Lenin’s 5 parts of imperialism

1. Monopolies
2. Finance oligarchy
3. Export of capital dominates
4. International monopoly associations
5. Territorial division of the whole world
Monopolies

The concentration of production and capital develop to such a high stage that it creates monopolies which play a decisive role in economic life.
In the earliest days of capitalism, hundreds of small capitalist firms would sell the same goods to the same markets. Through increased exploitation of workers and technological development of productive forces, some capitalists would gain more shares of the market by producing cheaper goods. As these firms pulled ahead of the rest, other capitalists went bankrupt and were bought out by the successful firms.
Monopolies continued

- Sometimes the successful firms merged together and formed a cartel.
- In periods of crisis, this process accelerated, leading to greater and greater concentrations of industry — to the point, as in Lenin’s day, when one hundredth of the total firms produced over half of the goods in a particular industry in the U.S.

What is the difference between a Monopoly and a Cartel?
A monopoly is only one firm that supplies particular product/goods.

A cartel is an agreement among competing firms. This is formal agreement among manufacturers or producers to fix prices, and the quantity produced.
Monopolies continued

- At a point, this concentration impacts the field of competition. The cartels and monopolies can, as Lenin says, “come to an agreement on the conditions of sale, terms of payment, etc.”
  - They fix prices.
  - They divide the markets among themselves.
  - They fix the quantity of goods to be produced.
  - They divide the profits among the various enterprises, etc.
2. Financial oligarchy

- As the productive forces are concentrated in fewer and fewer hands, there is a parallel development with the banking system. The banks entrusted with the money of the largest monopolies are able to buy out the smaller banks, or “control them through a system of credit.”

- The banks, however, by handling the money of different monopolies themselves become a monopoly above and beyond the industrial monopolists. In other words, the industrial monopolists become dependent on the big banks. Why?
As the productive forces become more technologically sophisticated, building these forces becomes extremely expensive. Only a bank with large sums of money to lend can help these monopolists. The banks, however, get to determine whether a firm is worthy of investment.
The banks, who hold the financial assets of all the monopolists, are in a prime position to “ascertain exactly the position of the various capitalists, then control them, influence them by restricting or enlarging, facilitating or hindering their credits, and finally they can entirely determine their fate, determine their income, deprive them of capital, or, on the other hand, permit them to increase their capital rapidly and to enormous dimensions, etc.”
This leads to the transformation of banks into industrialists themselves.

“This bank capital, i.e. capital in money form which is thus really transformed into industrial capital I call, “finance capital’…”

Finance capital is capital controlled by banks and employed by industrialists” (Lenin quoting Hilferding).
3. Export of capital

The export of capital becomes extremely important, as distinguished from the export of commodities.
Monopolies emerge in countries where capitalist development is most advanced. In these countries, there is a “superabundance of capital” not currently being employed but instead held by the banks who are looking for its most profitable investment.

The banks look to the most backward countries for investment of this capital because there “profits are usually high, for capital is scarce, the price of land is relatively low, wages are low, raw materials are cheap.”
4. International monopoly associations

The formation of international capitalist monopolies share the world among themselves.
Those countries without this super-abundance compete with each other to receive loans from these monopolists.

However, there are always strings attached. The desperation of the poorer countries to receive these loans allows the lending countries to dictate the terms of the agreement. For instance, “the most usual thing is to stipulate that part of the loan that is granted shall be spent on purchases in the country of issue, particularly on orders for war materials/ships etc.”
But the influence is much deeper: “Monopolist capitalist combines—cartels, syndicates, trusts—divide among themselves, first of all, the whole internal market of a country, and impose their control, more or less completely, upon the industry of that country.”

Those countries which receive the loans—as is seen—are shaped by the interests of the lending monopolists. As Lenin reminds us “the home market is inevitably bound up with the foreign market,” and in the imperialist stage, this means exploiting the poorer countries for the profit of the monopolists in the more developed countries.
From here, the world is divided into spheres of influence determined by flow of finance capital from the imperialist countries to the dependent countries.

As seen from the quote, this is as much an economic relationship as it is a military alliance.
5. Territorial division of the whole world

The territorial division of the whole world among the greatest capitalist powers is completed.
While the world is completely divided at a point between different spheres, this does not lead to static relations of power.

At any point, the world can be subject to redivision. Indeed, it becomes necessary.
“Certainly, monopoly under capitalism can never completely, and for a long period of time, eliminate competition in the world market…

Certainly the possibility of reducing cost of production and increasing profits by introducing technical improvements operates in the direction of change.

Nevertheless, the tendency to stagnation and decay, which is the feature of monopoly, continues, and in certain branches of industry, in certain countries, for certain periods of time, it becomes predominant.”
To offset this tendency, the monopolists go to war to win from their rivals those territories where cheap labor, cheap land and cheap raw materials ensure high profits once more.