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

Editorial Note *Die Neite Zeit,*
September 11th, 1914.

Ultra-imperialism

We have seen that the undisturbed advance of the process of production presupposes that the different branches of production all produce in the correct proportion. Yet it is also evident that within the capitalist mode of production there is a constant drive towards the violation of this proportion, because within a specific zone the capitalist mode of production tends to develop much more quickly in the industrial than in the agricultural sector. On the one hand, this is an important reason for the periodic crises which constantly grip the industrial sector, and which thereby restore the correct proportion between the different branches of production. On the other hand, the growing ability of capitalist industry to expand constantly increases the pressure to extend the agricultural zone that provides industry not only with foodstuffs and raw materials, but also with customers. Since the importance of the agrarian zones to industry is a dual one, the disproportion between industry and agriculture may also be expressed in two ways. Firstly, the outlets for industrial products in the agrarian

zones may not grow so fast as industrial production; this appears as *overproduction.* Secondly, agriculture may not provide the quantities of foodstuffs and raw materials needed for the rapid growth of industrial production; this takes the form of *dearth.*

These two phenomena may seem mutually exclusive, but in fact they are closely inter-related insofar as they derive from the disproportion between industrial and agricultural production, and not from other causes such as fluctuations in gold output or changes in the power situation of producers *vis-à-vis* consumers through cartels, commercial policies or fiscal policies. One of the two phenomena, dearth or overproduction, may easily pass over into the other, because they both derive from the disproportion in question. An increase in prices always forshadows the beginning of a crisis, although this emerges as overproduction and brings with it a price collapse.

On the other hand, the constant drive of the industrialized capitalist countries to extend the agricultural zones involved in trade relations with them, takes the most varied forms. Given that this drive is one of the very conditions of the existence of capitalism, it is still far from proven that any one of these forms is an indispensable necessity for the capitalist mode of production.

From Free Trade to Imperialism

One particular form of this tendency is *imperialism.* Another form preceded it: *free trade.* Half a century ago, free trade was seen as the last word of capitalism, just as imperialism is today. Free trade came to dominate because of the superiority of England's capitalist industry. Great Britsin' s aim was that she should become the workshop of the world, and hence that the world should become an agrarian zone which would buy England's industrial products and provide her with foodstuffs and raw materials in exchange. *Free trade* was the most important means whereby this agricultural zone could be expanded continuously in accordance with the needs of English industry, and all sides were supposed to profit therefrom. In fact, the landowners of the countries which exported their products to England were as inveterate free-traders as England's industrialists.

But this sweet dream of international harmony quickly came to an end. As a rule, industrial zones overmaster and dominate agrarian zones. This was true earlier of the city *vis-à-vis* the countryside, and it is now true of the industrial State *vis-à-vis* an agrarian State. A State which remains agrarian decays politically and usually economically, too, and loses its autonomy in both respects. Hence efforts to maintain or win national independence or autonomy necessarily generate within the overall cycle of international capitalist circulation the struggle for an autonomous heavy industry, which must under present conditions be a capitalist one. The development of outlets for foreign industrial products in the agrarian State itself creates a series of preconditions for this. It destroys the internal pre-capitalist industry, thereby releasing a large quantity of labour power which is at the disposal of capital as wage labour. These workers emigrate to other States with growing in-

dustry if they can find no employment in their home country, but would prefer to remain at home if the construction of a capitalist industry allowed them to. Foreign capital itself flows into the agrarian country, first to open it by building railways, and then in order to develop its raw-materials production, which includes not only agriculture, but also extractive industries—mining. The possibility of adding other capitalist enterprises to these grows. It then depends primarily on the political power of the State whether an autonomous capitalist industry develops.

At first it was the areas of Western Europe and the Eastern USA which developed from agrarian States into industrial States, in opposition to English industry. They imposed protective tariffs against English free trade; and instead of the world division of labour between the English industrial workshop and the agricultural production of all other zones which was England's aim, they proposed that the great industrial States divide those zones of the world that still remained free, as long as the latter could not resist them. England reacted to this. This was the beginning of imperialism.

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

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

But if a railway in the wilderness is to be a profitable business, if it is even to be possible, if it is to obtain the labour power necessary for its construction and the security necessary for its operational demands, there must be a State authority strong and ruthless enough to defend the interests of the foreign capitalists and even to yield blindly to their interests. Naturally, this is best supplied by the State power of these capitalists themselves. The same is true of bids for the possibility of mining richer ores or raising the production of commercial crops such as cotton by the construction of vast irrigation works—undertakings which are also made possible only by the export of capital from the capitalist countries. Hence as the drive for increasing capital export

from the industrial States to the agrarian zones of the world grows, so too does the tendency to subjugate these zones under their State power. There was another significant moment to this: the effects of capital exports on the agrarian zones to which they are directed may be very different. We have already pointed out how badly off the agrarian countries are in this respect, and how they must aspire to become industrial countries, in the interests of their own prosperity or even autonomy. In an agrarian State with the strength to protect its autonomy, the capital it imports will be used not only for the construction of railways, but also for the development of its own industries—as in the USA or Russia. In such circumstances capital exports from the old capitalist States only further the latter's own industrial exports temporarily. Ultimately they cripple them, simply by fostering strong economic competition in the agrarian zone. The desire to hinder this is another motive for the capitalist states to subject the agrarian zones, directly—as colonies—or indirectly—as spheres of influence, in order to prevent them from developing their own industry and to force them to restrict themselves entirely to agricultural production.

The Colonial Danger and the Arms Burden

These are the principal roots of imperialism, which has replaced free trade. Does it represent the last possible phenomenal form of capitalist world policy, or is another still possible? In other words, does imperialism offer the only remaining possible form in which to expand the exchange between industry and agriculture within capitalism? This is the basic question.

There can be no doubt that the construction of railways, the exploitation of mines, the increased production of raw materials and foodstuffs in the agrarian countries has become a life-necessity for capitalism. The capitalist class is as little likely to commit suicide as to renounce it, and the same is true of all the bourgeois parties. Rule over the agrarian zones and the reduction of their populations to slaves with no rights is too closely bound up with this tendency for any of the bourgeois parties to sincerely oppose these things. The subjugation of these zones will only come to an end when either their populations or the proletariat of the industrialized capitalist countries have grown strong enough to throw off the capitalist yoke. This side of imperialism can only be overcome by socialism.

But imperialism has another side. The tendency towards the occupation and subjugation of the agrarian zones has produced sharp contradictions between the industrialized capitalist States, with the result that the arms race which was previously only a race for land armaments has now also become naval arms race, and that the long prophesied World War has now become a fact. Is this side of imperialism, too, a necessity for the continued existence of capitalism, one that can only be overcome with capitalism itself?

There is no *economic* necessity for continuing the arms race after the World War, even from the standpoint of the capitalist class itself,

with the exception of at most certain armaments interests. On the contrary, the capitalist economy is seriously threatened precisely by the contradictions between its States. Every far-sighted capitalist today must call on his fellows: capitalists of all countries, unite! For, fir of all, there is the growing opposition of the more developed of the agrarian zones, which threatens not just one or other of the imperialist States, but all of them together. This is true of the awakening of Eastern Asia and India as well as of the Pan-Islamic movement in the Near East and North Africa.

This upsurge is accompanied by the growing opposition of the proletariat of the industrial countries against every new increase of their tax burden. Even before the War, it was cleat that since the Balkan War the arms race and the costs of colonial expansion had reached a level that threatened the rapid increases of capital accumulation and thereby capital export, i.e., the basis of imperialism itself. Industrial accumulation at home still advances continuously, thanks to technical progress. But capital no longer rushes into export. This is visible in the fact that even in peacetime the European States had difficulties in covering their own loans. The rates of interest they were forced to grant rose. This is revealed, for example, by the average market prices of:

	3% German National Loans (Reichsanleihe)	3% French Annuities
1905	89	99
1910	85	97
1912	80	92
Mid 1914	77	83

After the War, this trend will not get better, but worse, if the arms race and its demands on the capital market continue to grow.

Imperialism is thus digging its own grave. From a means to develop capitalism, it is becoming a hindrance to it. Nevertheless, capitalism need not yet be at the end of the line. From the purely economic standpoint, it can continue to develop so long as the growing industries of the capitalist countries can induce a corresponding expansion of agricultural production. This gets more and more difficult, of course, as the annual growth of world industry increases and still unopened agrarian zones become fewer and fewer. So long as this limit has not been reached, capitalism may be wrecked on the reef of the rising political opposition of the proletariat, but it need not come to an end in economic collapse.

On the other hand, just such an economic bankruptcy would occur prematurely as a result of continuing the present policy of imperialism. This policy of imperialism therefore cannot be continued much longer. Of course, if the present policy of imperialism were indispensable to the maintenance of the capitalist mode of production, then the factors I have referred to might make no lasting impression on the ruling class, and would not induce them to lend a different direction to their imperialist tendencies. But this change will be possible if imperialism, the striving of every great capitalist State to extend its own colonial empire

in opposition to all the other empires of the same kind, represents only one among various modes of expansion of capitalism.

The Next Phase: Ultra-Imperialism

What Marx said of capitalism can also be applied to imperialism: monopoly creates competition and competition monopoly. The frantic competition of giant firms, giant banks and multi-millionaires obliged the great financial groups, who were obsorbing the small ones, to think up the notion of the cartel. In the same way, the result of the World War between the great imperialist powers may be a federation of the strongest, who renounce their arms race.

Hence from the purely economic standpoint it is not impossible that capitalism may still live through another phase, the translation of cartellization into foreign policy: a phase of *ultra-imperialism*, which of course we must struggle against as energetically as we do against imperialism, but whose perils He in another direction, not in that of the arms race and the threat to world peace.

The above exposition was completed before Austria surprised us with her ultimatum to Serbia. Austria's conflict with Serbia did not arise purely from imperialist tendencies. In Eastern Europe, nationalism is still a revolutionary motive force, and the present conflict between Austria and Serbia has nationalist as well as imperialist roots. Austria tried to implement an imperialist policy by annexing Bosnia and threatening to include Albania in its sphere of influence. This aroused the nationalist opposition of Serbia, which feels threatened by Austria and is now a danger to the existence of Austria on its own account.

The World War did not come about because imperialism was a necessity for Austria, but because by its own structure it endangered itself with its own imperialism. Imperialism could only have powered an internally homogeneous State which attaches to itself agrarian zones far beneath it culturally. But here, a nationally divided, half-slavic State wished to pursue imperialism at the expense of a slavic neighbour whose culture is of the same origins as the culture of the neighbouring regions of its opponent.

Of course, this policy could only have such unexpected and vast consequences because of the contradictions and discord which imperialism has created between the other Great Powers. All the consequences ripening in the womb of the present World War have not yet seen the light. Its outcome may still be that the imperialist tendencies and the arms race accelerate at first—in which case, the subsequent peace will be no more than a short armistice. From the purely economic standpoint, however, there is nothing further to prevent this violent explosion finally replacing imperialism by a holy alliance of the imperialists. The longer the War lasts, the more it exhausts all the participants and makes them recoil from an early repetition of armed conflict, the nearer we come to this last solution, however unlikely it may seem at the moment.