

# DETROIT REVOLUTIONARY MOVEMENT RECORDS

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FOLDER 13

CL REPORT POLITICAL  
ECONOMY

# Political Economy, A Component Part of Marxism-Leninism

In the Communist League we study political economy because it is one of the three component parts of Marxism-Leninism. Marxism, says Lenin, has declared relentless war on wage slavery. Political economy as taught in the bourgeois institutions defends the system of wage slavery. Classical political economy before Marx, studied such questions as the labour theory of value. In fact, before the advent of the degeneration of capitalism, Adam Smith and David Ricardo laid the foundations of the labour theory of value which Marx continued to build upon. Lenin points out in the Three Sources and Three Component Parts of Marxism on page 79:

"The genius of Marx consists precisely in the fact that he furnished answers to questions the foremost minds of mankind had already raised. His teachings arose as the direct and immediate continuation of the teachings of the greatest representatives of philosophy, political economy and socialism.

The Marxian doctrine is omnipotent because it is true. It is complete and harmonious, and provides men with an integral world conception which is irreconcilable with any form of superstition, reaction, or defense of bourgeois oppression. It is the legitimate successor to the best that was created by mankind in the nineteenth century in the shape of German philosophy, English political economy and French socialism."

The ideologists of the bourgeoisie try to prove that capitalism is an eternal, undying and never changing system. They, of course, want workers to think that the capitalist system has always existed and always will. The history of mankind shows that men lived on earth for thousands of years and knew nothing of capitalism. This history shows that there have been five main types of relations of production: primitive communal, slave, feudal, capitalist and socialist.

## THE PHILOSOPHY OF MARXISM-LENINISM IS DIALECTICAL MATERIALISM

Dialectical materialism is the world outlook of the Marxist-Leninist party. It is called dialectical materialism because its approach to the phenomena of nature, its method of studying and apprehending them is dialectical, while its interpretation of the phenomena of nature, its conception of these phenomena, its theory, is materialistic.

Comrade Stalin lists four points to the method of dialectics:

A. Contrary to metaphysics, dialectics regards nature as a connected and integral whole, in which things are organically connected with, dependent on and determined by each other. The dialectical method therefore holds that no phenomena in nature can be understood if taken by itself, isolated from surrounding phenomena. Everything depends on the condition time and place.

B. Contrary to metaphysics, dialectics holds that nature is in a state of continuous movement and change, of continuous renewal and development where something is always arising and developing, and something always disintegrating and dying away. The dialectical method considers invincible only that which is arising and developing. Hence in order not to err in policy, one must look forward not backward.

C. Contrary to metaphysics dialectics holds that the process of development which passes from insignificant and imperceptible quantitative changes to open, fundamental changes to qualitative changes; a development in which the qualitative changes occur not gradually but rapidly and abruptly, taking the form of a leap from one state to another; they occur not accidentally but as the natural result of a accumulation of imperceptible and gradual changes. Dialectics does not regard the process of development as a simple repetition, but as an onward and upward movement, developing from the simple to the complex, from the lower to the higher. "Nature is the test of dialectics" (Engels). Hence in order not to err in policy one must be a revolutionary, not a reformist.

D. Contrary to metaphysics, dialectics holds that internal contradictions are inherent in all things and phenomena of nature, for they all have their negative and positive sides, and that the struggle between these opposites constitutes the internal content of the process of development, the internal content of the transformation of quantitative changes into qualitative changes. Hence we must not cover up the contradictions of the capitalist system, but disclose and unravel them; we must not try to check the class struggle but carry it to its conclusion.

"In its proper meaning, dialectics is the study of the contradictions within the very essence of things" (Lenin, Philosophical notebooks)

"Development is the struggle of opposites" (Lenin, Selected Works Volume XI, pp 81-2)

#### THE DOCTRINE OF THE CLASS STRUGGLE

"When feudalism was overthrown, and "free" capitalist society appeared, it at once became apparent that this freedom meant a new system of oppression and exploitation of the toilers. Various socialist doctrines immediately began to arise as a reflection of and protest against this oppression. But early socialism was utopian socialism. It criticized capitalist society, it condemned and damned it, it dreamed of its destruction, it indulged in fancies of a better order and

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endeavoured to convince the rich of the immorality of exploitation.

But utopian socialism could not point the real way out. It could not explain the essence of wage slavery under capitalism, nor discover the laws of the latter's development, nor point to the social force which is capable of becoming the creator of a new society.

Meanwhile, the stormy revolutions which everywhere in Europe, and especially in France, accompanied the fall of feudalism, of serfdom, more and more clearly revealed the struggle of classes as the basis and the driving force of the whole development.

Not a single victory of political freedom over the feudal class was won except against desperate resistance. Not a single capitalist country evolved on a more or less free and democratic basis except by a life and death struggle between the various classes of capitalist society.

The genius of Marx consists in the fact that he was able before anybody else to draw from this and consistently apply the deduction that world history teaches. This deduction is the doctrine of the class struggle.

People always were and always will be the stupid victims of deceit and self-deceit in politics until they learn to discover the interests of some class or other behind all moral, religious, political and social phrases, declarations and promises. The supporters of reforms and improvements will always be fooled by the defenders of the old order until they realize that every old institution, however barbarous and rotten it may appear to be, is maintained by the forces of some ruling classes. And there is only one way of smashing the resistance of these classes, and that is to find, in the very society which surrounds us, and to enlighten and organize for the struggle, the forces which can - and, owing to their social position must constitute the power capable of sweeping away the old and creating the new.

Marx's philosophical materialism alone has shown the proletariat the way out of the spiritual slavery in which all oppressed classes have hitherto languished. Marx's economic theory alone has explained the true position of the proletariat in the general system of capitalism."

The above statement was made by Lenin in the Month of March, 1913 and can be found in his work: the THREE SOURCES AND THREE COMPONENT PARTS OF MARXISM (pp 84,85)

#### WHAT IS POLITICAL ECONOMY ?

Political economy explains how men get their living; it deals with the production and distribution within human societies, of the material needs of life - food, clothing shelter, transportation etc. Political economy is concerned with the relations between men in the process of

making a living. It is, in Lenin's words, the science dealing with the development of historical systems of social production. Political economy reveals how, with changes in the technique of production, the relations of men and classes change. Based on the materialist scientific dialectical view of the world, it explains the laws of motion of society. It thus forms the very kernel of Marxism-Leninism. Today in the USNA our main concern is the capitalist system under which we live. It is necessary to find out not only how it works, but how it decays and how we replace it by a new economic system.

In capitalist society there are two main classes, the bourgeoisie and the proletariat. The bourgeoisie has all the wealth and all the power; it has all the plants, factories, mines, the land, the banks, the railroads. The bourgeoisie is the ruling class. The proletariat has all the oppression and poverty. Under the capitalist system, all enterprises, all the means of production are in the hands of the bourgeoisie. The working class has no means of production. Capitalism was not the creator of classes and class differences. Classes existed before capitalism, under feudalism and slavery. Capitalism substituted new classes for the old, capitalism created new methods of class oppression and class struggle.

Under capitalism there is a specific mode of production. This mode of production is different from all others which existed before it. Under slavery the slave masters owned not only the means of production, but the slave as well. Slaves were made to work. They were driven to work with whips and the cruellest physical force. The slave holder acquired the whole product of slave labour. He gave the slave only the smallest possible quantity of the means of subsistence - just enough to prevent the slave from dying of hunger and to enable him to go on working. The slave-owner took not only the surplus product but also a considerable part of the necessary product of the slaves' labour. Under feudalism the mode of production changed. Here the serf stood halfway between the slave and the free man. The landlord owned the means of production which the serf had to work, but the serf also was able to cultivate his own land from which he made his living. Under feudalism there existed three forms of land rent: labour-rent, rent in kind and money rent. In addition there was the quitrent paid in produce, local taxes and in some countries, a tithe, i.e., a tenth of the harvest to the Church. Thus the labour of peasant serfs was the basis of the existence of feudal society. Under feudalism the basic economic law consisted in the production of surplus product to satisfy the demands of the feudal lords, by means of the exploitation of dependent peasants on the basis of the ownership of the land by the feudal lords and their incomplete ownership of the workers in production - the serfs.

In the course of production, definite relations are established between people, between entire classes. These relationships we call production relations. These relations are determined by the material

forces of production. The chief force in the complex of conditions which determines the character of the social system is, Stalin says:

"the method of procuring the means of life necessary for human existence, the mode of production of material values - food, clothing, footwear, houses, fuel, instruments of production etc. - which are indispensable for the life of development of society.

In order to live, people must have food, clothing, footwear, shelter, fuel etc.; in order to have these material values, people must produce them; and in order to produce them, people must have the instruments of production with which food, clothing, footwear, shelter, fuel, etc. are produced; they must be able to produce these instruments and to use them.

The instruments of production wherewith material values are produced, the people who operate the instruments of production and carry on the production of material values, thanks to a certain production experience and labour skill - all these elements jointly constitute the productive forces of society." ( )

Today these forces come from plants, factories, mines, land, banks, etc. But the greatest productive force consists of the toiling masses themselves. The working class is the most productive force in today's society. Together with the development of the productive forces productive relations change. As factories and plants developed (under feudalism) people were needed to work in them. So peasants, who were starved off the land, were hoarded into the cities to work in the factories. At first the ruling class was the landlords and the oppressed class was the peasants. With the change in productive forces, capitalists became the ruling class and workers became the oppressed class. The transition from one class domination to another is linked up with the development of the productive forces of society.

In regard to the contradiction between the productive forces and the productive relations, Marx points out in his famous Introduction to the Critique of Political Economy:

"At a certain stage of their development, the material forces of production in society come into conflict with the existing relations of production or what is but a legal expression for the same thing - with the property relations within which they have been at work before. From forms of development of the forces of production these relations turn into their fetters. Then begins an epoch of social revolution." ( )

Let us see how this takes place in our lives. During the great depression, people starved because there was too much food, they wore rags because there was too much clothing, they went without shelter because there were too many houses.

What happened? A market is discovered or created. A market, to the whole class of capitalists is the path to profit. Not one but many

capitalists begin to produce for the market. The competition becomes more and more fierce. In order to compete the capitalists are forced to invent new machinery and new methods of production in order to undersell the competition. Therefore industry is forced to expand. But the market cannot expand as rapidly as production under capitalism. This is because the consumption of the masses is tied to their ability to pay and the ability to pay rests on their ability to work and their ability to work depends on them not being displaced by a machine. However the laws of capitalist production demand that the only way to cut costs to meet the competition is to "introduce labor saving machinery." So we see that it is only a short time before the market is glutted, no one can buy and the workers are thrown out of work because they have already produced too much.

It is plain to see, that computer controlled industries cannot be used under capitalism. The forces of production have outrun and are in conflict with the productive relations that at one time helped to develop them.

It is a known fact that here in the USNA there is enough productive capacity to satisfy the requirements of the whole world. But the productive relations i.e., capitalism condemns at least a third of the peoples of the USNA to be poorly fed, poorly housed and poorly clothed.

But the capitalist system will not perish by itself. Only the revolutionary struggle of the conscious proletariat, guided by the Marxist Leninist theory and led by a multi-national Communist Party will abolish capitalism. The theory of the "productive forces" as put forth by Kautsky and Liu Shao Chi slurs over the conscious element and sees socialism as a mechanical outcome of the development of the productive forces of society, without class struggle or revolution. This theory disarms the working class lulling it to passivity and dulling its will to struggle.

The proletariat, armed with the understanding of Marxism-Leninism carries on the struggle for socialism with certainty. It knows the laws of social development. With its struggle, work and activity, the proletariat follows these laws which lead to the inevitable destruction of capitalism and the victory of socialism. Marxism-Leninism teaches that the only road to socialism leads through the determined class struggle of the proletariat for the overthrow of the rule of the bourgeoisie and the establishment of its own dictatorship.

#### CAPITALIST PRODUCTION

Under capitalism the form of production is called commodity production. A commodity is a product made for sale on the market, not for the producer's own immediate use. Commodities have two properties, use value and exchange value. That property of a commodity which makes it useful, makes it satisfy a human need, is called its use-value. Its second property is its value.

How is the value of a commodity determined? By what standards are commodities exchanged. It is not the use-value that determines the value. For example, what is there in common between roast beef and a table? The secret of value is the amount of socially necessary labour time that the commodity has in it. All commodities have labour time in them. Let us look around us. There is nothing of value in this world that does not have labour time in it.

Raw materials such as wood, cloth, steel, coal, rubber have less value than the finished commodities such as a table, a dress, a car etc. This is so because the finished commodities have more socially necessary labour time incorporated in them.

Since the value of a commodity is determined by the amount of socially necessary labour time in it, it might seem that the lazier you are, the more your commodity is worth. This is not true. The amount of labor time in a commodity is regulated by its production in a given state of society, under certain social average conditions with a given average intensity and average skill of the laborer. For example: Before the sewing machine was invented, a woman could sew, let's say, one dress a day. That is, in eight hours she had put eight hours of socially necessary labor time into the dress. When the sewing machine was invented, suddenly, a woman could produce four dresses in eight hours. So what took eight hours to sew before now took only two hours. Does that mean that the one woman without a sewing machine was creating more value because she spent eight hours on her one dress, as compared to the two hours spent by the other woman? No, it does not. The value created by our one woman sewer without a machine, was the same, in eight hours as that produced by the other woman in two hours. With the invention of the sewing machine, the productive forces in the sewing business were altered. So, we can see that the value of a commodity depends on the socially necessary labor time for its production.

#### CAPITALIST EXPLOITATION

Now let's discuss how the working class is exploited by the capitalists. The thing that makes capitalism different from other systems of production is that labour power appears on the market as a commodity. The sole aim of production is profit. How is this profit acquired? Under capitalism this new commodity appears called labour power. labour power is man's capacity for work, his ability to work. The worker sells his labor power to the capitalist. The value of the labor power, that is, enough to live on and raise a family. For example: in the course of a day, the worker works eight hours for the capitalist. In just the first two hours he has produced enough value to pay the capitalist back for what the capitalist pays him (wages). So it seems that at this point he should stop working. Fair is fair. But under capitalism this does not happen. The worker continues to work; he continues making money for the capitalist, but he does not get payed this money. All of this extra amount which he creates, beyond what the capitalist pays him, is called surplus value and all of it



is appropriated. Karl Marx says:

"The capitalist who produces surplus value - i.e., who extracts unpaid labour directly from the labourers, and fixes it in commodities, is, indeed, the first appropriator, but by no means the ultimate owner of this surplus value. He has to share it with capitalists, with landowners, etc., who fulfill other functions in the complex of social production. Surplus value, therefore, splits up into various parts. Its fragments fall to various categories of persons, and take various forms, independent the one of the other, such as profit, interest, merchants profit, rent, etc. (7)

Let's return to our women with the sewing machines in the sewing factory to see how surplus value is created.

Production by one worker in a sewing factory (of surplus value)

8 dresses produced in 8 hour day each dress valued at \$4.00 = \$32.00



In: 4 hours  
 Produces: 4 dresses  
 Wages Paid: \$16.00

4 hours  
 4 dresses  
 Unpaid portion \$16.00 (surplus value)

Necessary Labour  
 used to buy necessaries to keep him and his family alive and reproduce more workers.

surplus labour  
 is expropriated by the capitalist is distributed to various capitalists - Profit, interest, rent

Rate of surplus value: is the degree of exploitation of the worker by the capitalist. The rate of surplus value shows the proportions in which the labour expended by the worker is divided into necessary and surplus labour. In the case above the rate of surplus value expressed as a percentage would be

$$\frac{\text{surplus value } \$16.00}{\text{variable capital } 16.00} \times 100 = 100 \text{ per cent}$$

(\*that part of capital that is spent on the purchase of labour power.)

As capitalism develops, the rate of surplus value grows, which means the degree of exploitation of the proletariat by the bourgeoisie grows.

"In their attempts (the working class) at reducing the working day to its former rational dimensions, or where they cannot enforce a legal fixation of a normal working day, at checking overwork by a rise of wages, a rise not only in proportion to the surplus value exacted, but in a greater proportion, working men fulfil only a duty to themselves and their race. They only set limits to the tyrannical usurpations of capital. Time is the room of human development. A man who has no free time to dispose of, whose lifetime, apart from the mere physical interruptions by sleep, meals, and so forth, is absorbed by his labor for the capitalist, is less than a beast of burden. He is a mere machine for producing Foreign Wealth. Broken in body and brutalized in mind. Yet the whole history of modern industry shows that capital if not checked, will recklessly and ruthlessly work to cast down the whole working class to this utmost state of degradation." says Karl Marx (8)

Each capitalist in order to make a profit and also because he is competing with other capitalists for the market must on one hand seek to increase the amount of surplus value and on the other hand seek to "cheat competition by incessantly introducing further division of labour and replacing the old machines by new ones, which, though more expensive, produce more cheaply, instead of waiting till competition has rendered them obsolete" (9)

These circumstances bring about:

1. the greater division of labor which enable one worker to do the work of 5, 10, 20 -increases the competition among the workers.
2. the labor itself is simplified, the special skill of the laborer becomes worthless.
3. the more simple and easily learned the labor is, the less is the cost of production of the laborer and his wages sink accordingly.
4. the laborer seeks to maintain the amount of his wages by performing more labor, either by working a greater number of hours or by intensification of his labor. (The more he labors, the less wages he receives for it.)
5. in the final analysis, he competes against himself as a member of the working class.
6. the productivity demands a greater market for the multiplied commodities.

There are two ways of increasing the degree of exploitation of labor by capital. Absolute and relative surplus value. The following is an 8 hour working day. Each unit is one hour.

1|2|3|4|5|6|7|8|  
eight hour working day

1|2|3|4|  
necessary labour time

1|2|3|4|  
surplus labour time

Absolute surplus value

Surplus value produced by lengthening the working day is called absolute surplus value. The necessary labour time remains the same while the surplus labour time has grown from four to six hours.

1|2|3|4|5|6|7|8|9|10|  
ten hour working day

1|2|3|4|  
necessary labour time

1|2|3|4|5|6|  
surplus labour time

Relative surplus value

Surplus value which arises from a reduction in necessary labour time and a corresponding increase in surplus labour time as a result of an increase in the productivity of labour is called relative surplus value. It is within the machine period of the historical development of capital that this method is used bringing about a tremendous intensification in the degree of exploitation.

*introd of new machine*  
1|2|3|4|5|6|7|8|  
eight hour working day

1|2|  
necessary labour time

1|2|3|4|5|6|  
surplus labour time

"The enigma - Why does the capitalist, whose sole concern is the production, not of use-values but of exchange-values, always try to lower the exchange-value of commodities?"

Its Solution - Relative surplus value varies as the productiveness of labour; the value of commodities varies inversely as the productiveness of labour augments the surplus-value in a commodity, and at the same time cheapens the commodity. So the capitalist is anxious to heighten the productiveness of labour, because while this certainly cheapens commodities in general, it also cheapens the especial commodity, labour power, and so increases the relative amount of surplus-value contained in all commodities."(10)

CAPITALISM AND CRISIS

Under capitalism crisis is inevitable. Because the economy is unplanned and geared to profit instead of the needs of the masses of the people. The fundamental contradiction of capitalism is the contradiction between the social character of production and the private character of appropriation.

From the very beginning of capitalism there have been crises, which have occurred every eight to thirteen years. Because they occur at regular intervals of time and pass through a certain circle they are called cyclical crises. A crisis usually is preceded by a period of boom. The following is usually the "circle" or cycle.

1. Normal production -- a steep rise in production. All commodities are sold without difficulty and lots of profit is made.
2. Boom - prices climb upward then everything seems to boom. Then overproduction.
3. Crisis - so much dead stock, monetary crisis. unemployment, Panic, Crisis.

1st crisis of national proportion	1825-1826	preceded by an outburst of speculative activity. Opening of South American market.
2nd of national importance	1836-1837	preceded by a colossal growth in British industry export outlet in USNA
	1847	preceded by a railway rush of 1845-1846. Capital poured into construction of railways. Then thousands of men thrown out of work and consequently in related industries.
years of revolutionary upheaval.	1848 1857 1873 1890 1900	
General crisis 1/5 of world market was lost to capitalist countries' because of October revolution.	1914 1917	crisis begun but stayed by WW 1

1920-21 crisis

1929-33 crisis - involving all of the capitalist countries of the world. The price of some stock tripled in a period of three months. In two weeks all the profits of the past year were wiped out. Oct. 24, 1929 - stocks began to go down and suddenly the Stock Market crashed. Banks were closed and many people lost all their money.

After crisis of 1929 the economy passed into a depression, followed by a certain revival, but did not pass through into a boom

1937 during the years 1939-40-41 (years of Roosevelt's "Arsenal of Democracy") the sale of war materials to other imperialist helped to pull USNA out of slump.

1941-45 World War Two - no unemployment years of heavy war production

1946 crisis

1950 Korean War

1954 Vietnam War

"The general crisis of the world capitalist system began in the period of the First World War, particularly, due to the falling away of the Soviet Union from the capitalist system. That was the first stage in the general crisis. A second stage in the general crisis developed in the period of the Second World War, especially after the European and Asian people's democracies fell away from the capitalist system. The first crisis, in the period of the First World War, and the second crisis, in the period of the Second World War, must not be regarded as separate, unconnected and independent crises, but as stages in the development of the general crisis of the world capitalist system.

Is the general crisis of world capitalism only a political, or only an economic crisis? Neither the one, nor the other. It is a general i.e. all round crisis of the world capitalist system, embracing both the economic and the political spheres. And it is clear that at the bottom of it lies the ever-increasing decay of the world capitalist economic system, on the one hand, and the growing economic might of the countries which have fallen away from capitalism - the U.S.S.R. China and the other people's democracies - on the other.

April 21, 1952

Economic Problems of Socialism in the USSR - Stalin

(11)

### IMPERIALISM

Now that we have some basic understanding of the basis of capitalism, we can discuss the advanced stage of capitalism, the stage that we live under at this time, imperialism. Lenin gives the following definition of imperialism, embracing its five fundamental features:

1. the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life;
2. the merging of bank capital with industrial capital and the creation, on the basis of this "finance capital," of a financial oligarchy;
3. the export of capital as distinguished from the export of commodities acquires exceptional importance;
4. the formation of international monopolist capitalist combines which share the world among themselves, and
5. the territorial division of the whole world among the biggest capitalist powers is completed." (12)

"The principal stages in the history of monopolies are the following:

1. 1860-70, the highest stage, the apex of development of free competition; monopoly is in the barely discernible, embryonic stage.
2. after the crisis of 1873, a length period of development of cartels; but they are still the exception. They are not yet durable. They are still a transitory phenomenon.
3. The boom at the end of the 19th century and the crisis of 1900-3. Cartels become one of the foundations of the whole of economic life. Capitalism has been transformed into imperialism. (13)

Briefly we shall discuss each feature:

#### Concentration of Production and capital

Monopoly is the opposite of free competition. Since the late 1880s the transition of competitive capitalism to monopoly capitalism has taken place, prepared by the entire process of development of the productive forces and relations of production in bourgeois society. (Bessemer's new method of smelting steel, new methods of power prime movers, the dynamo, the internal combustion engine, the steam turbine, the electric motor) accelerated the development of industry and transport. The production of electric power on a mass scale which led to the creation of a number of new branches of the chemical industry and of metallurgy, the spread of motor transport and aviation. Such trusts as Standard Oil, American Tobacco Company, American Sugar Refining Company, etc. were formed shortly after the Civil War. Standard Oil in 1870 began to buy up many of its competitors and then combined with other companies into a trust. As a result the Standard Oil company began a giant monopoly that controlled most of the oil refining business and could charge for oil what it pleased.

#### The Merging of Bank Capital and Industrial Capital

In the USNA there are only a few banks that control the entire network of banks. The other banks are subsidiaries of these big banks. Chase-Manhattan Bank, the bank owned by the Rockefellers, is an example of one of the huge banks. In 1915, the Rockefeller Group owned at least 6 oil companies, 1 paper company, 1 bank and 2 life insurance companies. Six of the controlling companies controlled more than one half of the total assets in the oil industries - Standard Oil of N.J., Socony Vacuum Oil Co., Standard Oil Co. of Indiana, Atlantic Refining Co., Ohio Oil Co. All of the giant banks are closely welded to the monopolist industrial associations. A merging of bank and industrial capital brings forth a situation where the biggest bankers begin to manage industry and the biggest industrialists are admitted into the bank directories.

## The Export of Capital as Distinguished from the Export of Commodities.

Monopolies create an enormous surplus of capital in their own capitalist countries. But they also cause a shortage of the opportunities for investing capital in the home markets. This accumulated wealth finds a "nice home" in the poorer underdeveloped countries. Here the wages are low and the natural resources are barely touched. The market possibilities are great. So by exporting this capital the imperialists are able to set up high plants and factories and their profits are increased ten-fold. One reason is that the commodities that are produced in these colonized countries are thrown into the world market, but they are also thrown into these countries' own markets. Capital is not only exported for investment in industry. Another way the imperialists are able to make profits is by lending these countries money. This makes the dependence on the foreign investors very great. The imperialists find another way to control the country, both economically and politically.

## International Capitalist Monopolies

International capitalist monopolies are then forced to be formed. In order that the market is divided properly among the biggest capitalist countries, they work closely together to keep the world divided and slavishly exploited.

"In the race for profits in the 70's, many international banks think a team effort will give them a headstart on entrants who go it alone. Four big league groups have already been formed: EPIC, ABECOR, CCB, and Orion. The combined resources of each are impressive, as shown by the the asset figures on the team rosters..." Fortune (12)  
Here is the Orion "team" for the race for profits

"CHASE MANHATTAN BANK (U.S.)	\$24.5 billion
CREDITO ITALIANO (ITALY)	9.2
NATIONAL WESTMINSTER BANK (BRITAIN)	17.3
ROYAL BANK OF CANADA	12.4
WESTDEUTSCHE LANDESBANK GIROZEN- TRALE (GERMANY)	12.9
MITSUBISHI BANK (JAPAN)	11.2
	<u>87.5 billion</u>

Fortune (13)

## --The Territorial Division of the Whole World

Lastly there is the division of the world by the imperialists. Under imperialism the division of the world is completed. There are no more "free lands". Imperialist countries can obtain new territory only one way, by snatching some of the plunder from each other. Fights among the imperialists for a redivision of the globe is now inevitable. And such a struggle inevitably leads to war. World War I and World War II was a good example of imperialists' war to redivide the world.

Imperialism is parasitic and decaying capitalism. Capitalist monopolies inevitably give rise to a tendency towards stagnation and decay. They establish monopoly prices and maintain them at a high level.

"The main feature and requirements of the basic economic law of modern capitalism might be formulated roughly in this way: the securing of the maximum capitalist profit through the exploitation, ruin and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and militarization of the national economy, which are utilized for the obtaining of the highest profits."

Stalin Economic Problems (14)

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