Soviet Review

ISSN: 0038-5794 (Print) (Online) Journal homepage: http://www.tandfonline.com/loi/mrss19

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To cite this article: V. Rymalov (1966) New Phenomena in the Export of Capital from the Imperialist Countries, Soviet Review, 7:2, 29-42

To link to this article: http://dx.doi.org/10.2753/RSS1061-1428070229

Published online: 09 Dec 2014.

Mirovaia ekonomika i mezhdunarodnye otnosheniia, 1965, No. 7

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NEW PHENOMENA IN THE EXPORT OF CAPITAL FROM THE IMPERIALIST COUNTRIES

The export of capital, according to V. I. Lenin's definition, is one of "the most essential economic foundations of imperialism." (1) It remains the same in the modern world capitalist economy. But under conditions in which its unrestricted rule over the majority of mankind has been lost, imperialism is compelled to resort to new, more refined, veiled forms and methods of exporting private and, especially, state capital, which is carried out chiefly under the flag of "aid" to other countries.

Under this flag monopoly capital has launched a financial offensive on an unprecedented scale. In the postwar period a number of new and important tasks have been added to the former objectives in the export of capital: to strengthen the positions of the weakening world capitalism in its struggle against socialism; to cement the capitalist system of world economy, which has been shaken up under the blows of the national liberation movement; to retain the liberated countries in the system; and to seize new commanding heights in their economies.

Scope and Forms

The sharp growth, as compared with prewar times, in the export of capital from a few of the strongest powers testifies to the scope of the imperialist financial offensive. At the beginning of the 1960's the total sum of the net export of funds from these powers to other countries in the form of long-term private capital investments, state loans, credits and subsidies amounted, on the average, to 9 billion dollars a year (see Table 1), of which about 6 billion was accounted for by the USA.

The new forms of economic expansion of the leading imperialist powers are connected primarily with the change in the state's role in the sphere of capital exports. Whereas in the preceding stages of the development of imperialism (excluding the periods of world wars), the state played an extremely insignificant role in this sphere of international economic relations, now the situation on the world capitalist market is developing differently.

In a situation in which the political foundations of colonialism are disintegrating and socialism has broken the former monopoly of the developed capitalist countries in the delivery of equipment to the economically underdeveloped countries, as well as in the granting of credits and loans and the sharing of technical experience, the im-

Table 1

Developed Capitalist Countries: Distribution (in %) of the Net Movement of Long-Term Capital and State Subsidies According to Financial Sources

Years	Total		Net Long-Term Capital		State Subsidies (in %)
	Billions of dollars	In %	State (in %)	Private (in %)	
	Net Export of Capital from Capital-Exporting Countries*				
1960	8.3	100	26	38	36
1961	9.1	100	31	33	36
1962	9.4	100	28	33	39
	Net Import of Capital by Capitalist Countries Importing Capital				
1960	2.1	100	16	83	1
1961	2.0	100	10	89	1
1962	2.2	100	15	85	–
	Overall Net Import of Capital by Other Countries				
1960	6.2	100	30	21	49
1961	7.1	100	40	9	51
1962	7.2	100	32	14	54

*The USA, England, France, FRG, Belgium, the Netherlands, Switzerland, and Japan. The sums given above do not include the mutually cleared export of capital within the group of countries that are the main exporters of capital.

Source: International Flow of Long-Term Capital and Official Donations, 1960-1962, U.N., New York, 1964, pp. 5-7.

perialist state itself has become a large-scale exporter of capital. At the same time, it is beginning to assume the burden of insuring the export of private capital against the commercial and political risks connected with the mighty upsurge of the antiimperialist movement in the liberated and emerging countries.

In a number of cases the imperialist state is even turning into a partner of separate monopoly groups in the construction of enterprises abroad. And, as a rule, it takes upon itself the job of carrying out the projects that are more disadvantageous from the commercial point of view, not stopping short of granting interest-free loans and subsidies at the expense of the taxpayers.

These new, peculiar forms of exporting state capital, which pursue the aim of strengthening the positions of the imperialist monopolies in other countries, are simultaneously designed to stimulate commodity export at a time when the competitive struggle on the capitalist market has intensified sharply.

The active participation of the state in the export of capital has thus become one of the most important features of the economic expansion of imperialism in the contemporary historical situation. But this is an indication not of the strengthening, but of the weakening of the positions of monopoly capital in the world economy. Were it up to them, the monopolists would have long ago rejected the export of state capital and would have returned, as was the case after World War I, to private international financing. In any event, the ruling circles of the United States and a number of other imperialist powers counted on such a course of events. Reflecting such expectations, President Truman stated on June 27, 1946, that "our general aim is to return our foreign trade and capital investment to private initiative as soon as possible." (2)

However, as a result of the further aggravation of the general crisis of capitalism, these hopes were not realized. In their striving to export the growing "surplus" of capital, the monopolies found it necessary to rely more and more heavily on the crutches of state loans. An analysis of postwar international economic relations makes it possible to draw the conclusion that the export of private capital could not develop at all intensively without such crutches. The expression of a French sociologist, who noted that after the war the state has turned into some kind of "last Maginot line" for modern capital, is also applicable to the sphere of the export of capital.

There are sufficient grounds for assuming that in the course of the intensification of the general crisis of capitalism, the share of state capital in the general flow of financial means from the main imperialist powers will grow, while the share of private capital will decline relatively.

Main Directions of Expansion

Investigating the export of capital as one of the main marks of imperialism, V. I. Lenin pointed out: "As long as capitalism remains what it is, surplus capital will be utilized 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. Profits are usually high in these backward countries, for capital is scarce, the price of land is relatively low, wages are low, and raw materials are cheap." (3) In its main outlines, this thesis holds good even today. At the same time, however, the thesis requires a certain refinement in the light of the facts of recent years.

Lenin's conclusion was drawn in the period of the undivided sway of imperialism in world economy and politics, when the export of capital was completely the function of private enterprise. As Table 1 shows, one cannot assert today that the bulk of private capital exported from the chief capitalist states is directed to the economically undeveloped countries. On the contrary, the lion's share goes to other, relatively developed capitalist countries.

At the same time, considerably less than 20% of the long-term state capital investments go to these countries from the chief exporters of capital; the rest goes to the economically underdeveloped countries. The export of state funds in the form of subsidies, the sum of which has been exceeding 3 billion dollars a year in recent times, also goes almost entirely to the underdeveloped countries. Hence, the unprecedented development of state-monopoly tendencies is solely responsible for the fact that the share of state capital in the net export of funds from the leading capitalist countries amounts to almost 70%. A detailed idea of this is provided in Table 2, which characterizes the main flows of the net movement of capital for the main groups of the world capitalist economy.

The United States is the biggest exporter of capital in the modern world. It exports almost 90% of the total volume of net financial means flowing into the capitalist countries that are importing capital, and more than 60% of the funds directed to the developing countries. The total export of funds from all other imperialist powers that are "strong in capital" is less than half that of the United States alone.

The data presented in Table 2 show, however, only the "net" export of capital from the leading

Table 2

Developed Capitalist Countries: Net International Movement of Long-Term Capital and State Subsidies by Destinations

Countries	1960-1962 (average annual sum in billions of dollars)			
	Total	Developed countries	Developing countries	International institutions
Capital-exporting countries	-8,740	-2,020	-5,845	-730
Of which: United States	-5,930	-1,811	-3,601	-427
Western European countries	-2,780	- 380	-2,000	-345
Including: France	-1,320	- 95	-1,115	-105
England	- 550	175	- 595	- 85
FRG	- 480	- 140	- 220	-120
Developed capitalist countries importing capital	2,120	2,370	- 235	- 35
Total for above countries	-6,620	350	-6,080	-765

*In round figures. The total figures also include sums not distributed in other columns. The absence of a sign indicates net import of capital; the minus sign indicates net export of capital.

Source: International Flow of Long-Term Capital and Official Donations, 1960-1962, p. 7.

capitalist powers. They do not permit a precise determination of the overall picture of the movement of capital within this group of powers and their receipt of funds from other countries of the capitalist world.

Private Capital "Prefers" Developed Capitalist Countries

The statistics of the international movement of private capital are far from perfect or complete. Some of the chief capital-exporting countries do not publish detailed information on the financial activities of their monopolies abroad. That is why it is impossible to determine at all precisely the gross volume of the export of monopoly capital within the entire group of developed capitalist states and to compare it in summary form with the export of capital to the economically underdeveloped areas.

We have data of such a nature only for some of the chief capitalist states. But they (primarily the data for the USA) give some idea of the scope and role of "the mutual exchange" of long-term capital investments among the leading imperialist powers in comparison with the export of capital to other countries.

The direct private investments of the U.S. monopolies abroad have increased in the last 13 years alone by almost 3.5 times, or approximately 30 billion dollars, including that in other capitalist states — 4.5 times (20 billion dollars), and in the economically underdeveloped countries of Asia, Africa and Latin America — only slightly more than 2 times (6.4 billion dollars). In other words, the rates of the net export of American private capital to the developed

Table 3

USA's Direct Private Investments Abroad and Foreign Direct Private Investments in the USA
(in billions of dollars)

	1950	1957	1963	1963 in % of 1950
I. USA's foreign investments (total)	11.79	25.39	40.65	345
Including:				
a) Western European countries	1.73	4.15	10.35	598
Canada	3.58	8.77	13.02	364
Japan	0.02	0.19	0.48	2,400
Australia, New Zealand, South Africa	0.37	0.93	1.79	484
Total for above countries	5.70	14.04	25.64	450
b) African countries (except S. Africa)	0.15	0.36	1.01	673
Asia (without Japan)	0.98	1.83	2.31	236
Latin America	4.45	7.43	8.66	195
Total for above areas	5.58	9.61	11.98	215
II. Foreign investments in the USA (total)	3.39	. . .	7.94	234

Source: Survey of Current Business, August 1964, pp. 10, 14.

capitalist countries were more than twice as high as the rates for the economically underdeveloped areas. In the same period, the investment of foreign private capital in the U.S. economy rose more than 2.3 times, or by 4.5 billion dollars (see Table 3).

The export of funds by one or another monopoly is determined in each concrete case by a great diversity of factors. But if one were to single out the main factors, then the situation examined above could be explained in the main by two decisive circumstances: the substantial changes in the "investment climate" that have taken place in the postwar years both in the developed capitalist states and in the economically underdeveloped countries.

First of all, it should be borne in mind that the vast scientific and technical revolution that has taken place in the last decade has greatly expanded the prerequisites for new, large capital investments by the monopolies in the economies of the capitalist countries. And by virtue of the laws of capitalist production, the application of the achievements of science and technology have made such investments quite profitable, especially with large expenditures on the development of new modern enterprises designed for the mass production of goods. The monopolies that are "rich in capital" got the chance to skim the cream off rapid scientific and technical progress by building such enterprises in their own countries and by exporting productive capital to other capitalist countries.

It is characteristic that in the 1948-1963 period the output of the manufacturing industry of the developed capitalist countries, taken together, more than doubled. (4) In other words, they were able to create in those years production capacities which surpassed those created during the entire preceding history of the development of capitalism. On such a basis, and thanks also to some enhancement of the living standard in a number of the leading capitalist countries as a result of definite successes scored by the working people in the class struggle against monopolistic exploitation, there was a substantial expansion of the domestic market in these countries. The gross production of the industrial corporations of the USA, for instance, rose from 123 billion dollars in 1947 to 308 billion in 1962, while the total sale of the products of their enterprises located in other countries amounted in 1963 to more than 31 billion dollars. (5)

American statistics do not show what part of the profits was accounted for by foreign investments. But indirect calculations made on the basis of their data permit the conclusion that at the beginning of the sixties the profits derived from the affiliates of American industrial firms amounted to 4.5-6 billion dollars (before taxes), that is, more than 10% of the total earnings of the U.S. monopolies. If, however, the depreciation charges, which in the main go for reinvestment, are also taken into account, the total will rise to 7-9 billion dollars. About 80% of it is attributable to the developed capitalist countries. (6)

However, it does not at all follow from such facts that the importance of the economically underdeveloped countries as a very profitable sphere of investment for the monopolies of the imperialist powers is declining in the contemporary world capitalist economy. In a number of cases the profit rate of foreign companies in the economically underdeveloped countries amounts to 100% and more. On the whole, the raw materials monopolies receive especially high earnings there. Nevertheless, in the postwar years new foreign private capital flowed into the underdeveloped countries in rather limited amounts. This phenomenon is to be explained not only by the economic factors noted above, which are related to the rapid technical progress in many branches of production in the developed capitalist countries. To a considerable extent it is also to be explained by the political consequences of the disintegration of the colonial system and the apprehensions of the monopolies with respect to the steadily developing national liberation movements in the countries exploited by them.

In most of the liberated and other economically underdeveloped countries, a persistent struggle is unfolding to restrict the domination of foreign capital in the national economy and to nationalize enterprises belonging to it. Such struggle has already brought substantial results in a number of young sovereign states.

Imperialism Changes Its Tactics

The monopolies continue their attempts to make profitable investments in the countries of Asia, Africa, and Latin America. However, they prefer not to risk their own capital in the current situation; they advance state capital to the forefront, employing it as the main instrument for economic expansion and the creation of a favorable "political climate" for private investments. Simultaneously, another important aim is assigned to the expansion of state capital: the development of the necessary economic prerequisites (primarily in the field of infrastructure) for large-scale private investments in the manufacturing branches of industry of the liberated and emerging countries.

In this connection the following proposition should be stressed. In the present situation it would already be incorrect to consider that imperialism, in its policy of capital exports, only prevents the setting up of a manufacturing industry, including its main branches, in these countries. In the last 10 to 15 years monopoly capital has been compelled by circumstances to begin a substantial revision of this policy. Whereas only comparatively recently the funds exported by monopoly capital to the underdeveloped countries went almost entirely to strengthen the agrarian raw-material structures of their economies, the tactics of monopoly capital have begun to change under the conditions of the disintegration of the colonial empires and the most acute economic competition of the two world social systems. It is trying to seize the key positions in the leading branches of the manufacturing industry of the developing countries, whose creation in many countries is dictated by the objective and most vital requirements of their economies.

About one-third of all U.S. direct private investments in the developing countries in 1959-1962 (including two-thirds of that in the countries

Table 4

Net Flow of Long-Term Capital and State Subsidies from Developed Capitalist Countries and International Organizations to the Developing Countries of Asia, Africa, and Latin America

Item	1951-1955	1956-1959	1960-1962
	(annual average; in billions of dollars)*		
Total	-2.6	-4.7	-6.0
a) Net flow of capital from international organizations	-0.1	-0.2	-0.3
b) Bilateral agreements**	-2.5	-4.5	-5.7
Of which:			
Export of private capital	-0.7	-1.4	-1.2
Including registered reinvestments***	(-0.4)	(-0.5)	(-0.5)
Government subsidies	-1.1	-2.1	-2.6
State loans and credits	-0.8	-1.0	-1.9
Total sum of export of state funds	-1.9	-3.1	-4.5
Including the sale of U.S. farm "surpluses"	...	-0.6	-0.8

*The minus sign indicates the net outflow of capital.

**With the exception of the estimates of French private investments in the countries of the franc zone, which amounted, on the average, to 300-350 million dollars a year in 1956-1961; no data are available for 1951-1955.

***Based chiefly on British and U.S. data; most of the other countries exporting capital do not report on the reinvestment of earnings.

Source: "Financing for an Expansion of International Trade." E/Conf. 46/9, March 10, 1964, p. 6.

of Latin America) were directed into the manufacturing industry. In the same period, 65% of all private British investments in Latin America and more than 40% of such investments in the countries of the sterling zone also went into the manufacturing industry. (7)

But even with more or less favorable sociopolitical conditions for a considerable rise in foreign investments in the industry of the liberated countries, the monopolies, as experience shows, are not inclined to spend capital on the development of an extremely backward infrastructure there. They are trying to shift the less profitable expenditures to the state and to compel it to assume a considerable part of this burden. Of all state funds allocated in 1962 by the United States, Great Britian, France, the FRG, and also the International Bank for Reconstruction and Development, for the so-called "development projects" in the countries of Asia, Africa and Latin America, about two-thirds was channeled toward improving the infrastructure. (8) It is precisely the rise in the state's activities that has enabled the monopolies, in the conditions of the disintegration of the colonial system, not only to preserve but also to expand considerably the export of capital to these countries. This is testified to by the calculations given in Table 4.

The material presented in Table 4 shows that the net flow of capital from capitalist states to the developing countries of Asia, Africa, and Latin America had risen at the beginning of the sixties, as compared with the beginning of the fifties, more than 2.3 times, reaching an average annual sum of 6 billion dollars during 1960-1962. Of that, 5.7 billion dollars were received on a bilateral basis, and only 0.3 billion through international financial organizations. In the same period, the rate of growth of private capital, which has amounted to 1.2 billion dollars per annum lately, increased less than 2 times. And at least about 50% of it actually consisted of reinvestments of the profits of affiliated and daughter enterprises of foreign companies in these countries, while the net export of new capital did not exceed 0.5-0.6 billion dollars a year. In 1962, for instance, two-thirds of the entire sum of private investments by the USA in the developing countries was accounted for by reinvestment and only about one-third was exported directly from the USA. The corresponding indices for Great Britain were 60% and 40%. (9)

The data for the United States are especially indicative, since in many respects they determine the results of the activity of contemporary capitalism in the sphere of exporting both private and state capital. The share of the USA in the total volume of state funds exported from the capitalist powers to the developing countries amounted to 54% in 1950-1955, 55% in 1956-1959, and 57% in 1960-1962. The corresponding figures (in %) for France were 24, 20 and 16; for Great Britian — 9, 6 and 7; the FRG — 2, 4 and 6; Japan — 1, 4 and 3, etc. (10)

Of the total annual average sum of 4.5 billion dollars flowing from the leading capitalist states to the developing countries in 1960-1962, on the average about 60% (2.6 billion) was accounted for by subsidies, and the rest — by loans (1.9 billion). The considerable excess of subsidies over state loans was characteristic of almost the entire postwar period. But this correlation is not remaining immutable.

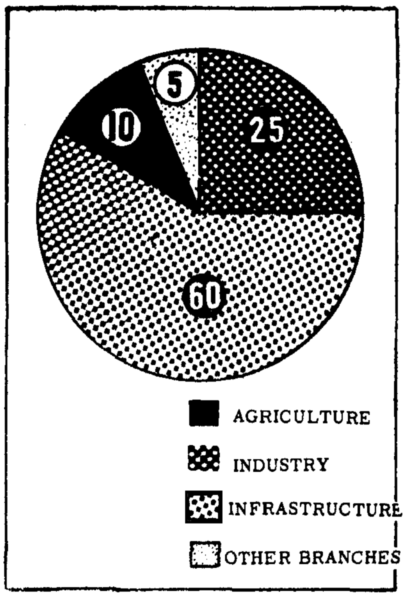
In the most recent years, loans are receiving ever greater priority in the USA and some other capitalist countries. They are rapidly becoming the chief instrument of imperialist penetration in the developing countries under the flag of "economic aid." Whereas in 1960 the share of loans in the general volume of such "aid" on the part of the main capital-exporting countries amounted to 33%, and in 1961 — 41%, in 1962 it already reached 47%. (11) According to a statement by D. Bell, Director of the American International Development Administration, one of the main changes in the American policy of "economic aid" is the "increasing emphasis on loans as distinct from subsidies." During the period of the Marshall Plan, more than 90% of such "aid" was presented in the form of subsidies. In 1957, loans made up only 18% of its total sum. (12) In the 1963/64 fiscal year, however, more than 60% of all funds directed to other countries was in the form of loans.

Funds in local currency, received (mainly by the United States) from the sale of so-called surplus farm produce in the underdeveloped countries, are a rather substantial part of such loans. These sales hold a prominent place among the general undertakings for the economic expansion of imperialism in Asia, Africa, and Latin America. Their volume comprises almost 25% of the total state funds flowing there from all the capitalist powers, and almost one-third of the U.S. "economic aid."

This quite original economic instrument of neocolonialism has been engendered by two main circumstances. On the one hand, there are extremely unfavorable elements of stagnation in the agriculture of the vast majority of the developing countries (the per capita output of farm products, especially food, remains at the extraordinarily low prewar level, and in many cases the output is below the prewar level). On the other hand, great "surpluses" of farm products, which lack a profitable market in the conditions of a capitalist economy, have accumulated in some capitalist states (above all in the USA), where agriculture was shifted in the main to machine production in the postwar period. The export of farm "surpluses" frequently becomes a most important instrument for establishing initial "bridgeheads" for American capital in the economically underdeveloped countries. All expenses for carrying out such an operation are shifted by the monopolies onto the state, that is, the broad strata of taxpayers of the developed capitalist countries.

* * *

DISTRIBUTION OF FOREIGN STATE FUNDS ALLOCATED FOR 1962 DEVELOPMENT PROJECTS (In %)



The Imperialist Powers' So-Called Concessions to the Liberated Countries

As has already been mentioned, loans are now becoming the main form in which state capital is exported by the imperialist powers to the developing countries. Under conditions of the collapse of the colonial system, state loans are already considerably greater than the volume of loan capital flowing to these countries from private sources. On what terms are they granted?

The progressive press has constantly exposed the enslaving, unequal character, the obvious and veiled imperialist essence of such loans. Naturally, their socio-economic nature does not change with the years. But quite recently there have been important changes in the financial terms under which the loans are granted, and they demand attention and explanation. Whereas such basic financial terms as repayment dates and interest rates have been extraordinarily unfavorable for the developing countries until rather recently, especially in comparison with the terms under which aid was received from the socialist states, now a different situation is beginning to develop. The imperialist states are being compelled to ease their financial terms in granting credits for the economic development of the countries of Asia, Africa, and Latin America. They are being forced to conceal their exploiting, neocolonial character ever more carefully. A graphic idea of this may be obtained from Table 5, which deals with state loans that have to be repaid in the currency of the creditor. These data do not take into account the comparatively small number of loans granted for periods of less than five years.

These changes date back mainly to the beginning of the sixties. Whereas in 1961 the total sum of the loans granted at the rate of 3% and less annually amounted to only 22%, in 1962 it rose to 42%. At the same time, the share of loans at a rate of 5% and more dropped from 68% to 41%. The share of loan money granted for a term of 20 or more years increased from less than half of the total volume of obligations in 1961 to almost two-thirds in 1962, whereas the share of 10- to 20-year loans dropped sharply. If, in particular, U.S. loans in 1960 for a term of 20 or more years amounted to only 126 million dollars, in 1962 they amounted to more than 1.140 billion dollars. This tendency has been developing in subsequent years. Its operation is determined primarily and mainly by the changes in the loan policy of the USA. A shift to a lower interest rate also took place in the FRG and Japan.

The cited figures are, to a considerable extent, the result of a peculiar statistical trick — the mechanical transfer of subsidies into the category of loans with a low interest rate. But it would be incorrect to limit ourselves to such

DISTRIBUTION OF NET FLOW OF FOREIGN LONG-TERM LOAN CAPITAL AND STATE SUBSIDIES (In %)

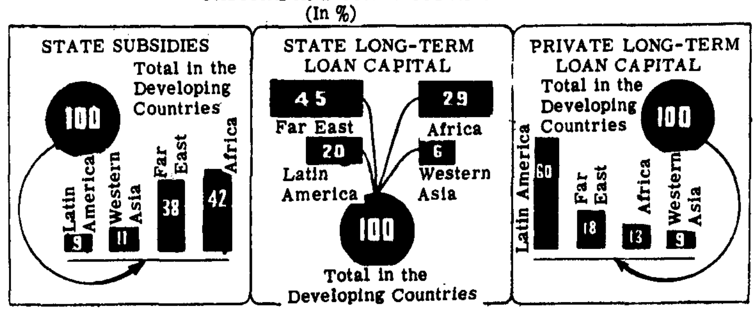


Table 5

Distribution of State Loans on a Bilateral Basis in Accordance with the Interest Rate and Term of Operation
(1962 in %)*

Item	Total	USA	France	FRG	Italy	Japan	Great Britain
Interest rate							
0 to less than 1	39 (18)	58 (28)	– (2)	– (–)	– (–)	– (–)	8 (4)
1 to 3	3 (4)	2 (–)	28 (47)	– (–)	– (–)	– (–)	– (–)
3 to 5	17 (10)	13 (3)	30 (20)	54 (38)	22(100)	– (1)	1 (2)
5 to 6	28 (48)	27 (60)	26 (28)	40 (30)	5 (–)	40 (14)	33 (33)
6 and more	13 (20)	– (9)	16 (3)	6 (32)	73 (–)	60 (85)	58 (61)
Total	100(100)	100(100)	100(100)	100(100)	100(100)	100(100)	100(100)
Term of operation							
5 to 10 years	11 (13)	6 (7)	1 (3)	3 (19)	61(100)	92 (34)	– (16)
10 to 20 years	27 (42)	24 (46)	49 (16)	65 (49)	39 (–)	8 (66)	12 (3)
20 to 30 years	23 (24)	13 (12)	15 (45)	32 (32)	– (–)	– (–)	80 (81)
30 years and more	39 (21)	57 (35)	35 (36)	– (–)	– (–)	– (–)	8 (–)
Total	100(100)	100(100)	100(100)	100(100)	100(100)	100(100)	100(100)

*For the sake of comparison, the corresponding data for 1961 are given in parentheses.
Source: "Financing for an Expansion of International Trade," p. 11.

an explanation. For the first time in history the biggest imperialist power has begun to grant the economically underdeveloped countries quite considerable loans on the basis of interest rates that are 3 to 7 times less than the "commercial loans" of the monopolies' private capital. A definite part of them did indeed go for the development of the productive forces of these countries in recent years.

This is, of course, not only the result of the "statistic exercises" of the neocolonialists, but also a law-governed, gradual manifestation of one of the important economic consequences of the collapse of the colonial system and the steady development of truly equal economic cooperation between the liberated and socialist countries. In the struggle over the path to be taken by such countries in their further socio-economic development, imperialism is compelled, in retreating before socialism, to make economic concessions to these countries ever more frequently and in ever greater amounts with the object of keeping them within the framework of the capitalist economy.

The task of immediately obtaining high profits in such a situation is not the primary purpose of the export of state capital. But while strengthening some props of the imperialist front, this policy inevitably leads to the weakening of others. The rift between the interest rates of state loans, on the one hand, and loans by the monopolies on a "commercial basis," on the other, has sharply increased. A very confused situation is evolving on the world market of loan capital.

Thus India, for instance, received loans in December 1963 for importing railway equipment from Canada at the rate of 6% annually (for 15.5 years), and Pakistan – from the USA at the rate of 0.75% (for 40 years). In the same month the Bank of America granted Pakistan a loan to build an oil refinery at a rate of 5.5% (for 13 years), while an American government agency granted an interest-free loan for the construction of a sawmill in Eastern Pakistan for 50 years, including 10 privileged years. Comparison of such loans does not favor "commercial credits" and objectively cannot but weaken the positions of the imperialist monopolies on the capital markets of the developing countries.

In this connection, the London Economist wrote with alarm: "If finances can be acquired on easy terms, then the countries receiving loans will have less incentive to meet the demands involved in obtaining loans at commercial rates." There is some truth in such complaints. The "aid" directed toward strengthening the positions of imperialism in the developing countries is itself, in some measure, conducive to shaking up the "sacred principle" of profit. Such is one of the paradoxes of the inevitable deepening of the crisis of the world capitalist economy.

The concessions made by the imperialist states to the liberated countries in the sphere of financing the development of their productive forces are primarily the result of the influence exerted by the world socialist system on international economic relations in the world capitalist economy in the conditions of the disintegration of the colonial system. There is complete justification for crediting these concessions to the aid rendered by the USSR and the other socialist states to the former colonial and dependent countries. The prospects for the development of these new relations, which are unusual for a capitalist economy, are such that the further strengthening of the economic might of the socialist camp and the expansion of the all-sided equal cooperation between the socialist and the underdeveloped countries will compel the chief capitalist states to make concessions to the liberated nations ever more frequently.

All this does not mean, however, that the essence of monopoly capital is changing. Real assistance by some countries to others, as the entire postwar period convincingly shows, is a phenomenon that is organically alien to the very nature of capitalism. The monopolists are merely trying to adapt themselves to the new international conditions, which are unfavorable for them. And the monopolies stubbornly nurture the hope that by taking advantage of government "aid," they will ultimately be able to return to the former system of international financial relations, under which, in the words of President Johnson, "private capital must fulfill the greater part of the work for the developing countries." (13)

At the same time, the monopolists are counting on being able, in the near future, to force the developing countries to more than compensate them for the current expenditures on state "aid." (14) But for the time being imperialism is trying to compensate for the forced concessions to the developing countries by the intensification of their exploitation on the world capital market.

Capital Returned with Profit

Up to now we have considered mainly the net flow of funds from capitalist states to the developing countries. What is the situation as regards the reverse movement of capital? In other words, what is the scale of the exploitation of these countries by imperialism? For an answer to this question, of course, one can only use the far from complete, greatly understated, and scattered materials of bourgeois statistics, which for quite understandable reasons is trying in every possible way to veil the true picture of such exploitation. But even on the basis of the summary calculations available, one can definitely conclude that there has been a sharp increase in recent years of the scale of exploitation of the developing countries by foreign monopolies by means of capital exports. The data obtained from U.N. publications (see Table 6) are quite indicative.

Thus, the net export of only interest and dividends from the above-mentioned group of countries to the imperialist states amounted to more than 23 billion dollars in twelve years. Whereas at the beginning of the fifties it reached, on the average, 1.5 billion dollars a year, and at the

Table 6

Developing Countries: Net Receipts of Long-Term Capital and State Subsidies from the Leading Capitalist Powers and Payment of Net Interest and Dividends (in billions of dollars)*

	Annual Average Data			Total
	1951-1955	1956-1959	1960-1962	1951-1962
1. Net receipt of long-term capital and state subsidies	1.9	3.7	4.4	37.5
2. Net payments of interest and dividends on foreign investments	−1.5	−2.1	−2.4	−23.1
3. Percentage ratio of item 2 to item 1	79	55	55	62

*On the basis of information on 38 separate developing countries and on a group of countries of the French franc zone; the data on the flow of capital to the latter group do not include the receipts of private capital.
Source: World Economic Survey, 1963, p. 236.

end of the fifties — 2.1 billion, at the start of the sixties it already amounted to 2.4 billion dollars. In those years the net export of interest and dividends from the liberated countries considerably exceeded 50% of the net flow of all funds from the developed capitalist states into these same countries. It should be borne in mind that Table 6 provides information only for part of the countries; they constitute less than half of the entire group of economically underdeveloped countries. Can their total losses be calculated?

As is evident from Table 4, the general net flow of funds into this group of countries as a whole in the course of the 1951-1962 period amounted to 50 billion dollars. Hence, the share of those not included in Table 6 amounted to approximately 13 billion dollars. If the ratio between the net import and net export of capital, given in Table 6, is applied to other countries, then these clearly underestimated data can lead one to the conclusion that the net payments of interest and dividends of the entire group in the indicated twelve years exceeded 30 billion dollars, and the average annual payments in 1960-1962 reached 3.3 billion dollars. If we assume that the monopolies are underestimating the sums of their profits in the developing countries by only 25% (which is quite a modest assumption), it will turn out that the average annual sum of payments of these countries for foreign investments amounts to more than 4 billion dollars in recent years.

But these data do not include the return by the developing countries of the basic funds received through previous loans, which represent quite large sums. In recent years, and only in connection with state loans granted by capitalist powers to 35 developing countries, they amounted to 1.5 billion dollars and were more than double the sum of the interest on these loans. The sum of the funds repaid in 1963 was more than treble that of 1956.

Thus, if we add the return of the basic sums only in the case of state loans to the sum of the payments for interest and dividends, the total sum (incomplete) received by the imperialists from the developing countries will amount to almost the entire sum of the net import of funds into these countries, which, let us recall, averaged 6 billion dollars a year in the 1960-1962 period.

The export of capital is far from being the only means of economic expansion and exploitation of the developing countries by foreign monopolies. It is indicative that precisely in the period when imperialism began to render the greatest "aid" to the developing countries, their robbery by the imperialist powers through foreign trade became especially great. The fifties and the beginning of the sixties were characterized by a sharp deterioration of the position of the economically underdeveloped countries on the world capitalist market.

The authors of the U.N. World Economic Survey estimate that the total sum lost by these countries only as a result of unfavorable changes in the price ratio on export and import goods in the trade with the developed capitalist states in the course of 1950-1962 will reach 16.7 billion dollars. (15) Even if we proceed from the U.N. calculations, it will also turn out that the foreign trade losses suffered by the developing countries in 1951-1962 exceeded by more than 4 billion dollars their net receipt of foreign private capital in the same period (including reinvestments, and without reinvestments these losses were nearly 4 times greater). In relation to long-term loans and credits received from the capitalist states, these losses amounted to more than 120%, and to subsidies — 77%.

That is why it is not surprising that in the conditions of the disintegration of the colonial system, the growth of the developing countries' debts to the imperialist powers continues to rise steadily. The rates of its increase in 1955-1962, according to the rough estimates of the U.N., attained scales that are unprecedented in the entire history of the world capitalist economy: in the sphere of the state debt alone, the rate was about 15% a year. The state foreign debts of about 70 developing countries rose during this period from 8-10 billion dollars to 25-26 billion. By 1964 they amounted to 30 billion dollars. About 50% of this sum has to be repaid before 1967. (16) In other words, the more "aid" the developing countries receive from imperialism, the greater the tribute they have to pay for it to foreign capital. If the current rate of growth of indebtedness continues in the next ten years, its total volume may reach 100 billion dollars by the beginning of the seventies.

Thanks to the employment of new forms of financial expansion, imperialist exploitation remains the chief obstacle in solving the basic economic and social tasks now facing the peoples of the developing countries. Capitalist reality graphically confirms the analysis of the modern stage of the national liberation movement given in the Program of the Communist Party of the Soviet Union. This stage is not conditioned by temporary, passing factors. It is the law-governed result of the steady deepening of the crisis of capitalism in the sphere of world economic ties; and it characterizes one of the trends of the general process of the further decline and decay of the world capitalist system. Working to attain true independence and the liquidation of serious vestiges of the past, the peoples of the developing countries are entering an important period of their history — the period of decisive struggle against imperialism, against its exploiting system of world economy.

Footnotes

1) V. I. Lenin, Poln. sobr. soch., Vol. 27, p. 397.

2) See Henry Claude, Komu nuzhna voina, Moscow, 1949, p. 87.

3) Lenin, op. cit., p. 360.

4) Monthly Bulletin of Statistics, U.N., August 1964, p. x.

5) Survey of Current Business, October 1963, p. 10; October 1964, p. 12.

6) Ibid., October 1963, pp. 10, 19; October 1964, p. 12.

7) World Economic Survey, 1963, U.N., 1964, p. 241.

8) Ibid., p. 242.

9) "Financing for an Expansion of International Trade," E/Conf. 46/9, March 10, 1964, p. 13.

10) World Economic Survey, 1963, p. 228.

11) "Financing for an Expansion of International Trade," p. 9.

12) The New York Times Magazine, Sept. 1, 1963, p. 39.

13) The Department of State Bulletin, Nov. 9, 1964, p. 676.

14) David Bell, Director of the American International Development Administration, made quite a characteristic admission in September 1963. "It should be noted," he said, "that after the economic aid granted on 'easy' terms ends, these countries will be able to obtain loans from the Export-Import Bank, which fixes a sufficiently high rate of interest to cover all expenses — about 5.75 at present" (The New York Times Magazine, Sept. 1, 1963, p. 36).

15) World Economic Survey, 1963, p. 235.

16) Ekonomicheskii rost i vneshniaia zadolzhennost'. Statisticheskoe izlozhenie, E/Conf. 46/40, March 16, 1964, p. 13.

Voprosy filosofii, 1965, No. 12

A. V. Lunacharskii

PHILOSOPHICAL POEMS IN PAINT AND MARBLE: LETTERS FROM ITALY

November 1965 marked ninety years since the birth of Anatolii Vasil'evich Lunacharskii, outstanding critic and theoretician of art, who made an enormous contribution to the building of socialist culture.

Lunacharskii's articles on art, offered here to the reader, were published in the newspapers Kievskaia mysl' and Den' in 1909-1914. They have never been republished since. Lunacharskii lived abroad during that period, and his articles are devoted to analysis of the work of Western artists and to phenomena in art of which he was a first-hand observer.

The principal questions with respect to the state of art and the direction of its development considered in these articles were important for Russia, where an infatuation with all sorts of decadent novelties was widespread.

With the vividness of perception of works of art, and the clarity of esthetic views characteristic of him, Lunacharskii revealed in his articles the general downhill tendency of bourgeois art toward decay, while at the same time he solicitously singled out everything truthful, serious, and real in it. A historical understanding of contemporary art while analyzing individual works is a difficult undertaking, and occasional infatuations or inaccuracies may mar it. The articles we publish below contain debatable evaluations. However, the principal notions expressed in them are not only of historical interest but retain living significance for us. They remind us that much that is "new" in contemporary modernism is merely an old page, long since forgotten.

The articles have been slightly abridged. — Editors, Voprosy filosofii.

A. V. Lunacharskii (1875-1933) was the first Soviet Commissar of Education. He was a Member of the Academy of Sciences of the USSR.