Imperialism

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INTRODUCTION

The war in Vietnam; the presence of thousands of U.S. troops in Thailand, Laos, Cambodia, Korea; the activities of Green Berets in Guatemala, Bolivia, Peru, Venezuela, Colombia; the countless other forms of U.S. military and non-military involvement in the internal affairs of other nations; the daily death by starvation of between 12,000 and 100,000 people in the "free world"; all this demands that we examine the roots and the dynamics of U.S. foreign policy.

This paper will proceed with a brief sketch of U.S. relations with specific underdeveloped countries. From these examples there will be an attempt to construct a general theory, which in turn will help us to understand what to expect in countries which we have not discussed in particular. Obviously, each of the examples could be argued over at length (for this reason additional sources will be included in the text), but these summaries should be sufficient to indicate a general pattern.*

*For a similar group of summaries covering different countries, see Carl Oglesby's CONTAINMENT AND CHANGE. For similar sketches from the opposite point of view, see "Where America Is Winning in the World", Nation's Business, June 1967.
Guatemala: This country never enjoyed a free election until the overthrow of U. S.-supported Jose Uribico in 1944. When Jacob Arbenz Guzman was elected President in 1950, he began serious social reforms which included the redistribution of 400,000 acres of fallow United Fruit land (compensation in bonds with 3% interest). He also permitted Communists in his government. A U. S. arms embargo ensued, followed by an invasion in 1954 led by Colonel Castillo Armas, trained and armed by the U. S., covered by six F-47 bombers flown by the C. I. A. Our man Armas returned redistributed land, allowed plantation owners to cut wages by 30%, closed down opposition newspapers, etc. Now, half a billion dollars worth of U. S. business investment prospers in Guatemala, and has served to secure the Guatemalans freedom, American style. As Nation’s Business (U. S. Chamber of Commerce, May 1967) proudly states it: Although 70% are illiterate, and land ownership is controlled by a small minority, “Guatemalans drive American automobiles, drink Coca-Cola, bank at the Bank of America, burn Esso or Texaco gas, take trips on Pan American, sew on Singers, see Hollywood films.” (1) (Sources: John Gerassi: THE GREAT FEAR IN LATIN AMERICA; David Wise and Thomas Ross: THE INVISIBLE GOVERNMENT; Nation’s Business, May 1967).

Cuba: The deterioration of U. S.-Cuban relations since Castro is quite complex (a more complete discussion can be found in Maurice Zeitlin and Robert Scheer: CUBA: TRAGEDY IN OUR HEMISPHERE). For our purposes it is sufficient to realize that Castro’s April 1959 trip to the United States came at a time when the Cuban Communist press still considered him a petty bourgeois adventurer, and before Cuba established relations with Russia. The unofficial economic talks were evidently unsatisfactory in terms of the changes Castro considered necessary for basic social and economic development in Cuba. To quote the New York Times of April 26, 1959:

“Some officials...believe the Castro government must ‘go through the wringer' before it will see the need for United States aid and agree to the stabilization measures which will make it possible to get the aid. But there are other officials who...would like the United States to take the initiative by impressing Dr. Castro that he can achieve his program only by an immediate bulwarking of his economy with foreign capital and by a long-range stabilization program. The United States, these officials argue, should make plain its readiness to help Cuba, providing its development program is one that makes economic sense and does not embrace the formation of high-cost industries.” (This quote provides a good illustration of the nature of conservative-liberal debate: different approaches, but within the same overall economic assumptions. The purpose and efficacy of this economic position will be examined later.)

On Castro’s return to Cuba his economic policies became increasingly nationalistic. The United States responded with an economic embargo and the Bay of Pigs invasion. (See W. A. Williams: THE UNITED STATES, CUBA, AND CASTRO.)
Dominican Republic: On December 20, 1962 moderate reformer Juan Bosch was elected President by 62% of the vote in the first free election since 1924. Bosch's policies were liberal and moderately nationalistic: 1) his party wrote a constitution giving labor a right to organize, prohibiting large latifundia estates, prohibiting foreigners from buying land, reserving sub-soil rights to the state (almost all of the Dominican Republic's bauxite goes to the U. S.); 2) he allowed Communists political rights; 3) he announced that he would revise the contract that former acting President Joaquin Balaguer had negotiated with Standard Oil of New Jersey, a contract which Bosch considered harmful to the national interest; 4) he sponsored a law setting maximum sugar prices (U. S.-owned Centro Romano Sugar Company produces 32% of Dominican sugar); and 5) he sought economic aid from Europe to discourage deendancy on the U. S.

Many in the United States Government saw Bosch as ineffective in combatting Communism. On September 25, 1963 he was overthrown by a military coup, evidently not deterred by the presence of U. S. military aides. On April 24, 1965 a pro-Bosch, pro-Constitution rebellion broke out. The U. S., which had the option of recognizing the Constitutional government, instead sent in Marines on April 26 to prevent the "virtual collapse" of the military junta. Even the standard excuse of "Communist infiltration" was discredited as reporters for the conservative Christian Science Monitor and Wall Street Journal verified that most of the U. S. intelligence--"observed" Communists were actually in jail or out of the country. Under U. S. occupation and Right-wing terror, Joaquin Balaguer, former collaborator with Trujillo and old friend of U. S. business, was elected President. (For a complete bibliography see North American Congress on Latin America.)

Iran: In 1951 Premier Mossadagh nationalized oil and was immediately faced with a world-wide boycott by the big corporations. Just when it appeared that he was close to a successful deal with Japan for the sale of Iran's oil, Premier Mossadagh suffered a C. I. A.-led coup in August 1953 which restored the Shah. The U. S. gave Iran $84 million in aid to the Shah, including a $1.7 million bonus for the army. Kermit Roosevelt, who was in charge of the operation for the C. I. A., later became a vice-president of Gulf Oil, one of the companies involved in the new oil consortium. Roosevelt also became head of an "independent" research institute on the Middle East. Under the Shah's "benevolent despotism", "the total amount of American investment cannot be accurately estimated because the figure increases so rapidly." (2) Iran receives a meager $600 million a year income on the wealth of oil extracted; the Shah spends over $500 million a year to maintain his army. (Sources: Robert Engler: THE POLITICS OF OIL; David Wise and Thomas Ross: THE INVISIBLE GOVERNMENT; Nation's Business, September 1967).

Ghana: Ghana, under Kwame Nkrumah, suffered many of the problems of colonies and ex-colonies: large outflows of capital to the parent country and heavy dependence on exports of raw materials with rapidly falling prices. Nkrumah had done little to implement his avowed socialist program, and had even squandered money on expensive military equipment, when he was overthrown by a police-military coup February 24, 1966. While there was some evidence of C. I. A. complicity, the significant issue here,
as in most of the eleven coups in Africa in the past three years, is that
the military and other privileged strata know that certain policies are well
rewarded by the U.S. The military council, which proceeded to expel
Chinese and Russian personnel and to come out in favor of returning
large sectors of the state-controlled economy to private hands, soon
received generous aid from the U.S.-controlled International Monetary
Fund, the World Bank, and foreign capital. (Sources: Bob Fitch and Mary
Oppenheimer: GHANA: END OF AN ILLUSION; Roger Murray: "Militarism

Indonesia: Partly due to the political strength of the Indonesian Communist
Party (P.K.I.), the third largest Communist Party in the world, President
Sukarno decided to take an increasingly independent line: well aware of
past C.I.A. use of aid projects to interfere in Indonesian affairs, Sukarno
told the U.S. "to hell with your aid" in March 1964. On December 31, 1964
Sukarno announced the formation of a people's militia for the purpose of
his campaign to confront "neo-colonial Malaysia". Such a militia would also
provide an important counter-force to a conservative military. An abortive
coup attributed to the Left Wing provided the excuse for a counter-coup
to direct a massacre against the totally unprepared P.K.I. Conservative
estimates indicate that between 300,000 and 1 million people (possible
Communists) were slaughtered. As James Reston explained in the New York
Times, June 19, 1966: "...it is doubtful if the coup would ever have been
attempted without the American show of strength in Vietnam or been
sustained without the clandestine aid it has received indirectly from here."
Washington was, of course, "delighted" with the destruction of the P.K.I.,
and Indonesia has been duly rewarded with aid. The military regime presented
a gift to foreign capital last Christmas day in the form of a new liberal
foreign investment law. (Sources: Bertrand Russell et al.: THE SILENT
SLAUGHTER; New York Times, December 26, 1966.)

India: While India ostensibly has a mixed economy and prohibits foreign
ownership of domestic industry, foreign capital (mainly British and American)
still manages to extract a large amount of India's sorely needed wealth.
Foreign capital uses the mechanisms of partial ownership and partnership
with local Indian capital to 1) take 1/4 of the profits of the organized private
sector; 2) take an even larger amount in royalties and fees for "technical
services" to partner firms; and 3) create, through these partner firms, a
captive market for expensive producer goods (machinery and equipment)
made by the mother firm in England or America.

Meanwhile, the Indian economy stagnates, and productivity has not
kept up with population growth. Real wages in rural India have not apparently
increased since Independence. (3) In 1890 India produced 270 kilograms
of grain per citizen; in 1961, 175. (4) The Economic Weekly lamented,
in February 1963, that although India had received far more economic aid
than China (which has given more aid than it has received), "With a steel
output lower than that of India in 1953, China is now producing about
15 million tons as against India's less than 4 million tons, and her output
of coal is 350 million tons as against India's 60 million. And above all,
despite reports of famine and starvation the fact is that per capita availability
of food is her in China than in India, and that it is more equitably distributed...." (Source: Hamza Alavi: "Imperialism Old and New", The Socialist Register, 1966. See also Paul Baran: POLITICAL ECONOMY OF GROWTH.)

Chile: Chile was chosen for the last example because here perhaps the most liberal U.S. policy prevails—alignment with the moderate "Leftist" Frei government. The policy is significant even if it did develop out of necessity: given "a choice between far and near Left, Frei got the nod from the north." As Nation's Business baldly explained: "More than $1 billion are invested in Chile. And if anyone thinks the United States will sit on its hands while a Marxist is elected President of Chile, he is wrong." (5)

The significant point is that the United States is going along with Frei's "Chileanization" (as opposed to nationalization) of copper. This involves the government's buying shares in some of the Anaconda and Kennecott mines. (Nation's Business neglects El Tente mine, where the government will hold a 51% share. Nevertheless, its generalization hold true.) Of course "U.S. firms are left in charge of mines and in positions of majority owners." (6) While the editorial page of the New York Times hailed this program as a third way (non-capitalist, non-socialist) to development, the financial and business section of the Times revealed the real background of the program—there has been a severe shortage of copper, and Anaconda has been forced to resort to open-pit mining in Montana and Arizona. (If costs go up too far there is a danger that a new substitute product will develop—like, for example, aluminum—undercutting the entire copper industry.) The corporations, of course, would like to involve the Chilean in the process of expanding production both by mobilizing additional capital and by receiving exploratory concessions. The Chilean government, in return for its ownership share, is required to provide the funds for expanding production. Further, since Chile has not nationalized the mines, she is forced to accept loans to buy into the companies; to pay back these loans, given the new tax concessions for the copper companies, Chile's copper production will have to double by 1970. Thus, the companies have managed to shift their burden of finding new copper sources onto the Chilean government, which may or may not profit. Meanwhile, rhetoric about "Chileanization" is used to co-opt the real threat of nationalization in a country with a strong Left Wing.

The costs of reforms that leave the basic capitalist structure intact are revealed by what Chile has lost by not nationalizing. The advanced capitalist nations have extracted approximately $9 billion in economic surplus produced by and in Chile in this century. This sum is equal to the entire capital stock of Chile in 1964. If productively applied to the Chilean economy over the years, this expropriated surplus would have done much more than merely doubled Chile's capital stock. Current remittances (profits, etc.) abroad are $150 million annually, and payment on foreign debt costs another $150 million a year. At the same time, the loss of potentially investible economic surplus due to maldistribution of wealth amounts to between 37% and 50% of total national income; the loss due to unemployment, under-utilization of resources, and foreign exchange
accounts for another 30% of national income (although there is some overlap in measuring these sources of waste). To give statistics a more human form, if the $9 billion had remained in Chile, this sum—aside from any possible productive growth—would have amounted to over $12,000 for each of Chile’s poverty-stricken citizens. (Sources: Andre Gunder Frank: CAPITALISM AND UNDERDEVELOPMENT IN LATIN AMERICA; John Gerassi: THE GREAT FEAR IN LATIN AMERICA; Nation’s Business, June 1967; Gerry Tenney’s unpublished paper on Chile.)

These eight examples are not, of course, exhaustive. Nevertheless, they are representative enough to be the starting point for a larger overview of world politics. This discussion might be well situated by the following chart on indices of poverty in the countries discussed. It should be noted that in highly stratified societies the majority of people live well below the conditions indicated by these statistical averages. (7) (Blank spaces indicate that figures were not available from official sources.)

<table>
<thead>
<tr>
<th>Country</th>
<th>Kilowatt hrs. of electricity per yr.</th>
<th>Daily caloric intake per person</th>
<th>% literate</th>
<th>Life expectancy in yrs.</th>
<th>Persons per physician</th>
<th>Infant mortality per 1,000 births</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>5,050</td>
<td>3,220</td>
<td>96</td>
<td>70</td>
<td>1,000</td>
<td>25.4</td>
</tr>
<tr>
<td>Guatemala</td>
<td>106</td>
<td>30</td>
<td>64</td>
<td>38</td>
<td>6,460</td>
<td>84.8</td>
</tr>
<tr>
<td>Dominica</td>
<td>147</td>
<td>2,570</td>
<td>80</td>
<td>52</td>
<td>5,200</td>
<td>113.2</td>
</tr>
<tr>
<td>Chile</td>
<td>652</td>
<td>1,990</td>
<td>24</td>
<td>47</td>
<td>3,900</td>
<td>116.2</td>
</tr>
<tr>
<td>Iran</td>
<td>61</td>
<td>2,605</td>
<td>25</td>
<td>45</td>
<td>17,900</td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td>20</td>
<td>45</td>
<td>32</td>
<td>48,600</td>
<td>3,200</td>
<td>84.1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>47</td>
<td>24</td>
<td>47</td>
<td>5,200</td>
<td></td>
<td>86.5</td>
</tr>
</tbody>
</table>

AID (the U.S. Agency for International Development), of course, does not provide comparable statistics for Cuba and China. But relevant information is available. For example, there is now virtually no starvation in either of these countries; illiteracy has been eliminated in Cuba; Cuba has no unemployment; China’s medical standards are equal to Canada’s; China’s industrial and agricultural production has far exceeded India’s; etc. (See, for example, Edgar Snow: THE OTHER SIDE OF THE RIVER; Bulletin of Atomic Scientist, June 1966; Dudley Seers: CUBA: THE SOCIAL AND ECONOMIC REVOLUTION.)

SUMMARY OF THE ARGUMENT

This pattern of U.S. foreign policy, this U.S. imperialism, obviously develops out of a certain ideology and political strategy. Ideology and strategy, however, also develop out of a definite context. This essay, concentrating on the economic underpinnings of policy, does not provide detailed study of the variety and subtleties of political action, but rather attempts to explain the basic thrust of overall policy. The essay also
attempts to show the following: 1) U.S. imperialism is a historical process; U.S. expansionism and interventionism long preceded any "Communist threat". 2) U.S. imperialism must be understood in terms of a world economic division of labor between advanced capitalist nations ("metropolis") and underdeveloped nations ("satellites"). 3) The central dynamic of this division of labor is the need of advanced capitalism—with its constantly expanding production but constricted consumption due to maldistribution of wealth—to find ever-expanding markets for its products. 4) Corollary to this need for markets are the needs of profitable outlets for investment and for sources of raw materials. 5) This world capitalist division of labor is precisely the structure that prohibits "capitalist development" in the impoverished nations. 6) The need to expand markets is leading to new forms of imperialism. 7) The development of imperialism relates back to our own lives and our strategies for liberation.

HISTORICAL SKETCH

Economic expansion abroad has played an important role in American economic development since the colonies were founded and developed within the context of the British mercantilist system. (8) The dependence of the maturing American economy on foreign commerce was expressed in the controversial provisions of the Constitution creating a federal government with sufficient power to regulate, protect, and extend American commercial interests. (9) Nevertheless, as the 19th Century progressed, the vast and rapidly expanding internal markets became increasingly important, relative to external commerce, in the pattern of agricultural and industrial growth. (10) The growth of the internal market was furthered by national territorial expansion.

With the disruption and loss of internal markets caused by the Civil War, foreign expansion—at this time mainly agricultural exports—provided a way out of an impending crisis of overproduction. (11) The foreign orientation of American agriculture was reinforced by post-war trends (including the role of an export boom in ending the 1873-6 depression). By 1873, the political response to the export-market collapse was to search for ways of protecting and extending that market. (12) The agricultural interests, especially the Granger Movement, were creating a politics of foreign economic expansion soon to be dominated by the emerging industrial sector.

In the 1890s the United States made a rapid transition to a primarily industrial economy. (In 1850, crude materials comprised only 6.8% of U.S. imports, while finished manufactured goods comprised 54.9%; by 1910, crude materials constituted 36.4% of imports, and finished manufacture fell to 23.6%. (13)) The period from 1900 to 1929—during which the U.S. became the leading industrial power in the world—witnessed an extraordinarily rapid growth in U.S. exports and foreign investments. Gross National Product rose from about $40 billion to about $100 billion, or 150%; the annual volume of exports rose from $1.2 billion to $4.8 billion, or 300%; U.S. long-term direct foreign investments (USFTI-d) rose from $455 million to $7.5 billion, or 1500% (14) (all figures without correction for price changes). This period was characterized politically by an "open
door" (for U.S. exports) policy in Asia and "gunboat diplomacy" in Latin America.

During the Great Depression, U.S. exports suffered a severe setback—from $5 billion in 1929 to $1.6 billion in 1933. (15) Once the domestic measures designed to resolve the crisis had generally failed, emphasis was placed on a sequence of measures to stimulate the restoration and expansion of U.S. markets abroad. (16) But U.S. exports did not revive much during the 1930s, and it was only the extraordinary demands of World War II that led the U.S. economy to recovery. The war left the U.S. with a tremendously increased productive capacity and nearly undisputed political dominance in the West—compelling conditions for massive revival of foreign economic expansion.

USFI-d, which had fallen to $4.8 billion by 1946, were up to $11.3 billion in 1948. (17) U.S. exports averaged $11.83 billion annually for 1946-50. The Government’s foreign-aid program, “containment” policy, and quick move to rearmament reflected an awareness of the importance of foreign investment, foreign trade, and arms expenditures for the survival of the economic system. (18) This post-war period of rapid expansion of foreign trade and investment ushers in the period of contemporary imperialism.

THE ECONOMIC STRUCTURE OF U.S. IMPERIALISM

The need for expanding markets assumes importance in terms of the central dynamic of modern American corporate capitalism—a dynamic growing out of continual technical innovation in the means of production. While price competition by and large does not exist, individual corporations still have incentives for technological innovation: 1) to minimize costs within a given price structure; 2) to develop new market areas through a new product or process; 3) to be able to enter foreign markets—especially given lower wages abroad—through advanced productivity and/or technologically advanced products. All these considerations place, despite retarding counter-tendencies, a premium on technological innovation even within the non-competitive U.S. corporate structure.

However, the more technologically advanced a corporation, the higher its “fixed costs”. A machine cannot be “laid off” like a worker when demand slackens; once it is paid for, the cost is fixed whether it is used or not. Further, machines depreciate in value rapidly since more productive machines are constantly being developed. Therefore, corporations have an incentive to utilize machines as much as possible within a given fixed-cost structure. As more machinery is introduced (to increase productivity and produce technologically advanced products) costs per unit may be lowered, but the level of basic fixed costs to be covered is raised. Therefore, the volume of sales necessary to reach the “break-even” point constantly rises. The potential of higher profits through greater productivity leads corporations into a situation of higher fixed costs which requires a higher volume of sales in order to realize the potential higher rate of profit.

Harvard Business Review puts it this way: “One of its (technology’s) ‘side effects’ will be on costs. Costs inevitably become stickier and
break-even chart curves flatten out when capital is substituted for labor. As a result, business will have an even greater incentive to maintain continuously higher levels of output..." (19)

Theoretically, this problem could be met simply through comparable boosts in domestic consumption. Capitalism, however, poses certain structural impediments to consumption—impediments associated with maldistribution of wealth. No matter what the absolute economic level of various strata of the population, relative maldistribution is a structural feature of capitalism for several reasons: 1) accumulation of capital (for investment) is done privately; 2) private control over the means of production is partially based on relative wealth; 3) the various status privileges related to such control (and maintenance of intermediary strata) are partially realized through relative wealth.

The difficulty is that the further people get from basic human needs the smaller the percentage of income they devote to consumption (as opposed to various forms of savings). This problem continues as long as wealth is not distributed to each according to his needs, and grows worse as the whole level of society moves further from subsistence. Since capitalism denies social control over either production or consumption according to human needs, private corporations seeking a profit go after money where it is at. Thus, modern America is plagued by advertising to create demand, compulsive consumption, manipulative culture, waste production, military expenditure, etc. (all while real human needs remain unsatisfied). But a rate of diminishing return on consumption among those with higher income levels has still prevailed.

In practice, therefore, as waste production and compulsive consumption have provided only partial solutions to the growing "over-production" (in terms of market rather than human needs), U.S. business becomes increasingly committed to foreign markets. To quote Walter B. Wriston, the new president of New York's First National City Bank, the largest overseas operator of all U.S. banks: "The potential for U.S. industry is just enormous. The overseas market is growing twice as fast as the domestic market, and it should double or triple in the years just ahead." (emphasis added) (20)

Incidentally, the more U.S. capitalism solves the problem of technologically induced "over-production" by expanding abroad, the greater the pressure for technological development—which is key to maintaining a world market position. Thus the technology-over-production-foreign expansion-technology tendency is a cycle that feeds on and exacerbates itself.

In any case, it is important to keep in mind, during the following discussion of current size and growth of foreign markets, that they also contain the prospect of soon doubling in relative importance and have the potential of even greater growth from there. In gross terms, U.S. export trade for 1965 was $27 billion, while this provided the U.S. with a favorable balance of trade of $6 billion. While trade with the underdeveloped countries was not as large as with Europe and Canada, the former still provided the U.S. with a favorable balance of $1.3 billion.

Gross figures, however, do not accurately reveal the importance of foreign trade. Even seemingly small percentages can be crucial. To cite
the Rockefeller Reports: "Between 9 and 10 per cent of all durable goods produced in the United States are sold abroad. Significantly enough, these sales provide the margin between profit and loss for a large segment of American industries." (22)

The Rockefeller Panel correctly avoids the common procedure of comparing foreign trade to G.N.P. As Harry Magdoff points out in his excellent article "Economic Aspects of U.S. Imperialism" (Monthly Review, November 1966), G.N.P. includes government expenditure, personal and professional services, and activities of banks, real estate firms, and stockbrokers—i.e., non-productive expenditure and simple transfer payments. The Department of Commerce measures the economic significance of exports in relation to total domestic production of movable goods—i.e., the sale of agricultural products, mining products, manufactures, and freight costs. This figure for 1964 was $280 billion.

The importance of foreign markets, however, should not be measured simply in terms of the 1964 $24 billion of export sales (9% of the above). Foreign sales include output from U.S. investments abroad (direct and indirect). Indeed, the modern American multi-national corporation may even produce goods in one foreign country to sell in another; imperialism is no longer simply a relationship between the U.S. and client nations, but assumes the form of an international nexus. The sales resulting from U.S. investments abroad amounted to $143 billion in 1964. This amount added to the $24 billion in exports is $168 billion. This $168 billion cannot be compared to the total domestic movable goods, since a portion of our exports is included in our output abroad. Thus, subtracting for double counting, Magdoff estimates a total foreign market of about $110 billion, or about 40% of the domestic $280 billion output of farms, factories, and mines. (23)

The most important aspect of this trade is its role as an outlet for our manufactures. Total export and sales by foreign-based U.S. firms has grown from $15.8 billion in 1950 to $57.9 billion in 1964, or from around 17.6% to 35% of the sale of domestic manufactures. (24) Further, in the past ten years domestic sales increased 50%, foreign 110%. Another important indicator of the importance of foreign-based manufacturing firms is the expenditure on plant and equipment: 8.1% of such domestic expenditures in 1957; 17.3% in 1965. (25)

Thus, foreign trade must be seen in terms of foreign investments, which provide much greater market outlets. Further, the profits on these investments constitute an increasing percentage of total corporate profits. In 1950, earnings on foreign investments represented about 10% of all after-tax profits of domestic non-financial corporations; by 1964, 22%. The real profit rates abroad are probably higher than at home, but there are many well-known techniques for masking foreign profits—subsidiaries selling to home firms below the market price, service payments to home firms (26), high freight costs to related shipping companies, etc. Indeed, given the growth of the multi-national corporation, it is probably impossible to measure real profit rates abroad. Further, foreign profits help to maintain the domestic profit rate by relieving pressure in the domestic capital market and by securing new market outlets for domestic (U.S.)
products.

It would seem that a more accurate estimate of the importance of foreign markets and investments would indicate that foreign sales equal between 25% and 40% (27) of total domestic sales of movable goods; and foreign-earned profits equal at least 22% of non-financial corporate profits. Further, in both sales and profits, the foreign sector is growing much more rapidly than the domestic.

These statistics in themselves do not indicate the nature of U.S. imperialism, since the greater part of investment and trade is carried on with European and other developed nations. Once again, total investment figures are misleading, since the returns to the U.S. are much greater from the underdeveloped world. Thus, between 1950 and 1965, U.S. direct investments in Europe and Canada amounted to $14.9 billion, while investment in the rest of the (underdeveloped) world was $9.0 billion. Nevertheless, income on this capital transferred to the U.S. was $11.4 billion from Europe and Canada, but $25.6 billion from the rest of the world. Thus, in underdeveloped regions almost three times as much money was taken out as was put in during this period. In addition, the value of U.S.-owned direct investment within these areas increased greatly during this period—from $4.5 billion to $10.3 billion in Latin America; from $1.3 billion to $4.7 billion in Asia and Africa. (28) These higher profits (and lower costs) also aid the U.S. multi-national corporations in securing a section of the very important but more competitive European market.

Foreign investments also serve to create and capture the emerging, crucial market area of advanced producer goods (machinery and equipment) and technical services (patents, royalties, and consultation). U.S. capital, especially the capital of large, advanced corporations in small, underdeveloped countries, tends to mobilize and dominate whatever local capital is around. Local capital is attracted to the projects of already developed U.S. corporations because the latter already possess the size, know-how, financial status, and material outlets necessary to provide a reasonable guarantee of a secure investment, something usually lacking within the unstable domestic structure of an underdeveloped economy. The large U.S. corporations, for their part, are perfectly willing to utilize this domestic capital, since it minimizes risk-capital, creates a domestic bourgeoisie tied to the interests of U.S. capital, and allows the U.S. corporations to realize the benefits of foreign investment without assuming all the costs.

This pattern of joint foreign and domestic capital investment results in both 1) a distorted investment pattern for the underdeveloped nation (dictated by the needs of U.S. corporations rather than the needs of balanced national growth); and 2) effective control by U.S. corporations in companies where they have less than a majority ownership. The U.S. corporations use this control, therefore, both to inhibit domestic investment in a producer-goods industry and to create a captive market for U.S. producer goods and technical services in the controlled domestic (manufacturing) companies.

This market dominance is likely to continue and increase as long as the client nations cannot achieve very rapid economic and technological development. Right now, the total royalties, fees, and dividends flowing to
the U.S. parent corporations from foreign subsidiaries is approaching $5 billion annually. (29) Technical services alone (i.e., not including profit from investment or sale of goods) provide the U.S. with a net favorable balance of $514 million annually ($577 million inflow; $63 million outflow). (30)

One should also consider the importance of foreign investments in terms of the strategic position of those who control them: "...nearly half of Fortune's 500 largest companies today have extensive overseas investments in plants, mines, or oil fields, representing an aggregate stake that is on the order of $50 billion. A score or two of these largest companies now have a third or more of their total assets abroad; even a greater number derive a third or more of their income from foreign sales through one channel or another." (31) The largest 25 corporations (by sales, in 1959) received 28.9% of profits from foreign investments and 11.5% for military work for a total of 40.4%. (32)

Military production (both an effect and a cause of imperialism) also has a crucial role both as a source of stimulus (government spending) to the economy and as an export product. "From mid-1949 to June 1966, the United States (government) sold $16.1 billion in weaponry and gave away (but bought from private firms) $30.2 billion more. The $46.3 billion, which does not include private sales...is about $4 billion more than all the grants and loans under the economic assistance program since the middle of 1948, including the Marshall Plan...sales now outnumber grants by more than 200 per cent." (33)

Of course, domestic military expenditures is a much more important stimulus to the economy than the above export of military products. Once again, the importance to the economy surpasses the gross expenditure ($73 billion) involved, since government military spending serves as a stimulus to the economy. This stimulus involves the "multiplier" effect in which the money put into circulation by government spending creates additional, secondary demand as newly employed laborers spend their wages, and corporations use some of the returns to buy new machines, etc., all of which multiplies the initial boost to consumption from the direct expenditure. Thus, for example, not only did the $55 billion spent on the military in 1962 employ, directly and indirectly, 7.4 million people, but also another 6 to 9 million were employed due to the economic stimulus of this spending—a total of 13 to 16 million out of a labor force of 78 million. (34)

This military expenditure plays another crucial role. Government contracts, released on a "cost-plus" basis, provide funds for key technological research by private corporations. (Military products are not sold on the market where costs and profits together fit into a price structure. Rather, government contracts provide a definite allowance for costs and then an additional "plus" percentage of profit. This procedure provides many opportunities for padding costs through which the corporations do research useful to them at government expense. This opportunity to pad costs is, of course, an additional advantage to the large overlap between military and private products.) Such research has been essential to the development of important products such as nuclear electric generators and computers and other business machinery. This research aids U.S. corporations to dominate the growing world market on advanced producer
goods. (35) Defense contractors tend to become the most dynamic corporations in the economy.

Military spending combined with exports provides a crucial stimulus to the output of non-residential investment goods, a key factor in the health of the economy. Magdoff lists the industries producing non-residential investment goods, and shows that in 1958 federal government purchases (almost all military) and exports account for between 20% and 50% of the purchases in all of these industries but three (two greater than 50%; one less than 20%). Needless to say, a 20% to 50% demand can by key to the survival of such industries, and these percentages have undoubtedly increased with the War in Vietnam. (36)

Foreign trade and investment are also important because they secure needed raw materials for U.S. corporations. While modern technology provides synthetics to replace certain specific raw materials, our overall industrial development seems to be requiring greater and greater amounts of raw materials. Thus, the President's Materials Policy Commission reported the following in Resources for Freedom (Washington, D.C., 1952):

At the turn of the century, the U.S. produced about 15% more raw materials (other than food and gold) than it domestically consumed; by 1950, the U.S. consumed 10% more than it produced, and trends indicate that the deficit will be 20% by 1975. (37) Similarly, a U.S. Defense Department pamphlet published in 1953, "Raw Material Imports: Area of Growing Dependency", indicates that the military consumes an important 15% of these imports, including a much greater percentage of alloying metals. The report cites "27 strategic imports...without which our industrial economy would collapse"; an important example is manganese, an alloy essential as a hardening agent for steel, of which the U.S. imports close to 100%. (38)

The following chart provides a list of important raw materials, giving imports as a percentage of U.S. domestic industrial consumption and Third World production as a percentage of total world production. (Since these figures are taken from several different sources, there are a few materials for which only one of the figures is included; figures on production are approximate.) (39)
Fluorspar 66
Gums and barks 100
Cobalt 75
Chrome 45
Phosphates 70
Diamonds $56 million worth annually 60
Petroleum $1,212

In summary, the structure of U.S. imperialism is a complex of relationships more important than any single statistic can indicate. It involves a favorable balance of trade (total $6 billion annual surplus) which secures U.S. corporate and military interests much-needed raw materials while providing an important outlet for manufactured goods (35% domestic output). At the same time, foreign investment provides an increasing percentage of domestic corporate profits (22%) and simultaneously helps secure and create market outlets abroad. Finally, this "free world" economic penetration requires protection, which involves a large demand for military production (and profit on a cost-plus basis), also stimulating the demand for raw materials. This defense also provides the excuse for selling our military (waste) production to client governments.

These factors are combined with less-easily-measured benefits of economic expansion abroad. First, domestic profit rates are sustained by the export of investible but "excess" (low-return) capital; overall profit rates are also raised by the higher rate of return on foreign investment. Second, foreign markets and expanded scales of operations may allow a firm to realize economies of scale. Third, the vertical and horizontal integration made possible by expansion into foreign markets and foreign production—especially from an original position of financial and technical superiority—enhances a firm's competitive capacity to control costs, prices, and output in a widening industry and market area, and thus to maximize long-term profits. Fourth, related military expenditures provide government research funds for private corporations to develop important new, technologically advanced products and processes.

A NOTE ON THE TRANSFER OF ECONOMIC POWER INTO POLITICS

The complex of U.S. economic interests just outlined already implies certain conflicts with the needs of the underdeveloped world. Before these implications are developed, it would be helpful to present a schematic approach to the way economic power is transferred into politics, a problem that merits careful study in its own right. Obviously, economic influence is going to have a major political impact, but it would be a mistake to oversimplify and see this relation in mechanical terms, with the government merely a planning board for the large corporations.

While many government decisions may be made according to strictly economic priorities, many others are made for primarily political and ideological reasons. (Sometimes cogent explanations can be given in terms of the primacy of both the strictly economic and the strictly ideological
factors. Carl Oglesby in CONTAINMENT AND CHANGE, “The Vietnam Case”, develops a rationale of U.S. Vietnam policy in terms of a long-range political strategy for commercial dominance of the Pacific area. Nevertheless, Vietnam is clearly a case where ideological factors have their own, almost independent role.) The question is: In what context do these politics and ideology develop? Briefly, the following factors should be considered: 1) Corporations with foreign interests become sources of “experienced”, “responsible” personnel for the State and Defense Departments. Mike Locker's paper on the economic implications of the Dominican intervention shows that at least nine of the key U.S. officials involved were connected with U.S. business interests in the Dominican Republic. Studies of other areas of foreign policy would reveal similar connections, and they go right up to the top: e.g., John Foster Dulles was a senior partner in Sullivan and Cromwell, Standard Oil's (New Jersey) major law firm (40); C. I. A. Director McCone had large financial interests in Standard Oil (California) (41); and so on. 2) Large corporations and business associations, of course, have direct political access through lobbying and campaign contributions. Business is the best organized, most conscious of its own interests, best able to present concrete programs around those interests, best endowed in financial resources sector of the population. 3) Mass media are owned by the wealthy and corporate elite (especially defense contractors, who now control all three major TV-radio networks). The media are also dependent on these sources for advertising revenues. Where actual conscious distortion of the news ends, a notion of “responsibility” emanating out of the perspective of this elite still prevails. 4) Given the dominant ideological assumptions, certain political problems, such as maintaining prosperity, have limited solutions; given the structure of capitalism, the country is dependent on the well-being of the large corporations. 5) Our political office-holders are overwhelmingly lawyers, men whose function is to protect and administer property and who frequently see politics as an extension of their careers. 6) Government bureaucracies have a tendency to enlarge their power which would tend to align them with the dominant (expansionist) interests. (42)

It seems clear that economic interests have quite an impact on politics and ideology—not only through conspiracy but also through confluence of interests. Nevertheless, perspective and ideology play an important role. Since government officials are not always oriented toward maximizing the profits for any given firm, they can frequently take a more long-range and flexible view; since they are acting in accordance with an ideology, they frequently act in ways that are not strictly rational economically.

THE CONFLICT OF INTERESTS

To understand imperialism, we must relate the structure and nature of the U.S. economy to the needs of the underdeveloped countries. Most basically, underdeveloped countries must invest as great a proportion of their economic surplus as possible in increasing productive capabilities. This need would imply minimizing outflow of capital, luxury consumption (especially on imported goods), and military spending. (43) Secondly,
these nations must build balanced and integrated economies. "Monoculture", an economy based on a single export crop, can result in disaster with the slightest change in export prices. Any sort of total market dependence on a superior economic power is dangerous. Further, in a developing economy, the relation of the agricultural, manufacturing, and producer goods sectors requires careful balance and planning. Thirdly, there is a social dimension to economic development. If new techniques are to be introduced and full productivity achieved, the labor force must receive both education and vastly improved medical care and must develop a sense of participation in a real social transformation.

Interestingly enough, this approach agrees, on the broadest level, with the bourgeois theorists of growth. W. W. Rostow, for example, sees total productive investment as crucial—an increase from the average investment of 5% of national income to at least 10% is necessary to achieve "take-off"; a large percentage must go into "social overhead capital" to create the preconditions for technological advance. What the bourgeois theorists—basing their theories on a study of currently developed nations—miss is the difficulty of following this path after advanced capitalist countries already exist and dominate a world market structure. Only an examination of the role of the advanced capitalist countries in preventing a similar process of growth in the underdeveloped world can account for why China, who broke from world capitalist relations, is the only significant example of a nation achieving "take-off" in the last half-century.

(In Rostow's terms, Russia achieved "take-off" before 1917; although in actuality the unusual industrial development of Russia cannot be separated from the Bolshevik Revolution.

Rostow's latest book, THE ECONOMICS OF TAKE-OFF INTO SUSTAINED GROWTH, consists of an opening essay in which Rostow summarizes his position, followed by 15 essays by internationally famed economists. This 16-essay, 472-page work deals only with countries already developed by the advent of the 20th Century. The index has reference to only one underdeveloped or potentially "developing" country, India, which appears on four pages. The book is a tribute to our "objective", "value-free" social scientists, who can do reams of empirical research without one study to test their underlying assumptions.)

There are many mechanisms through which the necessary potentially investible surplus is drained from the underdeveloped, satellite nation to the advanced, metropolis country. One such mechanism is the latter's control over prices which has resulted in deteriorating terms of trade for the Third World. There has been a pronounced tendency for prices of raw materials to drop while those of manufactures rise. United Nations studies have shown that, while the underdeveloped countries have enjoyed a $1.8 billion trade surplus in 1950, price changes transformed this position into a $2.3 billion deficit by 1962. Total losses due to the deterioration of terms of trade for this period amounted to $13.4 billion for the underdeveloped countries as a whole, $11.7 billion for Latin America. (Taking 1950 as a date of comparison neglects the deterioration in the terms of trade that began long before 1950.) Notably, the trade between the underdeveloped and the socialist nations is about equal; the deficit
comes from trade with the advanced capitalist nations. (44)

To take a couple of examples, Kwame Nkrumah points out that between 1955 and 1965 Nigeria and Ghana tripled their production of cocoa; yet their gross earnings fell by 6%. (45) At the third annual meeting of the Inter-American Bank, the Finance Minister of Colombia stated that his country lost 2 to 3 times as much income from drops in coffee prices as it gained through Alliance for Progress credits (46); and so on.

We must avoid, however, the simple conclusion that price increases will solve the capital-generating problems of these countries. A large percentage of the sources of raw materials are foreign-owned. In Latin America, for example, U.S. interests own 85% of the companies producing the materials exported to the U.S. A large part of increased revenues through price increases would leave these countries through higher foreign profits. At least elements within U.S. imperialism can be expected to be flexible on price reforms.

This unfavorable balance of trade, combined with the difficulty that most stabilizing aid is in the form of loans, imposes an outrageous debt problem on the underdeveloped world:

"...the help they have been getting from richer nations has left them with a staggering debt. Counting only loans of one year or longer, they currently owe an estimated total of $40 billion, at least three times as much as a decade ago. And it cost these countries perhaps $4.5 billion a year just to take care of interest and amortization. This annual debt service siphons off perhaps 12 per cent of all their foreign exchange earnings, about three times as much as in the mid-1950s. To get enough foreign exchange to pay for what they import, they will have to borrow more, which in turn means they will have to meet still greater servicing costs." (48)

Once again, capitalism can be expected to show limited flexibility, since too great an over-extension of debt could lead to a squeeze on import consumption, but maintaining the satellites in permanent debt dependency will continue.

We have already seen how vast profits, technical services and fees, etc., flow from the satellites to the metropolis. Leaving aside the tremendous outflow of remitted profits, Latin America's outflow of financial payments and "service" payments amounts to 61% of its foreign exchange earnings, or over $6 billion per year, or 7% of its GNP, probably more than all its net investments. (49)

Military expenditures provide the binding power of this entire complex. Not only does the military provide a crucial stimulus to our own economy, especially in the area of non-residential investment goods, but also it is a means of manufacture export which in turn inhibits industrialization in client nations. Thus, for 1959, the underdeveloped countries received $4 billion in capital for economic development from the industrialized countries (compare this to the $4.5 billion now spent yearly to service foreign debt), but spent collectively $18 billion on military expenditures. Professor Wassily Leontif of Harvard has estimated that an overall investment increase of $16 billion per year could raise the growth rate of the Third World from the current average of 2.1% (about the same as population growth) to the 4.3% required to reach the growth rate of the industrialized countries. (50) Latin American countries alone spend $2 billion
per year—double what our Alliance for Progress lends them—on the military. (51) Pakistan, the Philippines, Greece, South Vietnam, South Korea, to give a few examples, all spend about 5% of national income on the military (52)—the difference between the 5% normal and 10% national investment required in Rostow's model of "take-off".

The money that both the U.S. and client governments spend on the military also provides for the emergence of strong military elites, tied to the U.S., within these countries. This internal elite is instrumental to maintaining U.S. interests without constant, overt U.S. intervention.

The correlated reactionary social regimes and structures are also responsible for the loss of much potentially investible economic surplus. On the crudest level, the possessing classes of Latin America have placed more than $14 billion in European and North American banks. (53) More fundamentally, the loss of potentially investible surplus through under-utilization of resources is tremendous. For example, for Chile, the following provides estimates of the loss of economic surplus, as a percentage of national income, due to various social factors (54): To the metropolis, on account of copper production and export alone, 5%; unemployment, 15%; unused industrial capacity, 15%; agriculture below immediate potential, 3% (total, 30% of national income); and most importantly, through maldistribution of wealth (this overlaps somewhat with previous categories), between 37% and 50%.

This complex of relationships—outflow of foreign profits (remittance to the U.S. almost three times its investments in the underdeveloped world, as previously explained), unfavorable balance of trade, burdensome debt, outflow for technical services, heavy military expenditures, backward social structures—puts an effective stranglehold on the earlier discussed conditions for growth. Almost any one of these factors, alone, drains enough potentially investible capital to more than double current national investment levels. Political regimes are maintained that are unwilling and unable to initiate the social transformation required for industrialization. The control of U.S. corporations and client governments prevents the planning and national integration and balance necessary for a developing economy.

This situation emanates out of the power of the advanced capitalist nations to impose their own interests—favorable balance of trade, high profits, open and growing markets, and amenable client governments. In this context, much of the pretense of the more "benevolent" forms of U.S. foreign aid dissolves. For example, the Foreign Assistance Act of 1962 includes section 620(e), which instructs the President to cut off all foreign aid to any country nationalizing or excessively taxing U.S.-owned companies, unless compensation is "equitable and speedy", conditions impossible for a country low on cash that has already paid many times over through excessive profits.

More fundamental is the entire structure of the U.S. aid program. In November of 1963, President Kennedy defended foreign aid by pointing out that 90% of the "aid" was tied to the export of U.S. products (i.e., the client nations must use the money to buy U.S. goods; frequently this aid money never leaves the U.S., but is simply transferred from the government to the export corporations.) At the same time, to take one of our most
“liberal” programs, 70% of Alliance for Progress aid was in the form of loans. (55) Thus, U.S. aid means that client governments buy U.S. products and then pay the U.S. back, with interest. Further, most aid goes for the purchase of military equipment. Thus, of the close to $50 billion spent on foreign aid from the end of the Marshall Plan up to 1960, $30 billion went for military expenditures. (56)

Or consider one of the most liberal arms of U.S. foreign policy, the Agency for International Development (AID). To cite Forbes, “AID distributes about $2 billion a year. Of this, 85 per cent is spent in the U.S. for American products and raw materials.” (57) Even international banking arrangements, since they are dominated by U.S. capital, put strictures on balanced industrial development and emphasize imports:

“The credit operations of the Eximbank (U.S.) and the IBRD (World Bank of the U.N.) continue to be restricted to loans for concrete projects. Also, is the inclination...to finance the component of the project which is imported...to avoid making loans that might compete with private foreign capital. This resulted in a credit pattern concentrated above all on infrastructure rather than industrial uses.” (58)

The Associated Press reported on April 5, 1965 that “The Eximbank is taking out 100 million dollars more a year than it is lending” to Latin America.

Meanwhile, in poverty-stricken Latin America, the underdeveloped area most penetrated by U.S. capital, annual growth of G.N.P. has dropped from an average of 2.2% annually in 1950-55; to 1.7%, 1955-60; to 0.8%, 1961-62; to -1.0%, 1962-63. Per capita food production fell by 7% since the end of World War II. (59)

As Paul Baran, Andre Gunder Frank, and others have already clearly demonstrated, it is precisely capitalist development that creates and maintains capitalist underdevelopment. The world division of labor imposed through the industrial, technical, financial, and military power of the advanced capitalist countries defines the limits on the development of satellite nations. The thousands of human beings who die daily, the literally billions who live under intolerable conditions are victims of the violence inherent in a social system that produces for market and profit needs rather than for social and human needs. It is by now evident that these people will not accept the role of passive victims.

TRENDS

By recognizing the major dynamic of U.S. imperialism—a division of labor based primarily on the need for expanding markets—we can understand the development of new forms of imperialism. Modern imperialism, characterized by the multi-national corporation and technological advance, is no longer dependent on restricting the satellites to monoculture. Given the need of expanding markets, the metropolis is willing to invest in consumer good manufacture (“import substitution”) in the satellite countries, but only insofar as such investment increases overall U.S. markets: Manufacture within the satellites creates a market for expensive advanced producer goods and technological services. Such priorities would imply,
of course, that the "national" import substitution industries would be controlled by capital from the metropolis. To maintain the desired market advantages, U.S. imperialism will still have to continue in preventing the satellites from developing a balanced, integrated economy (with a producer goods sector). The new technological basis for the division of labor will place the satellites at an even greater disadvantage than the already insuperable gap (given conditions of competitive capitalism) of the division based on heavy industry.

There is already evidence of these emerging forms of imperialism. Now, 24% of U.S. investment in Latin America is in manufacture. (60) Hamza Alavi's study of India, summarized earlier in this essay, shows how foreign capital uses partnership with Indian capital to provide markets for advanced producer goods to extract high fees for royalties and patents. Another example is Chile. "...except for foodstuffs, Chile's consumer goods are almost entirely nationally produced" but "Chile now has to import 90% of its investment in plant and equipment." "Capital equipment accounts for only 2.7 per cent of Chilean industrial production." (61) Nevertheless, the "old" form can be expected to predominate, or at least co-exist, for quite some time.

This technological division of labor provides the basis for the U.S.'s semi-imperialist relation to Europe, where "U.S. firms now control almost the whole electronics industry, 90 per cent of the production of synthetic rubber, 65 per cent of petroleum distribution, 65 per cent of farm machinery production." (62) U.S. corporations have recently made spectacular inroads into the European computer and related industries. One can perhaps understand DeGaulle's cashing in U.S. gold reserves as an effort to force out or hold back U.S. capital from Europe. These new trends once again underscore the importance of military research and advanced technology (thus exacerbating basic domestic U.S. contradictions). Meanwhile, the crucial role of advanced technology widens the gap between the metropolis and the satellites.

STRATEGY AND OUR LIVES

The development of the mobile guerrilla force in Latin America highlights the international nature of and tension within capitalism. The emergence of the U.S. as a near hegemonic force since the end of World War II has strengthened the centralized feature of the international structure of capitalism. U.S. imperialism has become a systematic whole affecting the lives of people in every part of the world. The system can no longer be considered separate from domestic (internal) forces. The cohesion and/or fragility of U.S. society is organically tied to both its international and domestic parts.

The problems facing those struggling for liberation in the underdeveloped world and the problems facing "middle-class", "alienated" students are quite different in form. Nevertheless, these two situations form different halves of the same contradiction: the increasingly socialized means of production under capitalism and the increasingly anti-social uses and relations of production. More concretely, capitalism necessarily increases
productivity but continues to prevent social control and distribution of production.

This contradiction leads to the search for foreign markets and the resulting imperialism. Further, imperialism has long been extended into its domestic form of racism, an atavistic survival from the crudest form of exploitation of labor. Domestically, this contradiction is also expressed in powerlessness, maldistribution of wealth, waste and destructive production, compulsive consumption, manipulative culture, the uselessness of work, etc.—all under the aegis of the multi-national corporation.

Our personal liberation requires the destruction of the same capitalist contradiction and institutions that oppress the mass of mankind. The force and power of the contradictions is embodied in the multi-national corporation and the related institutions in government, education, and the mass media. The respective liberation struggles, although quite different in form, constitute a common struggle. We must constantly and consciously link our own activities with a world anti-imperialist struggle. From this struggle, an entirely new quality of human relationships can emerge.

FOOTNOTES

6. Ibid.
9. See M. Jensen: THE NEW NATION, Chs. 9, 14; and C. Beard: THE IDEA OF NATIONAL INTEREST, pp. 30-49.
10. D. C. North: GROWTH AND WELFARE IN THE AMERICAN PAST, pp. 75-89; for the politics and economics of this territorial aggrandizement, see A. K. Weinberg: MANIFEST DESTINY.
12. Ibid, pp. 49-52; North, pp. 142-5.
13. Scott Nearing and Joseph Freeman: DOLLAR DIPLOMACY, p. 7. For a well constructed argument on the relation of industrialization to foreign policy see W. A. Williams: THE TRAGEDY OF AMERICAN DIPLOMACY.
15. Oglesby: CONTAINMENT AND CHANGE, p. 56.
17. T. Balogh: "The United States and International Economic Equilibrium", in Harris (ed.): FOREIGN ECONOMIC POLICY FOR THE UNITED STATES, p. 460.

18. See U. S. State Department: POINT FOUR, p. 44.


24. Ibid., p. 17.

25. Ibid., p. 20.


27. This estimate involves taking Magdoff's 40% as a maximum and getting a 25% minimum by adding exports as a percentage of movable goods (9%) to an index of foreign-U. S.-owned production expenditures on plant and equipment, 17.3% of such domestic expenditures.


31. Vernon, op. cit., p. 156.

32. Victor Perlo: MILITARISM AND INDUSTRY, p. 72. Taken from the companies' own reports.


40. See Robert Engler: THE POLITICS OF OIL.

41. See David Wise and Thomas Ross: THE INVISIBLE GOVERNMENT.

42. For a more complete discussion see Beard, op. cit.

43. For a more complete discussion see Paul Baran: THE POLITICAL ECONOMY OF GROWTH, Chs. 4-8.

44. See Raul Prebisch: TOWARD A NEW TRADE POLICY FOR DEVELOPMENT (U. N.); U. N. Conference 32: REVIEW OF TRENDS IN WORLD TRADE; U. N. Economic Commission for Latin America: EXTERNAL FINANCING IN LATIN AMERICA.

46. David Horowitz: "The Alliance for Progress", in Ralph Miliband and John Saville (ed.): SOCIALIST REGISTER 1964, p. 137.
52. Baran, op. cit., p. 256.
53. P. Sweezy and L. Huberman: WHITHER LATIN AMERICA?
56. Ibid., p. 130.
57. Cited in Oglesby, op. cit., p. 81.
61. Frank: CAPITALISM..., op. cit., pp. 102, 104, 112.
62. From Newsweek, cited in Frank, ibid., p. 213n.
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