperialistic enemy.

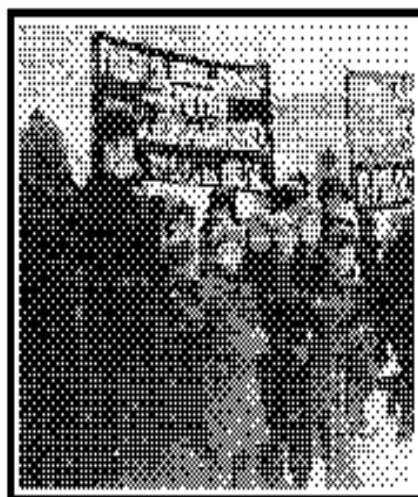
Such a policy could bring down upon us such terrible results only through the conflicts of interest between other great powers which had been fostered by imperialism. Not all the consequences of the present struggle are yet apparent. It may lead to an increase of armaments. In this case the peace which will follow will be only in the nature of truce. But from a purely economic point of view there is nothing to hinder its resulting in a Holy Alliance of imperialists. The longer the war lasts, the more it exhausts all participants, the nearer we shall approach the latter solution, no matter how improbable it may appear at present.

(German original in *Die Neue Zeit*, *Weekly Journal of German Social Democracy*, Jg 32/2, no. 21, 11 September 1914. The English text above is based on an abridged translation by William E Bohn, published in the US journal *International Socialist Review*, November 1914, and taken here, with thanks, from [www.marxists.org](http://www.marxists.org). The abridgement mostly omitted detail from the earlier part of the article, on the general relations between industry and agriculture under capitalism. Some other text omitted from that abridgement is included here — from the opening paragraphs, where Kautsky explains why he is using a new definition of imperialism, and from the last section, where he expounds his view of free trade, imperialism, and ultra-imperialism as successive phases. The later inclusions are taken from a translation of the final section (only) of the article, published in *New Left Review* 59, January-February 1970; the earlier inclusions are a new translation by *Workers' Liberty*).

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