

WILMINGTON DSA INTRO TO MARXISM

COURSE OVERVIEW

Do you know what it means to be a Marxist? Do you want to learn a new way to analyze the world around you? Can you explain class relations to a non-socialist?

In this course we will explore the answers to those questions and more by delving into two major concepts in the philosophy of Karl Marx, and that is ***dialectical and historical materialism*** and the economic concepts of ***commodification and class relations***. Gaining a better understanding of the world around us makes us better organizers, so sign up now!

Course Schedule

Part 1: Dialectical and Historical Materialism (2 hours)

Part 2: Political Economy and Class Struggle (2 hours)

Part 3: Imperialism: The Next Stage of Capitalism (2 hours)

PART 1: DIALECTICAL AND HISTORICAL MATERIALISM

HOMEWORK ASSIGNMENT

Before class, watch the following two videos, read the articles, and respond to the discussion questions below.

- Video 1: <https://www.youtube.com/watch?v=bGPSKZgFH70>
- Video 2: <https://www.youtube.com/watch?v=AANoppZyWvM>

Additional reading material:

1. Unknown – [“Review of Dialectical Materialism”](#)
2. Mao Tse-Tung - [“On Contradiction”](#) (1937)
3. Lenin – [“The Three Sources and Three Component Parts of Marxism”](#) (1913)
4. Engels – [“Anti-Duhring: Dialectics - Quantity and Quality”](#) (1877)
5. Engels – [“Anti-Duhring: Dialectics - Negation of the Negation”](#) (1877)

DISCUSSION QUESTIONS:

1. After watching Video 1: Think of a material condition in your own life (i.e. where you grew up, economic conditions of your upbringing or current life, sibling or friend relationships, etc). What elements of this material condition do you think

shapes the way you view the world? Do any of these elements shape your political opinions?

2. Do you think that your ideas about the world are innate, or did you learn them from your experience interacting with the material world (which includes your parents, friends, teachers, what you see on TV, etc.?) Think about ideas about race.
3. Can ideas derived from experience in the material world interact with and change the material world? If so, is this inconsistent with materialism?
4. Why do we say that contradiction is the basis of all processes? Can anything change without this process?
5. What do we mean by a “unity of opposites?” Can we see this in the class structure under capitalism? Other examples?
6. How do contradictions develop (quantitative change) and how are they resolved (qualitative change)? - As an example, consider the personal relationship of a couple? Could this also be a good example of how everything is related to everything else?
7. When looking at a contradiction is there such a thing as an external force? In the war in Ukraine is the US an external force? Is the manufacturer of automatic weapons an external force to the killing of elementary school children?

WHAT IS DIALECTICAL MATERIALISM AND WHERE DID IT COME FROM?

Marxists seek to understand the world in order to change it. The working class needs a philosophy that helps us do that.

Marx took two basic ideas which were developed by the bourgeoisie and revised, or in our view *progressed*, them. He merged them to provide the philosophical underpinning for the working class to overthrow capitalism. These two ideas are the concepts of **materialism** and **dialectics**.

MATERIALISM

Idealism: Philosophy which supposes that reality is a result of human beings’ mental construct. In other words, an idealist says that the human mind shapes the physical world and history.

Materialism: Materialists argue that what we know about the world is based on the physical existence around us and our observation of that reality. A materialist says that the physical world and material conditions result in ideas and change is enacted as a reaction to those conditions.

Mechanical Materialism: For materialists prior to Marx (and for many materialists even today) their philosophy could be summed up in the phrase “the clockwork universe”. Everything in the universe functioned by the laws of science (think Newton) and there was nothing we could do except understand those laws and learn to live with them. [Mechanical Materialism] Marx rejected this materialist approach which he called mechanical materialism, but not materialism.

[Discussion Question 2, 3]

FROM HEGEL TO MARX

Marx was a student of Hegel, whose contribution to philosophy was dialectics. According to the Hegelian approach, an idea (thesis) always produced its negation (antithesis) and the conflict between the two resulted in a new idea (synthesis). This then became a new thesis, and the process continued. Note that Hegel was an idealist, but one who believed that there was a natural and continual process of change. Marx took Hegel, and “turned him on his head”. He applied the dialectic to the physical world and in particular to human history. Any process consists of a thesis and antithesis, which exist as a unity (you can’t have one without the other) but are also in conflict. It is that conflict that results in change. This is the definition of CONTRADICTION! Contradictions exist in every process. Understanding contradictions in a process is necessary for Marxists to figure out how to facilitate the changes we seek. Contradictions produce changes in a process that are, at first, quantitative, but accumulate to the point where qualitative change is necessary.

DIALECTICS SECTION REVIEW

1. Where do we see idealism reflected in society?

Possible answers include:

- Religion: a supernatural being is in charge of the events transpiring worldwide and that we have to hope and pray that it looks kindly upon us, but they are also fighting against an evil supernatural being that is assumed to be the cause of negative events
- Mythical views of systemic problems where issues are reduced down to individual actors and it is idealistic to think that we need these individual actors only to do better and the systemic problems will disappear.
 - Specific example: Roosevelt saved us from the Great Depression; or did he curtail the popularity of the Communist Party? Roosevelt was pushed by labor and the left to enact economic policies and they were carried out by working class people.

2. What class does mechanical materialism appeal to? Why would the working class reject it?

Mechanical materialism appeals to the bourgeoisie. The idea that certain parts of the world are immutable and unable to be changed discourages people from trying.

We reject it because it disarms the working class of its ability to make change.

3. Do ideas intersect with and change material reality? Does this contradict Dialectical Materialism?

Ideas can affect the means of production

Example: Henry Ford came up with an idea that fundamentally changed the methods of production and altered the shape of production lines and relationship of labor to products

Ideas and Dialectical Materialism are not in conflict because dialectical materialism is not dogmatic or exclusive. Ideas do alter material reality and we do not dispute this. What we are asserting as Marxists is the premise that the material world's effect on ideas is the dominant force.

Even Marxism itself is not a natural law, it is an *idea* that we use to understand and change the material world.

[Discussion Questions 4, 5, 6, 7]

HISTORICAL MATERIALISM

Historical Materialism is the application of Dialectical Materialism to human history. Marx argued that material conditions and/or economic factors affect society's structure and development; the means of production thus determine the social relations of production in any given society. Together these comprise the mode of production. Marx wrote that the capitalist mode of production was capable of tremendous growth because the capitalist can, and has an incentive to, reinvest profits in new technologies, the means of production. This brought it into contradiction with the feudal relations of production where properties were largely fixed by the monarch and assigned to the nobility and were limited with no room for expansion. Thus, he noted, when new developments in the productive forces conflict with existing production relations, the stage was set for revolutionary change.

Marx considered the capitalist class to be the most revolutionary in history, but its mode of production created multiple contradictions, some of which brought about periodic economic crises.

The fundamental (underlying) contradiction of capitalism is between social production and private appropriation and it leads to the class struggle between the owners of the

means of production (the capitalists) and those who are exploited by them (the working class).

The only way for this contradiction to be resolved is for the working class to seize the means of production and abolish the capitalist class.

HISTORICAL MATERIALISM SECTION REVIEW

In the transition from feudalism to capitalism, what were the changes in the means of production?

Change from agricultural and basic trades to mercantilism (leading to accumulation).

Subsistence and maintenance of the lands of the nobles changed to enclosure (i.e. private property) and wage labor.

How did this lead to revolution or qualitative change?

Saw the feudal land and property distribution as being in the way of private profits

How do we see the dialectic working in the development of capitalism?

Relationship between towns and feudal lords because the feudal lords needed the towns for goods production and the towns needed the agricultural land for food and basic materials. However, they were in contradiction because the feudal system put restrictions on the towns which were a growing capitalist power that opposed the feudal system.

PART 2: POLITICAL ECONOMY AND CLASS STRUGGLE

HOMEWORK ASSIGNMENT

Before class watch this video about [Commodification](#) and respond to the questions below.

Additional reading resources:

1. Friedrich Engels - [“Anti-Duhring: Theory of Value”](#) (1877)
2. Karl Marx – [“The Commodity”](#) (1867)
3. Karl Marx – [“Private Property and Communism”](#) (1844)
4. John Bellamy Foster – [“Monthly Review: Grand Theft Capital”](#) (2023)
5. Paul Lafarge – [“The Evolution of Property from Savagery to Civilization: Feudal Property”](#) (1890)
6. Paul Lafarge – [“The Evolution of Property from Savagery to Civilization: Bourgeois Property”](#) (1890)

Comprehension Quiz

1. A _____ is an external object, which satisfies human needs. (commodity)
2. A useful thing has two key properties: _____ and _____ (quality, quantity)
3. The utility of a thing for human life is what provides its _____ (use-value)
4. _____ value represents the proportion or number of objects with a use-value that equal the use-value of a different object. (exchange value)
5. Given that commodities can all be represented as values, the unifying element of all commodities is _____. (labor)

Discussion Question

In your own life, think of an example where you did not control the means of production and the work that you did was different than if you had otherwise been able to have control over your work. What were you forced to do versus what would you have done? How did this alienate you from the act of production? Did this alienate you from other workers too? If so, how?

LABOR AND PRODUCTION

WHAT ROLE DOES MONEY PLAY IN THE ECONOMY? WHAT DOES IT REPRESENT?

Universal Commodity: A commodity which can be exchanged for any other commodity.

We use money to exchange for commodities and in that sense it represents the **universal commodity**. What we mean by this is that if I want to buy a book, and the book printer wants to buy new socks, I don't have to bring him socks, which is good because I make chairs. The printer can take money and use a portion of it to purchase a few pairs of socks and use the rest of it to purchase something else.

So what gives value to a commodity?

Commodities as values are nothing but crystallized labour. The unit of measurement of labour itself is the simple average-labour, the character of which varies admittedly in different lands and cultural epochs, but is given for a particular society. More complex labour counts merely as simple labour to an exponent or rather to a multiple, so that a smaller quantum of complex labour is equal to a larger quantum of simple labour, for example. Precisely how this reduction is to be controlled is not relevant here. That this reduction is constantly

occurring is revealed by experience. A commodity may be the product of the most complex labour. Its value equates it to the product of simple labour and therefore represents on its own merely a definite quantum of simple labour. ("The Commodity", Karl Marx, 1867)

VALUE AND PRICE

Using the definition for values above, where labor is what gives a commodity value, is missing something. Are all objects that are sold and have value necessarily products of human labor? Can you name some examples?

If these objects that have no human labor component but still have value are being sold as commodities, we need to introduce a new term to describe these phenomenon.

Value: Value is determined by the socially necessary labour-time encapsulated within the product, while market price, affected by supply and demand, always tends to fluctuate above or below this value. Value is the axis around which price revolves.

Price: With unique items, their price is not determined by value, but simply by what people are prepared to pay for them. In practice, some things lie beyond the realm of the labour theory of value, which deals with commodities that can be produced or reproduced without limitations or restrictions. "No labour can increase the quantity of such goods," wrote David Ricardo, "and therefore their value cannot be lowered by an increased supply." (e.g. real estate or highly speculative rare assets like collectables). For the sake of this course we will discuss price in as it is applied to commodities.

This establishes a set of circumstances which allow us to speak more clearly about labor in relation to value.

Going back to what constitutes the price of something (not value)- what are the costs associated with a certain item? [*Anti-Duhring Part II, Chapter 5. Theory of Value; Engels*]

- Fixed costs – Means of Production. The machinery, tooling, building, natural resources, etc. These are items that capitalists all pay roughly the same amount for and are considered to be non-negotiable for producing a given item.
- Necessary Value / Variable costs – Labor. This is paid via wages to the workers and the capitalist's goal is to maximize the output of the worker while minimizing the wages paid.
- Surplus Value / Profit – This is the value extracted by the capitalist. In Marxist terms, we refer to this as "Surplus Value" because it is actually the surplus created by the labor (i.e. workers) but the capitalist is legally allowed to keep it for themselves because they own the means of production (i.e. fixed costs).

How does this system work?

If an employer is going to pay you, say \$20/hr, then the following must be true: the labor you do in that hour must be worth more for the employer than \$20. *This is why capitalists are in business and this is how the system works.*

| | | Where does this go? |
|---------|--|---|
| Revenue | Surplus Labor – Controlled by the Board of Directors, Oftentimes this is close to the entire wage (or greater) of each worker per worker | <u>Shareholders</u> – the owners, can be paid everything or nothing according to the Board of Directors |
| | | <u>Taxes</u> – Capitalists have to pay these or the government shuts them down |
| | | <u>Managers</u> – You pay the managers to reduce the cost of taxes and reduce the cost of labor |
| | | <u>Accumulation of Capital</u> – grow the business; this can create more jobs <i>only if the capitalists decide to do this</i> . In recent history, very little of this has been done inside the US and all accumulation has been happening overseas. |
| | | <u>Political System</u> – candidates, party, PACs, etc. This helps capitalists ensure that the inconvenience of a democratic political system and universal suffrage don't undo the gains they have made for their class |
| | Necessary Labor | <u>Wages</u> - The labor you do for your employer that is paid back to you as a wage. This is what is necessary for you to live and is considered the <u>cost of reproduction of the working class</u> . |

Examples:

- General Motors, 2021: Per the 10-K, GM had \$10.019 Bn in surplus (revenue available to shareholders), 83,000 hourly employees, and 74,000 salaried employees. This results in an average surplus generated of \$63,815 per employee. [[GM 2021 10-K Form](#)]
- Walmart, 2022: Per the 10-K, Walmart had \$13.673 Bn in surplus (revenue available to shareholders) and 2.1 million employees worldwide. This results in an average surplus generated of \$6,510 per employee. [[Walmart 2022 10-K Form](#)]
- Starbucks, 2022: Per the 10-K, Starbucks had \$3.281 Bn in surplus (revenue available to shareholders) and 402,000 million employees worldwide. This results in an average surplus generated of \$8,161 per employee. [[Walmart 2022 10-K Form](#)]

The analysis that Marx makes in *Capital* is that a mass of people are producing surplus that is for the benefit of a small group of wealthy people.

CLASS RELATIONS AND EXPLOITATION

CLASS RELATIONS

Now that we've established the relationship between commodities and money, we get to the heart of Marx's revelation: *the relation between people*.

As Lenin summarizes:

Where the bourgeois economists saw a relation between things (the exchange of one commodity for another) Marx revealed a relation between people. The exchange of commodities expresses the connection between individual producers through the market. Money signifies that the connection is becoming closer and closer, inseparably uniting the entire economic life of the individual producers into one whole. Capital signifies a further development of this connection: man's labour-power becomes a commodity. The wage-worker sells his labour-power to the owner of land, factories and instruments of labour. The worker spends one part of the day covering the cost of maintaining himself and his family (wages), while the other part of the day he works without remuneration, creating for the capitalist surplus-value, the source of profit, the source of the wealth of the capitalist class.

[*The Three Sources and Three Component Parts of Marxism; Lenin*]

What do we call the sale of labor from the worker to the capitalist? (wage)

How does a worker differ from a capitalist? (one owns the capital/means of production and the other works for capital/means of production)

There is a clear difference between workers and capitalists that is entirely based on their *relation to the means of production*. This is the defining characteristic, as Marx views it, of *class relations*. The *bourgeoisie* (aka the capitalist class) owns the means of the production while the *proletariat* (aka the working class) sells their labor to the capitalist to produce commodities. As socialists, we should center our economic analysis around people and their relation to the means of production.

We can apply this analysis to any epoch in history. Let's take for example feudalism and its class relations:

Land was all owned by the monarch who was granted power by God, a supernatural being. The monarch was permitted to dole out access and oversight to these lands as he saw fit. He would give the land to the nobility who were responsible for overseeing production and giving back a portion of the land

proceeds to the monarch in various forms. The serfs were required as the labor to work the land and produce the output needed. In exchange for their production, the serfs were permitted to live on the land and farm it for subsistence.

How might this relate back to our discussion in last session about the historical change brought about due to the constraints of feudalism?

As technology advanced and a rising class of merchants and craft workers formed, a tension formed between this new group and the nobility and monarchy because they were still forced to submit to their authority. Given the entrepreneurial nature of the merchants, it clashed culturally as well with a group who's right to power was simply being born into a position in life. This created, for example, a revolutionary sect within France's Third Estate that formed the basis for the *sans culottes* who would perpetuate the French Revolution against the nobility, monarch, and church (First and Second Estate). This paved the way for a transition to capitalism as technology and industrialization continued to develop.

EXPLOITATION

Given the understanding of class relations, why might we say that capitalism is exploitative?

What about the taking of profit by the capitalist might be considered wrong?

Returning to our definitions of **value**, we see that the labor of the worker is what takes a raw good (future commodity) and increases its level of refinement and therefore value. The capitalist still owns the raw good and the facility and tooling used to improve this good and is only hiring the worker as a wage labor (commodity labor) with no ownership stake in the company. As a result, after the worker has added value to the commodity, the capitalist takes the commodity and sells it. Whatever value beyond the cost of the raw materials, tooling, and wage labor the capitalist can acquire is the **surplus value**, which the capitalist keeps for himself. ***The exploitation is the fact that the workers are never paid the entirety of the value they produce.***

Capitalists are able to maintain their control over the means of production via the concentration of wealth and the legal protections from the state over **private property**.

Private property: Property that is owned for the sole purpose of profit and not for personal use or public use.

As socialists, we seek not only to transition private property back to public property for the sake of providing for the common welfare, but should understand that the entire

system of capitalism is predicated on the perpetuation of private property rights. Unless the transition away from private property is full and complete, there will always be a capitalist element within society.

CONCLUSION

What is one thing you learned?

What is one thing you would like to learn more about?

How did this course help you gain a better understanding of the world?

When talking to non-socialists, how might you change the way you present anti-capitalist or socialist talking points?

COURSE RESOURCES

1. Unknown – [“Review of Dialectical Materialism”](#)
2. Mao Tse-Tung - [“On Contradiction”](#) (1937)
3. Lenin – [“The Three Sources and Three Component Parts of Marxism”](#) (1913)
4. Friedrich Engels - [“Anti-Duhring”](#) (1877)
5. Karl Marx – [“The Commodity”](#) (1867)
6. Karl Marx – [“Private Property and Communism”](#) (1844)
7. Paul Lafarge – [“The Evolution of Property from Savagery to Civilization: Feudal Property”](#) (1890)
8. Paul Lafarge – [“The Evolution of Property from Savagery to Civilization: Bourgeois Property”](#) (1890)

PART 3: IMPERIALISM: THE NEXT STAGE OF CAPITALISM

HOMEWORK ASSIGNMENT

Before class, read the following [article](#) on Imperialism and answer the following questions.

1. What change(s) in the capitalist economy are necessary to create the conditions for imperialism?
 - a. Colonialism has no more room to expand; small firms are no longer competing but instead conglomerating and becoming large firms; new avenues to counteract the tendency of the rate of profit to fall are needed
2. Why do we say that capitalism *needs* to dominate every resource and worker?
 - a. The primary objective of capital is to maximize rate of return. The only way to do this is through production of commodities and through constant growth. The eventual end of constant growth is domination of every aspect of the world.

THE TENDENCY OF THE RATE OF PROFIT TO FALL

The drive to introduce labor-saving machines (to increase productivity and reduce the amount of labor-time needed) leads, however, to a relative decrease in variable capital (labor-power) to constant capital (means of production, raw materials, etc.). While there is a relative decrease in labor-power to that invested in constant capital, this results in more investment per worker employed. Ultimately, the amount of *total* surplus-value obtained by the capitalists depends upon two things: the rate of surplus-value and the number of workers employed. The introduction of machinery tends to reduce the

number of workers and therefore changes the ratio between variable and constant capital, the relationship between dead and living labor. Marx described this process as a rising organic composition of capital. This inevitably leads, all things being equal, to a declining rate of profit. “Hence, the application of machinery to production of surplus-value,” explains Marx, “implies a contradiction which is immanent in it.”

IMPERIALISM: THE NEXT STAGE OF CAPITALISM

Marx didn't live long enough to see the global expansion of capital (although he predicted the inevitable monopolization and world market), the expansion of banking, and the transformation from capitalism as a national economic force to capitalism as an international economic force. This is where Lenin comes in.

Lenin wrote to the workers in Russia to combine information from various sources, including bourgeois economists, to lay out a critique of imperialism that the Bolsheviks should undertake as part of their political mission.

MONOPOLIZATION

One of the **contradictions** of capitalism is that *competition under capitalism becomes its opposite through mergers and acquisitions*. Quantitative changes in how firms attempt to control more of their markets result in qualitative changes in how the market is structured.

Firms that were performing single tasks are merged into large firms performing multiple tasks. This might be referred to under bourgeois economics as *horizontal integration* or *vertical integration* and it is used as a means to gain efficiency and therefore increase the amount of surplus that can be extracted per worker. However, it also serves to build conglomerates and large enterprises that can consume or destroy their competition to obtain a monopoly position. Lenin discusses several examples, including the smelting of iron.

SOCIALIZED PRODUCTION

Lenin states that as firms become monopolies “production becomes social, but appropriation remains private. The social means of production remain the private property of a few.” **What do you think he means by that? What might that mean for us as workers and socialists?**

Lenin cites a bourgeois economist, Kestner, who was writing a book about the conflict between monopoly capitalists and the outsider capitalists. (Lenin jokes that Kestner's book, titled “Compulsory Organization” should have been titled “Compulsory Submission” because that's what workers have to do to monopolistic companies) Lenin translates Kestner and summarizes one of the points that Kestner correctly makes: “although commodity production still ‘reigns’ and continues to be regarded as the basis

for economic life, it has in reality been undermined and the bulk of the profits go to the 'geniuses' of financial manipulation."

From Vijay Prashad's *Struggle Makes Us Human*:

"Let's return to the young child in Zambia in the Copperbelt. The copper underneath the ground enters the cell phones of people around the world. Your identity is partly wrapped up with your cell phone. The first thing you do in the morning is check your cell phone. And then you play a game. You talk to a family member. You check your email. You go on your computer. This is a cross-class phenomenon and indeed increasingly a practice in many countries. There are close to six billion mobile phones around the world, and there are about 7.9 billion people in the world, these phones are widespread. The copper is inside your hand. It is in your identify. You are shaped by copper wires that are everywhere. That means you are directly connected to that child in Zambia. The child is not outside you. The child is intimately linked to you by the imperialist exploitation of the copper resources in Zambia. But you don't see that because you buy the phone from a shop. It comes wrapped in plastic and in a nice box. It doesn't say that, by the way, you're getting this phone at this cheap price relatively because a child in Zambia is illiterate... The challenge in Zambia is internal to your social condition. Marx says, *listen, what happens is that you and I, our social relations are mediated through commodities or through money, which is merely a commodity.*"

MERGING OF INDUSTRIAL AND BANKING CAPITAL INTO FINANCE CAPITAL

BANKS

Function according to Lenin: "The principal and primary function of banks is to serve as middlemen in the making of payments. In so doing they transform inactive money capital into active, that is, into capital yielding a profit; they collect all kinds of money revenues and place them at the disposal of the capitalist class."

As banks grow from modest middlemen into powerful monopoly firms, they command means of production through the capitalists. We can see the consolidation of capital amongst banks in Lenin's time and ours. In 1912, nine big Berlin banks held 49% of all deposits. In 2023, the top 10 largest banks in the U.S. held 66% of all deposits, totaling over \$16 trillion. Note: The modern day figure only refers to banks by the traditional definition and does not include private equity and hedge funds, which didn't exist when Lenin was writing *Imperialism*. For example, BlackRock is the largest private equity firm in the world and has over \$11 trillion in assets- this is larger than every country's GDP except China and the U.S.

LINKS BETWEEN BANKS AND INDUSTRY

BANK GROWTH EXERTS CONTROL OVER INDUSTRIAL CAPITALIST FINANCES

Lenin says: “When a bank discounts a bill for a firm, opens a current account for it, etc., these operations, taken separately, do not in the least diminish its independence, and the bank plays no other part than that of a modest middleman. But when such operations are multiplied and become an established practice, when the bank ‘collects’ in its own hands enormous amounts of capital, when the running of a current account for a given firm enables the bank- and this is what happens - to obtain fuller and more detailed information about the economic position of its client, the result is that the industrial capitalist becomes more completely dependent on the bank.”

Anyone who’s worked for a publicly traded company knows that management always talks about the “shareholders” and might even attempt to paint the shareholders as a common enemy that get in the way of spending more money on salaries or working conditions. In reality, institutional investors, i.e. large Wall St. banks, control 80% of the entire stock market capitalization. And if that’s not enough, many of these same firms with investment banking departments also lend money through the issue of bonds to other capitalists. The total U.S. bond market as of 2022 is over \$10 trillion. These banking firms have the ability to coerce other capitalists to do their bidding because they control the capital that fuels their enterprises.

PERSONAL LINK UP - BOARDS OF DIRECTORS

Lenin says: “A personal link up, so to speak, is established between the banks and the biggest industrial and commercial enterprises, the merging of one with another through the acquisition of shares, through the appointment of bank directors to the Board of Directors of industrial and commercial enterprises, and vice versa.”

Modern day examples: Norfolk Southern and Boeing

NORFOLK SOUTHERN

Thomas Bell - Chairman of Mesa Capital Partners, real estate investment firm
Mitch Daniels - President of Perdue, former Indiana governor, former President of Eli Lilly pharma
Marcela Donadio - certified public accountant, former partner of Ernst and Young accountants
John Huffard - co-founder of Tenable cybersecurity company
Christopher Jones - former VP at Northrup Grumman
Thomas Kellher - current chair of UBS (swiss bank) and former President of Morgan Stanley

Steven Leer - former CEO of Arch Coal Mining
Michael Lockhart - former CEO of Armstrong Flooring
Amy Miles - former CEO of Regal Entertainment
Claude Mongeau - former CEO of Canadian National Railways
Jennifer Scanlon - former CEO of UL (Underwriters Labs) company
James Squires - former Norfolk Southern CEO
John Thompson - former government relations consultant for Best Buy

BOEING

Robert Bradway - CEO of Amgen Biotechnology
Lynne Doughtie - former CEO of KPMG accounting
David Gitlin - CEO of Carrier (air conditioning)
Lynn Good - CEO of Duke Energy
Stayce Harris - former Inspector General, FAA
Akhil Jorhi - former VP United Technologies (conglomerate that merged in 2020 with Raytheon)
David Joyce - former CEO GE Aviation
Lawrence Kellner - former CEO Continental Airlines
Steven Mollenkopf - former CEO Qualcomm
John Richardson - former director of Navy Nuclear Submarine program
Ronald Williams - former CEO of Aetna Insurance

FINANCE CAPITAL

Lenin quotes economist Hilferding: “A steadily increasing proportion of capital in industry ceases to belong to the industrialists who employ it. They obtain the use of it only through the medium of the banks which, in relation to them, represent the owners of the capital. On the other hand, the bank is forced to sink an increasing share of its funds in industry. Thus, to an ever greater degree the banker is being transformed into an industrial capitalist. This bank capital, i.e., capital in money form, which is thus actually transformed into industrial capital, I call ‘finance capital’. Finance capital is capital controlled by banks and employed by industrialists.”

As the amount of finance capital increased, Lenin observed that this became the dominant form taken by capital as evidenced by not only the relations between firms but the actual money flows from banks to industry.

EXPORT OF CAPITAL AND GLOBAL EXPLOITATION

Lenin sets the stage for the need to export capital: “Capitalism is commodity production at its highest stage of development, when labour-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a

characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the “workshop of the world,” the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, this monopoly was already undermined; for other countries, sheltering themselves with “protective” tariffs, developed into independent capitalist states. On the threshold of the twentieth century we see the formation of a new type of monopoly: firstly, monopolist associations of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which the accumulation of capital has reached gigantic proportions. An enormous “surplus of capital” has arisen in the advanced countries. As long as capitalism remains what it is, surplus capital will be utilised not for the purpose of raising the standard of living of the masses in a given country, for this would mean a decline in profits for the capitalists, but for the purpose of increasing profits by exporting capital abroad to the backward countries. In these backward countries profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap. The export of capital is made possible by a number of backward countries having already been drawn into world capitalist intercourse; main railways have either been or are being built in those countries, elementary conditions for industrial development have been created, etc. The need to export capital arises from the fact that in a few countries capitalism has become “overripe” and (owing to the backward state of agriculture and the poverty of the masses) capital cannot find a field for ‘profitable’ investment.”

Lenin searches for a definition that can accurately describe what he is observing in the real world and decides that what he is calling *capitalist imperialism* should have the following characteristics:

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 associations which share the world among themselves
5. The territorial division of the whole world among the biggest capitalist powers is completed. Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed.

MODERN DAY IMPERIALISM

Lenin didn't live long enough to see the USSR win WWII against the Nazis and so was not able to give his thoughts on the world order of capitalists that emerged after the war, but there are a few things that have changed since he wrote this book in 1917:

- IMF/World Bank - lend money via national treasuries and private banks to underdeveloped nations to "aid in their development" but because they are attempting to compete with fully developed, capitalist firms in a marketplace with rules set by the monopoly firms, they inevitably are unsuccessful and cannot pay their debts. Through the United Nations government entity these financiers are then able to impose financial austerity (cuts to education and social services) and remake the legal system of these countries to be highly advantageous to foreign capitalist corporations.
- Globalization/ Offshoring
- Financialization