Chapter 7: The Various Forms of Imperialist Super-Exploitation of the Semi-Colonial Countries and their Development in the past Decades (Part 1)

We have elaborated our defence of the Leninist Theory of Imperialism against the centrist objections on a theoretical level and showed that the role of colonial and semi-colonial markets for monopoly capital is of major importance as a source for their extra-profits. Now we will proof this on the factual level.

It does not surprise us that, given the nature of bourgeois statistics, it is difficult to calculate the concrete magnitude of imperialist super-exploitation. The bourgeois statistics are usually produced by private or public institutions which are directly or indirectly financed by the imperialist monopoly capital or by their state apparatus. This holds true both for private economic institutes which live from attracting new businesses or public institutions like the IMF, World Bank, OECD or United Nations departments (like UNCTAD, WHO or ECLAC). The latter have the slight advantage that here the semi-colonial bourgeois governments have more influence which has the consequence that sometimes they allow critical studies about the disadvantages which the semi-colonial countries face because of the imperialist powers and multinational corporations.

Despite all these necessary reservations we have to deal with these bourgeois statistics since better ones hardly exist. And despite all their weaknesses even these bourgeois statistics help us to give a picture of the various forms of the imperialist super-exploitation of the semi-colonial countries.

As we will later show more in detail, imperialist exploitation of the semi-colonial can be divided broadly into four categories:

i) Extra profits via capital export as productive investment

ii) Extra profits via capital export as money capital (loans, currency reserves, speculation etc.)

iii) Value transfer via unequal exchange

iv) Value transfer via migration, i.e. the import of relatively cheaper labour force to the imperialist metropolises from the semi-colonies

An Overview on the Financial Net Transfer

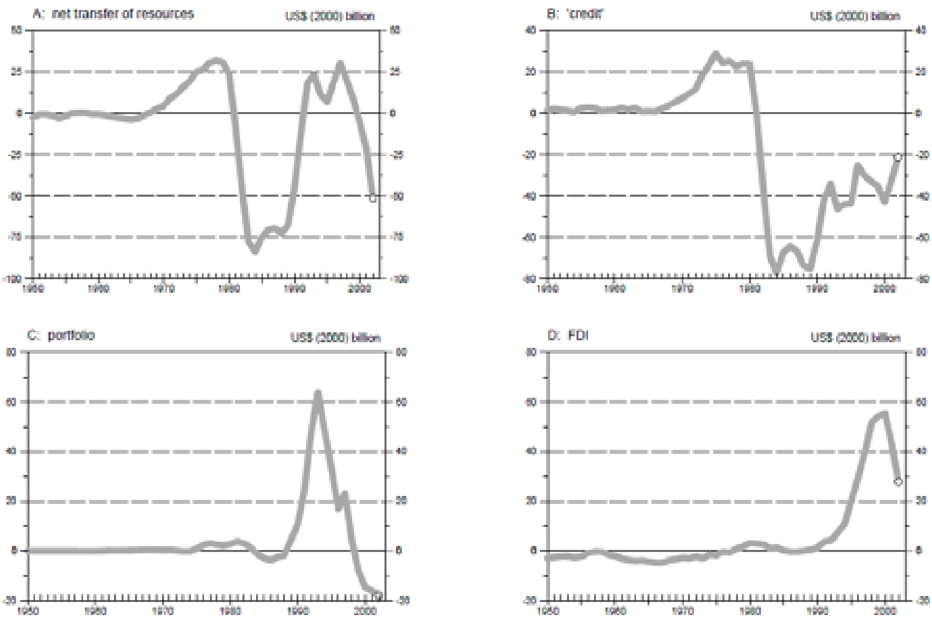
In a working paper published by the IMF, two Latin American bourgeois academics, one of them a former minister of finance in Colombia, produced an interesting Figure which showed the net transfer of financial resources from Latin America between 1950 and 2002. As one can see, while there have been cyclical movements, all in all there has been an outflow of financial resources from Latin America to the imperialist metropolises. (see Figure 30)

Pierre Jalée, a French Marxist economist, concluded in 1965 in a book on the imperialist super-exploitation of the semi-colonial world that *"the imperialist exploitation of the countries in the Third World has not only continued in the era of political de-colonialization, but even increased."* [203]

The UN-related World Health Organization (WHO) reported about the financial losses of the semi-colonial countries during the 1980s. As Figure 31 shows nearly every year in this period has been a loss.

The then president of the *United Nations Economic Commission for Latin America and the Caribbean* (ECLAC), Ortiz Mena, calculated that only in the short period between 1982 and 1985, a net transfer of about $100 billion by profit repatriation, debt service etc. took place from the Third World to the imperialist metropolises. [204]

Figure 30: Latin America: Net Transfer of Resources and its Composition, 1950-2002 [205]



[203] Pierre Jalée: Die Ausbeutung der Dritten Welt (1965), Frankfurt a.M. 1968, p. 107 (our translation)

[204] Ernest Mandel: Verschuldungskrise: Eine tickende Zeitbombe; in: Bortz/Castro/Mandel/Wolf: Schuldenkrise, Frankfurt a.M. 1987, pp. 84-85

[205] José Antonio Ocampo and José Gabriel Palma: The Role of Preventative Capital Account Regulations; in: José Antonio Ocampo and Joseph E. Stiglitz (eds.): Capital Market Liberalization and Development, New York 2008, chapter 7, Figure 4; http://www.imf.org/external/np/seminars/eng/2011/res/pdf/jao.pdf

What is the extent of the imperialist robbery in relation to the national economies of the semi-colonial countries? Of course this is not easy to calculate but there have been several attempts to give a comprehensive overview. In the early 1960s Andre Gunder Frank showed the amount of value transfer from the South to the North. According to him Latin American countries had to pay in the early 1960's 61.5% of their foreign exchange revenue for interest payments, debt repayment, payments for export commodities transport by shipping etc. This amounted to $6 billion or the equivalent of 7% of Latin Americas Gross Domestic Product. If one adds to this the deterioration of the terms of trade (equivalent of 3% of the continents GDP) one comes to the conclusion that in the early 1960's the imperialist monopolies robbed Latin America of 1/10 of its economic output. [206]

The academics Vincent Ferraro and Melissa Rosser published a study about those proportions of the financial resources' transfer which resulted only from the debt service to the imperialist banks and financial institutions. According to them the semi-colonial nations lost in the 1980s every year 3% of their Gross National Product in this way:

"The first, and most devastating, effect of the debt crisis was, and continues to be, the significant outflows of capital to finance the debt. According to the World Bank:

Figure 31: Net Financial Transfer from Semi-Colonies to Metropolises, 1980-1990 [207]

Table 1.2
Net transfer of financial resources of groups of developing countries and debt indicators, 1980 and 1985–1990

	1980	1985	1986	1987	1988	1989	1990ª
Net transfer of resources (billions of dollars)							
All developing countries,	–59.8	–15.3	11.2	–34.1	–24.4	–33.7	–39.0
of which, 15 heavily indebeted countries	8.7	–40.6	–22.1	–28.4	–31.0	–36.2	–30.0
Ratio of external dept to GNP (%)							
All capital importing developing countries	26.4	40.2	42.6	44.0	38.8	35.2	37.3
of which, 15 heavily indebted countries	32.1	57.6	60.8	65.5	55.8	48.9	51.7
Ratio of external debt to exports (%)							
All capital importing developing countries	119.5	176.8	195.2	183.1	154.5	140.3	138.4
of which, 15 heavily indebted countries	168.5	288.7	342.9	334.6	287.3	262.6	248.4
Ratio of debt-service to exports (%)							
All capital importing developing countries	18.6	23.0	23.4	21.9	19.2	15.9	15.8
of which, 15 heavily indebted countries	31.3	37.0	40.8	34.8	36.5	29.1	26.7

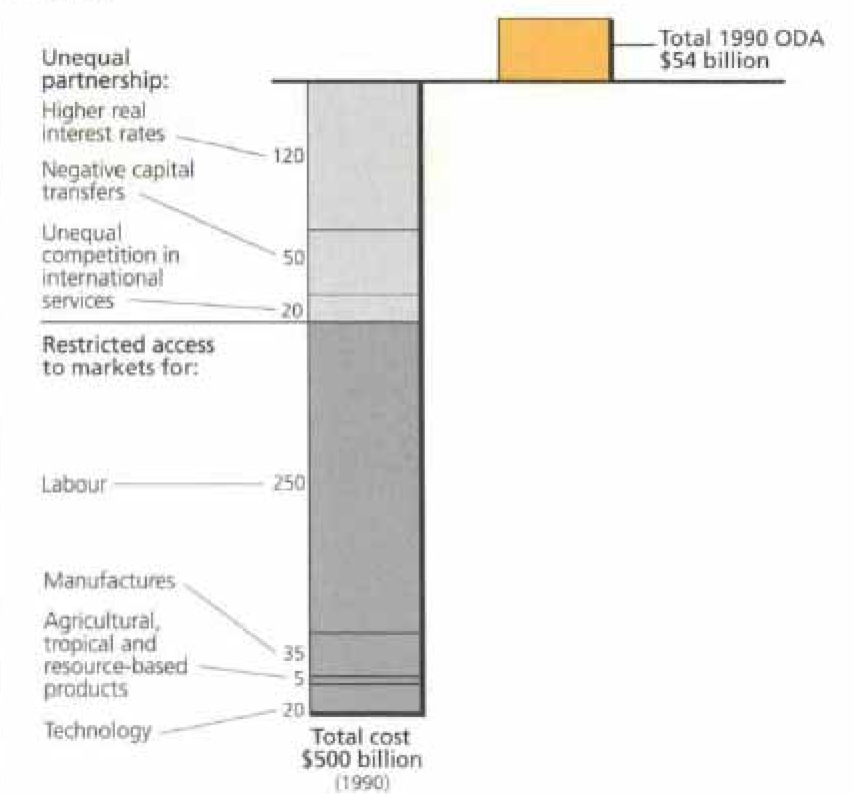
[206] André Gunder Frank: Kapitalistische Unterentwicklung oder sozialistische Revolution (1968); in: Bolivar Echeverria, Horst Kurnitzky (Hrsg.): Lateinamerika. Entwicklung einer Unterentwicklung, Berlin 1980, p. 109

[207] World Health Organization: Implementation of the Global Strategy for Health for All by the Year 2000. Eighth report on the world health situation, Geneva 1993, p. 16

'Before 1982 the highly indebted countries received about 2 percent of GNP a year in resources from abroad; since then they have transferred roughly 3 percent of GNP a year in the opposite direction.' In 1988, the poorer countries of the world sent about $50 billion to the rich countries, and the cumulative total of these transfers since 1984 is nearly $120 billion." [208]

An even more interesting finding was provided by the *United Nations Development Programme*. In their Human Development Report in 1992 they presented a calculation about what they called the *"cost of global markets to developing countries"*. While this has to be seen with all the necessary reservation for bourgeois statistics, their numbers are nevertheless indicative and give an

Figure 32: "Costs of the Global Market to Developing Countries" (UN) in 1990 (in US-Dollars) [209]



[208] Vincent Ferraro and Melissa Rosser: Global Debt and Third World Development; in: From: World Security: Challenges for a New Century, edited by Michael Klare and Daniel Thomas (New York: St. Martin's Press, 1994), pp. 332-355, http://www.mtholyoke.edu/acad/intrel/globdebt.htm

[209] UNDP: Human Development Report 1992, p. 67

impression of the enormous imperialist plunder. They show that that the semi-colonial world loses one fifth (!) of their whole national product every year!

"Overall the cost of global markets to developing countries can be broadly estimated at $500 billion a year. These $500 billion in losses constitute about 20% of the developing countries' present combined GNP-and roughly seven times their current spending on human development priorities." [210]

As the following Figure 32 shows these UN figures are useful since they attempt to integrate the various forms by which the imperialists plunder the semi-colonial world. As a side note we remark that exactly for this reason one can hardly find such calculations in bourgeois official reports. However they give calculations for the losses via higher interest rates, capital transfer, unequal competition and the restricted access to markets by imperialist laws.

These UN calculations are close to the results from the findings which were published in a study from Eastern German economists in the late 1980s about the relations between the monopolies and the semi-colonial world. They summarized the result from their research:

"At the moment the international monopolies and the imperialist states appropriate from the developing countries a value of more than $400 billion a year, which is the equivalent of a quarter of the national income which the developing countries produce. (…) At the beginning of the 1980s the income derived from exploitation of the developing countries was about half of the productive investments of all capitalist industrial countries." [211]

These figures show the massive impact of the imperialist strangulation on the semi-colonial countries. The imperialists plunder a quarter of the South's national income. It enabled the imperialist monopolies to finance half of their productive investments by this super-exploitation.

Unfortunately we do not possess similar studies for the development of this huge financial net transfer from the semi-colonies to the imperialist centers for the last two decades. However there are a number of statistics about specific forms of the imperialist super-exploitation which make pretty clear that this plundering has massively accelerated since then.

The author of this book presented calculations based on the annual UN reports *World Economic Situation and Prospect* about the "transfers of financial resources to developing economies and economies in transition" in several publications since 2007. [212] These UN figures demonstrate above any doubt the massive

---

[210] UNDP: Human Development Report 1992, p. 67

[211] Helmut Faulwetter: Die Ausbeutung der Entwicklungsländer durch das international Monopolkapital; in: Autorenkollektiv (unter Leitung von Peter Stier): Handbuch Entwicklungsländer. Sozialökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 18 (our translation)

[212] See Michael Pröbsting: Imperialismus, Globalisierung und die Ausbeutung der Halbkolonien (2007), in: BEFREIUNG Nr. 154; http://www.trend.infopartisan.net/trd1207/t261207.html; Michael Pröbsting: Der Verrat der 'Linken' im Gaza-Krieg; in: Unter der Fahne der Revolution Nr. 4 (2009), p. 46, http://www.thecommunists.net/theory/gaza-krieg-und-linke; Michael Pröbsting: Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes; in: Der Weg des Revolutionären Kommunismus (Theoretical Journal of the Revolutionär-Kommunistischen Organisation zur

acceleration of the imperialist plundering in the last two decades. For example while the semi-colonial countries lost two billion US-Dollars in 1997, this figure rose to 1013 billion US-Dollars in 2011! For reasons of space we cannot give the figures for every year in our Table 22 (see also Figure 33). But we have added the figures for all years since 1995 in our total calculation below.

Table 22: Net Transfers of Financial Resources to Developing Countries and former Stalinist Countries, 1995-2011 (in Billion US-Dollars) [213]

	1995	*1999*	*2003*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*
Africa	5.7	1.6	-16.1	-76.4	-108.3	-100.9	-99.1	2.9	-33.1	-68.3
East & South Asia	21.3	-139.8	-175.6	-265.7	-385.7	-529.8	-481.3	-427.5	-452.8	-501.5
West Asia	23.0	2.7	-46.7	-143.7	-175.6	-144.0	-222.5	-48.4	-120.0	-203.0
Latin America	–0.6	7.4	-64.3	-111.4	-138.0	-106.4	-73.5	-72.1	-53.9	-53.8
Developing Countries total	49.5	-128.0	-302.7	-597.2	-807.8	-881.1	-876.4	-545.1	-659.8	-826.6
Former Stalinist Countries	-7.6	-25.1	-38.0	-96.0	-117.1	-95.9	-149.1	-81.1	-135.0	-186.5
Developing Countries and Former Stalinist Countries total	41.9	-151.1	-340.7	-693.2	-924.9	-977.0	-1025.5	-626.2	-794.8	-1013.1

Added together, according to the United Nation statistics a net transfer of $7.658 billion Dollars from the semi-colonial countries to the imperialist centres took place just in the period 1995 to 2011. It should be noted that this figure does not represent all of the profit of imperialist capital. A good part of which was either consumed in the country itself or went into capital accumulation of the imperialist monopolies to secure more profits. According to a recent UNCTAD report for example, the multinational corporations retain 40% of their profit in the semi-colonies. "*However, not all reinvested earnings are actually reinvested in productive capacity. They may be put aside to await better investment opportunities in the future, or to finance other activities, including those that are speculative. About 40 per cent of FDI income was retained as reinvested earnings.*" [214] And finally our

Befreiung, RKOB), Nr. 8 (2011), p. 9.

213 United Nations: World Economic Situation and Prospects 2008, p. 69,World Economic Situation and Prospects 2009, p. 62, United Nations: World Economic Situation and Prospects 2010, p. 73 and United Nations: World Economic Situation and Prospects 2012, p. 76

214 UNCTAD: World Investment Report 2011, p. 11

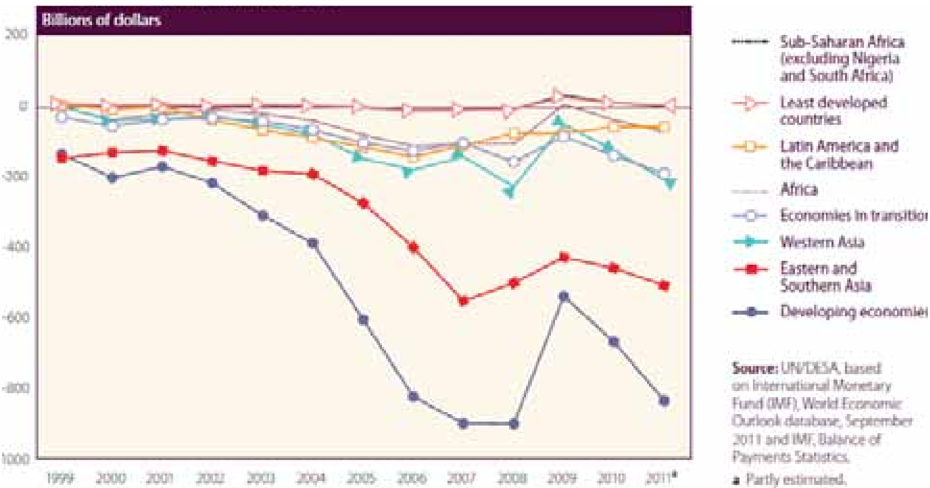
calculations do also not deal with the surplus which the imperialists gain via unequal exchange. It exclusively reflects the sum that was directly plundered from the semi-colonial world.

To be more precise it represents only the officially reported figures. Leaving aside illegal capital flight (more on this below) there are also many other ways to hide the imperialist plundering. Paulo Nakatani and Rémy Herera reported for example in the US Journal Monthly Review about the modifications in the debt service which make exact calculations more and more difficult:

"In recent years, in the context of ever increasing market integration and deregulation of capital movements, there has been a general transformation of debts to bonds on financial markets and a conversion of external debts into internal debts. This gradual evolution, which is still ongoing, hides some perverse effects, in particular that interest rates are often higher on internal debt. Reducing external debt service repayments make it more difficult to calculate precisely the size of the drain associated with the external debt. This only further complicates and worsens a situation in which the transfer of surplus from South to North continues to operate through a myriad of channels, such as the repatriation of profits on direct foreign investment, profits on the revaluation of bonds recorded as portfolio investments in balance of payments, and other forms of unequal exchange." [215]

As the figures show the biggest part of the imperialist extra-profits come from the biggest continent, Asia, and more specifically the more industrialized countries in the South. As the UN noted:

Figure 33: Net Transfers of Financial Resources to Developing Economies and Economies in Transition, 1999-2011 (in Billion Dollars) [216]



[215] Paulo Nakatani and Rémy Herera: The South Has Already Repaid it External Debt to the North. But the North Denies its Debt to the South, Monthly Review, Volume 59, Issue 02 (June 2007)
[216] United Nations: World Economic Situation and Prospect 2012, p. 75

"[M]ost of the net transfers from developing to developed countries were from upper middle income countries. Net outflows from upper middle income countries increased by $85 billion in 2011, to $580 billion, reflecting the continued reserve accumulation in these countries. Net outflows from lower middle income countries increased to $40 billion in 2011, nearly doubling 2010 levels. However, lower middle income countries receive net inflows of $36 billion, representing a slight increase in inflows from 2010. Thus, in 2011, the pre-crisis pattern returned; upper middle income countries transferred significant resources to richer nations while continuing with the accumulation of foreign-exchange reserves as self-protection against new global economic shocks, while poorer countries continued to have positive net transfers, albeit at a low level compared to total global flows." [217]

This shows that the industrialisation of the so-called Third World has not led to a reduction in the imperialist super-exploitation but rather to an increase. However we have to make an important note about these figures: The UN classifications of the countries naturally differ from a Marxist approach. Hence the categories "developed" and "developing" countries are not identical with our categories "imperialist" and "semi-colonial" countries. The UN statistics include semi-colonial countries in the category of the "developed countries" like Ireland, Greece and most Eastern European countries. On the other hand they put emerging imperialist states (China and Russia) into the category of the "developing countries". The UN category "upper middle income countries" represent 42 countries including China and Russia but – paradoxically – not Hong Kong which is in the category of "high-income countries". It is difficult to find words for such an absurdity where two parts of one and the same country are classified in two different economic categories. [218] For all these reasons the UN figures include important distortions. Nevertheless they are an indication of the process which is characteristic for the world economy for decades.

In the Monthly Review article mentioned above, Paulo Nakatani and Rémy Herera calculate that by only paying for the debts to the imperialist sharks, the semi-colonies lost about the 1/27 of their annual national product in the 1980s and this loss rose to 1/16 of their annual output in the period 1997-2006.

"International debt repayment constitutes one of the forms of transfer of surplus produced by the countries of the South to the North—and of surplus produced by the workers of the South to the capitalists of their own countries and to those of the North. This has tended to increase the rate of labor force exploitation in the South. In this way, the developing countries and "emerging market" economies transferred to their creditors an annual average of 3.68 percent of their GNP during the decade following the debt crisis (1980–89). In the past ten years (1997–2006), marked by a series of financial crises and a growing polarization of the capitalist world system, this transfer rose to 6.2 percent of GNP." [219]

---

[217] United Nations: World Economic Situation and Prospect 2012, p. 74.

[218] See for this United Nations: World Economic Situation and Prospect 2012, p. 133

[219] Paulo Nakatani and Rémy Herera: The South Has Already Repaid it External Debt to the North.

Some authors made the interesting historical comparison of the imperialist plunder of the semi-colonies in the past decades with the plunder of Germany after the World War I. A study compared the share of the annual output which Latin America lost in the recent past with Germany after 1919 and came to the conclusion Latin America lost even more – without any war or robbery treaty as the Versailles Treaty obviously was.

"Yet it is a little recognised fact that, as a share of GDP, the negative net transfer of financial resources from Latin America was even larger than that of Germany after World War I." [220]

Finally we show how correct Lenin's emphasis is that the division of the world in oppressed and oppressive nations is central to imperialism. In fact the economic gap between countries has been widening over time. The British NGO Oxfam commented on study findings: *"in 1820, only one tenth of the difference in incomes among all individuals in the world was due to differences in average incomes across countries. Today, 60 per cent of global inequality is attributable to differences in incomes across countries. Borders matter more today than ever before."* [221]

Another study of the two academics François Bourguignon and Christian Morrisson concludes: *"this analysis shows that world income inequality worsened dramatically over the past two centuries. The Gini coefficient increased 30 percent and the Theil index 60 percent between 1820 and 1992. This evolution was due mainly to a dramatic increase in inequality across countries or regions of the world. The "between" component of the Theil index went from 0.06 in 1820 to more than 0.50 in 1992. Changes in inequality within countries were important in some periods, most notably the drop in inequality within European countries and their offshoots in America and in the Pacific during the first half of the 20th century. In the long run, however, the increase in inequality across countries was the leading- factor in the evolution of the world distribution of income."* [222]

Importance of Raw Materials and Food

We have shown the huge net financial transfer which the imperialist centers exploit from the semi-colonies. Let us now look briefly to another area where the dependency of the imperialist countries from the so-called Third World is evident: agriculture and raw materials.

Already in the 1950s and 1960s the semi-colonial countries were an important

---

But the North Denies its Debt to the South, Monthly Review, Volume 59, Issue 02 (June 2007). See also Andrew M. Fischer: Putting Aid in its Place: Insights from early Structuralists on Aid and Balance of Payments and Lessons for Contemporary Aid Debates; Institute of Social Studies, The Hague, The Netherlands; in: Journal of International Development, No. 21 (2009), p. 861

[220] Christian Freres and Andrew Mold: European Union Trade Policy and the Poor. Towards Improving the Poverty Impact of the GSP in Latin America, 2004, p. 8

[221] Catherine Barber: The logic of migration (2008), Oxfam Publication, p. 1

[222] François Bourguignon and Christian Morrisson: Inequality among World Citizens: 1820-1992, in: The American Economic Review, Vol. 92, No. 4. (September 2002), p. 742, http://links.jstor.org/sici?sici=0002-8282%28200209%2992%3A4%3C727%3AIAWC1%3E2.0.CO%3B2-S

source for the agricultural and raw material imports of the imperialist countries. In 1969, Pierre Jalée provided a list which showed the dependence of the imperialist world on raw materials and food imports from the semi-colonies. [223] According to his list the imperialist countries imported from the so called Third World:

* most of fat products and rubber commodities
* all cocoa
* half of its oil demand covering 19% of the whole energy consumption of the imperialist countries
* 1/3 of the demand for iron ore
* 4/5 of its whole demand for manganese and chrome ore
* more than ¾ of its demand for cobalt
* nearly all of its tin demand
* 40% of its demand for copper
* 2/3 of its demand for bauxite

If we look to the import structure of the imperialist countries today, there is still a strong dependency on semi-colonial imports. The European Union for example is the biggest agricultural importer in the world. It imports agricultural commodities worth €83 billion (which is about 19% of the global imports in this sector). The value of USA agricultural imports was €65 billion. [224]

According to a report from the European Commission more than 70% of EU agricultural imports originate in so-called developing countries. (see Figure 34) Of course this category includes also the emerging imperialist power China which accounts for about 5% of the EU's imports. The USA receives about 50% of their agricultural imports from the developing countries. [225]

Raw materials imports (including energy) represent approximately one third of EU imports. [226] The EU is the world's largest importer of natural resources, accounting for 23% of the global imports of natural resources. All in all between 70-80% of the primary resources are imported. [227]

In this context we have to draw attention to the fact that the imperialist economies are particularly dependent on imports in strategically important areas like specific and rare metals which are necessary in the high-technology sectors. According to the NGO researcher, Thomas Lazzeri, *"the EU's import dependency*

---

[223] Pierre Jalée: Das neueste Stadium des Imperialismus (1969), München 1971, p. 138. Similar figures are given for the year 1975 in: Berliner Institut für Vergleichende Sozialforschung: Das Elend der Modernisierung. Die Modernisierung des Elends. Unterentwicklung und Entwicklungspolitik in Lateinamerika, Berlin 1982, p. 115

[224] Thomas Fritz: Globalising Hunger: Food Security and the EU's Common Agricultural Policy (2011), p. 7

[225] European Commission: Global and EU agricultural exports rebound, Monitoring Agri-trade Policy, No. 01-11, May 2011, pp. 7-8

[226] European Union: Raw materials, 13.3.2012, http://ec.europa.eu/trade/creating-opportunities/trade-topics/raw-materials/index_en.htm

[227] Fanuel Hazvina: EU Raw material initiative and their implications on EU's Relations with Africa, Trade and Development Studies Centre (TRADES Centre), June 2011, pp. 7-8

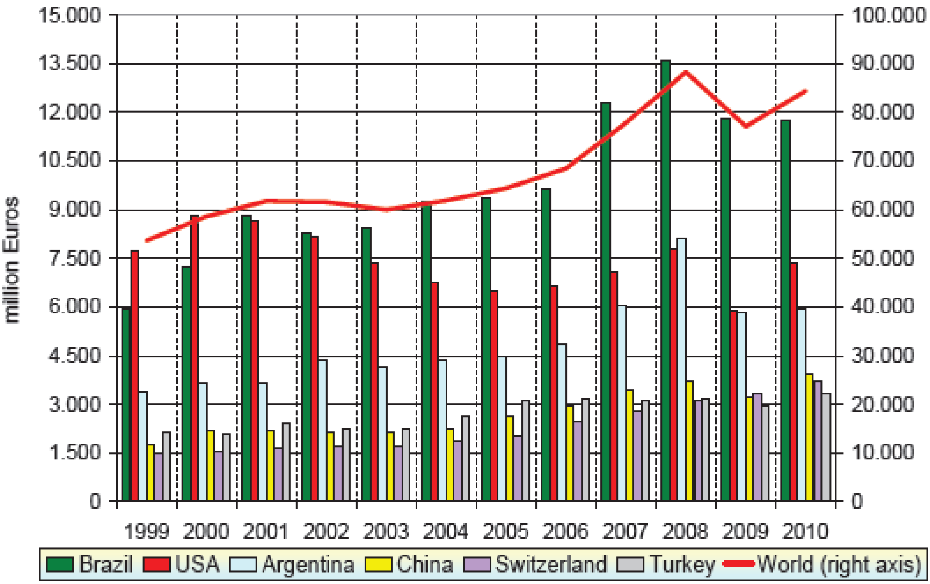
rate for minerals ranges from 46% for chromium, 54% for copper ore, 95% for bauxite to 100% for materials such as cobalt, platinum, titanium and vanadium." [228]

The ruling class is aware of the potential strategic problems of this dependency. The European Commission states in a recent report: "*The 14 raw materials listed below are critical because the risks of supply shortage and their impacts on the economy are higher compared with most of the other raw materials. Their high supply risk is mainly due to the fact that a high share of the worldwide production mainly comes from a handful of countries.*" [229]

To tackle this problem the European imperialists have organized the so-called "Raw Material Initiative".

To summarize, we can therefore only agree with the conclusion which Pierre Jalée drew in 1969: "*The economy of the imperialist countries would break down without the imports from the Third World: their deliveries are the elixir for life for imperialism.*" [230]

Figure 34: European Union Agricultural Imports by Origin, 1999-2010 [231]



[228] Thomas Lazzeri: EPAs and the European Raw Materials Initiative, in: AEFJN: Forum for Action No:° 55 (March 2011), p. 14

[229] European Commission: Tackling the Challenges in Commodity Markets and on Raw Materials, 2.2.2011, p. 21. These 14 raw materials are: antimony, fluorspar, gallium, germanium, Figureite, indium, magnesium, rare earths, tungsten, platinum group metals, cobalt, tantalum, niobium and tantalum.

[230] Pierre Jalée: Das neueste Stadium des Imperialismus (1969), München 1971, p. 139

[231] European Commission: Global and EU agricultural exports rebound, Monitoring Agri-trade Policy, No. 01-11, May 2011, p. 7

In fact the imperialist leaders recognised the importance of the South's super-exploitation for keeping relative social peace in the North and particularly for maintaining the existence of the labor aristocracy. Winston Churchill, as Chancellor of the Exchequer, argued in 1929 that imperialism was the indispensable foundation for the maintenance of social services. He said in his budget speech on 15th April 1929:

"The income which we derive each year from commissions and services rendered to foreign countries is over £65m. In addition, we have a steady revenue from foreign investments of close on £300 million a year...that is the explanation of the source from which we are able to defray social services at a level incomparably higher than that of any European country or any country."

And Ernest Bevin, as Labour's Foreign Secretary after the Second World War, saw the British Empire as indispensable to the life of Labour's constituents, as he said in a Speech in the House of Commons on 23rd February 1946:

"I am not prepared to sacrifice the British Empire because I know that if the British Empire fell...it would mean the standard of living of our constituents would fall considerably." [232]

Given all these undisputable facts of imperialist super-exploitation it is a distorting embellishment of real-world imperialism if the centrist IST leaders say – as we have seen in the quote above: "*It makes no sense to see the advanced countries as 'parasitic', living off the former colonial world. Nor does it make sense to see workers in the West gaining from 'super-exploitation' in the Third World.*" This is nothing other than a glossing over the fact that super-exploitation of the semi-colonial world is a major source for monopoly extra-profits and hence for the bribing of the small top-layer of the working class, the labour aristocracy. These centrist deny this reality, claim that imperialism is not so bad, because they are looking for ideological justifications for their refusal to wage a consistent revolutionary struggle against imperialism and the political prejudices of the labour aristocracy.

The Role of Imperialist Capital Export to the Semi-Colonial World

Centrist theoreticians like Callinicos, Harman or Rees trivialize the importance of imperialist capital export to the semi-colonial countries. [233] They claim that

[232] Both quotes are taken from: David Yaffe: The labour aristocracy and imperialism (Part 2), in: FRFI 162 August / September 2001, http://www.revolutionarycommunist.org/index.php/britain/1142-the-labour-aristocracy-and-imperialism-part-two-frfi-162-aug-sep-2001

[233] In addition to quotes we already reproduced above, we give here a few more examples for this trivialization by the Cliffite theoreticians:

"This retreat from direct colonisation had as a direct corollary the end of the old clashes between the Western powers over the partitioning of the rest of the world. The drive to war between them seemed to have gone once and for all. It was also accompanied by something else unexpected by the Lenin and Bukharin theories of imperialism – once divested of their colonies, each of the Western economies participated in a boom that

after World War II the so-called developing countries have lost in importance for the imperialist metropolises. Let us first look to the actual developments by citing a number of facts and then we will disprove the arguments of our centrist opponents.

Before doing this we have to make the following remark: The statistics in this section deal mostly with what bourgeois economists call "Foreign Direct Investment" (FDI). It is however necessary to note that FDI does not cover the whole capital export but only a fraction. For example, loans, various portfolio investments, official aid etc are not covered by this. Economists estimate that FDI represents only about 25% of total investment in overseas production. [234]

As we showed above the Cliffite theoreticians relativize the importance of capital export to the colonies and semi-colonies even for the period when Lenin and Trotsky were living. This is however at odds with the historical truth. Angus Maddison reproduces in his magnum opus figures of capital export for the years 1914 and 1938, i.e. before the outbreak of the two World Wars. They show that nearly half of the total capital exported went to the colonial and semi-colonial countries. (see Table 23).

This is a disproportionally extremely high share, particularly if one recalls the low development of capitalism in the colonial world at that time. So the semi-colonial world hosted nearly half of all capital exported while it had produced only 8.3% of the world manufacturing output in 1938.

In the period after the World War II, the semi-colonial countries lost in importance to a certain degree. This becomes evident if we look to the development of the US and German capital export direction in the 1950s and 1960. The share of foreign direct investment which went to the so-called Third World declined from 51% to 31% respectively 35% to 29%. (See Tables 24, 25 and 26)

---

eventually lasted more than a quarter of a century, saw minimal unemployment, and maintained profit levels without apparent trouble despite regular rises in living standards for their workers. And the advanced countries without any colonies – West Germany, Japan and Italy – had the economies which expanded fastest of all. It almost looked as if Hobson had been right in his claims that colonies were a drain on the economy which would otherwise be able to provide massive reforms at home.

In fact, the driving force behind the boom was precisely the Cold War imperialist rivalry between the US and the USSR, with its massive arms expenditure. Far from there being a 'surplus' of capital in the advanced countries, there was a shortage, and the exports of capital stayed down at the very low levels they had sunk to in the great slump of the 1930s." (Chris Harman (SWP): Analysing Imperialism, pp. 29-30

"*Behind the political stability was the discovery by the European imperialists of the 1940s and 1950s that losing their direct control over their colonies did not cost them much. Economic changes in the post-war period meant that the most profitable destinations for investment were more likely to be in other advanced countries than in the former colonies. So the British, French, Dutch and Belgian economies all boomed after the loss of their colonies.*" (Chris Harman: Middle East: Beware the Cornered Tiger, Socialist Review (November 2006), http://www.socialistreview.org.uk/article.php?articlenumber=9874)

[234] See Christian Fuchs: A Contribution to Critical Globalization Studies (2009); Centre for the Critical Study of Global Power and Politics Working Paper CSGP 09/8, p. 17 http://www.trentu.ca/globalpolitics/documents/Fuchs098.pdf

Table 23: Gross Nominal Value of Capital Invested Abroad in 1914 and 1938 (in Million US-Dollar at current exchange rates and as percent of total) [235]

Areas of Destination	*1914*		*1938*	
	in Millions	*percent*	*in Millions*	*percent*
Advanced Capitalist Nations	24.617	56.2%	22.266	50.6%
Colonial and Semi-colonial	19.154	43.8%	20.925	47.6%

Table 24: Distribution of US Private Foreign Direct Investment, 1950-1975 (in %) [236]

	1950	*1960*	*1975*
Western Europe	14.4%	21%	37.2%
Canada	30.5%	35.2%	23.3%
Other imperialist countries	3.5%	4.6%	7.9%
Developing countries	51.6%	39.2%	31.6%

Table 25: Distribution of Western German Private Foreign Direct Investment, 1960-1975 (in %) [237]

	1960	*1971*	*1975*
European Economic Community	10.2%	30.9%	35.3%
Other imperialist countries	54.6%	41%	35.4%
Developing countries	35.2%	28.1%	29.3%

Table 26: Geographical Distribution of Foreign Direct Investments of Western Europe, USA and Japan, 1975 (in %) [238]

Capital importing countries	*Capital exporting countries*		
	Western Europe	USA	Japan
Western Europe	35.0%	37.3%	15.8%
USA	16.6%	-	21.5%
Japan	1.2%	2.5%	-
Other imperialist countries	17.2%	28.6%	7.7%
Developing countries	30.0%	31.6%	55.0%

235 Angus Maddison: The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006, p. 101, our calculations. Advanced Capitalist Nations are: Europe, Northern America and Australia. Colonial and Semi-colonial Nations are: Latin America, Asia and Africa. Maddison notes that the sum of the shares for 1938 does not show the result of 100% since the total sum includes investments which are not classified by region.

236 Hans Tammer (Hrsg.): Anschauungsmaterial. Politische Ökonomie, Kapitalismus, Berlin 1984, p. 103

237 Hans Tammer (Hrsg.): Anschauungsmaterial. Politische Ökonomie, Kapitalismus, p. 104

238 Autorenkollektiv unter Leitung von N.N. Inosemzew, W.A. Martynow, S.M. Nikitin: Lenins Imperialismustheorie und die Gegenwart (1977), Berlin 1980, p. 142

What were the main reasons for this development? There were several. First and foremost the imperialist World War II (in addition to the consequences of World War I and the Great Depression from 1929 on) led to a massive destruction of capital in important imperialist centers (Europe and Japan). Indeed these destructions where the most important factor for the so-called "Economic Miracle", i.e. the Long Boom in the 1950s and 1960s. [239] As a result massive capital – in particular from the leading capitalist power, USA – went to Europe and Japan to rebuild the economy.

In this context it is important to bear in mind that capital export is not capital export. As we will show later the purpose of capital export from one imperialist country to another is often to take over a rival company. In other words it is motivated by the sharpening rivalry between the monopolies. Imperialist capital export to the semi-colonial countries is significantly motivated by the opportunity to build new investments for the production of extra-profit.

In addition to this in the period after World War II, there were a number of anti-colonial liberation struggles which were to a certain degree successful and led to the creation of formally independent, semi-colonial states. Given the background in this period – the expansion of the Stalinist degenerated workers states and the Cold War – the semi-colonial bourgeoisie had a certain degree of room for maneuver. This resulted in partial nationalization of imperialist companies, higher tariffs (Import-substituting Industrialization) etc. As a result the environment for the imperialist monopolies to invest in these countries became less favorable and more insecure.

However this was only a temporary phenomenon as we can see in table 27 and as will elaborate later more in detail. [240]

And secondly, despite all these specific circumstances imperialist capital export towards the semi-colonial world still played an important role for the creation of extra-profits. The share of semi-colonial countries as destiny for the monopolies capital export was always higher than their share in the world economy – even in the 1950s and 1960s.

Table 27: Gross Value of Foreign Capital in Developing Countries 1870-1998 (in Billion US-Dollars and percent) [241]

	1870	*1914*	*1950*	*1973*	*1998*
Total in 1990 Prices	40.1	235.4	63.2	495.2	3030.7
Stock as percent of Developing Country GDP	8.6%	32.4%	4.4%	10.9%	21.7%

[239] We made this point already in Keith Hassel: Revolutionary Theory and Imperialism, in: Permanent Revolution (Journal of Workers Power Britain), No. 8 (1989)

[240] See on this issue also our article: Arbeiterstandpunkt: Von der Unterentwicklung zur Entwicklung – und wieder zurück? in: Arbeiterstandpunkt Nr. 14 (1988)

[241] Angus Maddison: The World Economy, Volume 1: A Millennial Perspective, Volume 2: Historical Statistics, Development Centre Studies 2006, p. 128

For example: In 1965 the Third World had a Gross Social Product of $230 billion while the World Gross Social Product was around $2,000 billion. This means that the semi-colonies had a share of 11.5% of the global product. Nevertheless one third of the total foreign investment went to the South. [242] Another indication of this is that fact that already in the early 1990s, when globalization was still in an early stage, already 1/3 of the 6 million workers employed by the American multinationals abroad were in the developing countries. [243]

So we see that monopoly capital directed their foreign investment much more towards the semi-colonial countries then their weight in the world economy would suggest. What was the reason for this? It was obviously – and we will prove this later with figures – that in these counties the monopoly capitalists can expect a higher average rate of profit.

In addition one also has to recall that imperialist monopoly capital has always played a decisive role in the semi-colonial economies. This is not only true for the period of globalisation when capital export to the South accelerated, but already in the 1950s and 1960. A study of Mexico in the early 1960s showed that out of the 100 major companies 56 were either controlled by foreign owners or had a large share of foreign capital. In 1970 – according to another study – 45.4% of the largest 290 manufacturing enterprises were in foreign hands. Data of Brazil in the 1960s demonstrates that there was a similar dominance: 31 of the 50 largest private enterprises were controlled by imperialist capital. Out of 276 big companies more than half were controlled by foreign owners. [244]

In the 1950s and 1960s – i.e. the years when the Third World became independent capitalist states losing any colonial character according to the centrist theoreticians of the SWP/IST et al. – the semi-colonies had to pay an increasing proportion of their income to the imperialists. Latin American countries had to pay 7.2% of the value of exports for servicing their external debts in 1950-54. In 1965-69 this proportion had grown to 23.8% while in the same period servicing of private investment rose from 11.3 to 13.2%. [245]

In the following tables we give an overview how foreign direct investment has developed in the last three decades. (See Tables 28, 29 and 30 as well as Figure 35)

---

[242] Marcello de Cecco: Der Einfluß der multinationalen Gesellschaften auf die Wirtschaftspolitik der unterentwickelten Länder; in: Kapitalismus in den siebziger Jahren. Referate zum Kongreß in Tilburg im September 1970, Frankfurt 1971, p. 175

[243] Morris Miller: Where Is Global Interdependence Taking Us?: Why We Need A „New (Improved) Bretton Woods"*; From „Social Tensions & Armed Conflict: Ethnic & Other Aspects", Panel: Global interdependence in economic & financial matters", Pugwash, Nova Scotia, July 28-31, 1994 http://www.ncrb.unac.org/unreform/archive/globalization.html

[244] Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, pp. 204-206

[245] Celso Furtado: Economic Development of Latin America. Historical Background and contemporary problems, New York 1984, p. 220

Table 28: Geographical Distribution of Inward Foreign Direct Investments Stock, 1967-1997 (in percent) [246]

	Developed Countries	*Developing Countries*	*Central & Eastern Europe*
1967	69.4%	30.6%	-
1985	72.3%	27.7%	-
1990	79.3%	20.6%	0.1%
1997	68%	30.2%	1.8%

Table 29: FDI Stock, by Region and Economy, 1990-2011 (Billions of dollars) [247]

	FDI inward stock			*FDI outward stock*		
Region	*1990*	*2000*	*2011*	*1990*	*2000*	*2011*
World	2.081	7.445	20.438	2.094	7.962	21.168
Developed Nations	1.563	5.653	13.055	1.948	7.083	7.055
Developing Nations	517	1.731	6.625	145	857	3.705
Developing Asia	343	1.072	3.991	67	608	2.573
China	21	193	712	4	28	366
Hong Kong	202	455	1.138	12	388	1.046
India	1	16	202	0.1	1.7	111
Developing Africa	60	154	570	20	44	126
South Africa	9	43	130	15	32	72
Latin America and the Caribbean	111	502	2.048	57	204	1.005
Argentina	9	67	95	6	21	31
Brazil	37	122	670	41	51	203
Mexico	22	97	302	2	8	112
South-East Europe and the CIS ("Transition Economies")	-	60	757	-	21	407
Russia	-	32	457	-	20	362

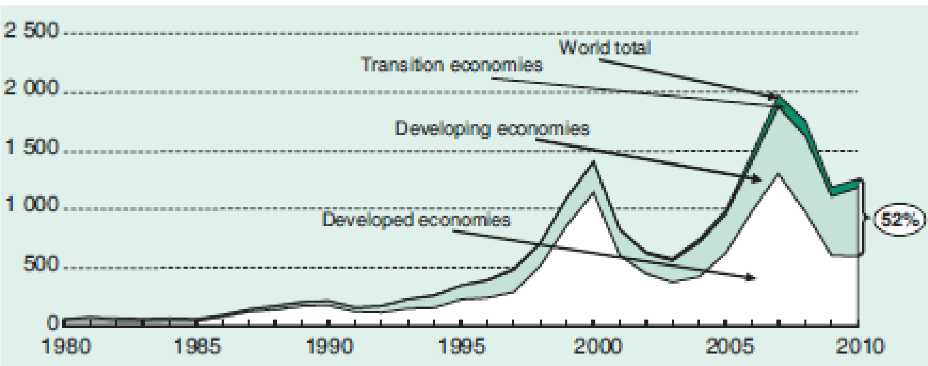
246 See Robert Went: Ein Gespenst geht um… Globalisierung! Eine Analyse, Zürich 1997, S. 57 and Robert Went: Globalization. Neoliberal Challange, Radical Responses, London 2000, p. 45

247 UNCTAD: World Investment Report 2012, pp. 173-176

Table 30: FDI Stock, by Region and Economy, 1980-2011 (share of global FDI stock in percent) [248]

Region	*FDI inward stock*				*FDI outward stock*			
	1980	*1990*	*2000*	*2011*	*1980*	*1990*	*2000*	*2011*
World	100	100	100	100	100	100	100	100
Developed Nations	75.6	75.1	75.9	63.9	87.3	93	88.9	80.6
Developing Nations	24.4	24.8	23.3	32.5	12.7	6.9	10.7	17.4
Developing Asia	10.5	16.5	14.4	19.6	2.9	3.2	7.6	12.1
China	-	1	2.6	3.5	-	0.2	0.4	1.7
Hong Kong	-	9.7	6.1	5.6	-	0.6	4.9	4.9
Developing Africa	6.9	2.9	2	2.8	1.3	0.9	0.6	0.6
Latin America and the Caribbean	7.1	5.3	6.5	10	8.5	2.7	2.6	4.7
South-East Europe and the CIS ("Transition Economies")	-	-	0.8	3.8	-	-	0.3	1.9
Russia	-	-	0.4	2.2	-	-	0.3	1.7

Figure 35: FDI Inflows, World and Group of Economies, 1980-2010 (in Billion US-Dollars) [249]



[248] UNCTAD: World Investment Report 2012, pp. 173-176; UNCTAD: World Investment Report 2011, pp. 191-193; our own calculation. For the year 1980 we took the figures from UNCTAD: World Investment Report 2006, p. 7
[249] UNCTAD: World Investment Report 2011, p. 3

These tables give a comprehensive overview of the development of the distribution of the world-wide foreign investment stock in the past 30 years. It shows that the position of the classic imperialist countries – Northern America, Western Europe and Japan – as capital exporting nations has declined to a certain degree between 1980 and 2011 (from 87.3% to 80.6%). This reflects the fact that in the past 10-15 years two new imperialist powers—China and Russia – have emerged. Their shares in global FDI stock rose between 1990 and 2011 from 0.8% to 6.6% (China including Hong Kong) respectively from zero to 1.7% (Russia).

Considerably bigger was the decline of the classic imperialist countries as destinations of capital export. Their share declined by 11.2% between 1990 and 2011 (from 75.1% to 63.9%). At the same time the share of the developing countries in inward FDI rose from 24.8% to 32.5%. This indicates that the role of the semi-colonial countries as destinations for imperialist capital export and that the desire of monopoly capital to get a higher profit rate has been growing in the past decades. [250]

The tables also show the following interesting fact; while China (including Hong Kong) gets a significant share of the global FDI, the statistics show that the important change which took place in the last two decades was not the rise of FDI which went to China. As the table shows, China's share (including Hong Kong) of inward FDI even slightly declined from 10.7% to 9.1% between 1990 and 2011. As mentioned above the significant change was rather the enormously rising share of China in outward FDI from 0.8% to 6.6% in the same period. In other words, China has become a major exporter of capital towards other countries. These figures prove clearly the thesis of Marxists that China has transformed in the 2000s to become an emerging imperialist power.

Hence – as we can see from the same tables – the rising share of the developing countries in inward FDI between 1990 and 2011 was not caused by China but mostly by the rising share of semi-colonial countries.

Finally we want to look to the role of capital export both for the imperialist countries and for the semi-colonies. As we wrote some years ago globalization is internationalization of production and trade under the growing dominance of monopoly capital. "*One of the most important characteristics of the present period is the rapidly advancing monopolisation process at a global level. The immanent process within capitalism of the concentration and centralisation of capital and the formation of monopolies does not take place only at the national level*

[250] We have already pointed out this development in our study of globalization some years ago. See Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus; in: Revolutionärer Marxismus 39, August 2009, pp. 69-70, http://www.arbeitermacht.de/rm/rm39/rm39imperialismus.htm; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), p. 98, http://www.fifthinternational.org/content/imperialism-and-decline-capitalism

but also, and especially, on the world market." [251]

As a result the role of foreign direct investment in the capital accumulation in all types of countries is massively growing. This becomes evident from the following tables 31, 32 and 33 which give an overview of the role of FDI in "Gross Fixed Capital Formation" from 1980 till 2010.

These tables show several things. First, they demonstrate the internationalization of production and hence the utopia of nationally isolated solutions. The Stalinist dogma of the possibility to build socialism (and even communism) in one isolated country is today even more absurd than it was already 80 years ago.

Secondly, it shows the importance of capital export for the imperialist countries. Between 1/7 and 1/5 of their accumulated capital move into other countries in their desire for higher profits. Thirdly, the tables indicate the rising weight of the imperialist monopolies in the semi-colonial economies. The share of foreign capital in the total social capital in the semi-colonial regions has risen dramatically in the last two decades, so that imperialist capital is now directly responsible for between 1/10 and 1/8 of capital accumulation in semi-colonial Asia, 1/6 and 1/4 in Africa and Latin America and 1/9 and 1/5 in Eastern Europe and the former Soviet Union. Of course the position of foreign monopolies also rises in the imperialist countries themselves, but here it does not have the character of foreign domination or subjugation as it is the case with the capitalistically less developed nations.

Table 31: FDI Inflows as a Percentage of Gross Fixed Capital Formation, 1980-1990 [252]

Region	*1980-82*	*1981-85*	*1986-90*
Developed economies	2.9%	2.3%	4.4%
Developing Economies	6.0%	2.4%	2.7%
Africa	6.1%	2.5%	3.7%
Latin America and the Caribbean	6.0%	5.6%	3.6%
Developing Asia	5.9%	2.0%	3.5%

[251] Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapitalismus, p. 68, in English: Michael Pröbsting: Imperialism and the Decline of Capitalism (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: The Credit Crunch - A Marxist Analysis (2008), p. 96

[252] UNCTAD: World Investment Report 1991, p. 8 and UNCTAD: World Investment Report 1994, pp. 422-424. For the years 1981-1990 we took East, South and South-East-Asia for Developing Asia since this issue of the UNCTAD World Investment Report does not provide figures for the latter category.

Table 32: FDI Inflows as a Percentage of Gross Fixed Capital Formation, 1990-2010 [253]

Region	*1990*	*1992*	*1994*	*1996*	*1998*	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*
Developed economies	4.2	2.4	3.2	4.6	10.1	20.0	8.7	6.5	13.2	11.3	8.4
Developing Economies	4.0	5.0	8.1	9.1	12.6	15.9	10.4	12.5	12.9	13.4	9.6
Africa	3.0	4.3	8.0	6.1	9.4	11.0	15.7	14.8	22.3	23.7	15.9
Latin America and the Caribbean	4.2	6.6	8.7	12.8	20.2	24.7	17.5	23.8	16.0	22.7	16.6
Developing Asia	4.0	4.6	7.9	8.2	9.7	13.2	8.1	9.8	11.4	10.1	7.6
South-East Europe and CIS	-	1.0	1.7	5.3	10.5	9.9	11.1	17.5	17.6	22.2	15.0

[253] UNCTAD: World Investment Report 2011; Annex Tables, Web table 5. FDI inflows as a percentage of gross fixed capital formation, 1990-2010, Web www.unctad.org/wir. It is however necessary to draw the reader's attention to some problems with these UNCTAD statistics.

The figures for South East Europe and the states of the former Soviet Union (C. I. S.) are only partially complete because in the earlier UNCTAD statistics these countries were grouped together with those East European states which entered the EU in 2004 and this distorts the statistics. The UNCTAD statistics also use the distorted figures of FDI of Hong Kong and China, where in fact until 2008 a significant proportion of this was Chinese capital moved to Hong Kong and re-invested in China as "foreign investment" to get tax privileges. (More on this in "A Note on Hong Kong's Role in Foreign Direct Investment" in Chapter 10).

With regard to FDI, "permanent" should be understood as the totality, often accumulated over a long period of time, of invested capital in, or from, a country. By contrast, "flow" refers to FDI newly invested in a given year. "Domestic FDI" refers to the share of imported FDI in total fixed investment or GDP of the country concerned. "Overseas FDI" refers to the exported FDI as a proportion of gross fixed investment or GDP of the country from which the FDI is exported.

The UNCTAD categories "developed countries" and "developing countries" are clearly very problematic and express imperialist arrogance at the conceptual level. In general, the category "developed country" refers to the imperialist states and "developing country" means semi-colonial. However, in this respect there is a not unimportant limitation: UNCTAD includes the semi-colonial countries of Eastern Europe which joined the EU in 2004 and in which FDI plays an important role in capital accumulation, with the "developed countries" in its latest "World Investment Report". The UNCTAD tables are also weakened by the fact that they include the states of South East Europe and the former Soviet Union as a separate category from the other countries. In reality, however, all these countries, with the exception of Russia, are semi-colonies. By contrast, Russia is an imperialist state.

Excurse: Capital Export and Capital Export is not the same

In the discussion about FDI and Capital Export there are important issues to consider. As we see one of the major arguments of the SWP/IST – repeating the ideas of most bourgeois economists – is, that the capital export from the metropolises to the semi-colonies is only a minority share amongst the total capital export.

This argument ignores important differences in the character of capital export between imperialist countries and between imperialist and semi-colonial countries as we have already pointed out somewhere else. [254] Capital export to the semi-colonies has as its cause mainly the attempt of monopoly capital *to raise its profit rate via getting extra-profits*. The increase of such capital export is the result of the declining profit rates in the imperialist centres since the 1970s and the attempt by capital to counter this through investment and trade with less developed capitalist economies.

Capital export between the imperialist states serves above all the *advance of monopolisation*. This takes the form of the accelerated centralisation of capital through the increased collaboration between, or the taking over, of monopolies by other monopolies. This is the explanation why an important part of FDI between the imperialist states is not new investment or expansion (called "*Greenfield*" by bourgeois economists) but serves only to finance the takeover of other corporations (called "*Mergers & Acquisitions*" or M&A). An indication for this is the fact that while most of the M&A take place in the classic imperialist countries – Northern America, EU-15 and Japan – industrial production, as we have shown in Table 3, has virtually stagnated in the past decade or even declined.

Therefore, while capital export between imperialist states also has raising

Table 33: FDI Outflows as a percentage of Gross Fixed Capital Formation, 1990-2010 [255]

Region	*1990*	*1992*	*1994*	*1996*	*1998*	*2000*	*2002*	*2004*	*2006*	*2008*	*2010*
Developed economies	5.8	4.0	5.4	6.6	12.6	19.3	9.5	12.4	15.6	18.1	13.0
Developing Economies	1.4	2.3	3.8	4.1	3.3	8.5	3.0	5.3	6.9	6.3	5.5

254 Michael Pröbsting: Imperialismus, Globalisierung und der Niedergang des Kapialismus; in: Revolutionärer Marxismus Nr. 39 (2008), p. 69; in English: Michael Pröbsting: Imperialism and the Decline of Capitalism; in: Richard Brenner / Michael Pröbsting: The Credit Crunch (2008), p. 97

255 UNCTAD: World Investment Report 2011; Annex Tables, Web table 6. FDI outflows as a percentage of gross fixed capital formation, 1990-2010, Web www.unctad.org/wir

profits as its final goal, the way to achieve this is not so much via creation of extra-profits via super-exploitation but by strengthening their monopoly control over the market and hence to raise their monopoly profits (which of course is above the average rate of profits).

This differentiation must be understood in a dialectical way as tendencies, not as an impenetrable Chinese wall. Monopolistic capital export towards semi-colonial countries for centralisation of capital also takes place – in particular given the wave of privatisation of nationalised enterprises which has taken place in the South since the 1980s. Therefore a significant proportion of FDI towards the semi-colonial countries is also M&A. However the qualitatively different proportions of M&A and Greenfield Investment indicate a difference in the monopolies capital export towards the imperialist and the semi-colonial parts of the world economy.

Without understanding this differentiation between the concrete function of capital export one ends up in confusion and in misunderstanding the specific character of imperialism. In a discussion on the draft programme for the Bolshevik Party in 1917, Lenin already pointed out this necessary differentiation of the role of capital export towards imperialist and towards (semi-)colonial countries:

"In Comrade Sokolnikov's draft, we find a mere reference to the "export of capital" in one place, while in another, and in an entirely different connection, we read of "new countries which are fields for the utilisation of capital exported in search of superprofits". It is difficult to accept as correct the statement on superprofits and new countries since capital has also been exported from Germany to Italy, from France to Switzerland, etc. Under imperialism, capital has begun to be exported to the old countries as well, and not for superprofits alone. What is true with regard to the new countries is not true with regard to the export of capital in general." [256]

A concrete look to available statistics confirms our differentiation between the role of monopolistically driven capital export towards other imperialist countries which is often for the purpose of merger and acquisition, and the capital export towards semi-colonial economies in which new investments play a much more significant role.

The Marxist economist Andrew Glyn reported a few years ago: *"Well over half of FDI inflows into OECD countries represent cross-border mergers and acquisitions rather than companies setting up factories or offices from scratch."* [257]

In its annual *World Investment Report* in 2000 UNCTAD reported even that in the year prior 4/5 of the total world FDI flows were cross-border M&As. A similar figure is given by Éric Toussaint in Table 34 which shows that US foreign investment in the 1980s was about 6 times as much in Acquisitions than in new investment.

[256] W. I. Lenin: Revision of the Party Programme (1916); in: LCW Vol. 26, pp. 165-166

[257] Andrew Glyn: Capitalism Unleashed. Finance, Globaliszation, and Welfare, New York 2006, p. 101

Table 34: Company Acquisitions and Creation by Foreign Capital in the US, 1983-1989 [258]

	1983	*1985*	*1987*	*1989*
Acquisitions by value ($billions)	5	20	34	60
Creation by value ($billions)	3	3	6	9
Ratio of value of Acquisitions to Creation	1,6	6,6	5,6	6,6

Figure 36: Greenfield Investments by the largest 100 TNCs in the World, by host Region, 2007–2008 and 2009–2010 (Number of Projects and percent change between Periods) [259]

[258] Éric Toussaint: Your Money or your Life. The Tyranny of the Global Finance; Brussels 1999, p. 32
[259] UNCTAD: World Investment Report 2011, p. 28

This also shows again that globalization is strongly motivated by the monopolies drive to appropriate an ever increasing sector of the economy via international centralization of capital. UNCTAD notes the difference between FDI towards imperialist and toward semi-colonial countries:

"M&As are particularly significant as a mode of entry for FDI in developed countries. In the developing world, Greenfield FDI is still dominant. FDI flows to developing countries associated with M&As have been on the rise, however, their value increased roughly from one-tenth of the value of total FDI inflows at the end of the 1980s to one-third at the end of the 1990s." [260]

In its *World Investment Report 2011* UNCTAD stressed the difference again. While more than 2/3 of the total value of Greenfield investment is directed to the so-called developing economies, only 25% of cross-border M&As are undertaken there. It concludes: *"Developing and transition economies tend to host greenfield investment rather than crossborder M&As."* [261]

UNCTAD also points out the importance of Greenfield Investment in the so-called developing countries for the biggest international monopolies – the "Transnational Corporations" (TNC) – and the extra-profit which they derive from these regions. (See also Figure 36)

"Corporate profits, which were slashed by the crisis, have rebounded sharply for many of the largest TNCs in the world. The swift economic recovery of the largest developing economies played an important role in restoring these firms to income growth. In some cases, income from developing and transition economies has grown to account for a significant share of TNCs' operating income. This trend spans industries, with TNCs as varied as Coca-Cola (United States), Holcim (Switzerland), and Toyota Motors (Japan) deriving more than one-third of their operating income from developing economies. Investment activity by the 100 largest TNCs in the world has now shifted decidedly towards developing and transition economies. Comparing international greenfield projects between 2007–2008 and 2009–2010, the number of projects targeting these economies increased by 23 per cent, compared to only a 4 per cent rise in developed economies. While investments in developing Asia have dominated, growing poles of investment are now discernible in Latin America and in Africa. Metro AG (Germany) is pursuing growth in both developing and transition economies, opening new stores in the Russian Federation (17), China (7), Kazakhstan (4), and Viet Nam (4) during 2010, while closing stores in developed markets in Europe. General Electric (United States), the world's largest TNC in terms of foreign assets, is also emblematic of this shift, having announced recently that it intends to intensify its focus on emerging markets – which account for 40 per cent of the firm's industrial revenues – in order to reduce costs and increase revenue growth" [262]

We finish now with this first overview. We think it has been proven clearly

[260] UNCTAD: World Investment Report 2000, p. XX; see also UNCTAD: World Investment Report 1995, p. 145

[261] UNCTAD: World Investment Report 2011, p. 10

[262] UNCTAD: World Investment Report 2011, pp. 26-28

that the imperialist super-exploitation of the semi-colonial world is not a rather peripherally, secondary phenomenon. Quite the opposite, its dimensions are huge and increasing. They are obviously of major importance for the so called Third World but – as we will show in more detail – they are also essential for the imperialist monopolies.