

# Revisiting the Classical Theories of Imperialism: From “Underconsumption” in “Global Capitalism” to the “Imperialist Chain”

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**Abstract:** In the contemporary literature and discussions on imperialism one will have difficulty finding theoretical propositions that do not have their roots in classical theories. In the argumentation of this paper we shall embark upon Bukharin’s critique of theories of underconsumption and “surplus capital” (in the context of his polemic with Luxemburg) and Lenin’s theory on the imperialist chain as critique of the theory of global capitalism (whose point of departure was his intervention on the national question and the socialist revolution). We shall argue that these disputes have theoretical implications which challenge the main insights of the classical approaches inviting us to think imperialism from a different standpoint.

**Key words:** Imperialism, Lenin, Bukharin, Marx, imperialist chain.

**JEL Classifications:** B14, B24, B51, F02, F59

## 1. Introduction: Shared and controversial issues in classical discussions

It goes without saying that classical theories of imperialism<sup>3</sup> represent what is to this day the basic programmatic framework for positions related to the question. In the contemporary bibliography and discussion on imperialism one will have difficulty finding theoretical propositions that do not have their roots in classical theories. It is here, precisely, that the great theoretical importance of these theories to contemporary Marxist thought is to be situated. Nevertheless, these theories are not altogether unproblematic. As we have attempted to explain in detail elsewhere (Milios and Sotiropoulos 2009), not only do they include more than a few contradictions or uncompleted (and undocumented) theoretical formulations, but also they even to some extent flirt with bourgeois ideology, that is to say they sometimes abandon Marx’s theoretical terrain of the Critique of Political Economy.

The classical approaches to imperialism, with few exceptions – basically reflecting the vacillations of Lenin and aspects of Bukharin’s intervention (see below) – shared a common conviction that capitalism has undergone radical and structural transformations, with the result that Marx’s analysis is no longer sufficient for a comprehensive description of it. In other words, it was asserted that the “latest phase of capitalism” of the era of Hilferding was not exactly the capitalism of Marx’s *Das Kapital*. This view, whether formulated explicitly or merely by implication, permeates most theoretical analyses of the early 20<sup>th</sup> century.

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<sup>3</sup> As they are customarily called in the relevant literature, the “classical” theories of imperialism were mostly formulated in the second decade of the twentieth century (in chronological order of their composition: Hilferding 1909, Luxemburg 1912, Bukharin 1915, Lenin 1916).

Despite of the controversies among them, it is possible to summarize the immanent logic shared by the classical approaches as follows:<sup>4</sup>

- (1) Development of the productive forces leads to monopoly production structures (concentration and centralization).
- (2) Monopoly production creates surplus capital.
- (3) Production is internationalized. Individual “national” capitals develop on a geographical terrain that greatly transcends national borders.
- (4) Capitalism becomes a global system; that is to say the “laws” of the system now operate on a world scale.
- (5) The state in developed capitalist countries provides geopolitical support through (colonial) imperialism for movement of capital. In reality it becomes merged with the monopolies. The world is divided into spheres of influence. Competition between individual “national” capitals takes the form of geopolitical competition between the powerful states.

From a first point of view, points (2) and (4) were in fact to a significant extent drawn into question in the context of the discussion that developed between the classical theoreticians of imperialism. In the argumentation of this paper we shall embark upon Bukharin’s critique (section 2) of theories of underconsumption and “surplus capital” (in the context of his polemic with Luxemburg) and Lenin’s theory on the imperialist chain (section 3), as critique of the theory of global capitalism (whose point of departure was his intervention on the national question and the socialist revolution). Yet more, we shall argue that these disputes have theoretical implications which silently challenge all the above points. In other words, there are aspects in the interventions of Lenin and Bukharin which invite us to think imperialism from a different standpoint. The closure of our analysis (section 4) is devoted to this line of reasoning.

## **2. Controversial Issue: Do capital exports come up as a result of underconsumption?**

### *2.1 The predominant interpretative schema of capital exports*

Marxist theories of imperialism are at the same time theories of capital export. The predominant interpretative schema, which linked capital export to the formation of, and domination by, monopolies, was the *surplus of capital* approach. According to the latter, capital exports were seen as the outcome of restriction (in consequence of the domination by monopolies) of the sphere of capital investment in the developed capitalist countries. In Hilferding’s own words:

while the volume of capital intended for accumulation increases rapidly, investment opportunities contract. This contradiction demands a solution, which it finds in the export of capital (Hilferding 1981: 234).

This argumentation predominated in all the classical theories of imperialism, up to and including Bukharin’s 1925 polemic against the theses of Luxemburg (*Imperialism and the Accumulation of Capital*). It is clear that classical Marxist theories of

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<sup>4</sup> These theses are widely dispersed in the classical approaches. For further reading on this subject see Milios and Sotiropoulos (2009), Willoughby (1986), Brewer (1980).

imperialism approach Hobson's argumentation, which belongs entirely in the realm of underconsumption theory.<sup>5</sup> In fact, the view that in certain countries there is permanent restriction of the potential for capital investment (permanent meaning irrespective of the conjunctures of overaccumulation crises) and that in this way a permanent surplus of capital is created, *can be justified only in terms of underconsumption theory*. In other words, a lack of correspondence between consumption and production is created precisely because the consumption is from an economic viewpoint not in a position to absorb the continually expanding production.<sup>6</sup>

It is well known that this underconsumptionist approach had been refuted in mainstream Marxism following Tugan-Baranowsky's theoretical analysis at the turn of the 19<sup>th</sup> to the 20<sup>th</sup> century.<sup>7</sup> It is also worth recalling that Lenin himself had the opportunity to disaffirm the basic findings of underconsumptionist theory in the context of his polemic against the *Narodniks*, the main stream of the Russian left at the time (Milios 1999). Yet, quite unexpectedly and in contrast to his previous reasoning, the Lenin of the period of *Imperialism* seems to have believed that the (limited) consumption of the masses determines the course of capitalist development. What is involved here is a real turnaround in his opinions and his theoretical stance, as Brewer (1980) also correctly points out (for the same conclusion see Howard and King 1989, Milios and Sotiropoulos 2009).

## 2.2 Bukharin's late reaction

But it is not only in the works of Lenin that one can find a contradictory stance towards the theory of underconsumption. In 1925, Bukharin's *Imperialism and the Accumulation of Capital* was published in Germany. This work, which is primarily a rejoinder to Luxemburg's *Accumulation of Capital*, includes one of the most profound Marxist critiques of the theory of underconsumption and so of some of the main theses that, following Hobson's original ideas, had been adopted by Marxist theories of imperialism.

Bukharin took his stand on three propositions. First, that the world economy cannot be comprehended as an undifferentiated whole. Second, that capital internationalization does not emerge from a supposed "excess of capital" or a "lack of

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<sup>5</sup> We have to notice that both Bukharin (1972A: 105) and Lenin (CW, vol. 22) restate Hilferding's (and Hobson's) argumentation on capital export due to an excess of capital in developed countries. At the same time, Luxemburg also believed that the expansion of capitalism to non-capitalist territories and social "remnants" constituted the decisive factor which made possible the expanded reproduction of capital (which was otherwise doomed to collapse, due to the lag in society's purchasing power, compared with the supply of capitalistically produced commodities). See Milios and Sotiropoulos (2009; ch. 1 and 3).

<sup>6</sup> A more comprehensive analysis on these issues can be found in Milios and Sotiropoulos (2009). Underconsumption designates insufficient demand for, as opposed to supply of, a product, at given prices. Underconsumption means, therefore, relative *overproduction* of commodities *due to a lagging capable-to-pay-demand*. At the risk of appearing schematic, there are two basic approaches to be identified in underconsumption theory: *The first approach*, which was formulated by Malthus, attributes crises (and unemployment) first and foremost to over-saving by capitalists for the purpose of expanding production. *The second approach*, formulated by Sismondi, includes the views according to which (given the increase in labour productivity and therefore the increase in the aggregate product) the main cause of crises and unemployment is the labourers' inability, due to low wages, to consume the product that they have produced.

<sup>7</sup> For a detailed analysis of the historic Marxist controversy on economic crises and underconsumption see Milios et al (2002: 158-89), Milios and Sotiropoulos (2007).

investment opportunities” in capital exporting countries, but from competition between individual capitals, in their search for extra profits on the world market. Third, that there is no inherent and permanently active cause of capitalist crises that could lead to the collapse of capitalism; instead, “a unity of contradictions” exists, which may (depending on the tension of these contradictions) set a limit to the process of capitalist expanded reproduction (which is nothing other than the “expanded reproduction” of capitalist contradictions).<sup>8</sup>

Furthermore, contrary to the underconsumption argument, Bukharin defies a taboo-position of the socialist movement of that period, namely the notion that real wages cannot rise above a minimum required for physical subsistence of the working classes. He recognizes that aggregate real wages can increase under capitalism, to whatever level is required for uninterrupted reproduction of socio-economic power relations.<sup>9</sup>

The key aim of Bukharin’s criticism of Luxemburg (like Lenin’s criticism of the Narodniks) was to demonstrate the necessity for abandonment of the underconsumptionist postulate of a serious immanent lag of wages behind capital accumulation. On the basis of this problematic Bukharin in 1925 formulates a different interpretation of capital export. He writes:

The expansion of capital is conditioned by the movement of profit its amount and rate, on which the amount depends [...]. If cheaper means of production and cheaper labour are available, the rate of profit climbs accordingly, and capital tries to exploit this situation. If there are other conditions connected with the position of industry, i.e. the geographical situation, conditions which increase the rate of profit, then capital moves in that direction. Finally, if we have more advantageous conditions to realize the amount of commodities, then again the profit rate climbs, while capital increasingly orientates itself in that direction. As a result of that, the roots of capitalist expansion lie in the conditions of buying as well as in the process of production itself, and finally in the conditions of selling. [...] The gaining of a colonial “surplus profit” explains the direction of capitalist expansion. That does not mean that the struggle only goes or only can go in that direction. On the contrary, the further it develops [...] the more it will become a struggle for the capitalist centres as well. In this case, too, the movement of profit is the main reason (Bukharin 1972B: 256-7).

Bukharin replaces the argument about a supposed “colonial extra profit” with the criterion of *general level of the profit rate*. However, as noted by Busch (1974: 258-9), even if there could be surplus capital, the result would not necessarily be capital exports. This “surplus capital” could equally well be invested in the internal market and be realized in the international market (export of domestically produced

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<sup>8</sup> However Bukharin remained faithful to Hilferding’s schematic conception of “monopoly predominance” over the capitalist economy, which contradicts some fundamental Marxian theses on capitalist competition and the average profit-rate (see Milios and Sotiropoulos 2009; ch. 6).

<sup>9</sup> In his words, the “‘limits of consumption’ are expanded by production itself, which increases (1) the income of the capitalists, (2) the income of the working class (additional workers) and (3) the constant capital of society (means of production functioning as capital)”. And he continues: “(1) the increase in means of production calls forth a growth in the amount of means of consumption; (2) simultaneously, this increase creates a new demand for these means of consumption and as a result (3) a specific level of the production of means of production corresponds to a quite specific level of the production of means of consumption; in other words, the market of means of production is connected with the market of means of consumption” (Bukharin 1972B: 204, 210).

commodities). It is thus not absolutely necessary for it to be exported in the form of (money) capital.

Bukharin seems to perceive this, as he regards capital exports as one component in a broader process of “capitalist expansion” in search of a higher profit rate. In the context of this conception, Bukharin links commodity exports to capital exports and attempts to identify the shared basis of the two processes. His analysis borrows from remarks by Marx in *Capital* according to which external trade between two countries, each with a different average productivity of labour, enables the more advanced country to derive extra profit. The extra profit is made possible by the commodity in question being produced in a country with higher productivity of labour than the corresponding international average. Expressed differently, the commodity is sold at a higher international price than its national price.<sup>10</sup> So the development of foreign trade, in Marx’s analysis, enables more developed states to reap additional profits and in this way raise their general rate of profit. Bukharin accordingly sees the quest for extra profits as a factor encouraging both the development of international trade and capital exports:

Consequently: (1) if it is an occasional exchange, trade capital gains a *surplus* profit, using all means, including deceit, violence and robbery; (2) If foreign exchange becomes a regular occurrence, the country with a *higher* structure inevitably gains a *surplus profit*; (3) if capital is exported, that too happens in order to *gain additional* profit (Bukharin 1972B: 245).

This formulation of Bukharin’s establishes the theoretical context for further analysis of the processes of internationalization of capital hinting that individual capitals should not be approached as mere exported “things” but rather as elements transformed by the immanent causal relationships governing the capitalist economy into national social capital. The rate of profit and the movement of profit are the decisive “social index” enabling analysis of the specific forms of movement of capital and of its internationalization. Nevertheless there is a significant absence in Bukharin’s argumentation: what is the real relationship between the process of appropriating extra profits through foreign trade (at the expense of a country with lower labour productivity) and capital exports (towards that less developed country)? Or, to put it another way: Why does the capital of a more developed national economy not annihilate on the global market the capitals of less developed countries, as occurs in the domestic market, where the less developed capitals of a specific sector of the economy either modernize or are effaced? Why is it not enough for the most advanced capitals of the global market that they occupy the dominant position in international trade and resort to the practice of exporting capital? Bukharin does not pose these questions. Nevertheless, the possibility of understanding the structural characteristics of present-day forms of internationalization of capital depends on the answer to precisely these questions.

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<sup>10</sup> “Capitals invested in *foreign trade* can yield a *higher rate of profit*, because, in the first place, there is competition with commodities produced in other countries with inferior production facilities, so that the more advanced country sells its goods above their value even though cheaper than the competing countries. In so far as the labour of the more advanced country is here realised as labour of a higher specific weight, the rate of profit rises, because labour which has not been paid as being of a higher quality is sold as such. [...] Just as a manufacturer who employs a new invention before it becomes generally used [...] *secures a surplus-profit*” (Marx 1991: 344-5, cited by Bukharin 1972B: 244-5, who also added the emphasis).

### 3. Controversial Issue: Does capitalism constitute a uniform global structure?

#### 3.1 Luxemburg's and Bukharin's positive answer

Both Luxemburg's and Bukharin's approach to the question of imperialism were upheld by, and introduced, a specific viewpoint on the *global character* of the capitalist mode of production. This viewpoint is precisely that the capitalist mode of production, the fundamental structural relationships and class relations that characterize the capitalist system, are reproduced in their most fully developed form only at the level of the global economy; that, accordingly, the laws and the causal relationships discovered and analyzed by Marx pertain to the global economy, which is thus shaped as a single capitalist social structure.

In the first chapter under the title *What is Economics (Was ist Nationalökonomie)* of a manuscript published after her assassination (*Einführung in die Nationalökonomie*) Rosa Luxemburg puts forward the view that the national economy cannot be comprehended as a specific socio-economic structure but is simply a *section* of the *single* global economy (Luxemburg 1925: 42-3). This idea of the globally-united capitalist structure was to be developed even further by Luxemburg in her *Accumulation of Capital*. There she was to attempt a thoroughgoing reformulation of the Marxist theory of reproduction of social capital at the global level.<sup>11</sup>

Bukharin put forward similar views a few years later, in 1915. He suggested that “we may define world economy as *a system of production relations and, correspondingly, of exchange relations on a world scale*. [...] just as every individual enterprise is part of the national economy, so every one of these national economies is included in the system of world economy” (Bukharin 1972A: 27). From this point of departure Bukharin was to argue that the various national economies (which are polarized between developed industrial economies on the one hand and underdeveloped agricultural economies on the other) are *sub-sets* of the global economy, constituting a global capitalist division of labour, on the grounds of which the conflict between the global bourgeoisie and the global proletariat is played out (ibid.: 21). National economies and national states were created, according to Bukharin, in a specific historical epoch, in which the level of capitalist development precluded the emergence of global economic structures. But the global capitalist economic structure is a phenomenon of the age of imperialism, so that there is now a capitalist mode of organization that “tends to overstep the ‘national’ boundaries” (ibid.: 74). It encounters significant obstacles, however. The development of capitalism is seen as being linked to the contradiction between the global development of productive forces on the one hand and the limitations of “national” organization of production on the other.<sup>12</sup>

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<sup>11</sup> Luxemburg's argumentation on the internal and external market provides an excellent illustration of her thesis on “global capitalism”: “The internal market is the capitalist market, production itself buying its own products and supplying its own elements of production. The external market is the non-capitalist social environment which absorbs the products of capitalism and supplies producer goods and labour power for capitalist production. Thus, from the point of view of economics, Germany and England traffic in commodities chiefly on an internal, capitalist market, whilst the give and take between German industry and German peasants is transacted on an external market as far as German capital is concerned (Luxemburg 1971: 288).

### 3.2 Lenin's concept of the imperialist chain as a critique of "global capitalism"

Lenin's critique of the conclusions of the theory of "global capitalism," is to be found in his texts on the national question and the state. The critique that Lenin attempts to mount represents a *rupture* within the classical discourse on imperialism, leading us to crucial conclusions concerning the organization of imperialism and capitalist rule.

As we have already mentioned, the view of capitalism as a unified global socio-economic structure predominates within the revolutionary Marxist current in the first half of the decade between 1910 and 1920. The view seems to have been adopted initially even by Lenin, as is clearly visible in the introduction he wrote for Bukharin's book on imperialism in December 1915 (Lenin, *CW*, vol. 22).

During the period in question world-historical changes were taking place in Europe and in Russia. The First World War had broken out, bringing catalytic social upheavals that were tending to destabilize capitalist power in the warring countries. The popular masses were being radicalized with great dispatch: the question of social revolution was coming onto the agenda. In the revolutionary wing of the Social Democracy two types of question were being raised with the utmost urgency at that time. First, the question of revolutionary strategy, that is to say the question of the preconditions under which the working class might win power. Second, the question of political tactics, with the key problem here – apart from the stance on the war (which for the revolutionary current was not up for discussion) – being the stance of the Left towards the movements of national self-determination that were developing in the various countries. On this question the viewpoints that predominated within the revolutionary wing of the Social Democracy all disputed in one way or another the right of nations to self-determination.<sup>13</sup>

To be sure, *the rejection of the right of nations to self-determination was a direct outcome of the theory of global capitalism* and employed two types of argument. On the one hand, it was argued that the self-determination of nations and the creation of new nation-states had become impossible in the age of imperialism; while, on the other, it was asserted that the tendency of socialist revolution is necessarily towards establishing a global, or at any rate multinational, socialist regime, a process incompatible with the demand for national self-determination. Among the theoreticians of imperialism, Luxemburg openly opposed political support for national self-determination (Luxemburg 1961). And Bukharin, too, even after the Russian Revolution kept his distance from the demand for national self-determination.<sup>14</sup>

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<sup>12</sup> "There is here a growing discord between the basis of social economy which has become world-wide and the peculiar class structure of society, a structure where the ruling class (the bourgeoisie) itself is split into 'national' groups with contradictory economic interests, groups which, being opposed to the world proletariat, are competing among themselves for the division of the surplus value created on a world scale. Production is of a social nature; [...] Acquisition, however, assumes the character of 'national' (state) acquisition [...] Under such conditions there inevitably arises a conflict, which, given the existence of capitalism, is settled through extending the state frontiers in bloody struggles, a settlement which holds the prospect of new and more grandiose conflicts" (Bukharin 1972A: 106).

<sup>13</sup> For the Polish Social Democracy see Lenin (*CW*, vol. 22: 15 and 320 ff.); for the German Social Democracy (*ibid*: 342 ff.); for the Russian Social Democracy (*ibid*.: 360 ff.).

<sup>14</sup> "I want to recognise only the right of the working classes to self-determination," says Comrade Bukharin. That is to say, you want to recognise something that has not been achieved in a single country except Russia. That is ridiculous" (Lenin, *CW*, vol. 29).

Lenin's opposition to the above standpoint led him finally to a break with the theory of "global capitalism" and formulation of the conception of the *imperialist chain*. Lenin supported the demand for national self-determination, not from the viewpoint of nationalism but for exactly the opposite reasons, from the viewpoint of proletarian revolution.<sup>15</sup>

As early as 1915 he was formulating the theory of social revolution as an overall outcome and distillation of social antagonisms and conflicts within a social formation, arguing that *the basic question of every revolution is that of state power* (*CW*, April 1917, vol. 24). As is well known it was just a few months later, in August-September 1917, in *State and Revolution* that he was to put forward the theory of the state as material condensation of the relationships of power and the resultant necessity for the working class *to smash and destroy the bourgeois state*. On the basis, then, of the Marxist conception of the bourgeois state as the specific capitalist form of political organization of power, the social content of the nation becomes perceptible. *The state is a national state, the nation expresses the overall economic, social and cultural outcome of the specific (capitalist) social cohesion between the ruling and ruled class of a social formation*. The composition of the state in the ideal case proceeds in step with the formation of the nation. As the state takes the form of the nation state, so does the nation strive towards its political integration in an independent state. The existence, through a historical process, of other specific nationalities within a (multinational) state generally coincides with the presence of a dominant nationality (which will lend "national coloration" to the specific state) and with the oppression by it of the other nationalities. This means at the same time that there is a tendency among the oppressed nations towards secession and the creation of separate nation states.

Lenin's insistence on the Marxist theory of the state and of political power was to lead him to differentiate himself from the predominant conception of imperialism as a uniform global socio-economic structure. He accordingly went on to formulate the *theory of the global imperialist chain*. The internationalization of capitalism through foreign trade and the creation of the international market, through capital exports, the creation of international trusts, etc. binds together the different capitalist social formations, creates multiform, but also unequal, connections between them, in this way shaping a single global imperialist chain. *What this entails, however, is not a uniform global socioeconomic structure, but the meshing together at the international level of the different (nation-state) economic and social structures, each of which develops at a different rate, largely because of the different class and political relationships of force that have crystallized within them*.

This thesis has twofold theoretical consequences. First, it leads to formulation of the *law of uneven development* of each national link in the imperialist chain: "the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism" (Lenin, *CW*, vol. 22). On the basis of this "law" Lenin elaborates an entirely new problematic: to the predominant viewpoint on the global capitalist economic structure he counterposes the imperialist chain, the links of which are not national economies but states. *Thus what counts is not simply "economic development" but the overall (economic, political, military) power of each state that is a link in the chain*. The second theoretical consequence of Lenin's thesis of the global imperialist chain involves the material (domestic and international) preconditions for proletarian revolution. This is the *theory of the weak link*. Effecting

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<sup>15</sup> See, e.g., "Critical Remarks on the National Question", December 1913 (Lenin, *CW*, vol. 19).



a breach with the “imperialist economism”<sup>16</sup> that prevailed, in one way or another, within the international Social Democracy, Lenin maintained that the overthrow of capitalism would not emerge either out of the inability of the global system to reproduce itself world-wide, or out of the contradictions that are assumed to be entailed by capitalism’s excessive “ripeness.” Socialist revolution does not take place in the most developed capitalist country but in the country that is the *weak link* in the imperialist chain: in the country where the domestic and international contradictions merge and are intensified to such a degree, at every level, as to make objectively unavoidable the clash between capital and labour and the revolutionary crisis (*CW*, vol. 24).

Lenin’s theoretical intervention on the national question and the prerequisites for the socialist revolution illustrates the necessity of taking the state seriously. A theory of the state is indispensable not only for comprehending capitalist expansionism, imperialism and colonization, but also *decolonization*, through the formation of new independent capitalist states out of multinational empires or in former colonies. Moreover, we do realize that by his insights not only does he eloquently reject the standpoint of “global capitalism” (see introduction, point 4) but also his argumentation implicitly undermines the points (3) and (5) regarding the role of state and the internationalization of capital.

#### **4. In the place of an epilogue: Perspectives for further developments**

We can summarize the major findings from the analysis above as follows. First, imperialist internationalization of capitalism is to be approached not as a “global capitalist structure” but rather from the starting point of Lenin’s notion of the imperialist chain. Second, capital exports and the resulting internationalization of capital are not explicable by the existence of surplus capital in developed capitalist countries. They are linked to international differentiations in the rate of profit and capitalist commodity competition on the international market. In connection with these findings we shall put forward three theses which can serve as an outline for further developments in the theory of imperialism and international political economy: (i) These findings sketch a problematic for the investigation of imperialism and the organization of capitalist power which stands in opposition to the general logic of classical approaches to imperialism as presented by the five points in the introduction. (ii) These findings presuppose Marx’s argumentation in *Capital*, and especially the concept of social capital. In other words, they can be conceived as a “return to Marx”. (iii) Intent one to embark upon a Marxist analysis of imperialism, it is these findings that must provide the basis of her analysis.

We do not have the space here to get involved in a thorough discussion of the issues raised by the theses above. We shall just add some comments which can be perceived as analytical hints to further elaborations on the issue of imperialism.

Many different narratives of imperialism or international capitalism converge at the point (3) (see introduction), believing that capital takes on the appearance of an “autonomous entity” with a perennial tendency to expand into a geographical field much broader than the political range of an individual state. In other words the

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<sup>16</sup> Lenin “The Discussion on Self-Determination Summed-Up”, July 1918, (*CW* Vol. 28): “This is a sort of ‘imperialist Economism’ like the old Economism of 1894–1902 [...] Instead of speaking about the state (which *means*, about the demarcation of its *frontiers!*), [...] they deliberately choose an expression that is indefinite in the sense that all state questions are obliterated!”

various standpoints on the “new imperialism,”<sup>17</sup> the neo-Gramscian analyses of the “world level,”<sup>18</sup> the postmodern variants on empire,<sup>19</sup> and the traditional World System(s) theories<sup>20</sup> represent alternative attempts at conceptualizing the purported “lack of correspondence” between the territory of the national state (national borders) on the one hand and the sphere of operations and/or domination of capital (whether or not it retains a “national identity”). They thus comprise alternative theoretical routes with a common point of departure, a shared theoretical (and not empirical) premise, endeavouring mostly to put forward a more concrete analysis of contemporary forms of internationalization of capital (multinational companies), drawing from them certain conclusions about the state and its relationship with international capital.

This is a reality with, at the theoretical level, one important analytical consequence: If *capital* as an entity overrides the *state* (the non-correspondent effect), then two conflicting outcomes become possible. It may be accepted that as capital expands beyond the political boundaries of the state, it does not on that account cease to be the “possessor” of a national identity. This interpretation brings back to the fore the classical argumentation on imperialism which notes the importance of states in “supporting” the expansion and internationalization of their “national” capital. Alternatively, it can also be argued that capital no longer retains its national characteristics and its movement creates the prerequisites for entrenchment of global economic-political structures and the subordination of states thereto.

This argumentation, which of course predominates in contemporary analyses, fails entirely to perceive the state as what it is in reality: the political condensation of class relations of domination, *the factor that underwrites the cohesion of capitalist society*. As we discussed above, Lenin’s argumentation challenges this “non-correspondent” standpoint.<sup>21</sup> In his conception the state undertakes a dual organizational role: *organizing the political unity of the bourgeoisie while at the same time organizing the bourgeoisie as ruling class*. In this sense the state, along with the totality of its institutions, its mediating and managing functions, is always “present” in the composition of social classes and the movement of capital.<sup>22</sup>

Isolated individual capitals, or fractions of capital, within a social formation, are transformed *through competition* (and not through the political influence of the state exercised from outside), into elements of aggregate social capital. Through this mutual dependence, that is to say their constitution as social capital, the individual capitals or fractions of capital together acquire the status of a social class and function as an integrated social force that opposes, and dominates, labour. In contrast, then to what is resolutely asserted in historicist analyses<sup>23</sup> *there is most definitely a concrete general class interest of social-national-capital, despite the potential for significant intracapitalist struggles*. In this light it is in no way possible for sections or fractions of a collective national capital to *break away* from the aforementioned unity to form a transnational capitalist class or transnational historic bloc or even to be metamorphosed into entities non-correspondent with some specific collective capitalist. Because quite simply *the unity of collective capital is secured by virtue of*

<sup>17</sup> For example, Harvey (2003), Callinicos (2007), Wood (2005).

<sup>18</sup> See for instance Cox (1999), Gill (2003).

<sup>19</sup> See Hardt and Negri (2000).

<sup>20</sup> For example, Frank and Gills (1996).

<sup>21</sup> Regarding the state theory we mainly follow the analyses of Poulantzas (1973; 1980), Baibar (1977; 1988) and Lenin (see above). See Milios and Sotiropoulos (2009).

<sup>22</sup> See Balibar (1977; 1988).

<sup>23</sup> For example see Gill (2003: 168), Cox (1999: 137), Hardt and Negri (2000: 305-324).

*the mode of composition of the class struggle itself.* To put it somewhat differently: international capitalist space acquires its characteristics from the aggregate effects of class domination in the context of each social formation. The particular economic, political and ideological prerequisites for reproduction of the capitalist relation are perpetuated with each of them in a manner that is *nationally specific*.

In contrast to this hypothesis of bourgeois legal ideology, Marxist theory suggests that the legal property forms of the means of production do not necessarily correspond to the real property relations of the means of production. As formulated by Marx, even if foreign legal ownership is retained, *this capital is incorporated into the process of capitalist accumulation inside the host country, becoming integrated into that country's overall social capital.* The means of production belong to the country's social capital, utilizing the domestic workforce (exactly like every other individual capital inside the country); the value of the commodities produced is expressed in the local currency. As aptly observed by Neusüss (1972: 150) “what is involved are capital exports that are obliged to behave as national capital abroad because the capital functions as productive capital in its host country”.

The true essence of the Leninist concept of the imperialist chain represents a break both with the new imperialism standpoints and with the various globalization theories. It posits an interlinkage at the international level of the different (national-state) economic and social structures, each of which evolves at a different and unequal rate as a result chiefly of the different class and political correlations that have crystallized within it. This international terrain does not imply any supersession of the autonomy of the states that are the links in the chain. It merely, in a way, relativizes it.

If imperialism is defined as the expansionist tendencies and practices of each and every social capital and is therefore a permanent possibility emerging out of the structures of the capitalist mode of production, the historical form it will ultimately acquire for a particular social formation depends on the way in which the ‘external’ situation (that is to say the international correlation of forces) *over-determines* but also *constrains* the practices that emerge out of the evolution of the internal class correlations. If we generalize this observation to the totality of the links in the imperialist chain, we arrive at the manner in which on each occasion the international conjuncture is constructed. The latter is incorporated – and exerts its influence – as a secondary contradiction (in the sense that it does not have priority over class struggle) within the social formations, meaning that the position (in terms of power) of every state that is a link in the chain, and the margins of opportunity for its imperialist action, are *determined by the overall internal class correlations, which are in turn already over-determined by the international conjuncture.*<sup>24</sup> The structure of the imperialist chain has two arguable consequences.

On one hand, it is the terrain on which a variety of national strategies, often contradictory and incontestably unequal in power, are constituted. These strategies are linked to the interests of each individual collective capitalist and play a mutually complementary role in the state's “internal functioning” (often contributing to the organization of bourgeois hegemony). These strategies will never radically draw into question the global flows of commodities and capital, that is to say the capitalist

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<sup>24</sup> We are able in this way to find an interpretation for a whole range of developments in the international conjuncture, and above all those that evidently involve actors other than the “Great Powers”: the Iran-Iraq war, the wars in former Soviet Union and in Yugoslavia and the creation of new nation-states, the Syrian military presence in Lebanon from May 2000 to April 2005, the Vietnamese military presence in Cambodia from 1978 to 1989, the India-Pakistan conflict, the Cyprus problem etc. For more on these matters see Milios and Sotiropoulos (2009; part III).

nature of the international economic sphere. They will simply demand different versions of the terms on which the game must be played. In any case the global market is inextricably associated with the capital relation. The contribution it makes to its reproduction is dramatic. The antagonism in question is that between the various national social capitals, which certainly has a potent political aspect. Indeed to the extent that military power is a distillation, and a guarantor, of all political power, this competition is also metamorphosed into military competition (of various forms). States play an important role, without that meaning that they are autonomous bearers of sovereignty whose sphere of influence also extends beyond their borders. In this sense the interpretation of imperialism that we propose here embraces the dynamic of geopolitical antagonisms, defining the terms within which it manifests itself, which are ultimately subordinated to the evolution of class antagonisms.

On the other hand, the complex game within the parameters of the imperialist chain also operates reflexively when it comes to its effect on the links. Here we are dealing with the other side of the same coin. A concept borrowed from Smith's analysis may well help us arrive at a better description of this process: in particular the concept of the invisible hand. The unequal links in the imperialist chain have in common a certain shared strategic interest: *reproduction of the capitalist system of domination*. However great the sharpening of the geopolitical or economic conflicts they will never *on their own* go so far as to reverse this constant. The chain must be reproduced as capitalist. Every state as it delineates its strategy in the international area, that is to say on a terrain where all correlations are in flux, contributes in the final analysis to the reproduction of capitalism. Striving to promote its "national" interest, in other words, it helps to reproduce capitalism as a stable relationship of power.

Just as society and economy is not the mere "sum of individual actions,"<sup>25</sup> the imperialist chain is not the "sum" or the resultant outcome of the "actions" of individual states, but the terrain of expanded reproduction of capitalist rule, which is, however, in the last instance determined by class struggle in each capitalist social formation. Moreover, as the character of the chain is complex and unequal, often the national interest of capitalist superpowers entails "duties" that are crucial for the reproduction of global capitalist order. For example, it is nowadays commonplace for the role of the United States to be described as imperial precisely because of this fact. We are therefore obliged to distance ourselves from some theoretical excesses. There is no global empire that is "in control" of every state structure. Not even the United States is anything like that. Of course for a variety of reasons the USA embodies a global hegemony that is also expressed through the capacities of its military machine and is necessary for the extended reproduction of the long-term interests of all the bourgeoisies of developed capitalism. The Western alliance, with the USA in the leading role, defending the specific national interests of its social capitals, is *at the same time* pursuing a *hegemonic project* for all capitalist states. *The only authentic 'empire' is the imperialist chain in its entirety.*

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<sup>25</sup> As Rubin (1989: 174) correctly argues, Smith's 'invisible hand' as well as the meaning he sometimes ascribes to 'natural' economic phenomena, makes possible the formulation of a theory of the (capitalist) economy and society that goes beyond individuals, focusing on (social and economic) regularities and 'laws' that determine individual action.

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