only in the colonies. For most of those years, in fact, the conquering Europeans had little to offer in exchange for the spices and tropical agricultural products they craved, as well as the precious metals from the Americas.

The metropolitan-colonial relation changed under the impact of the Industrial Revolution and the development of the steam railway. With these, the center of interest shifted from imports to exports, resulting in the ruination of native industry, the penetration of large land areas, a new phase in international banking, and increasing opportunity for the export of capital. Still further changes were introduced with the development of large-scale industry based on new metallurgy, the industrial application of organic chemistry, new sources of power, and new means of communication and of ocean transport.

In the light of geographic and historical disparities among colonies and the different purposes they have served at different times, the conclusion can hardly be avoided that attempts such as have been made by some historians and economists to fit all colonialism into a single model are bound to be unsatisfactory. There is, to be sure, a common factor in the various colonial experiences; namely, the exploitation of the colonies for the benefit of the metropolitan centers.[2] Moreover, there is unity in the fact that the considerable changes in the colonial and semicolonial world that did occur were primarily in response to the changing needs of an expanding and technically advancing capitalism. Still, if we want to understand the economics and politics of the colonial world at some point in time, we have to recognize and distinguish the differences associated with the periods of mercantile capitalism, competitive industrial capitalism, and monopoly capitalism, just as we have to distinguish these stages of development in the metropolitan centers themselves if we want to understand the process of capital development.

The identification of imperialism with colonialism obfuscates not only historical variation in colonial-metropolitan relations, but makes it more difficult to evaluate the latest transformation of the capitalist world system, the imperialism of the period of monopoly capitalism. This obfuscation can often be traced to the practice of creating rigid, static, and ahistoric conceptual models to cope with complex, dynamic phenomena. I propose to examine some of the more common misconceptions on which models of this kind are often based in the belief that it will help clarify the theme of imperialism without colonies. Two such misconceptions are particularly common, both of which relate to the vital role played by the export of capital: those based on arguments concerning the export of surplus capital and the falling rate of profit in the advanced capitalist countries.

1. The Pressure of Surplus Capital

A DISTINGUISHING FEATURE of the new imperialism associated with the period of monopoly capitalism (that is, when the giant corporation is in the ascendancy and there is a high degree of economic concentration) is a sharp rise in the export of capital. The tie between the export of capital and imperialist expansion is the obvious need of investors of capital for a safe and friendly environment.

But why the upsurge in the migration of capital during the last quarter of the nineteenth century and its continuation to this day? A frequently-met explanation is that the advanced capitalist nations began to be burdened by a superabundance of capital that could not find profitable investment opportunities at home and therefore sought foreign outlets. While a strong case can be made for the proposition that the growth of monopoly leads to increasing investment difficulties, it does not follow that the export of capital was stimulated primarily by the pressure of a surplus of capital.[3]

The key to answering the question lies, in my opinion, in understanding and viewing capitalism as a world system. The existence of strong nation states and the importance of nationalism tend to obscure the concept of a global capitalist system. Yet the nationalism of capitalist societies is the *alter ego* of the system's internationalism. Successful capitalist classes need the power of nation states not only to develop inner markets and to build adequate infrastructures but also, and equally important, to secure and protect opportunities for foreign commerce and investment in a world of rival nation states. Each capitalist nation wants protection for itself, preferential trade channels, and freedom to operate internationally. Protectionism, a strong military posture, and the drive for external markets are all part of the same package.

The desire and need to operate on a world scale is built into the economics of capitalism. Competitive pressures, technical advances, and recurring imbalances between productive capacity and effective demand create continuous pressures for the expansion of markets. The risks and uncertainties of business, interrelated with the unlimited acquisitive drive for wealth, activate the entrepreneur to accumulate ever greater assets and, in the process, to scour every corner of the earth for new opportunities. What stand in the way, in addition to technical limits of transportation and communication, are the recalcitrance of natives and the rivalry of other capitalist nation states.

Viewed in this way, export of capital, like foreign trade, is a normal function of capitalist enterprise. Moreover, the expansion of capital export is closely