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Imperialism Since the Time of Lenin  
(Part Two of the document begun in IB81)

Cunliffe

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## Imperialism since the time of Lenin

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Marx and Engels in the Communist Manifesto stressed the importance of capitalism - as distinct from feudalism - as a world economic system, in which the drive to the expansion of capital reaches out beyond national boundaries, engulfing, embracing, dominating previously secluded parts of the world.

"The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

"The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country... All

#### "Overseas Production" of the Major Capitalist Countries

	Overseas production as % of exports in 1971	Overseas production as % of GDP in 1971
U.S.	396	22
U.K.	215	50
France	94	16
West Germany	37	8
Switzerland	236	73
Canada	58	15
Japan	37	4
Netherlands	52	25
Sweden	92	23
Italy	44	9
Belgium	52	23

Source: S. Aaronovitch, R. Smith, *The Political Economy of British Capitalism*, p.208.

#### Use of Commercial Credit by Non Oil-Exporting LDCs, end 1975 (US\$ thousand millions)

	<i>Liabilities to commercial banks</i>	
	<i>All banks<sup>a</sup></i>	<i>US banks<sup>b</sup></i>
Brazil	14.8	9.2
Mexico	13.5	9.9
Argentina	3.2	2.1
Chile	0.8	0.6
Peru	2.3	1.5
Colombia	1.6	1.3
Korea, Rep. of	3.3	2.6
China, Rep. of	2.1	1.8
Turkey	1.0	n. a.
Philippines	2.0	1.8
Thailand	1.2	0.8
Zaire	0.8	n. a.
<i>Subtotal</i>	<i>46.6</i>	<i>31.6</i>
Other countries	12.7	6.9
<i>Total</i>	<i>59.3</i>	<i>38.5</i>

#### Foreign-owned capital

	1967	1976
World value of foreign-owned capital (\$ bn.)	105	287
Percentage division by country of origin (%)		
USA	54	48
UK	17	11
W. Germany	3	7
Japan	1	7
Top 11 capitalist countries	96	94
The rest	4	6

Percentage division by country of investment	(1975)	
Canada	18	15
USA	9	11
UK	8	9
W. Germany	3	6
All developed countries	69	74
Underdeveloped countries	31	26
Of which: OPEC tax havens	9	6
	2	3

Source: United Nations, *Transnational Corporations in World Development*, 1978.

old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilised nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe...

"The bourgeoisie, by the rapid improvement of all instruments of production, by the immensely facilitated means of communication, draws all, even the most barbarian, nations into civilisation. The cheap prices of the 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 them to introduce what it calls civilisation into their midst, i.e. to become bourgeois themselves. In one word, it creates a world after its own image." (C. Manifesto Ch.I, Peking ed, pp35-6).

Yet Marx and Engels were writing of what was still an early stage of capitalist development. At the forefront of that development were the rapidly industrialising countries of Western Europe and the USA. As they drove outwards into the colonial territories of Africa and Asia and into the formally independent countries of Latin America, they did so from an advanced level of capitalist development sustained on the basis of an already developed domestic market at home. They opened up the colonial and semi-colonial countries as sources of raw materials and cheap labour, and as vulnerable markets for the commodities of mass production industries based in the advanced metropolises.

But even while this development was taking place - singling out certain particularly rich areas of natural resources, or large potential markets for substantial investment and exploitation, while largely ignoring others - capitalism continued to develop within the advanced industrial countries. And the free competition between individual manufacturers examined by Marx and Engels became transformed - through a process of economic 'natural selection' of the strongest and an increasingly conscious banding together into cartels of the most powerful employers - into monopoly capitalism. Lenin, writing in 'Imperialism, the Highest Stage of Capitalism', made the point that

"This transformation of competition into monopoly is one of the most important - if not the most important - phenomena of modern capitalist economy." (p.14)

Favourably quoting a contemporary bourgeois economist, Hermann Levy, Lenin's book puts down this drive to concentration of capital and monopoly in the main to the size and high technical level of capitalist enterprise.

"This for one thing is due to the great investment of capital per enterprise, which gives rise to increasing demands for new capital for the new enterprises and thereby renders their launching more difficult". (p.17)

Lenin shows how this is a new situation, a distinct stage in capitalist development:

"Half a century ago, when Marx was writing Capital, free competition appeared to the overwhelming majority of economists to be a "natural law". Official science tried, by a conspiracy of silence, to kill the works of Marx, who by a theoretical and historical analysis of capitalism proved that free competition gives rise to the concentration of production, which in turn, at a certain stage of development, leads to monopoly (...) the rise of monopolies as the result of the concentration of production, is a general and fundamental law of the present stage of capitalism." (pp17-18)

He goes on to trace the principal stages in the history of monopolies:

"1) 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage.

2) After the crisis of 1873, a lengthy period of development of cartels, but they are still the exception. They are not yet durable. They are still a transitory phenomenon.

3) The boom at the end of the nineteenth century and the crisis of 1900-03. Cartels became one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism." (p.20)

Alongside this process of concentration, combination, conglomeration of industrial capital and its productive forces, came a similar concentration of banking capital, and an increasingly close link between the two sectors in the form of finance capital:

"As banking develops and becomes concentrated in a smaller number of establishments, the banks grow from humble middlemen into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and of the sources of raw materials of the given country and in a number of countries. This transformation of numerous humble middlemen into a handful of monopolists represents one of the fundamental processes in the growth of capitalism into capitalist imperialism..." (p.31)

The handful of monopolists gained power not only within their "own" national capitalist environment, but, through the expansion of the world banking system, they began also to draw in rich profits from international loans. Lenin quotes from a German banking magazine which declared proudly that

"There is not a single business of this type within the country that brings in profits even approximately equal to those obtained from the flotation of foreign loans." (p.63)

Just as their flying start and the increased scale, concentration and technical sophistication of capitalist production served to consolidate the predominance of the advanced capitalist countries, so their vast pools of finance capital opened up important possibilities to extend their exploitation and control on a world scale. Lenin wrote:

"...England and France are the oldest capitalist countries, and, as we shall see, possess the most colonies; the other two, the United States and Germany, are leading capitalist countries as regards the rapidity of development and the degree of extension of capitalist monopolies in industry. Together, these four countries own 479,000,000,000 francs, that is, nearly 80% of the world's finance capital. In one way or another, nearly the whole of the rest of the world is more or less the debtor and tributary of these international banker countries, these four "pillars" of world finance capital.

"It is particularly important to examine the part which the export of capital plays in creating the international network of dependence and connections of finance capital." (pp71-72)

Through direct investments, through loans and a variety of joint venture operations, the imperialist monopolies and banks began to drive their claws more deeply and lastingly into the colonial and semi-colonial countries.

It was in the competition for the profits and power deriving from a redivision of the world between the imperialist powers that Lenin traced the drive to war, which made imperialism the epoch of wars and revolutions.



"Capitalism has grown into a world system of colonial oppression and of the financial strangulation of the overwhelming majority of the population of the world by a handful of 'advanced' countries. And this 'booty' is shared between two or three powerful world marauders armed to the teeth (America, Great Britain, Japan), who involve the whole world in their war over the sharing of their booty." (Preface to French and German ed.)

"Imperialism is the highest stage in the development of capitalism, reached only in the twentieth century. Capitalism now finds the old national states, without the formation of which it could not have overthrown feudalism, too tight for it. Capitalism has developed concentration to such a degree that whole branches of industry have been seized by syndicates, trusts, and associations of capitalist billionaires, and almost the entire globe has been divided up among the 'lords of capital', either in the form of colonies, or by emmeshing other countries in thousands of threads of financial exploitation... From the liberator of nations that capitalism was in the struggle against feudalism, imperialist capitalism has become the greatest oppressor of nations." (Lenin, "Socialism and War")

From this pattern of developments arise a number of elements which it is crucial to understand as a basis for the development of the Marxist programme in the epoch of imperialism.

1) The early industrialisation of the "advanced" capitalist countries, and their development of large-scale and sophisticated techniques of mass production before the spread of capitalist production into the colonial and semi-colonial world, is a key component of the process which Trotsky termed "combined and uneven development".

The "unevenness" did not primarily refer to the concentration of imperialist investment in a few, resource-rich centres (such as Argentina) to the exclusion of vast colonial territories which were largely ignored. The development was uneven, because while the latest techniques and the main forces of monopoly capitalist production and finance capital were concentrated in the "advanced" countries, in the largely agrarian colonial and semi-colonial countries, feudal and precapitalist relations of production continued on a vast scale. Development was "combined", in that pockets of highly modern, productive investment in plant, equipment, transport and communications could be found in the most backward economic environment - such as Russia - arising from the drive by the imperialist monopolies to harness the resources and capture the markets of the less developed countries. Pre-capitalist relics, the most backward economic structures and the most modern, aggressive technology were thus thrown together in ungainly, unwieldy combinations in sections of Europe, Asia, Africa and Latin America. Vast peasant populations continued their unending toil in fields and plantations while nearby large modern, ruthless factories and extractive industries, often funded by foreign capital, sucked in a layer of peasants and churned out a new layer of industrial proletarians as a by-product of industrial production.

The pace and brutality of this change - which following the bourgeois revolution had taken nearly two centuries in Britain and decades of social and political transformation in Europe and the USA - was a major factor in the rapid emergence and radicalisation of the small, young but economically decisive Russian proletariat. And on a lesser, but increasingly significant scale, similar combined and uneven development continued across the 'Third World' - and is still taking shape to some extent today.

2) The penetration of advanced capitalism into a range of colonial and semi-feudal states raised a new and acute problem for the Marxist movement. Traditionally, it had been understood that the completion of the bourgeois revolution, breaking the grip of pre-capitalist institutions, and clearing the path for the unfettered development of capitalism, was a necessary

preliminary stage before socialist revolution could be placed on the agenda. According to this view, the natural leading element of the bourgeois revolution was the liberal bourgeoisie - that section of the capitalist class most counterposed in its aims and needs to the old autocratic and feudal regimes. The task for socialists, according to this approach, was to support the liberal (national) bourgeoisie in its struggles for reform, while seeking to defend the working class against the worst excesses of the liberal bourgeoisie. But with the opportunist degeneration of the Second International and the development of imperialism, this approach became crystallised in the reformist class collaboration of the Russian Mensheviks.

In opposition to the Mensheviks' line, Lenin argued that the conservatism of the liberal (national) bourgeoisie, as a class tied by material interests both to the landowning classes and to imperialism, meant that the only way of forcing through the democratic programme of the bourgeois revolution was through an alliance of the working class with the peasantry. Jointly these two oppressed sections of feudal society would wage the struggle for their democratic demands and, if successful, would establish a "democratic dictatorship of proletariat and peasantry". From this standpoint, Lenin argued against any sacrifice of proletarian political independence to the liberal bourgeoisie. But Trotsky went one step further, and highlighted the ambiguity of the "democratic dictatorship" formula, which left open whether the dictatorship would in practice be in the hands of the peasantry or the working class - whose interests were by no means identical.

Underlining the reactionary character of the "liberal" bourgeoisie (whose links to the old order and to imperialism meant that their opposition to the working class outweighed their commitment to the democratic revolution) and the lack of any political independence of the peasantry (which as a small property-owning class is torn between the conflicting pressures of the bourgeoisie and the proletariat), Trotsky insisted that the only mechanism for the completion of the democratic revolution was the dictatorship of the proletariat:

"Our bourgeois revolution could solve its tasks radically only in the event that the proletariat, with the aid of the multi-millioned peasantry, proved capable of concentrating the revolutionary dictatorship in its own hands." (Introduction to First (Russian) Edition of Permanent Revolution).

This, insisted Trotsky, was not merely a pipe dream, but a material possibility even in backward Russia, where the working class was such a tiny proportion of the population. Because of the impact of the process of combined and uneven development, and the peculiar development of the Russian economy, the proletariat could, with revolutionary leadership, acquire a weight and influence disproportionate to its numbers.

"There is no doubt that the numbers, the concentration, the culture and the political importance of the industrial proletariat depend on the extent to which capitalist industry is developed. But this dependence is not direct. Between the productive forces of a country and the political strength of its classes there cut across at any given moment various social and political factors of a national and international character, and these displace and even sometimes completely alter the political expression of economic relations. In spite of the fact that the productive forces of the United States are ten times as great as those of Russia, nevertheless the political role of the Russian proletariat, its influence on the politics of its own country and the possibility of its influencing the politics of the world in the near future are incomparably greater than in the case of the proletariat of the United States." (Results and Prospects 1905, in PR p.197).

Trotsky's theory developed further than had Lenin the crucial leading role of the revolutionary proletariat, and the need to reject any notion of a transitional "stage" in the revolution mid-way between the old regime and the dictatorship of the proletariat:



"While the traditional view was that the road to the dictatorship of the proletariat led through a long period of democracy, the theory of permanent revolution established the fact that for backward countries the road to democracy passed through the dictatorship of the proletariat. Thus democracy is not a regime that remains self-sufficient for decades, but is only a direct prelude to the socialist revolution. Each is bound to the other by an unbroken chain. Thus there is established between the democratic revolution and the socialist reconstruction of society, a permanent state of revolutionary development." (PR p.8)

This theoretical approach - vindicated in the experience of October 1917 - was central to Trotsky's battle against the Stalinist degeneration of the Comintern, and to the programmatic stance of the Fourth International. It has a long-standing and continuing importance in the context of countries of uneven and combined capitalist development in which the completion of the bourgeois democratic revolution or the solution of democratic tasks form a central component of the struggles of the oppressed masses. It is the polar opposite of popular frontism and reformist concepts of fixed "stages" in the revolution. And it is integrally linked to the understanding of the economic aspects of the epoch of imperialism.

3) The global reach of capitalism in the age of imperialism, its creation of an international revolutionary class, and its uneven development in the colonial world each serve to underline the necessity for an internationalist programme of revolution. Most inescapably and obviously in backward economies such as Russia and the colonial and semicolonial countries, "The socialist revolution begins on national foundations - but it cannot be completed within these foundations" (PRp.9).

But if imperialism lays down an international challenge, it also lays a material basis for world revolution. In its transformation into international monopoly, capitalism socialises the means of production, establishing a system which Lenin describes as objectively a transition from 'free trade' capitalism to socialism.

"Capitalism in the imperialist stage leads right up to the most comprehensive socialisation of production; it, so to speak, drags the capitalists, against their will and consciousness, into some sort of new social order, a transitional one from complete free competition to complete socialisation.

"Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognised free competition remains, but the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome, and intolerable." (Imperialism - p.25)

In preparing for revolutionary action against the imperialist bourgeoisie, the working class is reaching out for the ownership and control of the immensely concentrated economic institutions of power, reaching far beyond any particular imperialist country. Indeed the same general lines of development traced by Lenin can be seen to apply also in many of the ex-colonial and semi-colonial countries today, where in the absence of a sufficiently dev-

*eloped* national bourgeoisie to carry through the concentration of monopoly enterprise, the state has taken charge of banking operations, providing an industrial infrastructure of communications and utilities or even sponsoring the growth of whole industries - all carried out in the interests of a small handful of capitalist or proto-capitalist rulers closely tied to international imperialism.

4) From this analysis of the global reach and the oppression and exploitation of the backward countries by the advanced imperialist bourgeoisie, is derived the particular Marxist understanding of the struggle for national self-determination. Self-determination is of course a component of the bourgeois democratic programme, and one which - so often - the "national" bourgeoisie has shown itself incapable or unwilling to secure in a struggle against imperialism.

The Leninist approach insists on the incorporation of the right of self determination of oppressed nationalities in the programme of the proletariat of both oppressor and oppressed nations, and simultaneously opposes the ideology and class collaborationist politics of bourgeois and petty bourgeois nationalism.

Recognising that in the imperialist countries, which profit from the super-exploitation and oppression of subjected peoples, or which justify the continual subordination of nations by reference to racialist and chauvinist ideas, sections of the more privileged and conservative workers and the entire reformist bureaucratic apparatus of the labour movement reflect the chauvinism of the bourgeoisie, Marxists while opposing all forms of nationalism, recognise a distinction between the nationalism of the oppressed and that of the oppressor.

Against the social chauvinists and nationalists in the imperialist countries, Marxists agitate in every possible way to expose the utter bankruptcy of their open or implicit support for their "own" bourgeois rulers, and for the unconditional defence of anti-imperialist fighters against repression. Their task is not simply to put long articles in their press, but to mobilise active support to the struggle against their own capitalist class.

Within the national struggle itself, Marxists fight for the political independence of the working class, for a proletarian programme which includes national self determination, and for methods of struggle which can mobilise and sustain working class support. Lenin at the Comintern's Second Congress specifically drew out the distinction between a reformist, passive, purely bourgeois-democratic nationalist movement - which seeks only to muzzle and crush the strength of the proletariat and the more radical demands of the peasantry - and the "national-revolutionary movements" which genuinely fight in revolutionary fashion for national liberation and a radical democratic programme, and which communists have a duty to support.

In striking blows at the political and economic "integrity" of imperialist and reactionary states which oppress national minorities, and in fighting for the liberation of colonial or semi-colonial territories and peoples, Marxists recognise that national struggles can inflict serious setbacks to imperialist control and make important advances which can open at least the possibility of proletarian revolution.

#### The Comintern on Imperialism

The new Communist International formed under Lenin and Trotsky on the strength of the October Revolution developed upon these general lines of approach. Its political theses and resolutions built upon Lenin's economic analysis, and embodied at least the drive towards proletarian independence if not the full thrust of Trotsky's Theory of Permanent Revolution. Faced with a succession of setbacks and defeats in the more advanced capitalist

west, and a simmering cauldron of revolution by the peasants and tiny working class of the East, the Comintern spelled out a view of imperialism which by no means rested content with the achievement of political independence.

The Theses on the National and Colonial Question adopted at the Second Congress condemned "abstract or formal" conceptions of "equality in general and national equality in particular" as "characteristic of the bourgeoisie".

"The Communist Party should not place the main emphasis in the national question on abstract and formal principles, but in the first place on an exact evaluation of the historically given and above all economic milieu."

"Secondly, it should emphasise the explicit separation of the interests of the oppressed classes, of the exploited, from the general concept of the national interest, which means the interests of the ruling class."

"Thirdly, it must emphasise the equally clear division of the oppressed, dependent nations which do not enjoy equal rights from the oppressing, exploiting, privileged nations, as a counter to the bourgeois democratic lie which covers over the colonial and financial enslavement of the vast majority of the world's total population by a tiny minority of the richest and most advanced capitalist countries, that is characteristic of the epoch of finance capital and imperialism" (2nd Congress, p.177, emphasis added).

There was also an explicit warning that the formal establishment of "politically independent" states should not be simply accepted at face value:

"It is necessary continually to lay bare and to expain among the broadest masses of all, but in particular of the backward, countries the deception committed by the imperialist powers with the help of the privileged classes in the oppressed countries when, under the mask of politically independent states, they bring into being state structures that are economically, financially and militarily completely dependent on them." (As above, p.182, emphasis added).

At the Comintern's Congress of the Peoples of the East in Baku in September 1920, Bela Kun from the ECCI spelled out the Communist attitude to the Turkish anti-imperialist struggle and its leadership:

"The Congress expresses its sympathy with all Turkish fighters in combat against world imperialism, the oppressor and exploiter of the Eastern peoples which holds in slavery the working people of the whole world..."

"2. However, the Congress notes that the general-national revolutionary movement in Turkey is directed only against foreign oppressors, and that success for this movement would not in the least signify the emancipation of the Turkish peasants and workers from oppression and exploitation of every kind (...)

"3. The Congress finds it necessary to show particular caution in relation to those leaders of the movement who in the past led the Turkish peasants and workers to the slaughter in the interests of one of the imperialist groups and thereby subjected the toiling masses of Turkey to twofold ruin in the interests of a small group of rich men and high ranking officers. (...) the Congress urges the peasants and workers of Turkey to come together in independent organisations, to be ready to carry the cause of emancipation through to the end, and not to allow the foreign imperialists who are trying to hinder the work of emancipation to make use of their connections and influence among the Turkish rich, Kulaks, bureaucrats and generals. (...)" (Baku, pp 82-3).

At the same Congress, Pavlovich for the Bolshevik leadership made the point that:



"Within the framework of the capitalist system, any newly-formed state which does not express the interests of the toiling masses but serves the interests of the bourgeoisie is a new instrument of oppression and coercion, a new factor of war and violence.

"If the struggle in Persia, India and Turkey were to lead merely to the capitalists and landlords of those countries, with their national parliaments and senates, coming to power, the masses of the people would have gained nothing.

"Every newly-formed state would rapidly be drawn, by the very course of events and the iron logic of the laws of capitalist economy, into the vicious circle of militarism and imperialist politics, and after a few decades we should witness another world war..." (pp102-3, emphasis added).

Another speaker, the Kazakh Communist Ryskalov, pointed out that:

"Such states as Armenia, Finland and Poland... are not distinct states. They were deliberately set up by the Allies (...) Consequently, if, somewhere in the East, say in Turkey or in other places, supporters of the revolutionary movement who are at the same time opponents of Communism should try to set up such independent states, these states would not survive; they would fall under the influence of the imperialists, of world capital, and would turn their weapons against the proletariat, against the working people of the East." (p.117)

Giving the report on the agrarian question, Skachko told the 1,800 delegates:

"Today in many Eastern countries, in Turkey, Persia and India, the peasantry is marching arm in arm with its own bourgeoisie in the fight to win independence for their countries from the foreign imperialist enslavers. This path is the right one. At present all the efforts of the Eastern peasantry must be directed to throwing off the yoke of the foreign imperialists which weighs upon them, freeing their countries from the yoke of the West-European bourgeoisie, the capitalists of Britain and France.

"But the peasantry of the Eastern countries must remember that their task will not be finished when this liberation has been gained, that if they stop there, they will not be liberated at all. Political independence with the retention of the capitalist system will not in the least guarantee liberation for the peasantry. If the government of Mustafa Kemal in Turkey, or liberal-national governments in Persia and India, were to expel the British and then make peace with Britain on the basis of political independence of the Eastern countries, all the politically-independent Eastern countries would remain dependent economically. Political independence would not save them from penetration by industrial capital, and, with this penetration, or with the formation of native industrial capital and the development of native industry on the basis of private ownership of the means of production, the peasantry would be obliged to undergo an agonising period of punitive capitalist accumulation, in which they would be finally ruined, driven from their land, and all turned into wage-labourers with no holdings of their own. And this peasantry transformed into workers would be driven by the bourgeoisie, either native or foreign, into its plantations, factories and mines (...) they would find themselves in even worse enslavement to capital than they are today." (pp.137-8).

The Comintern's Theses, for which Skachko was arguing, repeat the point that:

"If the capitalist system is retained in Europe and Asia, the countries of the East which win freedom from political dependence upon the imperialist countries of the West, being more backward industrially, inevitably remain

in complete economic dependence upon the latter, and, as before, serve as areas for the application of the finance capital of the European industrial countries..." (p.143)

By the time of the Fourth Congress of the Comintern in December 1922, the Theses on the Eastern Question were drafted to contain a specific section (to which we will return in due course in discussing today's programme) on the 'Anti Imperialist United Front'. Stressing the necessity for the workers' movement in anti-colonial and anti-imperialist struggles to assert its political autonomy from other elements in the struggle, the Theses also explain that:

"The danger of a deal between bourgeois nationalism and one or more of the rival imperialist powers is much greater in the semi-colonial countries (China, Persia), or in the countries gaining state independence thanks to inter-imperialist competition (Turkey), than it is in the colonies. Every such agreement means a wholly unequal division of power between the indigenous ruling classes and imperialism; though it may be disguised as formal independence, it leaves the country exactly as before - a semi-colonial buffer state, the puppet of world imperialism." (Theses, Res and Manif. of the CI, p.416).

Lenin, Trotsky and the first four Congresses of the Comintern, therefore clearly recognised imperialism as a combined, integrated economic/political stage in the development of international capital. They saw within it the essential element of the drive to monopoly and to expansion and exploitation of the drive for profit beyond and across national borders. They also recognised it as in no way a static system tied to its contemporary structures of colonial rule; rather they saw that it contained the flexibility to work with bourgeois and reactionary forces in even nominally "independent" states, to enmesh those states in a comprehensive net of economic, political and military control. In such a structure, they argued that the peasantry and workers of the colonial countries could find themselves even more enslaved to imperialist exploitation in independent bourgeois states than they were in feudally-structured colonial territories.

Running through this Comintern analysis is the insistent rejection of any notion of "socialism in one country", least of all in the backward, largely agrarian economies of the colonial countries. Without shattering the world system of capitalist exploitation, insisted the Bolshevik internationalists, and in particular without the shattering of the power of the imperialist robber-states, there could be no long-term solution to the problems of the vast majority of the world's working classes.

#### Between the wars

This was borne out by the inter-war period in which recurrent and unresolved economic crisis maintained and intensified the conflicts of interest between the rival imperialist powers in their struggle for geographical, political and economic advantage.

From the earliest point of Lenin's analysis and right up to the present day, this global search for profitable investment and expanded markets has involved the imperialist bourgeoisies in the export of capital not simply from the most advanced countries to the colonial or semi-colonial countries, but simultaneously also from one imperialist country to another, across Europe, for example. This has remained the case - and even helps explain recent movements of capital into the USA. The one consistent law behind this development is the search by imperialist finance capital for the highest possible rate of profit, nosing out favourable opportunities, reserves of vital raw materials - oil, minerals, foodstuffs - low-waged labour forces and pliable regimes which will offer the best conditions for new ventures. The export of capital is accompanied both by a development and expansion of capitalism and by a flow of surplus back to the investors in the imperialist countries.

During the recession of the 1930s in the advanced capitalist countries, a number of the colonial and semi-colonial countries found their export markets for raw materials and foodstuffs savagely and suddenly cut back: this in turn limited their ability to pay for imported manufactured goods from the imperialists. In this period a number of the more prosperous and developed of the semi-colonial countries in Latin America - including Argentina and Brazil - attempted a degree of "import substitution" and independent industrial development, coupled, in the case of Mexico, with the expropriation of imperialist oil holdings.

Yet the predominant influence in Latin America was the economic and military power of the USA, which had intervened with armed force in the sub-continent dozens of times up to 1935, and exercised considerable financial and military pressure on regimes - such as the fleeting period of left nationalist government in Cuba in the 1930s - with which it disagreed. Though notionally committed to "decolonialisation" and itself holding no direct colonies, with the exception of Puerto Rico and direct control over the Panama Canal Zone, the USA used its economic leverage during the war and post war period to drive Italian imperialism out of its African colonies, the Japanese out of China, Indochina, Indonesia, the Philippines, Burma and Korea, weaken British imperialism in the Caribbean, and improve its own standing in the post war redivision of 'spheres of influence'.

#### After World War Two

With the USA firmly established as the dominant imperialist power after the war, and the European imperialists facing the consequences of wartime economic devastation, the writing was on the wall for the vast colonial empires that had remained largely intact after World War 1.

But the revised economic and political arrangements worked out between the imperialists were in no way geared to the needs and aspirations of the colonial and semi-colonial countries, whether or not they were formally "independent". While Argentine, Mexican and Brazilian regimes - which had made profits during the war - and a few others in Latin America toyed with nationalist rhetoric and protectionist measures, and exploited the comparatively high world prices for food and raw materials which lasted until the end of the Korean war, the capitalist countries were drawing up new arrangements to ensure the continued domination of imperialist finance capital.

In a combination of measures to stabilise the world monetary system, extend the necessary new credit for the reconstruction of industry in capitalist Europe and Japan, "liberalise" world trade which had collapsed so disastrously in the inter-war period, and re-arm the imperialist countries militarily and politically against the working class at home and the strengthened power of Stalinism, the imperialists set the stage for a tumultuous period of political and economic development.

The institutional arrangements through which the imperialists set about this task - the Bretton Woods agreement, the IMF, the World Bank, the various agreements on tariffs and trade, the United Nations, NATO and other military alliances - have all become routine elements in post-war politics. Each of them has assisted the maintenance and development of imperialist domination - and within that, the particular domination of US imperialism, which has risen to world preeminence without ever holding a colonial empire.

The post-war monetary structure was negotiated at Bretton Woods in 1944, with the dollar as its centrepiece (resting on the US possession of the majority of the world's store of gold, and the overwhelming productive superiority of the post-war US economy in comparison to the devastated and outpaced industry of Europe and Japan).

The USA became the principal supply of manufactured exports in the



immediate post war period and the principal exporter of capital to facilitate the reconstruction and expansion of capitalist industry in Europe, Japan and (to a much lesser extent) Latin America and the ex-colonial countries. The USA had the biggest stake in procuring a liberalisation of trade, the bringing down of protective tariffs and exchange controls, and the establishment of the dollar - backed at first by gold - as the world's most universal reserve currency. All this enabled the massive expansion of US foreign investment and domestic economy at least in part through the inflation of the dollar.

Eventually the law of gravity reasserted itself and the fixed, flexible exchange rates and convertibility established in 1944 collapsed in 1971 when Nixon devalued the dollar and severed the link to gold, triggering a new burst of world-wide inflation.

Table 5.3 US reserves and external liabilities, 1945-79  
(end of period, \$ billion)

	Gold	All reserves	External liabilities	Liabilities to central banks		Gold	All reserves	External liabilities	Liabilities to central banks
1937	12.79	13.44	1.89	—	1969	11.86	16.96	45.91	16.00
1945	20.08	20.47	6.01	4.18	1970	11.07	14.49	46.96	23.78
1949	24.56	26.02	6.41	3.36	1971	10.21	13.19	67.81	50.65
1955	21.75	22.80	13.03	8.26	1975	11.60	16.23	126.55	80.71
1960	17.80	19.36	18.69	11.64	1977	11.72	19.31	192.32	126.03
1965	14.06	15.45	25.18	14.17	1979	11.17	18.93	268.36	143.17
1968	10.89	15.71	38.47	17.34	1980*	11.17	23.00	278.50	149.19

\* Third quarter

Sources: 1937, 1945, IMF, *International Financial Statistics*, Vol. VII, no. 12, December 1954.  
1949-65, IMF, *International Financial Statistics, Supplements to 1966-7 Issues*, United States tables.  
1968-71, *Ibid.*, Vol. XXVI, no. 12, December 1973  
1975-9, *Ibid.*, *Yearbook*, 1980  
1980, *Ibid.*, Vol. XXXIV, no. 1, January 1981

None of the colonial or semi-colonial countries had any significant say in the 1944 arrangements. Most with the exception of Latin America were still under colonial administration. Africa had been largely ignored as an economic backwater with the exception of a few agricultural, mining and mineral extraction operations. India had provided in the inter-war years a classic example of the limp, intellectual and anti-working class stance of the emerging "national" bourgeoisie in the epoch of imperialism. Elsewhere in colonial Asia, imperialist neglect became a component in the upsurge of nationalist sentiment in the post-war period, while Chiang Kai Shek's tottering bourgeois forces lacked either the strength to defeat Mao's Communist forces or the confidence to strike the coalition deal which Mao - with Stalin's support - so eagerly offered.

Bloody though it had remained in tooth and claw, ruthless in upholding its political and economic interests, and determined in the suppression and exploitation of the colonial masses, the imperialist bourgeoisie, preoccupied by its slump and internecine rivalries in the advanced countries had done little or nothing to develop its own economic inroads into the predominantly agrarian colonial world.

Weakened politically, militarily and economically, the imperialist powers of Western Europe had little choice but one by one to face up to the changed material situation, and the need to consolidate a new relationship with the colonies. The British bourgeoisie was the first to come to terms with a major loss, with the hurried moves to preempt further problems and hand over its vast Indian possessions to bourgeois regimes of India, Pakistan, Ceylon and Burma. The Dutch followed suit with the surrender of Indonesia in 1949.

The French bourgeoisie, however, with the early backing of the Communist Party, engaged in a desperate battle to retain its colonial territories in

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Indochina, and proved the most stubborn of the major imperialist powers in accepting the unstoppable nature of the liberation movement in Africa. (The Portuguese neo-fascist regime of course proved to be the "first in, last out" of Africa, with its frantic efforts to cling on to its colonies of Angola and Mozambique: this war, waged into the 1970s, eventually had the beneficial effect of bringing down the Portuguese government).

At the end of the war there were only three formally independent states in Africa - Ethiopia, Liberia and South Africa. Twenty years later, with the liquidation of the Italian, British, French and Belgian empires, there were only a handful of colonial territories left. The same period saw a massive liquidation of colonialism in Asia and the Middle East. The expansion of Stalinist control took a large area of Eastern Europe, Asia and Cuba out of the direct orbit of capitalism.

But imperialism as a world economic system, based not on colonial holdings as such but on monopoly capitalism and the export of finance capital from the advanced countries remained intact. Its mechanisms for the subordination, control and exploitation of the former colonial countries became more sophisticated, complex and covert: yet the enforced dependence of formally independent states continued to shape the daily economic and political reality of the masses and their rulers on a world scale.

#### Formal independence and Latin America

The way in which this worked - and still works - is perhaps clearest in the case of Latin America, where the bulk of the countries have been notionally independent since the middle of the nineteenth century. For decades they remained locked in a limbo of political and economic development, trapped by the social structure that had evolved at the time of their independence from the European colonialists - dominated in the main by landed oligarchies, military cliques, a reactionary church apparatus and a corrupt and superficial political structure linked to inefficient and grasping state bureaucracies.

Only in Mexico in the 1910 revolution was there a full-scale movement potentially powerful enough to break this strangle hold - but even there the process was halted and frozen by the bourgeois domination of the Institutional Revolutionary Party - which still rules the country to this day.

Largely based on agricultural products, and isolated from the world market during the inter-war years by their lack of foreign exchange to buy imports, most Latin American countries boasted a pitifully weak domestic market inadequate to sustain independent industries except under the most exceptional circumstances - such as the need to substitute for imports in the 1930s and the war years. The general development therefore lacked any substantial national bourgeoisie, or any equivalent urban middle class, and produced in general only a diminished proletariat. The handful of wealthy landowners and bourgeois administrators satisfied their lust for luxury goods by importing from the imperialist countries: the rest could barely afford to live and eat.

This began to change in Mexico, Brazil and Argentina towards the end of the 1930s; economic conditions pushed a section of the ruling class towards industrial development, and these countries had sufficient natural resources and invested wealth to make such development possible. Trotsky, unimpressed by their formal "independent" status, viewed these developments as important, and Latin America as a sub-continent of "semi-colonial peoples". (Writings 1937-8, p.50).

When the bourgeois Cardenas regime in Mexico took bold steps to nationalise the British oil holdings, Trotsky in no way saw the relationship of forces between the two capitalist countries as equal. He saw the British role as an imperialist, exploitative role in relation to "independent" Mexico, calling on the British Labour Party to establish a special commission to study

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"what British, and in general foreign, capital has contributed to Mexico and what it has extracted. Such a commission could within a short period present to the British public the stunning balance sheet of imperialist exploitation!

"A small clique of foreign magnates, in the full sense of the word, pumps out the living sap of Mexico as well as of a series of other backward or weak countries. The solemn speeches about foreign capital contributing "civilisation", about its assisting in the development of the national economy, and so forth, are the sheerest pharisaism. The question in actuality concerns plundering the natural wealth of the country." (1937-8, p.324).

In a later article, "Mexico and British Imperialism", Trotsky spells out again the relationship of forces between the bourgeois nationalist Cardenas government and the British imperialist bourgeoisie:

"Semicolonial Mexico is fighting for its national independence, political and economic. This is the basic meaning of the Mexican revolution at this stage. The oil magnates are not rank and file capitalists, not ordinary bourgeoisie. Having seized the richest natural resources of a foreign country, standing on their billions and supported by the military and diplomatic force of their metropolis, they strive to establish in the subjugated country a regime of imperialistic feudalism, subordinating to themselves legislation, jurisprudence and administration." (As above, p.359).

For Trotsky, therefore, the fight for both political and economic independence even under the bourgeois Cardenas was a legitimate fight. How many times have we seen since the war the imperialists - by direct military intervention or by CIA-backed destabilisation and coups - moving precisely to impose a "regime of imperialistic feudalism" in which pliant military juntas or barely disguised civilian figureheads implement legislation and economic policies for the benefit of the multinationals and the international bankers? Trotsky argues that as a result of this threat

"... expropriation is the only effective means of safeguarding national independence and the elementary conditions of democracy".

In fact - as in Pinochet's Chile - we have seen that even expropriations, inadequately completed and carried through from above in bureaucratic reformist fashion, can be reversed by an imperialist-sponsored junta: nevertheless Allende's nationalisations - though inadequate - had to be defended as part of the fight for a thoroughgoing revolutionary programme. Trotsky points out that in Mexico:

"The expropriation of oil is neither socialism nor communism. But it is a highly progressive measure of national self-defence. (...) The international proletariat has no reason to identify its programme with the programme of the Mexican government... (But)...the cause of Mexico, like the cause of Spain, like the cause of China, is the cause of the international working class. The struggle over Mexican oil is only one of the advance-line skirmishes of future battles between the oppressors and the oppressed" (As above, p.361).

Later in 1938, Trotsky again makes the point of differentiating between "independent" capitalist Mexico and imperialist Britain:

"Modern humanity without exception, from British workers to Ethiopian nomads, lives under the yoke of imperialism (...) But this does not at all mean that imperialism manifests itself equally in all countries. No. Some countries are the carriers of imperialism, others - its victims. This is the main dividing line between modern nations and states." (1938-9 Writings, p.26) (emphasis added).



Trotsky, as can be seen from countless other quotations and references, does not use the term imperialism simply to mean "colonialism". Indeed the very example of Mexico which he uses underlines this point. He is drawing the dividing line between the imperialist centres of monopoly capitalism, the holders of finance capital, and those nations exploited by monopoly and usury on a world scale. Similarly, Trotsky sharply differentiates between fascist politics in imperialist and oppressed countries:

"We cannot speak of fascism 'in general'. In Germany, Italy and Japan, fascism and militarism are the weapons of a greedy, hungry and therefore aggressive imperialism. In the Latin American countries, fascism is the expression of the most slavish dependence on foreign imperialism." (As above).

A similar distinction is equally important for us today in evaluating the apparently "fascist" politics of a Pinochet, Turkey's General Evren or the Argentine military junta of 1976-83, and the relationship between such politics and the imperialist bourgeoisie.

Asked in similar fashion about the situation in independent Peru, Trotsky tells an interviewer that in Latin America, far from it being simply a question of "class against class", as in Europe, "the internal tasks of these countries cannot be solved without a simultaneous revolutionary struggle against imperialism." (p.33).

It should be remembered here that Trotsky is arguing against popular frontism and rampant illusions among some Latin American nationalist elements that the United States would act as a defender of "democracy" in Latin America against the "fascism" of German or Japanese imperialism. Trotsky is keen above all to unmask the real significance of imperialism for these independent, backward states, irrespective of its country of origin or its "democratic" or "fascist" mask.

(It is in this context that Trotsky moves on the now famous statements on the correct attitude to a hypothetical clash between the semifascist, nationalist Vargas regime in Brazil on the one hand and British imperialism on the other. This has been reprinted so many times in the Malvinas debate, that I would simply remind comrades of its existence, which confirms above all that Trotsky differentiated between semicolonial independent - albeit semifascist - capitalist countries and imperialist countries; and he ridiculed those who, with "empty heads", "reduce world antagonisms and military conflicts to the struggle between fascism and democracy".) (p.34).

A little later that same year, Trotsky points out the friendly and improved relations between this same "semifascist" Vargas and Roosevelt's Washington administration:

"The reason is that Washington considers the Vargas dictatorship a more docile and sure tool of American imperialist interests than revolutionary democracy (...). The 'democracy' of the United States at the present time is nothing more than one expression of its imperialism." (p.102).

In other words, US finance capital, US monopoly capitalism, can utilise "democracy" and semifascist dictatorships in various - even simultaneous - combinations to secure its interests. It can do this without colonies, reaching across the borders and into the heart of the state machinery of "independent" capitalist countries such as Brazil. And in Trotsky's view:

"The struggle for the United States of Latin America is inseparable from the struggle for the national independence of each one of the Latin American countries (...)"

Despite the formalities of independent flags, currencies, embassies and administrations, in Trotsky's view Latin America comprises "weak and backward

peoples whose independence is far from complete" (p.103).

And this is not simply a view dreamed up by Trotsky off his own bat: it represents a continuity from the basic positions of the Comintern. In December 1938, he argues in 'Lenin and Imperialist war':

"The world, however, remains very heterogeneous. The coercive imperialism of advanced nations is able to exist only because backward nations, oppressed nationalities, colonial and semicolonial countries, remain on our planet..."

In other words, the economic exploitation and political oppression of independent "backward nations" is a component part of the imperialist system - just as the oppression of nationalities and of the colonies. In the post war period, the number of colonial countries was to be sharply reduced, while the number of "backward nations" and semicolonies exploited by less direct and overt means was to increase dramatically. But the predominance of imperialist finance capital has continued to be the central issue.

Before moving on to look in more detail at the changes in the post war situation, it is useful to recall Trotsky's critique of the Mexican six-year plan for economic development, in March 1939. He does not go on at length at the need for nationalisation, taking this as an obvious difference. Instead he focusses on the inconsistencies of the plan from its own terms of reference. In particular he singles out the contradiction of seeking to implement a programme of industrialisation in a country as poor as Mexico with no explicit statement as to where the capital will come from:

"The country is poor. It needs foreign capital. This thorny problem is treated only to the extent that the programme does not insist on the cancellation of the foreign debt. And that is all.

"(...) Considerable international capital is seeking areas of investment at the present time, even where only a modest (but sure) return is possible. Turning one's back on foreign capital and speaking of collectivisation and industrialisation is mere intoxication with words.

"The reactionaries are wrong when they say that the expropriation of the oil companies has made the influx of new capital impossible." (1938-9, p.226).

Comparing and contrasting capitalist Mexico with the early Soviet workers state, Trotsky points out that limited and strictly controlled concessions to imperialist corporations in the form of joint enterprises for fixed periods could generate the necessary investment and "have the advantage of educating native technical and administrative personnel in collaboration with the best engineers and organisers of other countries."

Stressing that "to construct state capitalism, capital is necessary", Trotsky goes on to insist upon the importance of an independent and active trade union movement to defend the interests of the working class in these conditions.

This is one of the most curious of Trotsky's articles, since it appears to be largely addressed not to the Trotskyist movement or the working class, but to the leaders of the ruling Mexican Revolutionary Party. It addresses the problems of implementing a reformist, bourgeois nationalist programme without at any point raising a more thoroughgoing proletarian programme.

But it is plain that Trotsky was painfully (and for good reason) aware of the problems of economic development in dependent countries; and indeed the need to allow in and attempt to control foreign capital to facilitate economic growth has proved to be a pivotal problem in the postwar "Third World", which has not been satisfactorily resolved even in the Stalinised



economies of Yugoslavia, China and Cuba.

For their part, the imperialists have also been aware of the need to develop ways and means of breaking down mechanisms for the protection of fledgling industry and economic independence in the semi-colonial countries, and thus guaranteeing the long-term stability of fixed investment, supplies of raw materials, and short and long term loans.

#### Post war changes

"Finance capital is such a great, it may be said, such a decisive force in all economic and in all international relations, that it is capable of subjecting, and actually does subject to itself even states enjoying the fullest political independence..." (Lenin, Imperialism p.97).

The period since World War Two has seen a substantial change in the world economy, with the development of a measurable degree of industrialisation in most parts of the previously underdeveloped "Third World", and the reconstruction and powerful emergence of West German and Japanese capital, matched by a decline in the competitive position of British, French and, more recently, American industry.

The general economic framework was established by the leading capitalist powers in the final days of the war.

In July 1944 an international conference at Bretton Woods, New Hampshire USA adopted a series of agreements:

- \* To peg the value of the dollar as the main convertible currency, at \$35 to an ounce of gold, backed up by the USA's possession of a majority of the world's gold stocks and productive capacity.
- \* To establish the International Monetary Fund (IMF) - dominated by US voting strength - as a mechanism to iron out short term crises on the balance of payments of member countries, and work to prevent and break down restrictions on imports and trade which had proved so damaging to capitalism in the 1930s. The IMF would hold reserves of international currencies which, under certain conditions, would be made available to member states in exchanged for their own currency, and enable them to meet international obligations. In the longer term, the member state was expected to buy back its currency with an equivalent amount of foreign exchange. The IMF, therefore, was intended to operate not so much as a lender as a pool of convertible currency. This did not change until the late 1950s.
- \* The World Bank (or in full the International Bank for Reconstruction and Development) was intended to provide loan capital for investment projects of a longer-term nature - at or near the prevailing commercial rates of interest, drawing on its own funds or by channelling funds from private banking sources.
- \* A subsidiary and junior offspring of the World Bank was the International Development Agency (IDA), set up in the 1950s to provide long-term "soft" loans at less than commercial interest levels for low income countries or deprived areas of middle income countries, sufficient to keep them obediently within the capitalist camp or lure them back towards it (China).
- \* In 1948 the imperialist bourgeoisie took the initiative for the General Agreement on Tariffs and Trade, aimed at lending added muscle to US efforts at expanding trade and breaking down protective barriers.

These multilateral proposals, which left the control of the world economy still firmly in the grasp of the imperialist bankers and monopolies, (with a controlling US voice on most issues) were supplemented by US measures to

provide aid and investment on a bilateral basis, chiefly to Western Europe and Japan, through Marshall Aid, designed above all to strengthen the capitalist countries against any renewed Soviet threat or internal revolutionary pressures.

And, behind the smokescreen a world wide hue-and-cry against Communism gathering pace in the Cold War, the hysteria around the Greek civil war, and the Korean War, President Truman successfully pushed through Congress a massive increase in military expenditure sufficient both to wage war in Asia and provide the military and financial backbone of the NATO Alliance in Western Europe. The profitable armaments contracts themselves and the reconstruction of economies ravaged by imperialist war became an element in the take-off for a 'boom' in the capitalist world economy which was to prove the most sustained and far-reaching in the history of capitalism. The imperialism which Lenin had analysed as "moribund capitalism" proved still to have the vitality to engage in a new round of expansion and exploitation on the basis of decades of slump, death and destruction.

At the hub of this boom were the imperialist banking centres, and the US-based multinationals, which began to expand into newly vulnerable markets in Western Europe and to size up prospects for development in Latin America and elsewhere in the "Third World". The export of capital was still beyond doubt a central element in post war imperialism; and the newly established monetary system obliged every trading nation to relate to the USA, its currency and economic policies.

Increasingly, the state apparatus of the imperialist nations began itself to play a role in sustaining and driving forward the process of development set in train by the 1944 agreements. Governments emerged as guarantors of export credits and foreign loans, as providers of subsidies and hidden services which benefitted their monopoly firms and banks in the newly intensifying struggle for markets, materials and cheap labour on a world scale. For their part, the capitalists in the "third world" countries often saw no alternative but to channel their resources into centralised state-run operation which alone could operate on sufficient scale to establish themselves and compete with the imperialist multinationals. Even those Latin American states which had accumulated reserves and some protected industrial development during the late 1930s and the war period found themselves thrust into the cold winds of the world economy in the mid 1950s as a slump in prices of basic commodities but their export earnings. The IMF - reflecting imperialist determination to force its way into every available market - used the "carrot" of loans and stand-by credits to bludgeon Argentina, Brazil and Mexico in particular into dropping their protective barriers and liberalising trade with the advanced countries.

Indeed it is a central tenet of IMF policy that it exists to oppose any restriction on free trade and any government intervention in the economy such as price subsidies, rationing or protectionist measures (though it has never raised any comparable objection to wage controls!).

Until the mid 1950s the USA proved the main source of foreign aid, thus usefully employing some of the vast profits and reserves it had accumulated as the fruits of World War 2. This policy enabled other countries to buy US goods, and procured military, political and economic advantages for US imperialism on a global scale. So preeminent was US capitalism at this point (producing some 70% of the output of the advanced capitalist countries and accounting for over 25% of manufactured exports) that its bourgeoisie did not at first seek to tie its aid to the purchase of American goods: there was little competition either in terms of availability or technical quality.

But the rapid recovery of German and Japanese industry meant that towards the end of the 1950s this approach began to change. Increasingly US aid was

packaged with strings which "tied" the recipient to the purchase of American goods or services, and began to focus on long term "programmes" rather than individual projects - thus increasing US leverage in the economy concerned. The American pattern was followed by other donors of aid in Europe and Japan. Certainly from the US standpoint it proved very effective. Whereas in 1960 the proportion of US aid spent on US goods had fallen to 41%, by 1963 aid-tying had increased this to 79%, and by 1965 it hit 94%. And the sector of US capital deriving most benefit from this whole process were the large monopoly firms. By 1962, no less than 94% of the assets of US foreign manufacturing corporations were controlled by firms with assets in excess of \$50 million.

Additionally, through the structures of the IMF and the World Bank, imperialism developed a means of continuously vetting the credit-worthiness of each country seeking loans. An IMF representative would participate in each consortium or World Bank grouping set up to control the flow of loans and aid from the advanced countries: finance would become available only on the basis of an IMF "seal of approval". An unmistakeable symptom of the humiliating decline of British imperialism was its resort to IMF loans and the associated "vetting" under the Wilson government. The predominance of US capitalism is epitomised in its enormous, long-standing deficits partly subsidised but in no way controlled by the IMF.

The standard IMF package of objectives - to be combined in various degrees to produce a set of conditions for economic assistance - would (and still does) include:

- Abolition or liberalisation of foreign exchange and import controls.
- Devaluation of the domestic currency.
- An anti-inflation programme including tighter controls on bank credit, higher interest rates, and steps to cut back government spending. Often this would in turn mean increases in taxes and the prices charged by public enterprises, as well as abolition of consumer subsidies on foodstuffs and services.
- Wage controls.
- Abolition of price controls.
- Greater openness to foreign investment.

The IMF's package can be seen as a virtual manifesto for imperialist demands and interests in prising open the economy in question to foreign involvement, cutting working class living standards, and weakening any developing "national" capitalist industry. Indeed the IMF's hostility to inflation is largely the product of its concern to protect the profits of potential foreign investors. In practice this combination of policies has time and again been seen to produce crisis, collapse and the takeover of domestic capital by provoking:

- economic depression, cutting sales of national-based industries;
- increased costs and debts for domestic industry through devaluation;
- increased interest rates and tighter credit tying noose around necks of national bourgeoisie;
- abolition of import controls and exchange restrictions open up previously protected markets to the multinationals;
- industrial bankruptcies, offering easy pickings for imperialist bankers and multinationals, or simply wiping out domestic competition to foreign imports.



With wages held down, prices forced up and depression bringing a rise in unemployment for the working classes involved, the only beneficiaries of the IMF package are the foreign imperialists and the small section of the national bourgeoisie who are directly linked to the multinationals or to export trade. Small wonder that on so many occasions the full conditions of IMF "aid" or loan packages could only be met by brutally repressive dictatorial or military regimes crushing the struggles or even the organisations of the working class and silencing all political opposition.

Nor would it be accurate to assess that all of this means that capital has simply travelled - with more or less strings attached - from the imperialist centres to the semi-colonial and dependent LDCs. The investment has in general yielded rich rewards for the manufacturers and bankers involved. According to a report presented to the Conference of Non-Aligned Nations, in Havana, foreign investments in LDCs from 1970-78 have earned their imperialist investors a return of no less than 237% in profits, interest and royalty payments to parent multinationals. That means \$2.3 million extracted for every \$1 million invested, all in a mere eight years!

One factor assisting this has been the enormous attractive power of multinational subsidiaries in drawing in investment and savings in the LDCs themselves. Harry Magdoff has calculated that between 1957-1965 US direct foreign investment used \$84 billion for expansion and operations. Yet of this total, only a little more than 15% came from the USA itself. "The remaining 85% was raised outside; 20% from locally raised funds and 65% from the cash generated by the foreign enterprise operations themselves." In this way comparatively small initial investments can rapidly mushroom in scope and economic influence in the recipient country. And by draining off local savings and capital through bond issues, and local bank borrowing, the multinationals also reinforce their position at the expense of national capital. Ford financed an entire subsidiary operation in the Philippines from local bond issues and borrowing.

Michael Barratt-Brown, one of the economists most keen to minimise the significance of overseas investment income to the imperialist economies, admits that "The income from overseas investment in underdeveloped lands both in the UK and USA has generally exceeded the outflow of private capital to those lands, but both have been declining in relative importance." (Sutcliffe et al.).

In part, this statement reflects Barratt-Brown's measuring device of comparing overseas income with total national income - a method which to a large extent understates the importance of expanded overseas holdings; understates the extent of price manipulation and tax evasion techniques by imperialist multinationals; and to a degree loses sight of the fact that the overseas income is profit, which should most properly be compared with domestic profit figures, rather than national income as a whole. Another weakness of Brown's approach is that it fails to deal with the much heavier reliance on foreign investment income for key sections of the imperialist bourgeoisie - in particular the bankers. In 1980 the top US banks drew upwards of 49% of their revenue from foreign sources. Another economist, Hamza Alavi, has argued that profit remittances represent only a portion of the return on foreign investments, because they leave out the impact of monopolistic prices and royalty payments (\$1.5 billion per year to the imperialist countries). He believes that the true significance of this income can best be understood by comparing it to domestic levels of profit. While gross income from overseas investments in the post war period amounted to only 3-4% of British national income, it was the equivalent of 40-50% of domestic net investment. This is by no means peanuts: rather it is a potentially decisive element in the British economy (See Imperialism and Underdevelopment, ed. Robert Rhodes, p.115).

Barratt-Brown also makes the point that the comparative rate of return on capital invested overseas as against that invested at home has been higher

for US capital, but not in Britain. Yet: "overseas investment is, however, forced upon British firms if they are to keep up in the world market."

And the British firms have certainly gone to the task with a will: in 1971 overseas production by British firms and subsidiaries was more than double the figure for British exports, and equivalent to a staggering 50% of GDP for that year. For the USA, overseas production was four times the US export total, and 22% of American GDP. (See tables on p42f).

#### Methods of Imperialist control

Within the economic, political and military framework laid down from Bretton Woods and subsequent imperialist summits, the leading powers have had to devise ways and means to deal with and control emergent "independent" capitalist states in the "Third World".

As we have seen, one obvious and barely disguised manner of achieving this objective was through control over the liquid and real economic resources of the newly "liberated" former colonies and the older semi-colonies. This took place through the imperialist monopoly of banking operations, dominance in manufacturing industry, transport and other services, science and technology, and (initially at least) through the preservation of imperialist ownership of agricultural, mineral, transportation, communication, manufacturing and other commercial interests in the underdeveloped countries.

To an extent this overt imperialist ownership was combatted by a rising Third World bourgeoisie which in several instances emulated the Mexican pattern and nationalised many of the larger foreign holdings in Latin America, Africa, the Middle East and Asia; the revenues yielded up by the statified oil, mineral and other industries were used to finance the bourgeois military establishment, the political gravy train, and, in some instances, state investment in other industries or infrastructure - such as steel production, power industries, transportation, education or reforms designed to placate and pacify sections of the working masses.

But even the nationalisation of extractive industries still left the economy concerned at the mercy of capitalist market forces, and decisions taken in the boardrooms of imperialist monopolies thousands of miles away. Various attempts by groups of commodity exporters to form protective cartels to sustain adequate prices have foundered, and the prices of raw material exports have fallen steadily further and further behind the soaring prices of manufactured goods from the imperialist countries, even before the deliberate over-pricing policies of some major multinationals (drugs etc) are taken into account. For modernising, independent states seeking to import manufactures and build up their own industrial sector, there has been no choice but to turn to the imperialist bankers and monopolists for loans, tools, technology or direct investment - on the imperialists' terms. With few exceptions, the "Third World" countries that have turned to industrialisation and attempted to break from a position as suppliers of agricultural goods and minerals have done so only at the price of massive indebtedness to the imperialist banks.

The huge resources, domestic markets and long expertise and development programmes of the bigger multinational manufacturers also makes it nearly impossible for the "Third World" bourgeoisie to launch an independent manufacturing industry without resort to heavy protectionism, state spending and generally expensive licensing arrangements with existing world market leaders.

Back in the early 1970s Bob Sutcliffe wrote at some length about the question of independent industrialisation in the "Third World". He stressed that by independent he did not mean autarchy but he did mean an industrialisation that was not simply derived from another economy. A major problem in every case was the weakness of the domestic market, given the general poverty of the working classes, the tiny numbers and expensive tastes of the wealthy



bourgeoisie and landowners, and the limited scale of the middle class. This made it difficult to sustain a home-based industry, while the strength of established multinationals made it extremely difficult to capture extensive export markets (see article in Sutcliffe et al.).

Similarly, while one or two obvious mass-based consumer industries - textiles etc - might hope to establish themselves in a "Third World" economy, Sutcliffe argued that an industrialisation could not be considered independent unless it extended to a wide range of industries, including capital goods industries. And in this, as in other questions, a paramount problem was the extensive imperialist monopoly over modern technology and patents, acquired over decades of expensive research and development and jealously guarded from potential rivals. He argued that:

- \* The newly independent Third World countries came on the scene late, but were forced to compete from day one with large-scale and modern multinational mass producers.
- \* The restricted resources and general economic backwardness of the Third World countries restricted large-scale investment - unless from foreign sources - and impeded the development of a skilled Labour force.
- \* The Third World countries were -and are - in many respects economically backward in comparison to Western Europe on the eve of its industrialisation.
- \* They have been forced - unlike the European capitalists - to compete with large and sophisticated capitalist states with advanced economies. In addition, they have laboured under the exploitation of the imperialist banks and multinationals drawing from them a continual flow of profits, interest payments, fees and royalties. And insofar as the "Third World" countries began to make headway in world markets (e.g. Korea) they run into efforts by the imperialist bourgeoisie to keep them out of vulnerable areas, and protect industries in the metropolitan countries.

For many there were additional, more specific mechanisms to tie them into the web of imperialism. The colonial powers often tried to maintain ties of dependence and preferential trade with their former colonies and to entrench this through currency blocs and other institutional frameworks.

In general terms, the imperialists developed the closest possible links with both the biggest sections of the bourgeoisie or ruling oligarchy and with the officer corps of the armed forces. The training of army officers, and police forces, the provision of military aid and supplies, and economic assistance for roads, airports and other projects of use to the armed forces are all ways by which the imperialists cultivate links, which, under certain conditions, can - as we have seen - bear fruit in the seizure of power by a pro-imperialist junta.

Needless to say, none of the above analysis should be read as an argument for the nationalist utopia of a politically and economically independent capitalist development in the Third World: it is purely and simply intended to place the real industrial expansion and development which has occurred in the context of the grip still retained by the imperialist powers in the post-war world.

Andre Gunder Frank, who accepts the definition of Brazil (among others) as a "sub-imperialist" nation in the context of the Third World, analyses the Brazilian economy as a case history - revealing in the process how vast is the distinction between the imperialists and Frank's category of "sub-imperialists".

After the slump in raw materials prices in the mid 1950s brought devaluations to Brazil and Argentina in particular, Brazilian President Juscelino Kubitchek encouraged a massive entry of foreign capital to enable the start of a large-scale industrialisation.

This brought a short-lived economic boom, coupled with a fall in real wages every year from 1958 onwards. By the early 1960s a recession set in, and in March 1964 came an imperialist-backed military coup. The more recent "economic miracle" brought about under the military dictatorship took off after 1968. The results were spectacular. While income was nearly doubled for the top 5% of Brazilians in the period 1960-70, the bottom 80% saw their share of the national income fall from 45% to 37%, with the bottom 40% dropping most abruptly from 22% to 9% - an average \$90 per head. By 1975 real minimum wages had been cut to 29% of the 1958 level, 45% of the level at the time of the 1964 dictatorship.

The boom was led by the (largely foreign owned) auto industry, and supported by massive state (in particular military) expenditure.

Between 1968-74 Brazilian GNP grew by 10% each year, with industrial production increasing annually at 11%. Exports soared by 600% between 1964-75, to hit a total of \$8,200m. Amid this flood of exports, the share of manufactured goods doubled, most conspicuously featuring machinery, automotive goods, textiles and footwear. But it was no "autonomous development": the share of the multinationals in this success story was near the 50% mark. Multinationals control key elements of the Brazilian boom economy - with 90% of the motor vehicle industry, 80% of rubber; 70% of machinery; 60% of electronics and communications, 58% of food and 50% of the textile and mineral industries.

And while the super-exploitation of the new-born Brazilian proletariat made exports competitive on the world market, imports of technology, equipment and other inputs for the multinational operations, together with capital borrowing of Brazilian-based industries, grew faster than export earnings. Despite its "miracle", Brazil, the "sub-imperialist" power, still imports over 50% of the equipment needed for industrial production. As a result while exports grew from \$1.4 to \$8.2 billion between 1964-75, imports over the same period rocketed from \$1.2 to \$12.2 billion, on top of which should be added the financial deficit of \$3.2 billion for remission of profits, and the servicing of the burgeoning foreign debt, which rose from \$4 billion in 1968 to \$22 billion in 1975, to \$30 billion (3-4 years worth of total exports) in 1976, and reached \$50 billion (as against reserves of only \$10 billion) at the end of 1979.

The outcome of the "miracle" is that Brazil was then spending 60% of its entire earnings of foreign exchange from exports simply on servicing the loans and debts run up by the multinationals and state industries.

From 1974 onwards, having indulged in this vast investment programme, the Brazilian economy was hit by world inflation, the sharp rise in world petrol prices, a global recession, a resultant cutback in multinational investment and the imposition of increasingly stringent conditions on new loans and credits.

Far from having become one of the world's imperialist pace-setters, with persistent deficits and debts are incorporated (like the USA) into the very structure of the international monetary set-up, Brazil, as a "sub-imperialist" power, remained in thrall to the imperialist bankers and industrial monopolies in a plight which has in no way improved since 1979.

Though Brazil's "miracle" and the scale of its investments and debts are unique on a world scale, the forces that have combined to create the "debt

crunch" and underlined its dependent status are by no means unique.

The oil price increases of the 1970s certainly worsened the plight of the non-oil developing countries; but a far worse problem has been the incessant and faster increase in the prices of manufactured imports from the advanced countries and the soaring interest rates demanded by the imperialist bankers.

In 1975, according to UNCTAD, only 15% of the increased import costs of the non-oil Third World was attributable to the rise in oil prices: 85% was due to inflation in prices of manufactures from ACCs.

And service payments on 3rd World external debts (without counting royalty payments or repatriation of profits) rose at an average annual rate of 14% between 1950-69. As far back as 1963 - when few were aware of the "Debt Explosion" - investment payments (debt interest and repayments) were the largest single deficit item across the Third World, totalling \$5.4 billion in that year alone. In the 1970s debt service rose to account for over 10% of the total export earnings of Third World countries.

More recently this whole situation has got completely out of hand - to the extent that according to the World Bank no less than 85% of the new loans contracted by the LDCs in 1980 were used to repay old loans, and represented no net inflow of capital to the LDC concerned. From 1978-1980, debt servicing costs for the LDCs rose at an annual rate of 23%. In 1981 according to the World Bank the cost of debt servicing came to \$99 billion - 85% of the \$117 billion borrowed by the LDCs for that year.

The scale of Third World borrowing - and these interest payments to the imperialist banks - has been further increased by the recession in the imperialist economies which has knocked back demand and prices for basic commodities exported from the LDCs.

#### The Debts Crisis

Brazil was faced with a bill of \$31 billion for servicing its foreign debts in 1983 - 117% of the estimated value of the country's total exports for the year. Mexico's debt service charges amounted to 126% of export revenue, Argentina's 153%, Venezuela 101% and Bolivia 118%. The three Latin American big borrowers - Argentina, Brazil and Mexico - together owe more than \$200 billion to the imperialist bankers and their agencies. They have to borrow in order to pay their existing debts.

The scope of foreign debts accumulated by the LDCs grew rapidly during the 1970s and their bourgeoisies, state bureaucracy or "resident" multi-nationals borrowed money which financed industrial development, bridged a growing gap between import bills and slum-hit export earnings, and attempted to buttress the various state and military machines against the growing militancy of an enlarged and increasingly restive proletariat.

They were able - and often urged and cajoled - to borrow vast sums of money from the imperialist bankers, who after 1973 faced the task of "recycling" and finding profitable use for the influx of funds from OPEC oil states. Though the funds lent by the private banks were initially at very favourable rates of interest, most of it is lent not at fixed, but at floating rates, dependent on standard inter-bank interest levels.

Latin American (and other) governments turned to these private bank loans because they were attractive, available (the international agencies did not receive much of the "recycled" OPEC cash, and had insufficient reserves to meet the needs of the non-oil LDCs), and did not carry the political/economic strings attached to IMF and World Bank loans. Between 1965-1976 the percentage of Latin American debts owed to commercial banks quadrupled from 12% to 47%. By 1981 this had risen again to 55%.



A major drawback of commercial bank finance however is that it is short-term loan capital. By 1975-6 no less than 88% of loans to Third World countries had repayment periods of less than 8 years. In a corresponding shift, the percentage of Euro currency credits to LDCs with a maturity of more than ten years fell from 36.2% to a mere 1.7% between 1973-75.

This switch in the structure of foreign debts ran alongside a sharp rise in interest rates triggered by the tough monetary policies in the imperialist centres. From a mere 6% in the mid 1970s the marker interest rate - the London Interbank Offer Rate - soared to an average of 16.5% in 1981, reaching a high of 19%. Though interest rates fell back to a (historically high) real figure of 8%, this was accompanied by a 35% drop in commodity prices to the lowest levels for 30 years.

The President of the World Bank, Tom Clausen, has said that some 90% of long and medium term bank loans to LDCs since 1980 have been due to their loss of export earnings. This money is being borrowed at exorbitant interest rates from the imperialist banking centres in order to pay out more interest charges and import bills to imperialist bankers and multinationals. And even in the crisis of rescheduling and extending apparently impossible debt burdens for Brazil, Mexico and other countries, fat profits are being made in the City of London and on Wall Street.

According to a Latin American Bureau booklet on the IMF, the banks can pick up fees of up to \$1.25 million on every \$1 billion lent.

"Citicorp, one of the largest US banking companies, increased its profits from its Brazilian lendings by 46% in one year, and that one country now generates 20% of Citicorp's world-wide profits. Brazil is five times more profitable than any of the company's other lending operations. Mexico, the Financial Times reported, faces fees of almost \$200 million for its rescheduling operation, and will end up paying so much more for its new bank credit that 'for many banks, it will almost double the return on assets earned from Mexico.

"Citicorp is by no means an isolated example. Lloyds Bank International is announcing quadrupled profits in the half-year beginning in September 1982, noted that a major boost to its profits came from countries such as Mexico which were rescheduling their debts. (...) Libra Bank, the largest London bank specialising in lending to Latin America, reported profits up by 30% in its latest annual report and it now ranks as one of the most profitable banks in the world." (The Poverty Brokers, p.10-11).

With this kind of involvement and revenue from investment and loans in "independent" Third World countries, it is plain that imperialism would be hard hit were the tide of profits to be curtailed or halted. Indeed so far have the imperialist bankers inflated their assets in lending (cutting their proportion of reserves to loans back to a mere 2.6%) that a major default by one of the "big borrowers" of Latin America could jeopardise the interlocking and international system of imperialist banking and finance. This - in addition to the lucrative interest payments involved - is another reason why bankers are so keen to reschedule the enormous debts of Brazil, Mexico and Argentina (and British bankers equally anxious to bail out Nigeria).

Latin America is of course not the only arena of Third World borrowing: but its longer background of formal independence makes in an instructive example for analysis of the mechanisms of imperialist intervention and control in the post war period.

Obviously not every Latin American country has borrowed to the extent of the "big three" borrowers - though in debts per capita terms all three were outstripped in 1982 by Chile (\$1,552 per head), Costa Rica (\$1,578) and Venezuela (\$2,044), with Uruguay (\$1,289) and Nicaragua (\$1,032) not far

behind.

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But there is a big difference both in the global sums that have been loaned and in the scope of the industrial base of the country to offer a real prospect of repayment. In this respect, blockaded Nicaragua, with its weak economy subject to repeated US-backed sabotage, cut off from main lines of international borrowing to service its debts, and in practice receiving little economic assistance from Cuba or the USSR, can be in a worse position than Brazil with its towering totals of debt, or Argentina which currently owes interest arrears or \$2.9 billion from last year on its \$43.6 billion debt.

Little Bolivia, with its foreign debt gradually rising over the years, and now totalling around \$3 billion, is certainly worse placed to argue for rescheduling than the Mexican bourgeoisie, whose \$80 billion debts could bring down a chunk of the banking system.

An idea of the scale of the problem in the sub continent comes from the recent meeting of finance ministers from 27 Latin American countries (including both Chile and Cuba!) in Quito, Ecuador in January. Collectively they appealed to the imperialist creditors to make changes that would ease the burden of a total \$310 billion debts in the region. They petitioned for a drastic reduction in interest rates and commissions on new loans and rescheduling packages.

Meanwhile Peru was failing to reach agreement with the IMF on the renewal of \$480 million credit which was suspended last year because the government failed to meet IMF targets. In particular the bourgeois government had rejected IMF demands for an immediate 28% devaluation, along with cuts in government spending. In Argentina, too, the IMF was at work trying to piece together a scheme to salvage repayments after a previous plan collapsed last year.

In Brazil, while 700 private Western banks manned the pumps to bale out the government with a \$6.5 billion composite loan to reschedule overdue payments, there was a new hitch as imperialist governments - in particular Britain - failed to come up with their promised \$2.5 billion package of credits. And in Mexico there were doubts over how much of a new \$3.8 billion bank loan had been assembled - possibly less than \$1 billion so far. Bankers are plainly less than enthusiastic now about further lending in Latin America.

Indonesia, however, which has impressed imperialist bankers by hitting its dictated targets, was offered an extra \$100 million credit in excess of the \$500 million that had been asked for, as bankers scrambled for a share of new and less worrisome pickings.

The firm hand of the IMF can be seen, demanding its various packages of economic and political concessions as strings to lines of credit, in other parts of the world as well. Both Tunisia and Morocco saw food riots in January, as each regime attempted to implement IMF demands for the abolition of food subsidies - only to face mass resistance, and be forced to retreat. This is a by no means uncommon response, and in numerous instances - most conspicuously Turkey - repeated failures to impose IMF dictates by "normal", "democratic" governments have been followed up by draconian measures implemented more or less openly by Evren's military dictatorship.

Elsewhere, this option may not be open to the imperialists, and a different kind of leverage must be applied. Thus we find the Yugoslavian Salinists cap in hand to the IMF - and the IMF presenting the regime with a stringent list of conditions for any new borrowing, including devaluation of the dinar, the lifting of a price freeze, higher domestic interest rates, tighter credit, and a liberalisation of import policies (to allow greater Western penetration).

In a few countries the rising national bourgeoisie, working closely with influential imperialist sponsors, has been able to carry out an extensive industrialisation, in which foreign borrowing has been - after initial worries

- brought much more under control. The prime example is South Korea, singled out as a showpiece for imperialism, and still an active US garrison in Asia. From the early 1960s the Korean bourgeoisie embarked upon an industrialisation which changed the country from an exporter of fuels, minerals and primary commodities to an exporter of manufactured textiles, machinery, electronics and other goods where cheap - often female - labour is a key element. The whirlwind growth of South Korean capitalism was accompanied by the brutal exploitation and repression of the working class, and the competitive edge of South Korean goods in the world market is sustained by poverty-level wages, the prohibition of trade unions and political parties, and the denial of many elementary social services. Comparable developments have been seen in Taiwan, Hong Kong and Singapore, though South Korea is remarkable for its low (15%) level of foreign ownership.

Elsewhere, the general rule is that the more backward the economy, the more in need of investment capital, the less likely it is to receive loans or development of multinational subsidiaries from the imperialists. The most recent confirmation of this is the decision by the Reagan administration to sabotage the plans of the International Development Agency, the chief provider of "soft" long-term development loans to Third World countries. The IDA estimated it needed \$24 billion for the next 3 years, or \$16 billion simply to stand still. Reagan insisted that it should raise no more than \$9 billion, and cut back the US contribution accordingly. The result is a cutback on loans to India, China and sub-Saharan Africa, which will be almost impossible to replace from commercial sources.

While the white South African bourgeoisie, basking in imperialist support, boasts that it is awash with offers of credit for new investment, the bulk of black Africa is unable to obtain loans, and winds up as a result as net depositors with the imperialist banks, since they must pay for their imports by accumulating foreign exchange. These countries have suffered particularly heavily from the drop in commodity prices, and the additional burden of a prolonged drought which has devastated agriculture and brought a toll of famine. Even the black African state most prosperously endowed with natural resources and committed to industrialisation - Nigeria - has run up against the limitations of attempting autonomous development in a world where all the strings of finance and technology are held by the imperialists.

Only as the military took over from the "elected" bourgeois government did the Western press turn any attention to the position of Nigeria, which has faced a drop in oil revenues from \$22 billion in 1980 to \$8 billion last year, and needs to repay \$1.5 billion this year in principal on medium and long term debt, along with \$930 in interest and \$850 million for rescheduled debts, over and above a backlog of trading debts estimated at over \$5 billion.

Having gone to the IMF and explained its inability to meet payments on \$14 billion debts to US and British banks, the Nigerian bourgeoisie was instructed to devalue the currency: its refusal led to a rejection by the IMF of a \$2 billion loan request. On top of the financial crisis came the exposure of the graft, corruption and ballot-rigging by the government party, giving the massive and highly politicised army officer corps the green light to move in and impose "order" - to the barely disguised relief of the British and American bankers, but the dismay of some multinational contractors engaged in lucrative projects which now seem likely to face the axe.

### Cracking the Whip

"Nigeria is critical in international oil politics, but as a debtor country it is minor league, and a default would not be anything like as bad as a major Latin American collapse. It owes \$20 billion including arrears on trade payments, less than a quarter as much as Brazil.(...)"

"The Nigerian military government may, judging by its first reactions, honour its bank debts and try to pay its creditors. But many other third world countries are struggling for political stability under the same heavy pressures, and it would be surprising if the wave of austerity throughout



Latin America fails to produce similar political collapses - or military coups - during 1984" (Guardian 4-1-84).

For the imperialists, the old options of simply invading a rebellious colony and installing a new regime are - with the exception of Grenada - for the most part no longer viable means of controlling events in the Third World. Indeed as the humiliating US defeat in Vietnam, the Portuguese collapse in Southern Africa, the toppling of the Shah of Iran and Somoza in Nicaragua, the current war in El Salvador and the imperialist/Zionist embarrassment in Lebanon confirm, it is no longer a straightforward matter even to sustain an existing pro-imperialist regime against a mass tide of active resistance.

As we know all too well, this by no means precludes imperialism from inflicting reverses and defeats on mass movements. The working class suffers from an appalling and unresolved crisis of revolutionary leadership and this - as in Portugal - can at times be pushed back with the aid of Stalinist and reformist misleaders even when power appears to be within its reach.

But how have the imperialist powers tackled the problem of maintaining their control over the newly-independent states of the Third World, and ensuring that in crunch economic circumstances there are sufficiently powerful forces operating to keep those countries firmly within the norms and laws of capitalism?

Most obviously, the post war period saw a succession of military moves by US imperialism to construct a global network of alliances with European and other imperialist and pro-imperialist governments aimed at encircling the power of the Soviet Union Eastern Europe and China, and thus walling off the Third World from the contagion of imagined Stalinist "expansionism". The 1950s brought the construction of the NATO, CEWTO and SEATO alliances stretching from Scandinavia across to Thailand, the Philippines and Australasia, with extensive US bases in Japan completing the circle. In the post-war settlement Korean war the US secured a new chain of bases in Asia, the Caribbean and Europe, while the policing of Africa was left in the hands of the European imperialist powers.

The 1950s saw US covert interventions procure the overthrow of radical nationalist regimes in Iran and Guatemala, and obstruct the inevitable unification of Vietnam following the "peace" accords of 1954. The US imperialists sat back and sabotaged the joint Anglo-French-Zionist adventure in Suez in 1956, keen to emphasise its newly dominant voice in this increasingly strategic arena of world politics. US cash continued to funnel into the Israeli state a strategic imperialist outpost in the region, the more important to combat Stalinist influence in Egypt and Syria, while US arms and other support built up the strength of the Shah's Iran.

In 1958 US troops invaded Lebanon. But after 1959 a combination of heavy handed US tactics, Soviet involvement and a more than usually radical petty bourgeois leadership in Cuba led to the revolution breaking its links with imperialism, defeating a bungled invasion attempt, and becoming assimilated economically and politically into the Stalinist orbit. This has proved to be the only non-Stalinist leadership to develop in this way in the post-war period.

The 1960s saw US covert involvement in the overthrow of the Lumumba government in Congo/Zaire, and the installation of Mobutu's dictatorship, in the military takeover in Brazil in 1964, and the toppling of Sukarno's bourgeois nationalist regime in Indonesia, with the brutal repression of the world's largest non-ruling Communist Party. From the mid 1960s Kennedy, Johnson and then Nixon stepped up the US military involvement in Vietnam, Cambodia and Laos which was only finally defeated in 1975.

Burgeoning US multinational investment in Latin America in the 1960s had

run alongside Kennedy's "Alliance for Progress" scheme of tied "aid" and a growing attention to the internal developments of the various countries of the subcontinent. There was a strong US welcome for the military coup in Argentina in 1966. The defeat of the US-favoured Christian Democratic government in the Chilean elections of 1970, and the narrow victory of Salvador Allende's allegedly "Marxist" reforming popular front government prompted frenzied US economic and political activity. The country was subjected to an almost total US economic blockade, denied access to routine lines of credit, while US owned multinationals such as ITT provided operational support to the Chilean extreme right wing. While most other aid was cut off, the military officer corps was favoured by US handouts and groomed for their eventual takeover of power in 1973. The Pinochet regime, implementing policies advocated by imperialist guru Milton Friedman and his "Chicago Boys", crushed the trade unions and workers' parties, slashed wages and public services, privatised whole industrial sectors nationalised under Allende, and took full advantage of the unlimited new supplies of loans proffered by enthusiastic US bankers. The result has been the devastation of the Chilean economy, its chronic indebtedness, mass unemployment and the demolition of native industrial enterprises to the benefit of multinationals.

The same year saw a military crackdown on the Uruguayan popular front; 1976 saw a similarly brutal dictatorship imposed on the Argentinian working class. With Bolivia under the iron heel of General Banzer since 1971, and Brazil and Paraguay under savage military regimes, the whole "Southern Cone" of Latin America was subjected to the iron logic of imperialist finance capital seeking to extract at all costs its profit, cheap raw materials, and its regular interest payments from the masses.

Further, if not exactly comparable, military crackdowns or dictatorships have taken place in other important arenas of US/imperialist control - the Philippines (1972) Sri Lanka (1970) Egypt (1973, 1977), India (1975), Thailand (1976), Peru (1976), Pakistan (1978), Tunisia (1978), Turkey (1980), Nigeria (1975, 1984). Other important areas, such as Central America, have remained under the grip of military cliques, ruling hand in hand with landowning and big bourgeois oligarchies, beaked to the hilt by US multinationals, bankers and overt or covert military aid, especially in the aftermath of the Nicaraguan revolution.

In the Middle East there has been a variety of lines of development within the framework of capitalism. Sections of aspiring national petty bourgeois and bourgeois elements with the army officer corps and state apparatus have in some instances been able to lay hands on power and carve out to a limited degree an independent political line (Libya, Syria, Iraq). Other regimes have emerged as outright repressive, subsidised client states of US imperialism (Israel, Egypt, Jordan), or remained locked in a historic time-warp as semi-feudal oil-states tied politically and militarily to the protective power of imperialism as the guarantor of the immense wealth and privilege of their ruling royal houses. The attempt of the Shah of Iran to establish his oil-rich regime as a dominant military power and principal imperialist agency in the region came to grief amid the popular revolt of 1979, offering further evidence of how skin-deep is the "imperialism" of such allegedly "sub-imperialist" powers.

Of course imperialist control in the post war period has not been simply imposed from the outside or by crude military/dictatorial means. The very development of capitalism in the Third World has inevitably brought with it the emergence of new layers of bourgeoisie who are themselves tied economically, politically and militarily to imperialism. The process of combined and uneven development - the pell-mell expansion of new, advanced mass production factories and extractive industries in the midst of poverty, peasant farming and mass disease and ignorance - can only replicate many of the features which Trotsky and Lenin observed in the development of capitalism in Russia. The bourgeoisie, landowners and aspiring national bourgeoisie remain relatively weak as a political force, isolated from a substantial urban petty bourgeoisie,

more afraid of the working classes than imperialism and the multinationals, and heavily dependent upon the state machinery and the armed forces for their protection and survival in astonishingly polarised and unequal social conditions.

Those countries whose bourgeoisie have on occasion demonstrated a greater degree of actual political and economic independence from imperialism (aside from the routine gestures of the United Nations etc) have done so in some cases because of their control over specific natural resources (Argentina and the oil exporters); in others because of their bargaining power as significant markets or military agencies of imperialism; in other cases because the states at the time of independence had a more developed and self-confident bourgeoisie, sometimes able to count on alternative sources of aid and support from the Soviet Union (India); or in some other cases because the regime is weaker, more petty bourgeois and radical nationalist in inclination and under pressure from mass movements of the working classes.

Yet with the sole exception of Cuba, each of the states that have gained independence since World War Two have come firmly under the domination of world imperialism - though in some cases later playing a subsidiary role in helping to assert that domination. Indeed the case of Cuba - now incorporated into the Stalinist economic structure - helps confirm rather than refute the relevance of Trotsky's Theory of Permanent Revolution in the post war period underlining the fact that only under the leadership of the working class and its independent party and through the dictatorship of the proletariat can the tasks of the bourgeois revolution be completed; and only in the international extension of the socialist revolution can national independence from imperialism be achieved.

In every case the limit to the radicalism of the petty bourgeois nationalist regimes has been set by their reluctance to tolerate, still less unleash the independent strength of the working class. Rejecting the revolutionary socialist road leaves only permutations of state capitalism and class collaboration on an international level, within the framework of imperialism. This was the "Algerian road", and has been followed - with variations - by every subsequent petty bourgeois nationalist regime. For many, the control and development of state power has been their only guarantee of access to careers offering collective and personal enrichment. Since the state needs to establish working links with the imperialist ruling classes on the one hand, and effective control over the working class on the other in order to fulfil this role, the petty bourgeois regimes are drawn inexorably into collaboration with international capital, often brazenly discarding the more radical aspects of their early political programme - or even the more radical exponents of these views - in the process.

There have been a handful of exceptional cases, in which a petty bourgeois regime has been regarded as excessively radical and punished by loss of imperialist support, turning instead to the Soviet bureaucracy. But these have in the main proved to be temporary aberrations, later rectified by a more or less abrupt break from Moscow. Egypt is the most obvious example, but we might be witnessing a similar turnabout by Mengistu's Ethiopia today, and Syria tomorrow.

But if the radicalism of the "left" nationalist regimes has for the most part been tamed or channelled into comparatively harmless gestures, what of the apparent emergence of powerful, militarised regimes in the Third World, loosely described by some writers as "sub-imperialist" states? Do they represent a qualitatively new type of bourgeois regime, no longer dependent upon imperialism, acting simply to satisfy their own lust for expanded territories or markets?

It is worth noting that the desription which Andre Gunder Frank (an otherwise comparatively sensible defender of the notion of "subimperialism")



gives to the term is that "These semiperipheral and/or subimperialist economic centres do more than occupy an intermediate place between the centre and the periphery of the capitalist international division of labour. According to both Wallerstein and Marini and his followers, these intermediate powers act as political intermediaries - a role analogous to that played by the "middle classes" between capital and labour - in the unequal bargaining between the metropolitan centre and its periphery" (CITW p.2).

Frank is obviously not equating these regimes with imperialism, but pointing to their often squalid roles as local agents of the imperialist bourgeoisie. He lists Brazil, Mexico, Argentina, India, Israel, Iran and South Africa as "sub-imperialist" regimes, militarily dominant in their own regions, relatively industrialised, and with distinctive elements in their own foreign policy. Others have claimed that Argentina war for the repossession of the Malvinas islands was "evidence" of "imperialistic" ambitions on the part of the ruling class - thus simultaneously distorting the term "sub-imperialist" and dismissing Argentina's strong historic claim to sovereignty over the Malvinas islands, which was a prominent plank in the Peronist programme of the 1940s and 1950s and well known to authors like Frank - though few of the advocates of the notion of Argentina as "imperialist" - long before the war erupted.

Yet the burden of Frank's analysis is in reality to show how substantial is the distinction between the political and economic status of the "sub-imperialist" powers and the imperialist metropolitan countries. The military high command and officer corps of Brazil and Argentina might well flush with enthusiasm at the prospect of developing joint alliances with US and British imperialism and policing the South Atlantic: but nobody could be under any confusion as to which countries would have the decisive voice in any such pact, or whose interests the alliance would favour most. And while the IMF, the CIA, the Wall Street bankers, Detroit car bosses and countless multinational directors have at times a decisive say in the political and economic decisions taken in Brasilia, Rio or Buenos Aires, there is no suggestion that - even given their huge indebtedness - any reciprocal power exists on the part of the "sub imperialists" to enforce wholesale changes upon their big bourgeois brothers.

In the case of Argentina, the Malvinas war, though utilising a legitimate grievance and demand for sovereignty, was in many respects a despairing final throw by the Junta at defusing a mounting working class challenge to its power and authority.

In biting the hand of an imperialism that had helped nurture and feed it, the Galtieri junta was not strong enough - and never seriously believed it would actually be called upon - to defeat the retaliatory strike by the British task force. Defeated even in its diversion, and unable to resolve the economic crisis brought about by its Friedmanite policies, the junta had little choice but to hand over to a bourgeois civilian administration which would be better placed to strike a new deal with imperialism. The Alfonsín government, rejecting the extremes of Peronist nationalism and projecting an "acceptable" democratic and reforming face to bourgeois world opinion and initially to the Argentine working class, is seeking an orderly means of mending its bridges with British and US imperialism as the only means to escape the debt crunch offering up a few sacrificial generals as a peace offering. The imperialists in turn are more than pleased to find a government prepared to talk interest payments and cooperation.

How long this rather artificial honeymoon period can last before Alfonsín, too, is obliged to go on to the offensive against the Argentine unions and confront the redoubled strength of a powerful working class is an open question. What is clear is that many of the objective forces which brought him to power were plainly developing even before the Malvinas war: and that the Argentine

workers can only complete their struggle for democratic rights through a complete break with the politics of the Argentine bourgeoisie and the building of a proletarian party on an internationalist programme. This fight could and should have been taken forward under the war conditions as well as in the new political situation.

The Brazilian military command, bourgeoisie and prosperous petty bourgeoisie are a tiny segment of a vast population in which the top 20% take over 62% of the national income, 90 million live below the poverty line, 40 million are admitted by the Health Ministry to be "under nourished" and 15 million are incapacitated by epidemic disease. Now, buffeted by the growing organised strength of a newly developed industrial proletariat on the one hand and the imperious demands of Western bankers and multinationals on the other, they face the dilemma of whether to complete the planned transition from open military rule to cosmetic "democracy". While the immense size of the country, its potential wealth, and the scope of industries already established might - under other circumstances - suggest that Brazil is on the way to becoming an imperialist world power, the realities of the present epoch, and the extent to which the masses are already plundered by imperialist finance capital means that it will remain no more than a powerful regional power in the Third World.

In similar fashion the Mexican bourgeoisie, utilising a vast mechanism of graft to help contain the potential strength of the working class, presides over an immense pool of human misery, with the poorest 40% of the population having suffered a 38% drop in living standards between 1950-75. In 1973 only 55% of children aged 6-14 received a basic education in Mexico, and 96% of the pre-school population suffered from malnutrition in 1979. This bourgeoisie is so far from being expansionist or "imperialist" that it leads the effort of the world's social democrats and "moderate" bourgeois governments in the search for a negotiated settlement of the revolutionary upheavals in Central America, which it fears may flow into Mexico itself.

The analysis of the Indian economy by Andre Gunder Frank casts doubt from its second sentence on whether or not his label of "subimperialist" is at all apt: "India, like Argentina, is an economy in a chronic and ever-deepening economic crisis of accumulation. Attempts at salvation through subimperialism à la Brazil have failed thus far." (CITW p.27)

The Indian economy, dominated by the state sector, and comparatively little penetrated by foreign capital, is nevertheless a classical example of combined and uneven development, and at only around  $\frac{1}{4}$  the size of the British economy economy with a population 12 times as large, is plainly nowhere near the scope of the imperialist powers for all its development of nuclear bombs and jet fighters. Frank's list of foreign investments by Indian capital (65 instances in 43 countries) points out that many are designed simply to "promote or assure export markets abroad" (p.36), and goes on to state that

"105 ventures with a higher combined Indian equity than those in operation have been abandoned either after approval or after initiation, indicating the obstacles that Indian capital encounters in the realisation of its sub imperialist ambitions abroad" (p.36).

The poverty of the masses in India (where wages have been falling both absolutely and as a share of national income, and in 1978 48% of the rural population and 41% in the urban areas (290 million people) were living below the poverty line) has meant that despite the size of the population, there has been insufficient guaranteed market to lure in the mass producing multinationals who already have an abundance of cheap labour available in strategic production centres.

The large and well established Indian bourgeoisie is certainly reactionary enough to nurture expansionist dreams and ambitions: but the extent to which it is useful to describe India as "subimperialist" (or even "failed subimperi-

alist") seems open to doubt.

Frank's other examples are Iran - where the argument has now collapsed following the ousting of the Shah - the imperialist-created settler state of Israel, and the curious, bellicose, powerful and ambitious European settler regime of South Africa. In each of these two cases a commonality of material interest, ideology and military design binds these regimes to the imperialists: but they are in no way typical Third World regimes - and without colossal US subsidies, Israel's economic situation would appear dramatically different.

As used by Frank, the category of "subimperialism" appears more confusing than clarifying: as used by others, who wish virtually to equate it with imperialism, it is still more confusing and misleading.



### Some conclusions: Imperialism and Our Programme

Much has changed in the world since Lenin: much has changed since Trotsky was struck down in 1940. Many formerly colonial peoples have risen up to compel their imperialist rulers to grant them formal political independence. Capitalism as a world-wide system of exploitation has sunk roots into previously untouched agrarian and feudal-ruled territory; previous generations of peasants have been dragged, however reluctantly, into new factories and industrial plants to form sections of an enlarged, potentially more powerful world proletariat. Imperialism, as monopoly capitalism, seeking to preserve and extend its domination and exploitation of the resources of the world, has adapted its forms and methods to fit changes in the relative strengths of the imperialist powers, changes in the relative strength and global reach of the Stalinist bureaucracy, and - most significantly - changes in the post-war balance of forces between imperialism, the local capitalist classes, and the counter-revolutionary Stalinist bureaucracies on the one hand, and the international working classes (proletariat and poor peasantry) on the other.

Imperialist power today still contains a strong element - often a decisive element - of military threat, though such threats have been defied and successfully beaten back in a number of important instances - including Cuba, Algeria, Vietnam,†Angola.

Imperialism still seeks, though today more through indirect than direct means, to apply political coercion and dictate policy to the peoples of the Third World. It still rests upon the export of finance capital, which facilitates the exploitation of the masses for the benefit of the bourgeoisie both in the developed metropolitan countries and in the Third World. In some cases a slightly enlarged share of the cake has had to be handed over by the imperialists to satisfy the expensive appetites of the newly emergent national bourgeoisies, military commanders, petty bourgeois state functionaries and leaders of yellow trade union confederations.

In some instances of conflict, the bare figures on the cost of military repression and the subsidies paid to preserve reactionary regimes might appear to wipe out any real profit to be made by the imperialists (Vietnam, El Salvador). But such investments of financial and military resources are seen by the imperialists not as straightforward profit and loss operation (though the arms manufacturers and their suppliers of course make a killing) but as part of the world-wide political struggle to preserve the dominance of imperialism. The immediate balance sheet (in which deficits can in many cases - as with Vietnam - be spread across the whole capitalist world economy through the devaluation of the dollar) is seen as less important than the long-term balance of class forces upon which imperialist exploitation depends. Why else would level-headed US strategists propose to plough billions of dollars into buttressing up the impoverished and marginal economies of Central America, or seriously contemplate military intervention against Nicaragua? The political stakes are seen as far in excess of the economic cost - which in turn is vastly more than even the most voracious US multinationals could hope in the short term to extract in profits from Central America.

In any case the profits are made in almost every case by multinational corporations, while the costs of imperialist military and economic support to reactionary regimes are borne by the state - and thus shouldered in part by the workers and middle classes in the imperialist countries.

Imperialist oppression and exploitation is thus a major factor in the daily lives of the majority of the world's population. Their misery is intensified by the extent of the tribute levied by the imperialist monopolies and bankers over and above the brutal extortion of their "own" landowners, bourgeoisie and military rulers.

This factor of double exploitation remains valid even if it is cynically utilised in the nationalist demagoguery of certain petty bourgeois or even bourgeois politicians and populist leaders who wish to divert attention from the savagely reactionary nature of Third World bourgeois regimes, or win a mass base of support for utopian nationalist policies.

But to draw the conclusion that the Third World countries are oppressed and exploited by imperialism by no means leads to any popular frontist policy - any more than the fight against fascist dictatorship called for a resort to class collaboration on a purely "democratic" programme. The national oppression of Third World countries is a factor that must find expression in the proletarian programme for these countries; but it does not mean that the programme itself can or should be reduced simply to some form of "national liberation" struggle. Let us look a little more closely at the implications of this analysis.

1) The complex and uneven course of events, and the experience of the working class since the writing of Lenin's "Imperialism" has confirmed above all the basic tenet of Trotsky's theory of permanent revolution. In the epoch of imperialism, where even the completion of the democratic tasks of the bourgeois revolution run into conflict with the needs of international capital, only the working class, by taking the leadership of the struggle for democratic demands and incorporating them into its programme for a revolutionary workers' government and the dictatorship of the proletariat, can carry through the radical solution of the unsolved democratic tasks.

The old landowning classes, the oligarchic elements of the national bourgeoisie (tied more or less openly to imperialism), and the aspiring national bourgeoisie (in need of patronage, credit, and markets from the imperialists) have confirmed themselves to be politically impotent in the achievement of meaningful political or economic independence, or the most basic democratic rights for the working masses. Their fear and hostility towards the working class and poor peasantry in each case have far outweighed their tactical differences and their subordinate opposition to the imperialists. The conflicts between different sectors of international capital, the differences between international and national capital, and the differences between various elements and interest groups of national capital in the Third World have in every instance proved secondary to their common opposition to the independent strength of the working class. Indeed the further development of capitalist industrialisation has strengthened and enlarged the proletariat as an economic and political force in society, and intensified this basic class antagonism.

2) Related to this has been the consistent lack of any political independence or decisive role played by the peasantry as a social force in Third World politics. Preyed upon from time to time for mass support by petty bourgeois and bourgeois demagogues, the peasantry has remained, as Trotsky analysed, torn in allegiance and practical politics between the forces of its masters - the landowners and bourgeoisie - and the industrial working class (insofar as the working class has itself been able to develop an independent political voice).

Even Fidel Castro's unique guerrilla victory from the mountains of the Sierra Maestra into the urban sprawl of Havana relied less on the peasantry as a fighting force (the Rebel Army was only 1,500 strong at the time of victory) than upon the more or less passive acquiescence of peasant farmers and agricultural workers while the Batista dictatorship, lacking any popular base of support, crumbled not least due to its own corruption, economic failure and alienation of the working population.

3) The third element of Trotsky's analysis, vindicated by nearly 80 years of development since 1905, is his insistence that the international extension of a revolution is its only guarantee of defence and the completion of its tasks. Revolutionary struggle must begin on national foundations; but the internationalisation of the capitalist economy, the combined and profoundly



uneven nature of capitalist development, and the scale of the resources in the hands of the imperialist bourgeoisie for sabotage, economic, political and military intervention, all underline the folly of seeking to build "socialism in one country". Most crazy of all is to imagine that it is possible to build socialism in a single backward, dependent economy, subjected to imperialist blockade and encirclement, and denied access to the capital and technology required for economic development. The degeneration of the Russian revolution, and the deformations of the various Stalinist or Stalinised (Cuba) economies which have emerged since World War 2 have ably borne out this starting point of proletarian internationalism, and should serve as stark warnings for revolutionaries in other Third World countries. Similarly the reactionary degeneration of even radical petty bourgeois nationalist regimes - following along Algerian lines - are a confirmation of the pressures that are exerted by imperialism on the newly independent, isolated state, and the material changes that transpire when a caste of petty bourgeois leaders and administrators lay hands on the state machinery and state-owned industries without any accountability to a politically-independent working class.

4) Since Trotsky wrote his first outlines of permanent revolution, an immense range of reformist, petty bourgeois and bourgeois nationalist, and (subsequently) Stalinist leaderships have emerged and implemented their own programmes for the Third World. The Stalinists, by reverting to the Menshevik notion of fixed "stages", and seeking collaboration with the "democratic" national bourgeoisie at the expense of working class independence, in effect reverted to the politics of the reformist Second International. This was consolidated as a global policy at the 1935 Seventh Congress of the Comintern, where the Popular Front strategy was adopted - and eagerly embraced by Stalinist parties in Latin America and across the colonial world. With a brief and uneven break around 1947 at the onset of the Cold War, the same policy has formed the bedrock of Stalinist politics in the Third World ever since. In 1965 the Kremlin bureaucrats went so far as to stage major international conferences in Prague and Moscow to commemorate the 30th anniversary of the Seventh Congress and argue the relevance of the Popular Front strategy on a world scale. This was a deliberate attempt to counter the impact of the more radical style of popular frontism embodied in Fidel Castro's (subsequently abandoned) guerrillaist line: it bore bitter fruit in the Chilean CP's support for Allende's popular front government up to the Pinochet coup of 1973.

This same class collaborationist stance on liberation struggles and on policy for the independent countries of the Third World ( "first" an "anti-imperialist" common bloc with the "progressive" national bourgeoisie to secure a democratic regime, some reforms, some economic development; "then" moves for socialism) has dovetailed in completely with the confused, sometimes more or less radical politics of nationalist sections of the petty bourgeoisie. They, too, see the immediate question as an alliance with anyone and everyone to achieve democratic reforms, and are more than willing to leave "socialism" (insofar as they accept "socialist" terminology) to the indefinite future. The various wings of the anti-imperialist and radical movements in the Third world thus tended to be dominated by variations of the one common political line: the separation of socialism from the struggle for independence and democracy, and the subordination of the independence of the working class to a cross-class alliance - alliances which, without exception, have worked to the detriment if not the destruction of the independent workers' movement.

5) It is in this context that the political confusion of the post-war Trotskyist movement, and its failure to develop an adequate grasp of Stalinist politics or the politics of the Third World has done so much damage to its development.

Logically, Trotskyism should have established - at least within its own ranks, but in many instances penetrating the wider workers' movement - the need for an alternative, revolutionary, proletarian line to the class



collaboration and nationalist adaptations of the Stalinists. Building on the theory of permanent revolution, recognising the growing strength of the industrial proletariat even in the most apparently forgotten Third World countries, and recognising the abject failure of cross-class alliances in the preceding decades, Trotskyists should have been at the forefront of the struggle for the organisational and political independence of the working class, the independence of the trade unions from the state, the breaking of links with bourgeois parties, the development of a programme of demands including the opening of the books of the Third World bourgeoisies to expose their links with the imperialists, and a clear internationalist programme.

Instead, much of the Trotskyist movement spent the 1950s confused over the role and direction of world Stalinism (where many imagined that whole segments of the Stalinist leadership would be moved spontaneously by objective pressures towards revolutionary or at least centrist politics) and the 1960s, in the aftermath of the Cuban revolution, chasing after Castroite guerrilla groupings, the Algerian FLN leadership and other stripes of nationalist.

Since then some belated "self criticisms" have been written (Algeria 1969; Latin America 1977) but, as the USFI's current line on Central America shows, few lessons have actually been learned, and important sections of the Trotskyist movement retain a cross-class programme for whole sectors of the world, coupled with adaptations to various Stalinist currents. Indeed the American SWP leadership has come out openly and combined cross class politics in today's struggles in Latin America with an explicit argument justifying Fidel Castro's leadership in capitulating to the politics and methods of the Kremlin Stalinists in the early 1960s ("Wouldn't we have done exactly the same thing?" - see "Revolutionary Cuba Today"). Going even further, they describe Cuban foreign policy today - indistinguishable in any essential from that of Moscow - as "proletarian internationalism".

6) As might be expected, given the preceding analysis, the experience since the time of the Comintern shows that there has been little opportunity to test out or implement the guidelines of the "Anti Imperialist United Front" spelled out in Comintern Theses. They insisted upon proletarian political and organisational independence, but accepted the possibility, on that basis, of tactical alliances with fighting, revolutionary democratic sectors of the national bourgeoisie. In practice the national bourgeoisie between the wars (India, China) preferred to fight the working class than to fight imperialism, while the Stalinist degeneration of the Comintern brought the liquidation of its firm class line. The same has remained the situation since World War 2.

Does this then invalidate the Comintern's Theses as guidelines for today's anti-imperialist struggle? In my view, while there remains a theoretical possibility of the Theses being applied to struggles - such as those in Central America - the practical, concrete conditions mean that they are of little value.

Firstly, the Theses - like the other Comintern Theses on the proletarian United Front - were intended to be implemented by sizable, influential Communist parties. Trotsky specifically argued that without such a party the question of United Front tactics does not arise. Realistically, mass-based Trotskyist parties are likely to take a long time to build. Yet without a mass base of support we are in no position to defend the political independence of the working class - and therefore we are unable to meet the first part of the Comintern's proposition, which insists:

"The workers' movement in the colonial and semi-colonial countries must first of all establish itself as an independent revolutionary factor in the common anti-imperialist front. Only when its importance as an independent factor is recognised and its complete political autonomy secured can temporary agreements with bourgeois democracy be considered permissible or necessary."

"Similarly the proletariat supports and advances such partial demands as an independent democratic republic, the abolition of all feudal rights and privileges, the introduction of women's rights, etc., insofar as it cannot, with the relation of forces as it exists at present, make the implementation of its soviet programme the immediate task of the day."

(Theses, Resolutions and Manifestos of the Comintern, p416)

Theoretically, however, and quite abstractly, there is no reason to deny that a mass, revolutionary, working class-led struggle against imperialist intervention or for national liberation could - without political compromise - allow the participation of any willing petty bourgeois or bourgeois forces that could be found.

The problem arises when the petty bourgeois and bourgeois forces become accepted by workers as the leadership of the movement, because from there the next step is that they move in to block out the independent demands of the working class and in particular to repress the voice of Marxist revolutionaries.

7) The imperialist exploitation of relatively advanced as well as obviously backward semi-colonial countries in the present period is in no way an argument for a cross-class or popular frontist political line restricted to "national independence". On the contrary, everything in the development of Leninist and Trotskyist theory and the practical experience of class struggle since the turn of the century points to a line of proletarian independence.

Is it possible, therefore, to devise an adequate proletarian programme in the Third World which has no points of overlap with any sections of the "national" bourgeoisie?

The answer must be 'no': because there are definite problems facing revolutionaries in Third World countries which will, at least initially, apply under bourgeois or workers' rule.

Most conspicuous of these is the problem of economic (and through this political) dependence upon imperialist finance capital. This problem itself can be divided into two categories of country: (a) the more industrialised - and in general more debt-ridden and integrated - countries, where the question is one of the immense burden of interest and principal repayments, coupled with the threat of ostracism and outright blockade in the event of repudiation or default; and (b) the possibly even more acute problems of the most utterly backward, under- or non-developed countries of Africa and Asia, where there are few external debts because there has been little or no internal investment, and there is little or no prospect of securing international loans.

In the first instance, the sheer scale of imperialist lending and commitment of resources are both a liability and at the same time a massive bargaining counter for a victorious working class revolution. A workers' government in Argentina, for example, recognising the extent to which whole banks and powerful multinationals hang on the fate of their loans and investments in Argentina, would have a wide degree of choice on the tactics they should employ. In choosing whether or not to repudiate the country's \$40 billion debts, the new revolutionary regime would need to weigh up: the short-term prospects of parallel revolutionary struggles in Brazil and the remainder of Latin America, or the contrary danger of isolation; the chances of achieving a short-term self-sufficiency in essential goods in the event of a retaliatory imperialist blockade; the desirability and possible terms of increased Soviet and Eastern bloc trade and other economic assistance; and the revised terms and other concessions which they might be able to screw out of the imperialists - bankers and industrialists - in exchange for not repudiating the debt.

In finer detail, an Argentine workers' government would be able to open the country's economic books and break down the global figures of



indebtedness, determining to what extent the "debts" are attributable to military spending, corruption and other elements; to what extent they represent payments to other semi-colonial countries and the Soviet Union; to what extent they represent extortionate profit-taking, price-fixing and overcharging by the multinationals, or interest payments and fees to London, New York and Paris bankers. How much, conversely is down to necessary medical supplies, irreplaceable raw materials and foodstuffs, and items which a workers' state will still require?

The workers could then decide which, if any, of these elements should be paid, and how important they are, while pursuing the fight for the international extension of the revolution, and demanding aid without political strings from the Kremlin and Peking leaderships.

Similarly, the imposition of workers' control and the opening of the books of the multinationals, foreign-owned and joint businesses, and Argentine capitalist enterprises would be a basic preparation of a programme of expropriation in which a revolutionary government would be able to choose tactically how many holdings should simply be taken over, and which, if any, should be allowed to operate under rigid workers' control, centralised planning and a state monopoly of foreign trade.

Such details could be finalised and concretised in the course of struggle. There are only two principles that must be upheld inflexibly under all conditions: a clear rejection of nationalist dreams of an autarchic, independent road to socialism in a single country; and a rejection of any notion that any particular form of temporary compromise with imperialism, Stalinism or the national bourgeoisie is either inevitable or desirable. There is no common "national interest" between bourgeois and proletarian in the Third World any more than there is in the metropolitan countries. Nor is the capitalist "viability" of Third World countries any more sacrosanct than the "viability" of individual capitalist enterprises. The one and only starting point must be to advance the class interests of the working class, which can only be defended by the class itself, under revolutionary leadership and through its independent class organisations.

In the second instance, however, in the most backward economies, the perspective of revolutionary development is even more complex. These countries have much smaller debts, less links with imperialism, because they have neither economic clout nor strategic significance in their own right for the bankers and industrialists of the imperialist countries. But as Trotsky pointed out in the case of Mexico in 1938, development of industry in a poor country is not possible without foreign capital. A workers' and peasants' government would need to confront this stark difficulty, or face immense pressures to compromise politically with the imperialists.

How could this be done? Could a new, revolutionary regime in Africa, for example, expect to increase its bargaining strength with a hostile imperialism which will be keen above all to extinguish the revolution which might otherwise spur on similar struggles elsewhere? The examples of the Sandinista revolution and the Cuban revolution - both cold-shouldered and blockaded by US imperialism - suggest strongly that this would not be the case.

Where, then, could external finance come from? Should a Cuban-style political compromise be made with the Soviet bureaucracy in exchange for economic backing? Could Moscow and Peking bureaucrats be played off against one another to minimise the political strings involved and maximise the aid? Could reciprocal deals be made with other radical petty bourgeois regimes and social democratic governments? What would be the political price of such arrangements?

Whatever tactical steps might prove to be necessary, whether they include offering strictly-controlled concessionary deals with capitalist firms (as the Bolshevik leaders did, and Trotsky suggested for Mexico in 1938), or joint projects with Stalinist countries, the crucial component must be a



proletarian, revolutionary party committed to the political independence of the working class, an independent trade union movement to defend the interests of the workers, and the completion of the democratic programme for the working class, for women and national minorities and for the poorest layers of the peasantry. There must be no idealisation of the status quo, no acceptance of national isolation, no let-up in the fight to extend the revolution, and compromises would need to be clearly and honestly explained to the masses.

8) From the standpoint of revolutionary struggle in the imperialist countries, it is essential that the workers' movement is systematically educated on the extent to which their "own" bourgeoisie profits from and perpetuates, and has strengthened itself as a ruling class as a result of its exploitation and oppression of the most downtrodden workers in the Third World.

The opening of the books of the multinationals and the imperialist banks to reveal the extent of this plunder, campaigning for the renunciation of Third World debts and a commitment to aid anti-imperialist struggles and revolutionary regimes should be included in the agitation and programme of Trotskyist groupings in the imperialist countries.

Active support for liberation struggles of oppressed minorities and peoples - in particular the Irish and Palestinian struggles - must be combined with a Marxist critique of petty bourgeois programme, methods and leaderships thrown up in these struggles. The most decisive element in achieving the unification of Ireland or a secular Palestine as part of a workers' and peasants' revolution in the Middle East must be the working class - which cannot be mobilised by heroic individual, elitist armed actions, and still less by opportunist top-level wheeling and dealing with sections of the bourgeoisie.

The road to national liberation in these cases must run through a secular programme, combining democratic and transitional demands, seeking to break down the reactionary popular front alliance of the Loyalist and Jewish workers with their "own" bourgeoisies, which forms the bedrock of their sectarian states.

But in no case must such a programme be counterposed to the unconditional defence of the existing organisations and struggles of the oppressed against the repression and state terrorism of the oppressors. This line of unconditional but critical support is at times complex in its application, where the resistance to oppression takes confused and at times even reactionary, sectarian or nationalist forms. But the guiding line for Marxists in imperialist countries must be that their chief task is to break through the chauvinism and racism inculcated in their own working class by the imperialist bourgeoisie and its loyal labour lieutenants. Only insofar as Marxists are seen to combat reactionary moods and movements at home and to withstand the pressures of bourgeois and social chauvinist "public opinion" can they hope to gain the respect of and begin politically to influence the most committed anti-imperialist fighters. This is clearly the spirit of the Comintern's views on the early British Communists and the Irish struggle, where the criterion advanced by Radek and others was not the publication of this or the other article in the British Communist press, but active, agitational work in the workers' movement - how many were being imprisoned for their stand?

While there has at times been a damaging political adaptation by British Marxists to the Irish republican movement, the main weakness of Irish solidarity work has been that it has so often been tokenistic, propagandist and superficial, based on a failure to grasp the necessary fight for a base at rank and file level in the unions and Labour Party and at the same time fight the reformist bureaucrats, the Stalinists - and the Militant! Hence the abysmal and quite scandalous weakness of the Irish

solidarity movement in the period of the hunger strikes of 1981, which produced a wave of sympathy in the British working class, but saw the British left standing back largely paralysed.

9) Above all, if British Marxists, and revolutionaries in other imperialist countries are to be taken seriously on an international level and remedy the quite appalling weakness of Trotskyism in the oppressed countries of Africa and Asia as well as confront the real problems of the revolutionary struggle in Latin America, we must start from a recognition that imperialism is alive, and sick, inflicting untold miseries and obstructing any real progress for the millions of the Third World.

When Lenin wrote of imperialism as "moribund capitalism", and Trotsky wrote 20 years later of the "death agony of capitalism", they were pointing to the objective material basis for socialist revolution on a national and international level which had been created by the advent of monopoly capitalism. Even in the warped, deformed, bureaucratised development of China since the war we can see in comparison to India the extent to which many of the problems and miseries of the world today could have been eliminated by a successful extension of the revolution as envisaged by the Bolshevik leaders. The continued domination of imperialism has brought a malignant, patchy and contradictory development of capitalism and of its productive forces: but Lenin and Trotsky were right to direct attention to the fetters placed on that development by monopoly capitalism itself.

That Lenin and Trotsky have been proven tragically over-optimistic in their assessments for revolutionary struggle is due not to any failure to grasp the objective nature of imperialism, but to the immense political obstacles which have time and again barred the proletariat's rise to power, the failure of Marxists to construct Bolshevik-style revolutionary parties with a mass working class implantation, the degeneration of the Comintern, the revival of social democracy and the proliferation and confusion of petty bourgeois nationalist politics in the post war period, which has also seen the fragmentation and chaos of the Trotskyist movement.

Further discussion on imperialism - theoretical investigation of its economic structures and laws of motion, which I have not even touched upon here, and closer analysis of particular imperialist and exploited nations - is plainly essential for Trotskyists. There is much ground to make up.

But perhaps the most valuable reference point for any such discussion would be in terms of the development, extension and concretisation of the Trotskyist programme for the various oppressed countries and nations of the world.

This is the best means to ensure that our theoretical debates and disagreements do not lose sight of the class struggle which they are supposed to help advance, and to steer the WSL back towards the path (from which it has wandered since 1982) of seeking to make a tangible political contribution to the fight for the reconstruction of the Fourth International. We should judge would-be WSL "theoreticians" not by their ability to handle long words, lists of figures and complicated arguments by more or less obscure Marxist economists, but by their commitment in practice to programmatic clarification of the Trotskyist movement and the building of a working class cadre at home and abroad as the basis of development of our international work.

Cunliffe. February 18, 1984.

TABLE I  
American Bank Profits and Assets in Foreign Countries 1980

8 Largest US Banks	Total Revenue (\$ Billion)	Foreign Revenue (\$ Billion)	For. Rev. as % of Assets	Total Foreign Assets (\$ Billion)
Citicorp	14.2	9.1	64.1	68.0
Bank of America	12.1	6.3	52.5	44.3
Chase Manhattan	8.0	5.1	63.5	40.1
J P Morgan	5.2	3.2	62.0	27.3
Mfrs Hanover	5.2	2.8	54.5	28.2
Chemical New York	4.3	2.1	49.4	17.5
Bankers Trust	3.7	2.0	55.3	16.4
First Interstate	2.3	1.3	57.2	7.2
<b>TOTALS</b>	<b>\$55.0B</b>	<b>\$31.9B</b>	<b>(av. 58.0%)</b>	<b>\$249.0B</b>

TABLE II  
Debt figures for key borrowers

	Total debt \$bn	Borrowing from banks at end 1981 \$bn	Debt services in 1982 as % of export of goods and services		
			interest	principal	total
Mexico	80	56.9	37	92	129
Brazil	75	52.7	45	77	122
Argentina	37	24.8	44	135	179
South Korea	32.5	19.9	11	43	53
Venezuela	18.5	26.2	14	81	95
Yugoslavia	18	10.7	14	32	46
Philippines	15	10.2	18	74	91
Chile	15	10.5	40	76	116
Ecuador	6.6	4.5	30	92	122

[Source: Financial Times, 15 October 1982]

Table 4D

DEBT PER CAPITA: 1960, 1970, 1980, 1982

	1960	1970	1980	1982
Argentina	62	106	690	1,39
Brazil	34	50	575	70
Mexico	33	78	557	1,14
Bahamas	n.a.	n.a.	357	n.a.
Barbados	n.a.	67	639	n.a.
Bolivia	54	112	526	53
Chile	73	270	893	1,55
Colombia	23	90	269	39
Costa Rica	44	133	1,118	1,57
Dominican Republic	2	72	370	n.a.
Ecuador	22	61	460	81
El Salvador	14	37	192	31
Guatemala	13	35	126	21
Guyana	87	165	944	n.a.
Haiti	11	11	76	n.a.
Honduras	12	59	513	540
Jamaica	n.a.	103	752	n.a.
Nicaragua	29	119	870	1,032
Panama	56	202	1,497	n.a.
Paraguay	13	71	426	473
Peru	26	81	503	660
Trinidad and Tobago	25	119	709	n.a.
Uruguay	53	133	621	1,209
Venezuela	49	90	800	2,044
<b>Average</b>	<b>36</b>	<b>79</b>	<b>555</b>	<b>911</b>

Sources: Table 2 and 3 for total debt figures. Population figures from IDB Report 1982.

1. 1980 population figures used.

'Problem exposures' for major American and British Banks

	Pre-tax profit		Bud debt reserve provisions	Problem exposures overseas end-1982		
	1982 \$m	1981 \$m	end-1982 \$m	\$bn	as % of total assets	as % of group equity
Citicorp Bank	1,300	855	680	9.8	7.5	204
America	545	648	670	6.8	5.6	148
Chase Manhattan	385	642	558	5.8	7.1	177
	£m	£m	£m	£Bn		
Barclays	495	567	749			
NatWest	439	494	508	2.2	4	86
Midlands	251	232	484	3.4-3.8	7-8	218-244
Lloyds	316	386	413			

[Source: FT, 23 March 1983. N.B columns have been left blank when data not available]



**LATIN AMERICA AND THE CARIBBEAN: AVERAGE TERMS OF PUBLIC DEBT,  
NEW COMMITMENTS 1972-1981**

	1972	1974	1976	1977	1978	1979	1980	1981
<b>All Creditors</b>								
Interest (per cent)	6.9	9.2	7.5	8.0	9.4	11.2	11.6	14.2
Maturity period (years)	13.0	12.3	10.3	9.2	10.2	10.3	10.5	10.1
Grace period (years)	3.4	3.6	3.3	3.6	4.2	4.2	3.9	3.7
<b>Official Creditors</b>								
Interest (per cent)	6.0	6.1	6.7	7.0	6.8	6.9	7.4	8.3
Maturity period (years)	20.1	18.2	18.2	17.3	17.9	17.9	17.2	16.3
Grace period (years)	5.3	4.8	5.0	4.4	4.8	5.0	4.3	3.9
<b>Private Creditors</b>								
Interest (per cent)	7.5	10.5	7.8	8.2	10.0	12.1	13.3	15.9
Maturity period (years)	8.5	9.7	7.1	7.3	8.5	8.6	8.0	8.4
Grace period (years)	2.3	3.1	2.6	3.4	4.1	4.1	3.8	3.6

Source: World Debt Tables, 1982-3.

**DEBT FIGURES, RESCHEDULING & IMF ASSISTANCE — 1982/3**

	Total Debt (US\$ billion) 1982 (1)	Short- term Debt (US\$ billion) 1982 (2)	Debt Service in 1983 as a % of exports (3)	Sum Rescheduled (US\$ billion May 1983) (4)	IMF Assistance (US\$ billion May 1983) (5)
Argentina	38.5	19.0	154	5.5+	1.6 (standby — 15 months)+0.5 Compensatory Financing Facility
Brazil	84.0	19.0	117	4.7	4.9 Extended Fund Facility+0.5 Compensatory Financing Facility
Mexico	80.0	31.0	126	19.7+	3.8 Extended Fund Facility
<b>Total</b>	<b>202.5<sup>1</sup></b>	<b>69.0<sup>2</sup></b>	<b>—</b>	<b>29.9</b>	<b>10.3</b>
Chile	17.0	5.0	104	3.4+	0.5 (standby — 2 years)+0.3 Compensatory Financing Facility
Costa Rica	3.5	0.8	n.a.	0.7+	0.1 (standby)
Colombia	10.3	4.0	95	—	—
Ecuador	6.5	2.5	102	2.9+	0.2 (standby — 1 year)
Peru	11.00	4.8	79	0.3+	—
Uruguay	3.5	n.a.	n.a.	0.8+	0.4 (standby — 2 years)
Venezuela	28.5	15.0	101	13.0	—
<b>Total (10 countries)</b>	<b>282.8</b>	<b>101.1</b>	<b>—</b>	<b>51.0</b>	<b>11.5</b>

+ still being processed.

<sup>1</sup> represents 68% of total for whole of Latin America.

<sup>2</sup> represents 66% of total for whole of Latin America.

Sources: Columns (1) and (2) — Table 3 in Statistical Appendix. (3) — Morgan Guaranty Trust 'World Financial Markets', February 1983.  
(4) and (5) — Latin America Weekly Report WR-83-19 (20 May, 1983).

## TOTAL DEBT AND DEBT CHARACTERISTICS 1982+

	(1) Total Debt Year-end 1982 (US\$bn)	(2) Short-term Year-end 1982 (US\$bn)	(3) (2) as a per cent of (1)	(4) Owed to Commercial Banks (US\$bn)	(5) Owed to US Banks (US\$bn)	(6) (4) as a per cent of (1)
Argentina	38.5	19.0	49	25.3	8.8	66
Brazil	84.0	19.0	23	55.3	20.5	66
Mexico	80.0	31.0	39	64.4	25.2	81
<b>Total</b>	<b>202.5</b>	<b>69.0</b>	<b>34</b>	<b>145.0</b>	<b>54.5</b>	<b>72</b>
<b>Per cent of Total</b>	<b>68%</b>	<b>66%</b>	<b>—</b>	<b>71%</b>	<b>67%</b>	<b>—</b>
Bolivia	3.0	0.8	27	1.1	0.4	37
Chile	17.0	5.0	29	11.8	6.1	69
Colombia	10.3	4.0	39	5.5	3.0	53
Costa Rica	3.5	0.8	23	1.2	0.5	34
Ecuador	6.5	2.5	38	4.7	2.2	72
El Salvador	1.5	0.3	20	0.3	0.1	20
Guatemala	1.5	0.4	27	n.a.	0.2	n.a.
Honduras	2.0	0.4	20	0.5	0.3	25
Nicaragua	2.5	0.4	16	0.8	0.4	32
Paraguay	1.5	0.4	27	0.6	0.3	40
Peru	11.0	4.8	44	5.2	2.3	47
Uruguay	3.5	n.a.	n.a.	1.1	0.6	31
Venezuela	28.5	15.0	53	27.2	10.7	95
<b>Total</b>	<b>294.8</b>	<b>103.8</b>	<b>35</b>	<b>205.0</b>	<b>81.6</b>	<b>69</b>

Sources: (1), (2) and (5), *New York Times*, 13 March 1983 (Quoting Morgan Guaranty Trust).

(4) Morgan Guaranty Trust, *World Financial Markets*, February 1983.

+ Total Debt includes public and publicly guaranteed debt, and private non-guaranteed debt. Short-term debt is the debt due to be paid within one year.

## STRUCTURE OF LATIN AMERICAN DEBT, + BY TYPE OF CREDITOR, 1965-1980

	PRIVATE				OFFICIAL		
	Banks <sup>1</sup>	Suppliers <sup>2</sup>	Nationalisation <sup>3</sup> and Bond Issues <sup>4</sup>	Total per cent	Multi- lateral <sup>5</sup>	Bilateral <sup>6</sup>	Total per cent
1965	12.0	20.2	8.5	40.7	22.6	36.7	59.3
1970	19.5	16.9	8.3	44.7	24.4	30.9	55.3
1971	22.5	16.4	7.9	46.8	24.6	28.6	53.2
1972	26.2	14.7	7.3	48.2	24.2	27.6	51.8
1973	32.5	12.8	7.0	51.3	22.7	26.0	48.7
1974	37.7	12.0	6.0	55.7	20.0	24.3	44.3
1975	42.5	10.8	5.2	58.5	20.0	21.5	41.5
1976	46.7	9.0	5.8	61.5	18.6	19.9	38.5
1977	50.4	8.0	7.1	65.5	17.2	17.3	34.5
1978	53.4	7.2	7.8	68.4	16.3	15.3	31.6
1979	56.7	6.9	6.7	70.3	16.5	13.2	29.7
1980	56.1	6.2	7.4	69.7	17.3	13.0	30.3

Source: IDB Annual Report, 1982.

+ Debt repayable in foreign currency at more than one-year terms, contracted directly by public agencies or by private entities with government guarantee. Includes the undisbursed balance, but not private non-guaranteed debt.

## Notes to Table 5

1. *Banks* comprises credits extended by commercial banks, whether their ownership is private or public, as well as credits from private financial institutions.
2. *Suppliers* includes credits from manufacturers, exporters or other suppliers of goods to finance the purchase of their products.
3. *Nationalisation* consists of debts which arise from the settlement for compensation to non-nationals for property owned by them, which has been acquired by the public authorities by means of expropriation or by common consent.
4. *Bond issues* comprises securities offered to the general public which are traded on stock exchanges, as well as securities privately placed with a limited number of investors, usually banking institutions, which could trade them on stock exchanges at a later date.
5. *Official multilateral* includes loans and credits extended by international, regional or sub-regional financial organisations, such as the World Bank, the International Development Association, the Inter-American Development Bank and the Central American Bank for Economic Integration. This category does not include loans made out of the funds administered by the IDB on behalf of governments.
6. *Official bilateral* includes direct loans from governments or public entities, and government loans administered by the IDB.

## OUTSTANDING BANK LOANS TO LATIN AMERICA

## US BANKS (US\$ billion)

	Brazil	Mexico	Venezuela	Others <sup>+</sup>	Total	Total as % of Banks' Equity
Citicorp	4.4	3.3	1.1	1.1	9.8	203
Bank America	2.3	2.5	2.0	0	6.8	148
Chase Manhattan	2.4	1.7	1.0	1.0	6.1	222
Man. Hanover	2.0	1.7	1.1	2.0	6.8	245
Morgan Guaranty	1.7	1.1	0.5	0.8	4.1	150

+ Includes disclosed exposure of more than 1% to Argentina, Yugoslavia and Chile.

Source: *The American Banker* (quoted in *The New York Times*, 18 March 1983).

## BRITISH BANKS (£ billion)

	Total Loans to Latin America	Equity Reserves	Total as % of Banks' Equity
Barclays	2.3	2.9	79
Nat. Westminster	1.8	2.6	69
Midland	3.6	2.0	180
Lloyds	3.6	2.0	180

Source: Published Accounts and International Bank Credit Analysis (quoted in the *Financial Times*, 31 May 1983).

TABLE 9.5  
The External Public Debt of Eighty-Four Developing Countries,<sup>a</sup> Debt Outstanding, Including Undisbursed  
(US\$ thousand millions)

	1970	1971	1972	1973	1974	1975
<i>Non-oil exporting countries</i>						
Higher-income	8.4	10.1	11.6	12.5	16.6	18.7
Official creditors	4.5	5.3	5.7	6.3	7.8	8.5
Private creditors	3.9	4.8	5.8	6.3	8.8	10.2
Upper middle-income	24.9	28.8	34.1	41.8	54.5	65.1
Official creditors	15.1	17.4	20.9	24.4	29.1	32.3
Private creditors	9.8	11.4	13.2	17.4	25.5	32.9
Middle-income	7.3	8.5	9.7	11.4	15.9	21.4
Official creditors	5.6	6.4	7.5	8.9	12.1	16.5
Private creditors	1.7	2.0	2.2	2.5	3.8	4.9
Lower-income	19.3	21.2	23.4	27.5	33.8	36.0
Official creditors	17.3	19.2	21.3	24.7	30.3	32.7
Private creditors	2.0	2.0	2.1	2.8	3.5	3.3
<i>Oil-exporting developing countries</i>						
	11.2	15.0	18.1	23.8	27.1	33.1
Official creditors	7.8	10.2	12.1	15.0	16.4	16.8
Private creditors	3.4	4.8	6.0	8.8	10.7	16.4
<i>84 developing countries</i>						
	71.2	83.6	96.8	117.1	148.0	174.2
Official creditors	50.3	58.4	67.5	79.3	95.7	106.8
Private creditors	20.9	25.1	29.4	37.8	52.3	67.5

<sup>a</sup> External public debts, or 'official debts', are those contracted or guaranteed by the public sector of a debtor country and which are owed in foreign currency to creditors outside the country. They have an original or extended maturity of over one year. The public sector includes the national government and any of its political subdivisions, agencies, or autonomous public bodies. *Debt outstanding* includes the principal, net of past repayments, on both disbursed and undisbursed funds (amounts not yet drawn by recipients).

For low-income and middle-income countries, whose firms normally borrow funds externally with a guarantee by a public-sector institution in their country, the data presented reflect a fairly accurate picture of the country's external debt. For some high-income countries whose firms may borrow funds externally without the benefit of a guarantee by a public-sector institution, the external debt figures underestimate the actual external obligations.

Source: World Bank, *World Debt Tables* (EC-167-77)