NOTES ON THE THEORY OF IMPERIALISM

Spanish Colonialism ⇒ Imperialism

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Colonial Heritage.

We the P.R. people.

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by Paul A. Baran and Paul M. Sweezy

Paul A. Baran was, until his death in 1964, one of the world's foremost political economists; he authored The Political Economy of Growth, and was co-author, with Paul M. Sweezy, of Monopoly Capital. Paul Sweezy is co-editor of Monthly Review.
This essay appeared first in Problems of Economic Dynamics and Planning (Warsaw, 1964). It is reprinted here, with permission, from Monthly Review (March, 1966).

published by:

Bay Area Radical Education Project
491 Guerrero St.
San Francisco, Calif. 94110

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BY PAUL A. BARAN AND
PAUL M. SWEEZY

The following paper was contributed by its authors to a volume celebrating the 65th anniversary of the birth of the distinguished Polish economist Michal Kalecki: *Problems of Economic Dynamics and Planning: Essays in Honour of Michal Kalecki*, PWN (Polish Scientific Publishers), Warsaw, 1964. It is reprinted here by permission.—The Editors

The Marxian theory of imperialism—as developed chiefly by Hilferding, Rosa Luxemburg, and Lenin and since accepted with but few modifications by most Marxists—has served at least three major purposes. First, it provides a theory of international relations within the capitalist world, encompassing not only relations between advanced and underdeveloped countries but also among the advanced countries themselves. Second, it contributes to the clarification of the development of social and political conditions within the various capitalist countries, both advanced and underdeveloped. And third, it purports to provide an important part of the explanation of strictly economic tendencies and trends within the advanced capitalist countries. In this third connection, two points have been usually stressed. The unequal relations between the developed and underdeveloped countries result in the establishment of terms of trade which greatly favor the former at the expense of the latter. In this way wealth is transferred from the poor countries to the rich, and the disposable surplus of the rich—which can be used to support parasitic classes, a "workers' aristocracy," as well as for normal purposes of capital accumulation—is vastly expanded. But imperialism, by putting capital export at the very center of the economic stage,[1] is also supposed to provide a crucially important outlet for the surplus of the rich countries. In the terminology of bourgeois economics, capital export expands effective demand

1. "Under the old type of capitalism," Lenin wrote, "when free competition prevailed, the export of commodities was the most typical feature. Under modern capitalism, when monopolies prevail, the export of *capital* has become the typical feature." *Imperialism the Highest Stage of Capitalism*, Chapter 4.

and thereby raises income and employment above what they otherwise would have been. It is this last aspect of the traditional theory of imperialism which seems to us to be in particular need of rethinking in the light of conditions existing today, nearly half a century after publication of Lenin's classic work. As we hope to make clear even within the confines of a brief exploratory essay, the problem is very much more complicated than Marxists have been wont to think, and the breadth and depth of its ramifications can hardly be exaggerated.

II

At the outset it must be stressed that the familiar national aggregates—Gross National Product, national income, employment, etc.—are almost entirely irrelevant to the explanation of imperialist behavior. In capitalist societies, these are *ex post* calculations which play little if any causal role.[2] Nor does it make any difference whether the "costs" of imperialism (in terms of military outlays, losses in wars, aid to client states, and the like) are greater or less than the "returns," for the simple reason that the costs are borne by the public at large while the returns accrue to that small, but usually dominant, section of the capitalist class which has extensive international interests. If these two points are kept firmly in mind, it will be seen that all liberal and Social Democratic efforts to refute Marxian—or for that matter any other predominantly economic—theories of imperialism on the ground that in some sense or other it "doesn't pay" have no claim to scientific standing.[3]

2. To be sure, depressions and mass unemployment have pushed capitalist governments into armaments expansion, aggressive foreign policy, and even war, but the analysis of these crucially important problems is a task of the general theory of monopoly capitalism which is obviously much broader than the classical "pure" theory of imperialism.

3. It should perhaps be added that in addition to being based on a fatal methodological error, these alleged refutations of economic theories of imperialism usually rely on arguments which can only be described as nonsensical. In this connection a good recent example is Hans Neisser's "Economic Imperialism Reconsidered," *Social Research*, Spring 1960. Neisser would like to compare what the capitalist world is like today with what it would have been like "if western economic penetration of the rest of the world had stopped at the beginning of the nineteenth century." (p. 73.) That this involves a wholly fanciful and arbitrary invention of a century and a half of world history does not trouble him in the least.

All of which is only another way of saying that the relevant actors on the imperialist stage are classes and their subdivisions down to and including their individual members. And this means in the first instance the dominant classes in the most advanced capitalist countries to which the less developed and underdeveloped countries stand in various relations of subordination. In terms of the total system, these are the classes which have the power of initiative: they are, so to speak, the independent variables. The behavior of other classes—including the subordinate classes in the dominant countries as well as both the dominant and the subordinate classes in the subordinate countries—is primarily reactive. One of the most important tasks of a theory of imperialism is therefore to analyze the composition and interests of the dominant classes in the dominant countries.

At the expense of some oversimplification, we can say that the traditional Marxist view has been that the imperialist ruling classes are made up of industrialists and bankers and that a certain characteristic evolution has taken place in the relations between the two groups. In the first phase—up to the closing decades of the 19th century—the industrialists played the leading role. Their interests in the underdeveloped countries were of two kinds: as sources of cheap food and raw materials which would have the effect of raising the rate of surplus value and lowering the organic composition of capital, thus doubly boosting the rate of profit; and as markets for manufactured goods which would help to solve the realization problem. Both these ends would best be served by free trade and free competition which could be counted upon to turn the underdeveloped countries into complementary appendages of the advanced countries.

The second phase, beginning around 1880 or so, is characterized by the dominance of finance capital. Concentration and centralization of capital lead to spread of the corporate form, of stock markets, etc. In this context, bankers (investment bankers in the United States) seize the initiative, promote mergers and monopolies over which they establish their dominance, and thus become the leading echelon of the capitalist class. Since the bankers deal in capital rather than in commodities, their primary interest in the underdeveloped countries is in exporting capital to them at highest possible rates of profit. This end, however, is not furthered by free trade and free competition. Finance capitalists in each imperialist country want to establish an exclusive domain out of which they can keep their rivals and within which they can fully protect their investments. Hence the vigorous revival of empire-building—somewhat in abeyance since mercantile days—in the closing decades of the 19th century. There is, of course, no implication that export of capital is in conflict with the aims of the preceding period—raw materials and markets—for, on the contrary, they complement each other nicely. It is only that in the Hilferding-Lenin theory it is the export of capital which dominates imperialist policy.

This theory, taken together with Lenin's very important Law of Uneven Development, worked well in explaining the main lines of development of the world economy and of world politics in the period before the First World War. Since then, however, certain changes in the characteristics of the ruling classes in the dominant countries have taken place which need to be taken into account in the development of the theory.

III

One can no longer today speak of either industrialists or bankers as the leading echelon of the dominant capitalist classes. The big monopolistic corporations, which were formed and in their early years controlled by bankers, proved to be enormously profitable and in due course, through paying off their debts and plowing back their earnings, achieved financial independence and indeed in many cases acquired substantial control over banks and other financial institutions. These giant corporations are the basic units of monopoly capitalism in its present stage; their (big) owners and functionaries constitute the leading echelon of the ruling class. It is through analyzing these corporate giants and their interests that we can best comprehend the functioning of imperialism today.

In size, complexity of structure, and multiplicity of interests the corporate giant of today differs markedly from the industrialist or the banker of an earlier period. This can be most graphically illustrated by an actual case, and for this purpose we can hardly do better than select Standard Oil of New Jersey (hereafter referred to as Standard or Jersey). This corporation

was the earliest of its kind anywhere in the world; it is today the second largest industrial corporation in the world (second only to General Motors); and its international ramifications are at least as complicated and far reaching as those of any other corporation. It shows in clearest and most developed form the "ideal type" to which hundreds of other giant corporations, both in the United States and in the other advanced capitalist countries, are more or less close approximations.

Here, in brief summary form, are some of the most important data about the size, structure, and operations of Jersey.[4]

Size. As of December 31, 1962, Jersey had total assets of $11,488 million. Its aggregate revenues for the year 1962 came to $10,567 million, and its net income to $841 million (*Form 10-K*).

Geographical distribution of assets and earnings. As of the end of 1958, the percentage distribution of earnings and assets by various regions was as follows (*Notice*):

	Assets	*Earnings*
U.S. and Canada	67	34
Latin America	20	39
Eastern Hemisphere	13	27
Total	100	100

Rate of return on stockholders' equity. During 1962 the percentage rates of return on stockholders' equity in different regions were as follows (*Annual Report*):

United States	7.4
Other Western Hemisphere	17.6
Eastern Hemisphere	15.0

Number of subsidiaries. As of the end of 1962, Jersey owned 50 percent or more of the stock in 275 subsidiaries in 52 countries. The following is a list of the number of such subsidiaries by country of organization (*Form 10-K*):

4. The sources are the company's *1962 Annual Report*, its *Notice of Special Stockholders' Meeting* (October 7, 1959), and its *Form 10-K for the Fiscal Year Ended December 31, 1962*, filed with the Securities and Exchange Commission pursuant to Section 13 of the Securities Act of 1934. These sources are identified as *Annual Report, Notice,* and *Form 10-K*, respectively.

U.S.A.	77	Morocco	2
Canada	37	Switzerland	2
Great Britain	24	Uruguay	2
Panama	17	Venezuela	2
France	12	Algeria	1
Bahamas	8	Danzig	1
Italy	6	Dominican Republic	1
Sweden	6	Egypt	1
Colombia	5	El Salvador	1
Netherlands	5	Finland	1
Australia	4	Hungary	1
Brazil	4	India	1
Chile	4	Indonesia	1
Germany	4	Kenya	1
Philippines	4	Luxemburg	1
Argentina	3	Madagascar	1
Denmark	3	Mexico	1
Ireland	3	New Zealand	1
Japan	3	Paraguay	1
Neth. Antilles	3	Peru	1
Norway	3	Republic of Congo	1
Austria	2	Singapore	1
Belgium	2	South Africa	1
Bermuda	2	Spain	1
Iraq	2	Surinam	1
Malaya	2	Tunisia	1

Recapitulating by regions, we find that Jersey had 114 subsidiaries in the United States and Canada, 43 in Latin America, 77 in Europe, 14 in Asia, 9 in Africa, and 18 in other regions.

Countries marketed in. According to the *Annual Report,* Jersey sold to "more than 100" countries in 1962.

It would obviously be wrong to expect a corporation like this to behave like a British cotton mill owner interested in getting his raw cotton from abroad at the lowest possible price and in exporting his products to a duty-free India, or like a Rothschild or a Morgan disposing over great amounts of liquid capital and interested in investing it abroad at the highest attainable rate of profit. Standard's interests are much more complicated. Take, for example, the question of exports and imports. Though Standard, through its principal United States affiliate, Humble Oil and Refining Company, is one of the biggest producers in the country, the company is definitely not interested in protectionist measures. Quite to the contrary, it is a

strong opponent of the present system of controls which limits the importation of fuel oil.[5] "In the interests of consumers, the national economy, and the international relations of our country," states the *1962 Annual Report,* "we hope that these unnecessary controls not only will be relaxed . . . but will be completely removed." Behind the public-spiritedness, of course, lies Standard's interest in having its relatively low-cost Venezuelan subsidiary, Creole Petroleum, sell freely in the lucrative East Coast fuel-oil market.

Or take the question of capital exports. On the face of it, one might be tempted to conclude from the tremendous magnitude and variety of Standard's foreign operations that over the years the corporation has been a large and consistent exporter of capital. The conclusion, however, would not be justified. From the data presented above, it appears clear that foreign operations are much more profitable than domestic, and this has been the case since the early days of the corporation. Under these conditions, a small initial export of capital could, and undoubtedly did, expand rapidly through the reinvestment of its own earnings. Not only that. So great have been the profits of foreign operations that in most years even after the needs of expansion have been covered, large sums have been available for remittance to the parent corporation in the United States. The year 1962 may be taken as an example: Standard paid out dividends to its shareholders, the vast majority of whom are resident in the United States, a total of $538 million. In the same year, however, operations in the United States produced a net income of only $309 million. It follows that some 40 percent of dividends plus whatever net investment may have been made in the United States during the year were financed from the profits of foreign operations. Far from being an exporter of capital, the corporation is a large and consistent *importer* of capital into the United States.

The foregoing gives hardly more than a hint of the complexity of Standard's interests. It takes no account of the fact

5. The existence of these import restrictions is a reflection of the great political power of the oil and gas producing states, especially exercised through the Democratic Party.

that the oil industry as organized by the giant international corporations is in reality a congeries of businesses: extraction of the raw material from the subsoil, transportation by pipe-line and tanker, processing in some of the most technologically advanced plants in the world, and finally selling a variety of products in markets all over the world. Nor is Standard confined to the oil industry even in this comprehensive sense. It is a large and growing supplier of natural gas to the gas pipe-line companies; it is a major producer of artificial rubber, plastics, resins, and other petrochemical products; and it recently entered the fertilizer business with plans which, according to the *1962 Annual Report*, "will make Jersey an important factor in the world fertilizer industry." Finally, Jersey, like other giant corporations, maintains a large research and development program the purpose of which is not only to lower costs and hence increase profits from existing operations but also to invent new products and open up new lines of business. As an illustration of the latter, we may cite the following from the *1962 Annual Report*: "Food from oil through biological fermentation is an intriguing possibility. Esso Research, in a small pilot plant, has produced a white powder that resembles powdered milk or yeast. It is odorless, has a bland taste, and is high in protein and B vitamins. The first goal is to develop food supplements for animals, but it is hoped that the technique may one day help to improve the diet and health of the world's growing population." Quite a promising market, one must admit.

This is, of course, not the place for a detailed examination of the structure and interests of Standard Oil or any other corporation. But enough has been said, we hope, to carry the conviction that such a huge and complicated institutional "capitalist" can hardly be assumed to have exactly the same attitudes and behavior patterns as the industrial or finance capitalists of classical Marxian theory. But before we explore this subject further, we must ask whether Standard Oil is indeed an ideal type which helps us to distil the essence of capitalist reality, or whether on the contrary it may not be an exceptional case which we should rather ignore than put at the center of the analytical stage.

IV

Up to the Second World War, it would have been correct to treat Standard Oil as a sort of exception—a very important one, to be sure, exercising tremendous, and at times even decisive, influence on United States world policy. Nevertheless, in the world-wide scope and ramifications of its operations not only was it far ahead of all others; there were only a handful that could be said to be developing along the same lines. Many United States corporations of course had large interests in exports or imports, and quite a few had foreign branches or subsidiaries. In neither respect, however, was the situation much different from what it had been in 1929. Direct investments of United States corporations indeed declined slightly between 1929 and 1946.[6] Most of the giant corporations which dominated the United States economy were, in the words of *Business Week*, "domestically oriented enterprises with international operations" and not, like Standard Oil, "truly world oriented corporations."[7]

A big change took place during the next decade and a half. To quote *Business Week* again: "In industry after industry, U.S. companies found that their overseas earnings were soaring, and that their return on investment abroad was frequently much higher than in the U.S. As earning abroad began to rise, profit margins from domestic operations started to shrink. . . . This is the combination that forced development of the multinational company."[8] The foreign direct investments of United

6. The figure was $7.5 billion in 1929 and $7.2 billion in 1946. U.S. Department of Commerce, Office of Business Economics, *U.S. Business Investments in Foreign Countries: A Supplement to the Survey of Current Business*, 1960, p. 1.

7. "Multinational Companies," A Special Report, *Business Week*, April 20, 1963. It is interesting to note that in the United States, the business press is often far ahead of economists in recognizing, and even attempting to analyze, the latest developments in the capitalist economy.

8. *Ibid.* The shrinkage of profit margins in the U.S. economy, beginning as early as 1950 and in spite of unprecedentedly rapid technological progress and slowly rising unemployment, is a complete mystery to bourgeois thought, both journalistic and academic. Since it is obviously impossible to pursue this subject within the confines of this essay, we must be content to refer the reader to a forthcoming work, entitled *Monopoly Capital*, by the present authors.

States corporations increased sharply—from the already cited figure of $7.2 billion in 1946 to $34.7 billion in 1961.[9] While this tremendous jump of course involved actual capital exports by many individual companies, it cannot be overemphasized that for the United States as a whole the amount of income transferred to the United States on direct investment account far exceeded the direct capital outflow. The two series, which can be constructed from official government statistics for the years 1950 and later, are as follows:

Year	*Net Direct Investment Capital Outflow ($ Millions)*	*Direct Investment Income ($ Millions)*
1950	621	1.294
1951	528	1.492
1952	850	1.419
1953	722	1.442
1954	664	1.725
1955	799	1.975
1956	1.859	2.120
1957	2.058	2.313
1958	1.094	2.198
1959	1.372	2.206
1960	1.694	2.348
1961	1.467	2.672
Totals	13.708	23.204

Sources: U.S. Department of Commerce, *Survey of Current Business,* November 1954, pp. 9, 13; August 1955, pp. 18, 20; August 1957, p. 25; August 1959, p. 31; August 1961, pp. 22-23; August 1962, pp. 22-23.

From the figures presented it will be seen that from 1950 through 1961, United States corporations were able to expand their direct foreign investments by $27.5 billion while at the same time taking in as income $9.5 billion more than they sent out as capital. Foreign investment, it seems, far from being a means of developing underdeveloped countries, is a most efficient device for transferring wealth from poorer to richer

9. U.S. Department of Commerce, *Survey of Current Business,* August 1962, p. 22.

countries while at the same time enabling the richer to expand their control over the economies of the poorer.

But this is not the aspect of the matter which primarily concerns us at the moment. The point is that in the course of expanding their foreign assets and operations in this spectacular way, most of the corporate giants which dominate the United States economy have taken the road long since pioneered by Standard Oil. They have become, in *Business Week*'s terminology, multinational corporations.[10] It is not enough that a multinational corporation should have a base of operations abroad; its true *differentia specifica* is that "its management makes fundamental decisions on marketing, production, and research in terms of the alternatives that are available to it anywhere in the world."[11] This, of course, is what Standard Oil has been doing since roughly the beginning of the century. The difference is that what was then the exception has today become the rule.

V

One cannot say of the giant multinational company of today that it is primarily interested, like the industrialist of the 19th century, in the export of commodities; or, like the banker of the early 20th century, in the export of capital. General Motors, for example, produces automobiles for the rapidly expanding European market not in Detroit but in Britain and West Germany; and it probably exports many more from its European subsidiaries to the underdeveloped countries than it does from the United States. In many cases, indeed, the foreign subsidiaries of United States companies are large-scale exporters to the United States market. In 1957, for example, the aggregate sales (excluding intercorporate petroleum sales) of direct-investment enterprises abroad was $32 billion. Of this

10. The term seems to have originated with David E. Lilienthal, Director of the Tennessee Valley Authority under Roosevelt and of the Atomic Energy Commission under Truman, and now Chairman of the Development and Resources Corporation which appears to be backed and controlled by the international banking house of Lazard Frères. A paper delivered by Mr. Lilienthal at the Carnegie Institute of Technology in April, 1960, and later published by Development and Resources Corporation, bears the title "The Multinational Corporation."

11. *Business Week*'s "Multinational Companies."

amount, more than $3.5 billion (11 percent) was exported to the United States.[12] Considering that aggregate merchandise imports into the United States in 1957 came to $13.2 billion, it is a most striking fact that more than a quarter of this total was supplied by the foreign subsidiaries of United States companies. And as for capital export, we have already seen that United States multinational companies are on balance massive importers, not exporters, of capital.

What all this means is that one must beware of easy generalizations about the specifically economic interests of the leading actors on the imperialist stage. Their interests are in fact variegated and complex, often contradictory rather than complementary. Subsidiaries of a United States company in two foreign countries may both be in a good position to export to a third country. If one gets the business, the interests of the other will be damaged. Which should be favored? Or a certain company produces raw materials through a subsidiary in one country, processes the materials through another subsidiary in a second country, and sells the finished product through yet another subsidiary in the United States. Intercorporate prices can be so fixed as to allocate revenues and profits in any number of ways among the subsidiaries and countries. Which set of prices should actually be selected? These examples illustrate the kind of problem which the top managements of the multinational corporations have to solve every day; and about the only valid generalization one can make is that in every case they will seek a solution which maximizes the (long-run) profits of the enterprise as a whole. And this of course means that whenever necessary to the furtherance of this goal, the interests of particular subsidiaries and countries will be ruthlessly sacrificed. This is admitted with refreshing candor by the authors of the *Business Week* report already cited: "The goal, in the multinational corporation, is the greatest good for the whole unit, even if the interests of a single part of the unit must suffer. One large U.S. manufacturer, for example, concedes that it penalizes some of its overseas subsidiaries for the good of the total corporation by

12. U.S. Department of Commerce, *U.S. Business Investments in Foreign Countries,* p. 3.

forcing them to pay more than necessary for parts they import from the parent and from other subsidiaries. Says one of the company's executives: 'We do this in countries where we either anticipate or already face restrictions on profit repatriation. We want some way to get our money out.' "

A whole treatise could—and should—be written about the way the national interests of the subordinate countries fare under the regime of multinational corporations. Here we will have to be content with one illustration—a case which is less known than it deserves to be but which we believe to be fully typical. One of the most important natural resources of the Caribbean area is bauxite. Jamaica, Surinam, British Guiana, and the Dominican Republic are all important producers, with operations being organized and controlled by one Canadian and a few United States corporate giants. Separate figures on the operations of these subsidiaries are not published. However, the United States Department of Commerce does report the profits accruing to United States mining companies on their operations in Western Hemisphere dependencies of European countries, at least 90 percent of which must be attributable to bauxite production in Jamaica, Surinam, and British Guiana. Adding a conservatively estimated figure for profits of the Canadian company, profits from operations in these three countries in 1961 were between $70 and $75 million on an investment estimated at between $220 and $270 million.[13] This profit rate of between 26 and 34 percent suggests, in the opinion of Philip Reno, that "this could well be among the most profitable United States investment structures in the world." However, this is only part of the story. Commerce Department figures give current costs of United States aluminum company operations in the three countries for 1957. Of the total of $81 million, no less than $31 million, or almost 40 percent, are classified under the heading of "Materials and Services." Since it is simply incomprehensible how materials and services could constitute so large a share of the costs of an extractive operation of this kind (more than 50

13. All figures are from an article, "Aluminum Profits and Caribbean People," by Philip Reno, MONTHLY REVIEW, October 1963. Mr. Reno spent several months in British Guiana studying the operations of the aluminum companies.

percent greater than wages and salaries), one can only conclude that this item is artificially padded to cover excessive payments to United States shipping, insurance, and other interests. In this manner, profits (and hence taxes) can be kept down and funds can be remitted from the colony to the metropolis.

Nor is even this all. The price of bauxite produced in the United States doubled in the two decades from 1939 to 1959, while the price of bauxite imported from Surinam and British Guiana remained almost the same throughout the whole period. This means that profits which should have been realized by the subsidiary companies and been taxed by the Surinam and British Guiana governments were in fact realized in the United States. At length, however, the parent aluminum companies, with one exception, began to alter this price structure, and here we get a revealing glimpse of the kind of considerations that determine the policy decision of the multinational corporations. In Philip Reno's words: "The prices set on bauxite from all the Caribbean countries except British Guiana did finally begin to rise a few years ago. The explanation lies with the law granting tax concessions to United States companies operating in other countries of this Hemisphere through what are called Western Hemisphere Trade Corporations. Instead of a 52 percent corporate income tax, Western Hemisphere Trade Corporations pay the United States only 25 percent. By raising the price of bauxite, United States companies could now reduce their total income taxes. The price of bauxite began to rise for the first time in 20 years, except for British Guiana bauxite mined by Altd, Canada-based and unaffected by Western Hemisphere Trade Corporation maneuvers."

If this is a fair sample of how the underdeveloped countries are treated by the multinational companies, it does not follow that these giant enterprises are any more concerned to promote the national interests of the advanced countries, including even the one in which their headquarters are situated. Quite apart from particular actions—like the Ford Motor Company's remittance abroad of several hundred million dollars to buy out the minority interest in Ford of Britain at a time when the United States government was expressing serious concern about the state of the country's balance of payments—a plausible argument could be made that in the last fifteen years United States corporations have developed their foreign operations at the expense of, and often in direct competition with, their domestic operations, and that these policies have constituted one of the causes of the lagging growth rate of the United States economy and hence of the rising trend of unemployment which is now perhaps the nation's number one domestic problem. Whether or not this is really the case—and it would probably be impossible to *prove* either that it is or isn't—it remains true that the decisions and actions of the multinational companies are taken solely with a view to promoting the interests of the companies themselves and that whatever effects, beneficial or injurious, they may have on the various countries in which they operate are strictly incidental.

VI

Does this mean that the giant multinational companies have no interests in common on which they can unite? Are there no *general* policies which they expect their governments—and the governments of the dominant imperialist states are indeed theirs—to follow? The answer is that there are common interests and desired general policies, but that for the most part they are not narrowly economic in nature. The multinational companies often have conflicting interests when it comes to tariffs, export subsidies, foreign investment, etc. But they are absolutely united on two things: First, they want the world of nations in which they can operate to be as large as possible. And second, they want its laws and institutions to be favorable to the unfettered development of private capitalist enterprise. Or to put the point in another way, their ideal would be a world of nations in every one of which they could operate uninhibited by local obstacles to their making and freely disposing of maximum attainable profits. This means not only that they are opposed to revolutions which threaten to exclude them altogether from certain areas—as, for example, the Cuban Revolution excluded all United States corporations from Cuba—but also that they are adamantly opposed to all forms of state capitalism (using the term in its broadest sense) which might tend to hamper their own operations or to reserve potentially profitable areas of economic activity for the nationals of the countries in question.[14] Their attitude is well expressed in the *1962 Annual Report* of Standard Oil on which we have already drawn for illustrative material: "Both at home and abroad, a greater awareness is needed of the importance of private investment to economic progress. Some countries have shown a trend toward state enterprise both through government participation in new commercial ventures and through nationalization of established private businesses. The interest of these nations will best be served, however, by fostering societies that are based on those principles of free enterprise which have produced the outstanding economic development of many other nations. It is reassuring to see steps taken—such as the Hickenlooper Amendment to the Foreign Assistance Act of 1961—to ensure that economic assistance funds from the United States encourage a climate of progress by emphasizing the importance and protection of private investment in nations receiving aid from the United States." It would be wrong to think that the management of Standard Oil opposes government enterprise in the subordinate countries because of a naive belief that state action is identical with socialism. The explanation is much more rational: government enterprise and state action in these countries generally represent attempts on the part of the native bourgeoisies to appropriate for themselves a larger share of locally produced surplus at the expense of the multinational companies. It is only natural that such attempts should be resolutely opposed by the multinational companies.

The general policy which the multinational companies require of their government can thus be summed up in a simple formula: to make a world safe for Standard Oil. In more ideological terms, this means to protect the "free world" and to extend its boundaries wherever and whenever possible, which of course has been the proclaimed aim of United States policy ever since the promulgation of the "Truman Doctrine" in

14. This does not mean, of course, that they oppose foreign governments' undertaking public works—roads, harbors, public health and education programs, etc., etc.—of a kind that will benefit their own operations. For such beneficent activities they even favor generous "foreign aid" from their own government.

1947. The negative side of the coin is anti-communism. The necessary complement is the building up and maintenance of a tremendous global military machine.

All the major struggles going on in the world today can be traced to this hunger of the multinational corporations for maximum *Lebensraum*. And the connection usually has a direct, immediate, and visible aspect. We cite just two facts relative to Cuba and Vietnam where the essence of present-day imperialist policy can be seen in its clearest form. Under the heading "Standard Oil Co. (New Jersey)," in Standard and Poor's *Standard Corporate Descriptions*, dated July 24, 1961, we learn that "loss of $62,269,000 resulting from expropriation of Cuban properties in 1960 was charged to earned surplus." And from the same company's *1962 Annual Report* we learn that "Jersey continues to look for attractive opportunities both in areas where we now operate and in those where we do not," and that the following are among the measures being taken to implement this policy: "A refinery in which the company will have majority interest is under construction in Malaya, and affiliates have part interests in a refinery under construction in Australia and one that is being planned for Vietnam."

Losses in Cuba, plans for South Vietnam: what more eloquent commentary could there be on the struggles now going on in and around those two little countries on opposite sides of the globe?

In the present phase of world history American imperialism has come to be the main source of exploitation and oppression in the world. The United States owns or controls nearly 60 percent of the world's natural resources, but contains only six percent of the world's population. This is the basic reason for the starvation level of existence experienced by nearly two thirds of the people of the world. To protect this cruel system of plunder, the United States has created an unparalleled war machine.

—Bertrand Russell