

Chapter 4: Capitalist Value Production and the Working Class Move to the South

Given the subject of this book we focus here on the consequences of the monopolies' attempts to counter the decline of its profit rates in the semi-colonial world. The drive of monopoly capital to increase the super-exploitation of the semi-colonial world led to a massive shift of the production and hence the working class to the South. As a result, the production of capitalist values increasingly came from the South. We have already pointed this development out in our German-language book on the Arab Revolution (*“Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes“*) and want to elaborate on this issue here further.⁸²

As we can see in the various Tables and Figures below, we have witnessed a long-term process of industrialization of the South in the epoch of imperialism. According to a study of the Soviet economist S.L. Wygodski, in 1938 the imperialist countries had a share of 91.7% in world manufacturing and the (semi-)colonial countries produced 8.3%.⁸³ As Table 6 shows this share of the (semi-)colonial countries grew to 15.4% in 1979.

In the last three decades this process of industrialization of the semi-colonial world accelerated even more. The South's share of the world industrial production grew - as Table 7 and Figure 12 show - from 19.2% in 1985 to 35.8% in 2010.

Table 6: Share of Imperialist and (Semi-)Colonial Countries in World Industrial Production 1948-1979⁸⁴

	1948	1971	1979
Developed capitalist countries	89%	86%	4.6%
Developing countries	11%	14%	5.4%

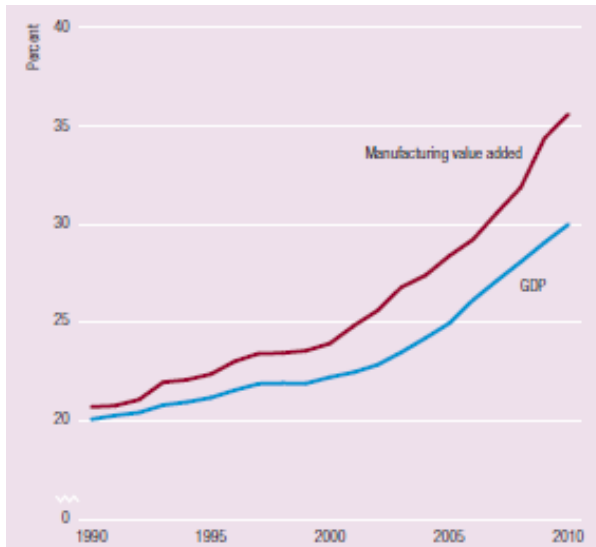
⁸² Michael Pröbsting: *Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes*, Kapitel: Der Wind kommt zunehmend vom Süden. Über die wachsende Bedeutung des Proletariats der halbkolonialen und schwachen imperialistischen Staaten (The Half Revolution. Lessons and perspectives of the Arab Uprising, Chapter: The Wind comes increasingly from the South. On the increasing importance of the Proletariat of the semi-colonial and weak imperialist countries); in: *Der Weg des Revolutionären Kommunismus*, Theoretisches Journal der Revolutionär-Kommunistischen Organisation zur Befreiung, RKOB), Nr. 8 (2011), p. 9, <http://www.thecommunists.net/publications/werk-8>

⁸³ S.L. Wygodski: *Der gegenwärtige Kapitalismus* (1969), Berlin 1972, p. 387

⁸⁴ Hans Tammer (Hrsg.): *Anschauungsmaterial. Politische Ökonomie, Kapitalismus*, Berlin 1984, p. 132 and S.N. Beljajewa, E.M. Waschenzewa, I.I. Ermolowitsch, M.M. Koptew, E.I. Korezkaja, W.N. Kuwaldin, W.W. Mestscherjakow (Autorenkollektiv): *Politische Ökonomie - Kapitalismus* (1970), Berlin 1973, p. 137

Table 7: Manufacturing Share by Region, 1985, 1990, 2000 and 2010 (in %) ⁸⁵

	1985	1990	2000	2010
World	100%	100%	100%	100%
Developed Countries	80.8%	79.3%	76.1%	64.4%
Developing Countries	19.2%	20.7%	23.9%	35.8%
Eastern Europe and ex USSR	-	3.7%	1.9%	2.3%
Eastern Europe and ex USSR (without Russia)	-	1.4%	1%	1.4%
East Asia	8.2%	6.3%	11.1%	20.9%
East Asia (without China)	3.9%	3.6%	4.4%	5.5%
South Asia	1.7%	1.5%	1.8%	2.8%
Latin America	5.4%	6.1%	5.9%	5.7%
Sub-Saharan Africa	1%	0.8%	0.7%	0.7%
Sub-Saharan Africa (without South Africa)	0.5%	0.3%	0.3%	0.3%
Middle East and North Africa	1.4%	2.3%	2.6%	3.1%

Figure 12: Developing Economies' Share in World Manufacturing Value Added and GDP, 1990–2010 ⁸⁶

⁸⁵ The statistics are compiled from two different UNIDO reports: UNIDO: Industrial Development Report 2002/2003. Competing through Innovation and Learning, p. 149 (for the year 1985); UNIDO: Industrial Development Report 2011. Industrial energy efficiency for sustainable wealth creation. Capturing environmental, economic and social dividends, p. 142 (for the rest of the years)

⁸⁶ UNIDO: Industrial Development Report 2011, p. 143

This shift of the world industrial production – the core of the capitalist values production – is the result of the dual process of the decline of industry and value creation in general in the old imperialist countries and the rise of industry and value creation in the semi-colonial world and emerging imperialist China. In Table 8 we can see that industry counted for 31.8% of the GDP in 1990 but only 24.9% in 2005. In the so-called developing countries on the other the industry's share rose from 35.9% to 37.8%.

We get a closer picture of the present state of industry's share in different regions if we look at Table 9. This table shows that every single region in the South has a higher share of industry in its economy than the old imperialist centers, Western Europe, Northern America and Japan.

Table 8: Share of Output by Sector in Developed and Developing Countries 1990–2005 (in %) ⁸⁷

	<i>Developed Countries</i>			<i>Developing Countries</i>		
	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>
1990	2.7%	31.8%	65.4%	14.9%	35.9%	49.2%
1995	2.2%	29.2%	68.6%	12.8%	35.9%	51.3%
2000	1.8%	26.9%	71.3%	10.8%	36.7%	52.5%
2005	1.6%	24.9%	73.5%	10.5%	37.8%	51.7%

Table 9: Share of Economic Sectors of GDP in various World Regions 2008 (in %) ⁸⁸

	<i>Agriculture</i>	<i>Industry</i>	<i>Service</i>
World	4.0%	30.1%	65.9%
Africa	16.5%	40.7%	42.8%
Latin Amerika	6.1%	34.2%	59.7%
East Asia	9.3%	43.7%	47.1%
South Asia	17.5%	31.0%	58.3%
South-East Asia	11.9%	41.8%	46.3%
Eastern Europe and ex USSR	6.1%	36.4%	57.5%
USA	1.1%	21.9%	77.1%
Japan	1.4%	28.8%	69.7%
Western Europe	1.8%	27.1%	71.1%
Oceania	3.1%	28.2%	68.7%
Middle East	4.8%	49.7%	45.5%
North Afrika	12.7%	46.0%	41.2%

⁸⁷ Bill Dunn: Global Political Economy - A Marxist Critique, London 2009, p. 229

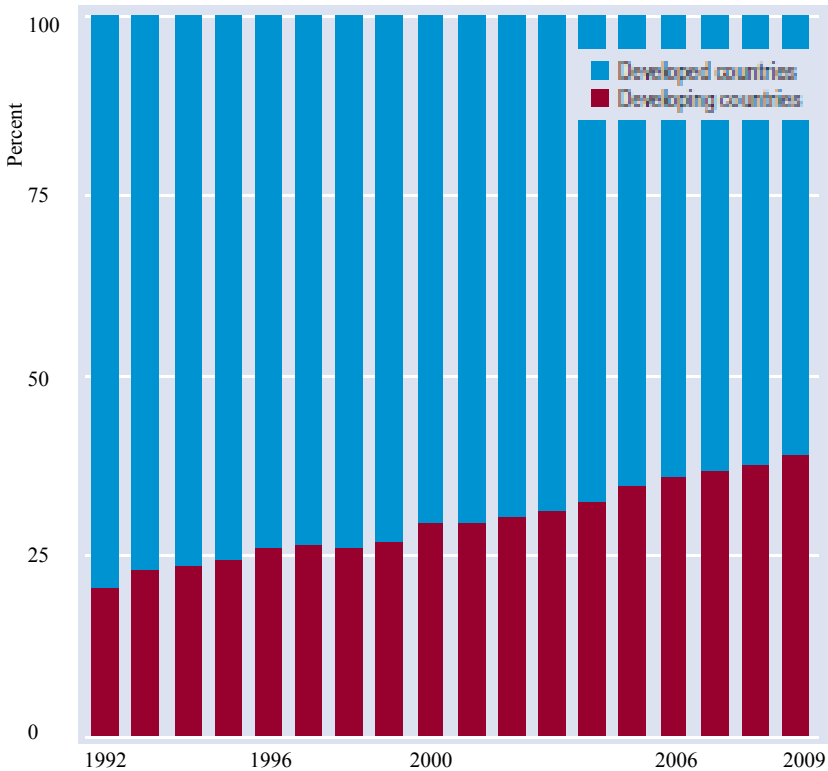
⁸⁸ UNCTAD: Handbook of Statistics 2010, pp. 444-446.

Table 10: Developing and Developed Countries' Share of Global Manufacturing Value added by Industry Sector, Selected Years, 1995–2009 (in %) ⁸⁹

<i>International Standard Industrial Classification</i>	<i>Developing Countries</i>		<i>Developed Countries</i>	
	<i>1995</i>	<i>2009</i>	<i>1995</i>	<i>2009</i>
Food and beverages	30.6%	47.9%	69.4%	52.1%
Tobacco products	55.2%	80.1%	44.8%	19.9%
Textiles	43.1%	74.7%	56.9%	25.3%
Wearing apparel and fur	29.7%	71.6%	70.3%	29.4%
Leather, leather products & footwear	40.5%	77.2%	59.5%	22.8%
Wood products (excluding furniture)	18.8%	33.7%	81.2%	66.3%
Paper and paper products	16.6%	34.6%	83.4%	65.4%
Printing and publishing	10.5%	17.9%	89.5%	82.1%
Coke, refined petroleum products, nuclear fuel	42.9%	57.9%	57.1%	42.1%
Chemicals and chemical products	23.9%	43%	76.1%	57%
Rubber and plastics products	24.6%	46.7%	75.4%	53.3%
Non-metallic mineral products	32.1%	53.7%	67.9%	46.3%
Basic metals	29%	63.2%	71%	36.8%
Fabricated metal products	15.9%	29.8%	84.1%	70.2%
Machinery and equipment	15.3%	30.3%	84.7%	69.7%
Office, accounting and computing machinery	21.8%	21.7%	78.2%	78.9%
Electrical machinery and apparatus	19.6%	46.6%	7.6%	53.4%
Radio, television and communication equipment	19.9%	18.5%	80.1%	81.5%
Medical, precision and optical instruments	11.8%	23.1%	88.2%	76.9%
Motor vehicles, trailers and semitrailers	15.9%	30.5%	84.1%	69.5%
Other transport equipment	19.8%	39.9%	80.2%	60.1%
Furniture; manufacturing not elsewhere classified	16.8%	34.6%	83.2%	65.4%

⁸⁹ UNIDO: Industrial Development Report 2011, p. 146

Figure 13: Developed and Developing Countries' Share of World Manufactured Exports, 1992–2009⁹⁰



If we look closer at the various sectors of industrial commodities we can see the rise of the South's economies too. Table 10 gives an overview about 22 different categories of industrial commodities and shows the growing share of the South from 1995 through 2009 in nearly each of these sectors. The table shows that in 2009 out of these 22 different categories the South produced less than 1/3 of the world production in only 7. And in 7 categories of industrial commodities the South produced even more than the half of the world production.

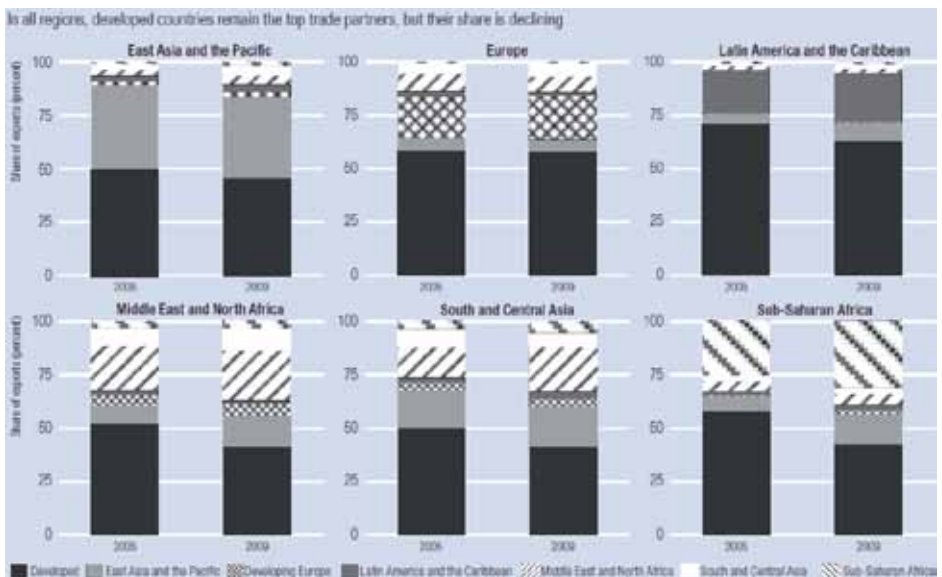
This shift to the South is also reflected in its increasing share of world manufacturing exports as Figure 13 shows. Between the years 1992 and 2009 the so-called developing countries share in manufacturing exports doubled from 20.4% to 39%.

At the same time, the share of manufacturing exports coming from the old imperialist countries (the "Developed Countries") has declined in a number of regions in the South as Figure 14 shows.

⁹⁰ UNIDO: Industrial Development Report 2011, p. 155

The parallel process to the industrialization of the South is the increasing relative decline of the value production in the old imperialist heartlands. This is particularly visible if we look at Britain, the oldest capitalist country. In 1965 it had 8.8 million workers in manufacturing. In 1978 this was down to 7.3 million industrial workers which represented 32% of all employed. In the mid-1990s this had declined even more to only 3.8 million or 18% of the workforce. At the same time British monopoly capital undertook huge overseas investments. From a capital export of £26 billion, it received 36% of its total profit in 1990.⁹¹ In 2005, net earnings from Britain's international investment rose already to £29.8 billion.⁹²

Figure 14: Manufactured Exports Markets by Region, 2005 and 2009⁹³



⁹¹ Harpal Brar: *Imperialismus im 21. Jahrhundert*, Köln 2001, p. 156f.

⁹² David Yaffe: *Britain - Parasitic and decaying capitalism*, in: FRFI 194 December 2006/January 2007, p.7, <http://www.revolutionarycommunist.org/index.php/britain/1042-britain-parasitic-and-decaying-capitalism-frfi-194-dec-2006-jan-2007>. While we do not share several of his ultra-left political conclusions, one has to recognize that David Yaffe has undertaken for many years an important work to deepen the Marxist analysis of British imperialism and its super-exploitation of the semi-colonial world.

⁹³ UNIDO: *Industrial Development Report 2011*, p. 159

The Marxist Classics on the Industrialization of the South

These developments confirm the prognosis of the Marxist classics which predicted that imperialism's parasitism and drive to capital export will accelerate the industrialization of the semi-colonial world. One of the main misunderstandings of Lenin's theory is the idea that the Marxists deny the possibility of industrialisation of the (semi)colonial world. Only a few years ago Chris Harman, who was one of the main theoreticians of the SWP/IST, still claimed that Lenin was proved wrong because export of capital to the colonies did allegedly not lead to their industrial development:

*"But there was one big problem with Lenin's theory when it came to the colonial world. 'Imperialism: The Highest Stage of Capitalism' held that the export of capital to the colonies would lead to their industrial development."*⁹⁴

As we have shown above with a number of statistics and facts this argument of the SWP/IST against Lenin's theory is nothing else but a bizarre denial of reality! Of course, it is an obvious fact that imperialist domination hindered the development of an industry in the oppressed countries. But imperialist domination of the colonial world did not and does not mean that industrialisation cannot take place in the colonial and semi-colonial world. Quite the opposite! Capital export of the imperialist monopoly capital necessarily leads to an industrialisation of the less developed countries. And indeed, this is what we have seen in the past decades. In fact, Lenin himself already foresaw this development. In an article from 1916 *"The Military Programme of the Proletarian Revolution"* he pointed out that imperialism leads to a rapid development of capitalist production relations in the colonial and semi-colonial world:

*"One of the main features of imperialism is that it accelerates capitalist development in the most backward countries, and thereby extends and intensifies the struggle against national oppression. That is a fact, and from it inevitably follows that imperialism must often give rise to national wars."*⁹⁵

And in his classic book on imperialism Lenin observed:

*"The export of capital influences and greatly accelerates the development of capitalism in those countries to which it is exported. While, therefore, the export of capital may tend to a certain extent to arrest development in the capital-exporting countries, it can only do so by expanding and deepening the further development of capitalism throughout the world."*⁹⁶

Trotsky who lived 16 years longer than Lenin could see the concrete development of this industrialization of the South. He observed that imperialist USA and Britain are forced to finance the industrialization of the colonial countries in order to gain higher profits:

"On the other hand we can see too that the same America and the same Britain are

⁹⁴ Chris Harman (SWP): *Analysing Imperialism* (Summer 2003), p. 20

⁹⁵ V. I. Lenin: *The Military Programme of the Proletarian Revolution*; in: LCW Vol. 23, p. 78

⁹⁶ V. I. Lenin: *Imperialism. The Highest Stage of Capitalism* (1916); in: LCW Vol. 22, p. 243

compelled to finance the economic development of the colonial countries thereby driving them along the path of revolution at a frantic rate.”⁹⁷

Trotsky developed this idea in his Critique of the centrist draft program for the Communist International’s congress in 1928. The draft program was written by Bukharin but published in his and Stalin’s name:

“In contrast to the economic systems which preceded it, capitalism inherently and constantly aims at economic expansion, at the penetration of new territories, the surmounting of economic differences, the conversion of self-sufficient provincial and national economies into a system of financial interrelationships. Thereby it brings about their rapprochement and equalizes the economic and cultural levels of the most progressive and the most backward countries. Without this main process, it would be impossible to conceive of the relative leveling out, first, of Europe with Great Britain, and then, of America with Europe; the industrialization of the colonies, the diminishing gap between India and Great Britain, and all the consequences arising from the enumerated processes upon which is based not only the program of the Communist International but also its very existence.

By drawing the countries economically closer to one another and leveling out their stages of development, capitalism, however, operates by methods of its own, that is to say, by anarchistic methods which constantly undermine its own work, set one country against another, and one branch of industry against another, developing some parts of world economy while hampering and throwing back the development of others. Only the correlation of these two fundamental tendencies -- both of which arise from the nature of capitalism -- explains to us the living texture of the historical process.

Imperialism, thanks to the universality, penetrability, and mobility and the break-neck speed of the formation of finance capital as the driving force of imperialism, lends vigor to both these tendencies. Imperialism links up incomparably more rapidly and more deeply the individual national and continental units into a single entity, bringing them into the closest and most vital dependence upon each other and rendering their economic methods, social forms, and levels of development more identical. At the same time, it attains this “goal” by such antagonistic methods, such tiger-leaps, and such raids upon backward countries and areas that the unification and leveling of world economy which it has effected, is upset by it even more violently and convulsively than in the preceding epochs. Only such a dialectical and not purely mechanical understanding of the law of uneven development can make possible the avoidance of the fundamental error which the draft program, submitted to the Sixth Congress, has failed to avoid.”⁹⁸

This process of capital export and industrialization of the South financed by monopoly capital demonstrates the validity of Trotsky’s theory of the uneven and combined development and the strategy of the permanent revolution. Expanding capitalism under the dominance of the imperialist powers

⁹⁷ Leo Trotzki: Aussichten und Aufgaben im Osten (1924); in: Leo Trotzki: Europa und Amerika (Zwei Reden), Berlin 1926, p. 111; in English: Leon Trotsky: Perspectives and Tasks in the East. Speech on the third anniversary of the Communist University for Toilers of the East (1924), <http://www.marxists.org/archive/trotsky/1924/04/perspectives.htm>

⁹⁸ Leon Trotsky: The Third International After Lenin (1928), New York 1970, pp. 19-20

increasingly unites all countries in a single world economy and at the same increases the contradictions between them, i.e. between the imperialist and the (semi-)colonial countries.

However such industrialization takes place in a much distorted form, combining very advanced forms of technology with backward, small-enterprise forms. Marx made a remark in Capital Vol. III which anticipated such a development:

*“The disadvantages of the capitalist mode of production, with its dependence of the producer upon the money-price of his product, coincide here therefore with the disadvantages occasioned by the imperfect development of the capitalist mode of production.”*⁹⁹

As a result the general productivity of labor in semi-colonial countries is considerably behind the level of the imperialist economies. True, today a number of semi-colonial countries are exporting not only agricultural and raw material commodities but also industrial commodities. But they usually are substantially more labor-intensive and have less highly-technological input than the industrial commodities that are exported by the imperialist countries.

Trotsky explained this using the example of Britain and India:

*“If we take Britain and India as polarized varieties of the capitalist type, then we are obliged to say that the internationalism of the British and Indian proletariats does not at all rest on an identity of conditions, tasks and methods, but on their indivisible interdependence. Successes for the liberation movement in India presuppose a revolutionary movement in Britain and vice versa. Neither in India, nor in England is it possible to build an independent socialist society. Both of them will have to enter as parts into a higher whole. Upon this and only upon this rests the unshakable foundation of Marxist internationalism.”*¹⁰⁰

He elaborates this thought:

“Every backward country integrated with capitalism has passed through various stages of decreasing or increasing dependence upon the other capitalist countries, but in general the tendency of capitalist development is toward a colossal growth of world ties, which is expressed in the growing volume of foreign trade, including, of course, capital export. Britain’s dependence upon India naturally bears a qualitatively different character from India’s dependence upon Britain. But this difference is determined, at bottom, by the difference in the respective levels of development of their productive forces, and not at all by the degree of their economic self-sufficiency. India is a colony; Britain, a metropolis. But if Britain were subjected today to an economic blockade, it would perish sooner than would India under a similar blockade. This, by the way, is one of the convincing illustrations of the reality of world economy.

Capitalist development – not in the abstract formulas of the second volume of

⁹⁹ Karl Marx: Das Kapital, Band III; in: MEW 25, p. 820; in English: Karl Marx: Capital, Vol III; Chapter 47

¹⁰⁰ Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektive. Die permanente Revolution; Frankfurt a. M., 1971, p. 11; in English: Leon Trotsky: The Permanent Revolution (emphasis in original)

*Capital, which retain all their significance as a stage in analysis, but in historical reality – took place and could only take place by a systematic expansion of its base. In the process of its development, and consequently in the struggle with its internal contradictions, every national capitalism turns in an ever-increasing degree to the reserves of the ‘external market,’ that is, the reserves of world economy. The uncontrollable expansion growing out of the permanent internal crises of capitalism constitutes a progressive force up to the time when it turns into a force fatal to capitalism.”*¹⁰¹

However the massive industrialization of the South did not lead to a mitigation of the massive antagonism between capital and labour and between the imperialist and the semi-colonial world. Reproduction of capital always also means reproduction of the production relations, i.e. the relations of exploitation, as the Bolshevik theoretician Nikolai Bukharin noted in 1920:

*“The process of reproduction is not only a process of the reproduction of the material elements of production, but a process of the reproduction of the production relations themselves.”*¹⁰²

And indeed, what we still see today – in essence not different from the times of Lenin and Trotsky – is a reproduction of the capitalist-imperialist production relations. We see the expanded reproduction of the world market dominated by the imperialist monopolies on a higher level with all its consequences for the operation of the law of value.

It is remarkable that Lenin – referring to the liberal critic of imperialism John A. Hobson – predicted already in 1916 such a development as we see it now. He quoted approving Hobson scenario of a world in which the colonial powers produce less and less and live more and more from their rent of the oppressed countries:

“The prospect of partitioning China elicited from Hobson the following economic appraisal: “The greater part of Western Europe might then assume the appearance and character already exhibited by tracts of country in the South of England, in the Riviera, and in the touristridden or residential parts of Italy and Switzerland, little clusters of wealthy aristocrats drawing dividends and pensions from the Far East, with a somewhat larger group of professional retainers and tradesmen and a larger body of personal servants and workers in the transport trade and in the final stages of production of the more perishable goods: all the main arterial industries would have disappeared, the staple foods and semi-manufactures flowing in as tribute from Asia and Africa. . . . We have foreshadowed the possibility of even a larger alliance of Western states, a European federation of Great Powers which, so far from forwarding the cause of world civilisation, might introduce the gigantic peril of a

¹⁰¹ Leo Trotzki: Die permanente Revolution, in: Leo Trotzki: Ergebnisse und Perspektive. Die permanente Revolution; Frankfurt a. M., 1971, p. 14; in English: Leon Trotsky: The Permanent Revolution (emphasis in original)

¹⁰² Nikolai Bucharin: Ökonomik der Transformationsperiode (1920), p. 69. In English: Nikolai Bukharin: Economics of the transition period (1920), (emphasis in original; our translation)

Western parasitism, a group of advanced industrial nations, whose upper classes drew vast tribute from Asia and Africa, with which they supported great tame masses of retainers, no longer engaged in the staple industries of agriculture and manufacture, but kept in the performance of personal or minor industrial services under the control of a new financial aristocracy. Let those who would scout such a theory [he should have said: prospect] as undeserving of consideration examine the economic and social condition of districts in Southern England today which are already reduced to this condition, and reflect upon the vast extension of such a system which might be rendered feasible by the subjection of China to the economic control of similar groups of financiers, investors [rentiers] and political and business officials, draining the greatest potential reservoir of profit the world has ever known, in order to consume it in Europe. The situation is far too complex, the play of world forces far too incalculable, to render this or any other single interpretation of the future very probable; but the influences which govern the imperialism of Western Europe today are moving in this direction, and, unless counteracted or diverted, make towards such a consummation."

Hobson, the social-liberal, fails to see that this "counteraction" can be offered only by the revolutionary proletariat and only in the form of a social revolution. But then he is a social-liberal! Nevertheless, as early as 1902 he had an excellent insight into the meaning and significance of a "United States of Europe" (be it said for the benefit of Trotsky the Kautskyite!) and of all that is now being glossed over by the hypocritical Kautskyites of various countries, namely, that the opportunists (socialchauvinists) are working hand in glove with the imperialist bourgeoisie precisely towards creating an imperialist Europe on the backs of Asia and Africa, and that objectively the opportunists are a section of the petty bourgeoisie and of certain strata of the working class who have been bribed out of imperialist superprofits and converted into watchdogs of capitalism and corrupters of the labour movement."¹⁰³

The fact that today a substantially bigger share of the global capitalist value is created in the South does not mitigate the contradictions between the imperialist and the semi-colonial states. Quite the opposite, this development rather sharpens these contradictions. The imperialist monopolies and their states are still stronger and more powerful than the semi-colonies. But their basis for global power is undermined by the shift of the value production to the South. Therefore they must intervene in an increasingly intensified and more open way to continue the appropriation of a share of this value from the South. In fact this forms an important reason for the so-called "War on Terror" by the USA and other imperialist powers.

¹⁰³ V. I. Lenin: Imperialism and the Split in Socialism; in: LCW Vol. 23, pp. 109-110

Value and Price on the World Market: The Grand Distortion of the Value Creation in the South

We have shown the massive shift from the North towards the South in GDP and industrial production. We will see below that the shift on the level of workers – in other words the producers of wealth – is even stronger. However these figures still massively underestimate the real shift which has taken place. In reality the real value creation in the South is much bigger than the official figures suggest and the real value creation in the North is much smaller than the official figures suggest. As the Marxist economist John Smith has shown there are mainly three reasons for this.¹⁰⁴ First, the GDP is a figure which confuses real and fictional values. Industrial output and advertising, stock market, financial speculations, productive forces and destructive forces – all this is added together. Obviously the financial market doesn't produce any value but nevertheless helps to blow up the official GDP. Since the financial market is mainly based in the rich imperialist countries it is mainly the GDP numbers of the North which are artificially inflated and hence lower the share of the South in the World GDP in the official statistics.

Secondly, as we will see below, there is a massive swindle contained in the GDP figures since a substantial portion of the value created in the South is appropriated in the North via the market price on which the commodity is sold in the North. Therefore a substantial portion of the value created in the South appears in the official GDP figures as created in the North. To give only a few examples to explain the idea. Designer shirts produced in South East Asia are sold in Europe for 5-10 times their import price. Another example: Less than 2% of the total value of shirts produced in Bangladesh are received by the direct producers as wages. The profit by local companies is equivalent to about 1% of total value.

The labor of selling the T-Shirts in the North is hardly value-creation (it is unproductive albeit necessary labor). Nevertheless the costs for retail, advertising etc. in the North are much higher than the wages and the profit of the local producer in the South. The value created in the South is therefore not expressed in market prices in the South but in market prices in the North. In this way we see again how the official GDP in the North is inflated at the costs of the official GDP in the South.

Thirdly we have the massive super-exploitation of the workers in the South and the appropriation of extra profits by the monopoly capitalists in the North. Again these profits are often counted as part of the Northern GDP but in reality are produced by the workers in the South.

¹⁰⁴ See John Smith: *Imperialism and the Globalisation of Production*, Sheffield 2010, Chapter 7, <http://www.mediafire.com/?5r339mnn4zmubq7>

The increasing Importance of the Proletariat in the South and the Emerging Imperialist Countries

In the past decades we have witnessed world-wide a massive growth of global labor force. The Labor economist Richard Freeman estimates that over the last decade, the effective global labor supply has about doubled, from 1.46 to 2.93 billion.¹⁰⁵ Combined with this we witness a huge growth of the working class. As we can see in Table 11, today almost half of the global labor force – more precisely, 46.9% - are wage earners.¹⁰⁶ In 1996 the share was 43.1%.

As shown in this table, it is remarkable that (except the former Stalinist countries and Latin America) we see in all regions of so-called developing countries a rise of the share of wage laborers amongst the labor force. This rise is higher than the one in the so-called developed countries. In the “developed countries” we see a rise from 82.4% in 1996 to 84.3% in 2008. In Eastern Europe & ex-USSR there was a decline from 77.1% to 76.6% in the same period. In East Asia, there was a massive rise from 32.4% to 42.6%. In South-East Asia there is also a substantial increase from 33.0% to 38.8%. In South Asia again an increase from 17.1% to 20.8%; in Latin America a decline from 64.4% to 62.7%; in North Africa a rise from 54.4% to 58.3%, in the Middle East an increase from 58.5% to 61.5% and in Sub-Saharan Africa a rise from 20.6% to 22.9%.

Table 11: Wage laborer as a Share of all Employed by Regions, 1996 and 2008 (in %)¹⁰⁷

	1996	2008
World	43.1%	46.9%
Developed economies	82.4%	84.3%
Eastern Europe & ex-USSR	77.1%	76.6%
East Asia	32.4%	42.6%
South-East Asia	33.0%	38.8%
South Asia	17.1%	20.8%
Latin America	64.4%	62.7%
North Africa	54.4%	58.3%
Middle East	58.5%	61.5%
Sub-Saharan Africa	20.6%	22.9%

¹⁰⁵ Juliet Schor: Economic fallacies: is it time to work more, or less? In: Guardian, 10.1.2012 <http://www.guardian.co.uk/sustainable-business/economy-employee-working-hours>

¹⁰⁶ The category “labor force” includes all involved in economic activity, i.e. workers, peasants, self-employed, salaried middle class and capitalists.

¹⁰⁷ International Labour Office: World Social Security Report 2010/11. Providing coverage in times of crisis and beyond (2010), p. 28; International Labour Office: Global Wage Report 2008/09. Minimum wages and collective bargaining: Towards policy coherence, p. 10

Table 12: Female Wage Laborer as a Share of all Female Employed by Regions, 2008 (in %) ¹⁰⁸

	<i>Female wage laborer (as a share of all female employed)</i>
World	46.0%
Developed economies	87.5%
Eastern Europe & ex-USSR	78.0%
East Asia	53.5%
South-East Asia	14.6%
South Asia	14.6%
Latin America	65.8%
North Africa	56.7%
Middle East	53.5%
Sub-Saharan Africa	14.4%

In Table 12 we see that the integration of women in the labor process as wage laborers has also massively increased albeit there are of course regional differences due to the different stages of capitalist development marked.

The following Figure 15 gives an overview of the distribution of the global labor force by regions. It demonstrates not only the absolute growth of labor force but also the increasing weight of the so-called developing countries. Readers should bear in mind that the last column about the year 2025 is of course only a projection.

The material basis for this is the historic process of capitalism to undermine the basis for the small-scale agricultural production and by this to reduce the size of the peasantry. This process forms the basis for the increase of the proletariat – in industry and in other sectors. In Table 13 we can see that all over the world, the weight of the labor force has shifted from agriculture to industry and service sectors. In the rich imperialist countries – the EU-15, North America and Japan – the agricultural sector comprises since several decades only a very small proportion of the labor force. But even more important, outside of the rich imperialist metropolises – i.e. in the countries with the vast majority of the world's population – the share of the labor force employed in agriculture declined from between $\frac{2}{3}$ and $\frac{3}{4}$ (in 1950) to 40% (2008). Parallel to this we see a massive growth of the labor force in industry and the service sectors.

¹⁰⁸ International Labour Office: World Social Security Report 2010/11. Providing coverage in times of crisis and beyond (2010), p. 28

Figure 15: Distribution of the Global Labor Force by Regions (in million Workers), 1965–2025 ¹⁰⁹

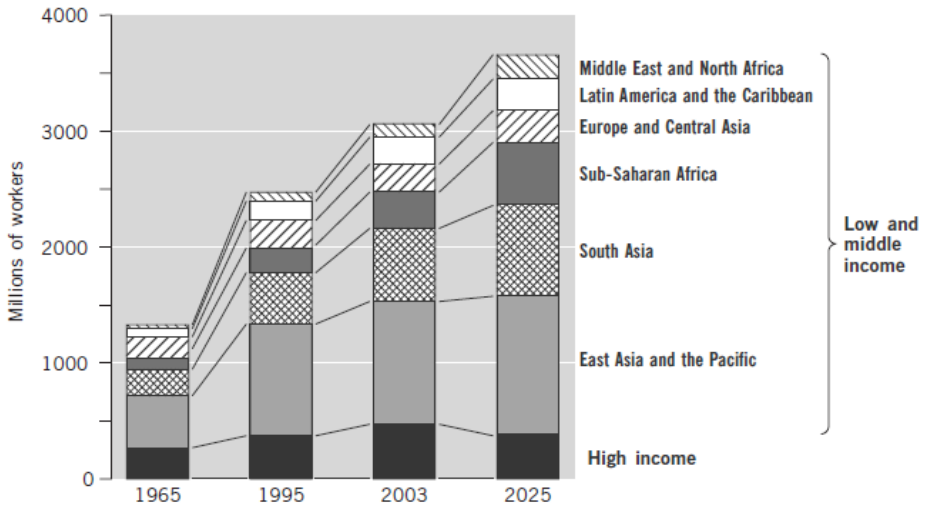


Table 13: Share of all Labor Force in Economic Sectors in Regions, 1950, 1977 and 2008 (in %) ¹¹⁰

	<i>Agriculture</i>			<i>Industry</i>			<i>Service</i>		
	1950	1977	2008	1950	1977	2008	1950	1977	2008
Countries with low income	78%	73%	40.7%	8%	11%	21.6%	14%	16%	37.8%
Countries with middle income	65%	46%	-	14%	22%	-	21%	32%	-
Countries with high income	25%	7%	3.7%	36%	38%	23.4%	39%	55%	72.8%

¹⁰⁹ Peter Dicken: Global Shift. Mapping The Changing Contours Of The World Economy (Sixth Edition), The Guilford Press, New York 2011, pp. 493

¹¹⁰ World Bank: World Development Report 1979, p. 46 and pp. 162-163; International Labour Office: Global Employment Trends 2011: The challenge of a jobs recovery (2011), p. 68 and our own calculations. The category “Countries with high income” includes semi-colonial EU states. For the year 2008 the regions „Countries with low income“ and „Countries with middle income“ are combined.

This massive growth of the global working class was mostly due to the growth of the proletariat outside of the old imperialist metropolises. The process of industrialization has necessarily led to a massive shift of the weight of the proletariat from the imperialist metropolises towards the poorer countries. A hundred years ago – at the time of Lenin and Trotsky – the proletariat in the colonial and semi-colonial world was still quite small. Capitalist industrialization outside of Europe, North America and Japan had taken place only to a relatively small degree. As we have shown at the beginning of this chapter this has changed dramatically in recent decades.

As a result, the centre of gravity of both the workforce in general as well as that of the proletariat in particular is increasingly moving into the semi-colonial and emerging imperialist countries (like China and Russia today). Table 14 shows the evolution in the last 45 years: in 1965 a fifth of all labor force lived in the imperialist metropolises, now it is less than 14%.

Table 14: Share of all Labor Force in different Regions in the years 1965, 1995 and 2008/09 (in %) ¹¹¹

	<i>Labour force (in percent)</i>		
	<i>1965</i>	<i>1995</i>	<i>2008/09</i>
World	100%	100%	100%
Developed economies	20%	15%	13.9%
Eastern Europe & ex-USSR	14%	10%	6.7%
South and East Asia	51%	57%	57.5
Latin America	5%	6%	8.4%
North Africa and Middle East	2%	3%	4.3
Sub-Saharan Africa	8%	9%	9.8%

Table 15: Growth of the Working Class in the Semi-Colonial World (in millions) ¹¹²

<i>Asia</i>		<i>Latin America</i>		<i>Africa</i>	
<i>1960</i>	<i>1980</i>	<i>1960</i>	<i>1980</i>	<i>1960</i>	<i>1980</i>
93	145	36	67	16	38

¹¹¹ World Bank: World Development Report 1995, p. 9, International Labour Office: Global Employment Trends 2011, p. 68; Directorate-General for Economic and Financial Affairs of the European Commission: Labour market and wage developments in 2009; in: EUROPEAN ECONOMY Nr. 5/2010, p. 188ff. and our own calculations. The category “Developed economies” excludes Eastern and South-Eastern European states as well as Malta and Cyprus. These countries are part of the category “Eastern Europe & ex-USSR”.

¹¹² Autorenkollektiv: Handbuch Entwicklungsländer. Sozioökonomische Prozesse, Fakten und Strategien, Berlin 1987, p. 160

The shift in the world working class towards the South has been much more significant. As one can see in Table 15 the working class in Asia, Africa and Latin America grew in the years 1960-1980 by 66-100%.

Since then the growth of the working class in the South has accelerated. As a result the huge majority of the world working class today lives outside the old imperialist metropolises. This is clearly demonstrated by the following tables and Figures. Table 16 shows the increase of the wage earners living in the so-called developing countries from 65.9% (1995) to 72.4% (2008/09).

Table 16: Distribution of Wage Laborers in different Regions, 1995 and 2008/09 ¹¹³

	<i>Wage earners (in percent)</i>	
	1995	2008/09
World	100%	100%
Countries with low and middle income	65.9%	72.4%
Countries with high income	34.1%	27.6%
Countries with high income (without semi-colonial EU-States)	-	25%
Countries with low and middle income (including semi-colonial EU-States)	-	75%

Table 17: Distribution of Labor Force in Industry in different Regions, 2008/09 ¹¹⁴

<i>Labor force in Industry (in Millions)</i>	<i>Distribution of industrial Labor force</i>
World	100%
Developed economies	16.5%
Eastern Europe & ex-USSR	5.9%
East Asia	33.9%
South-East Asia	7.5%
South Asia	18.3%
Latin America	8.4%
North Africa	2.2%
Middle East	2.4%
Sub-Saharan Africa	4.8%

¹¹³ World Bank: World Development Report 1995, p. 9, International Labour Office: Global Employment Trends 2011, p. 68; Directorate-General for Economic and Financial Affairs of the European Commission: Labour market and wage developments in 2009; in: EUROPEAN ECONOMY Nr. 5/2010, pp. 188-190 and our own calculations. The category "Developed economies" excludes Eastern and South-Eastern European states and Malta and Cyprus.

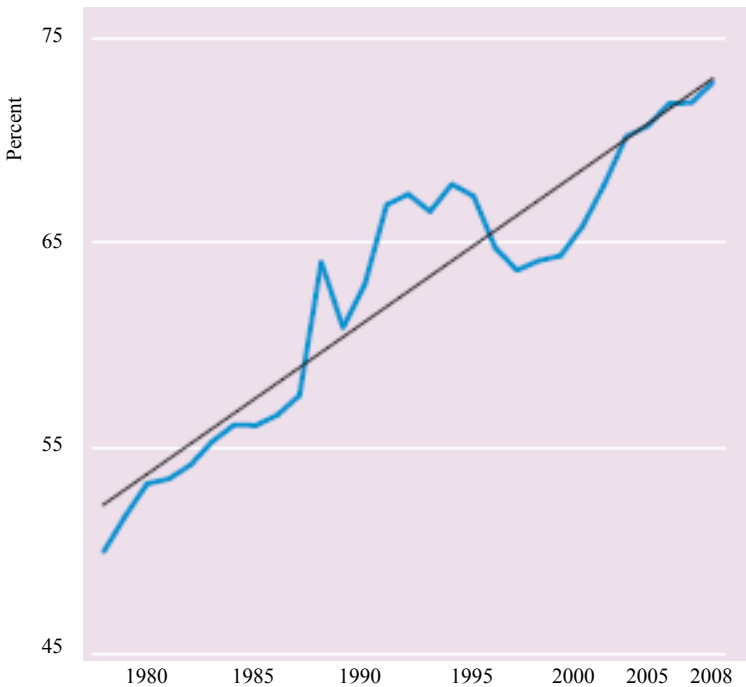
¹¹⁴ Sources: International Labour Office: Global Employment Trends 2011, p. 68 and our own calculations

If one excludes the semi-colonial EU states the figure for 2008/09 is even higher (75%). In other words: $\frac{3}{4}$ of the wage laborers live and work in the semi-colonial and emerging imperialist countries.

This shift is also visible if we look to the core sector of the working class – the industrial workers. In Table 17 we can see that in the year 2008/09 83.5% - or more than 556 million – of all industrial employed (most of them are workers) lived outside the old imperialist metropolises. In these old imperialist countries “only” 16.5% - or 110 million – of all industrial employed lived in 2008/09.

The next two Figures 16 and 17 confirm this development by showing the increase of manufacturing workers living in the South from about 50% (1980) to about 73% (2008). In addition one has to bear in mind that in the year 1950 only 34% of the global industrial workers were living in the South.¹¹⁵ The numbers for manufacturing employment and industrial employment in the statistics given here are not identical since manufacturing includes all industrial labour force except those employed in the mining and the building sectors.

Figure 16: Developing Countries’ Share in World Manufacturing Employment, 1980–2008¹¹⁶



¹¹⁵ John Smith: *Offshoring, Outsourcing & the 'Global Labour Arbitrage'* (2008), Paper to IIPPE 2008 – Procida, Italy 9-11 September 2008, p. 5

¹¹⁶ UNIDO: *Industrial Development Report 2011*, p. 150

Figure 17: Global Industrial Labor Force in Developed and Developing Countries, 1950–2005 ¹¹⁷

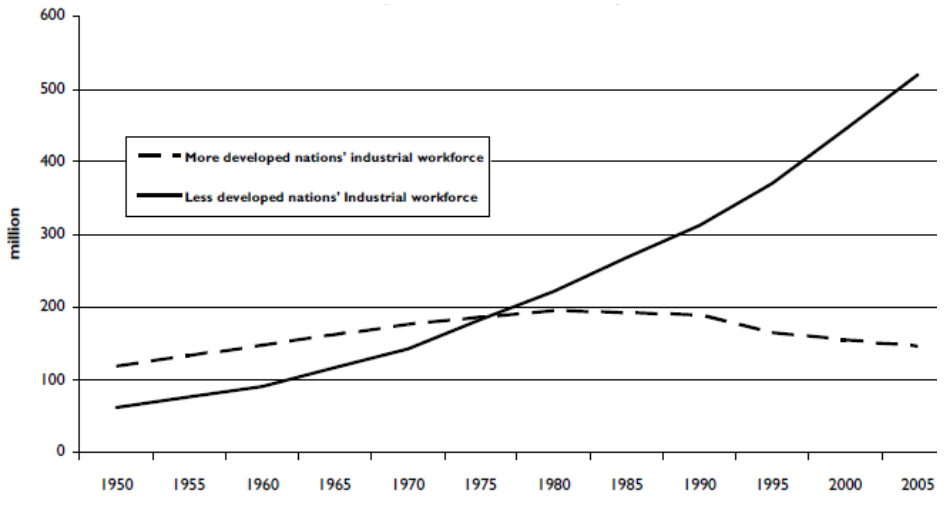
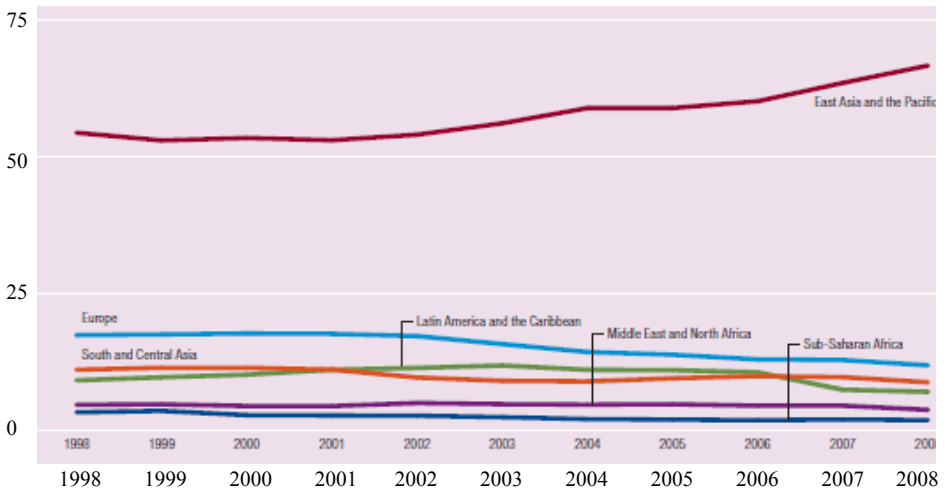


Figure 18: Share of Manufacturing Employment in Developing Countries, 1998–2008 ¹¹⁸



¹¹⁷ John Smith: What's new about "New Imperialism" (2007), S. 8

¹¹⁸ UNIDO: Industrial Development Report 2011, S. 150

Table 18: Share of Manufacturing Employment for Developing and Developed Countries, by Industry Sector, selected Periods over 1993–2008 (in %) ¹¹⁹

<i>International Standard Industrial Classification</i>	<i>Developing Countries</i>		<i>Developed Countries</i>	
	<i>1993-2000</i>	<i>2001-2008</i>	<i>1993-2000</i>	<i>2001-2008</i>
Food and beverages	12.1%	12%	11%	12.5%
Tobacco products	1.1%	1%	0.2%	0.1%
Textiles	10.7%	9.4%	4.5%	3.2%
Wearing apparel and fur	7.1%	8.2%	3.9%	2.4%
Leather, leather products & footwear	0.8%	3.2%	1.2%	0.9%
Wood products (excluding furniture)	2.3%	2.5%	2.9%	3.1%
Paper and paper products	2.2%	2.5%	2.8%	2.7%
Printing and publishing	1.8%	1.8%	6%	5.6%
Coke, refined petroleum products, nuclear fuel	1.2%	1%	0.5%	0.5%
Chemicals and chemical products	8.2%	7.2%	5.6%	5.7%
Rubber and plastics products	3.8%	4.2%	5.3%	5.8%
Non-metallic mineral products	8.9%	6.6%	4.1%	4.1%
Basic metals	6.9%	6.4%	3.9%	3.6%
Fabricated metal products	4.1%	5.1%	9.2%	10.7%
Machinery and equipment	10.6%	8.2%	10.9%	10.8%
Office, accounting and computing machinery	0.2%	1%	1%	0.8%
Electrical machinery and apparatus	5.9%	4.6%	5.7%	4.8%
Radio, television and communication equipment	0.5%	3.4%	3.8%	4%
Medical, precision and optical instruments	1.4%	1.5%	3.2%	3.5%
Motor vehicles, trailers and semitrailers	6.1%	3.9%	7.3%	7.4%
Other transport equipment	0.4%	2%	2.4%	3%
Furniture; manufacturing not elsewhere classified	3.6%	4.4%	4.6%	4.8%
Recycling	0%	0.2%	0.1%	0.2%

¹¹⁹ UNIDO: Industrial Development Report 2011, S. 151

The following Figure 18 shows the geographical distribution of the manufacturing workers living in the South. One can see that the biggest proportion lives in East Asia and first and foremost China.

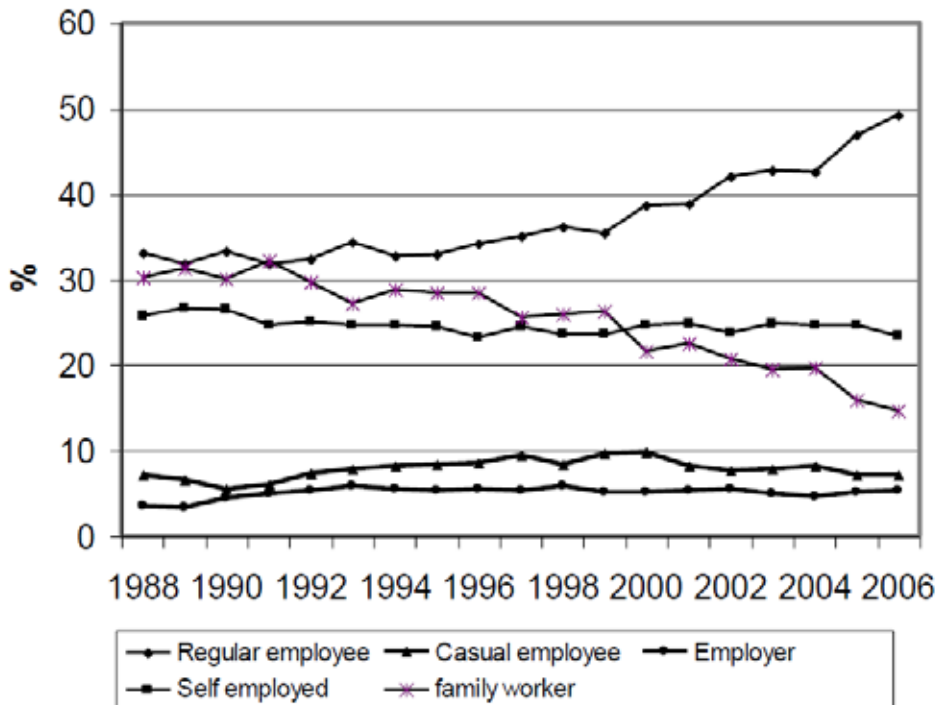
In the next Table 18 we detail the growth of the Southern part of the manufacturing world working class in the various sectors.

Finally we show in Figure 19 the rising weight of the working class in an important semi-colonial country, Turkey.

Figure 20 on the other hand demonstrates the shrinking weight of the industrial proletariat in the old imperialist countries.

The Monthly Review writers John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna are certainly correct when they observe: *“It is such superexploitation that lies behind much of the expansion of production in the global South”*¹²⁰

Figure 19: Employment Status in Turkey, 1988-2006¹²¹

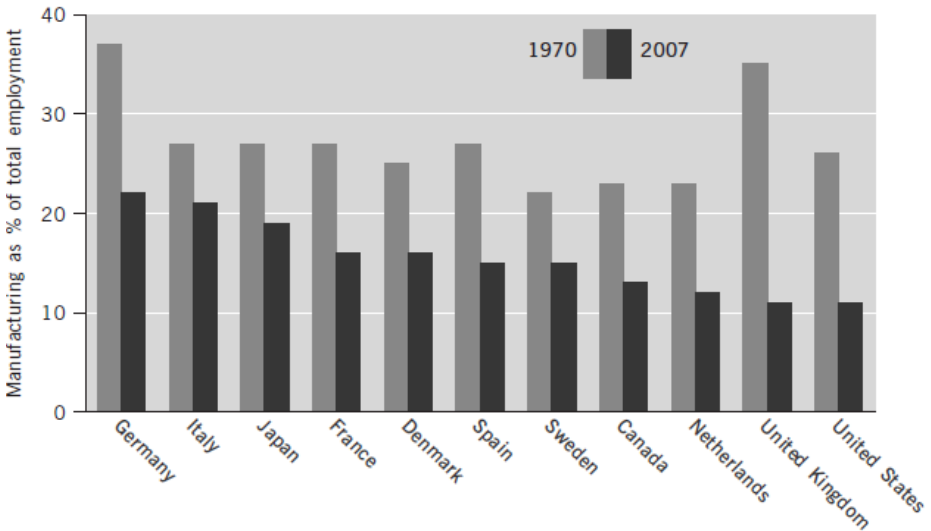


¹²⁰ John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna: The Global Reserve Army of Labor and the New Imperialism, in: Monthly Review Vol. 63, Issue 6 (November 2011) <http://monthlyreview.org/2011/11/01/the-global-reserve-army-of-labor-and-the-new-imperialism>

¹²¹ Firat Demir and Nilgun Erdem: Labor Market Performance after Structural Adjustment in Developing Countries: The Interesting But not so Unique Case of Turkey; in L.K. Valencia and B.J. Hahn (Eds.), Employment and Labor Issues: Unemployment, Youth Employment and Child Labor (Chapter 1). Nova Science Publishers, 2010, p. 46

In reality, the actual shift of the proletariat towards the semi-colonial and emerging imperialist countries is bigger than official statistics indicate. Why? Because, as noted above, the bourgeois category “wage earners” includes not only workers. Generally one can say that in the rich imperialist countries a considerable minority of wage earners are not part of the working class, but are part of the salaried middle class (supervisory personnel, police, lower-grade manager etc.).¹²² In the poorer countries of the salaried middle classes is much smaller.

Figure 20: The Declining Share of Manufacturing in Total Employment, 1970-2007¹²³



¹²² In opposite to the revisionist theories of the CWI and IMT, Marxists do not count members of the repressive state apparatus as parts of the working class. Trotsky was very clear on this issue: „The fact that the police was originally recruited in large numbers from among Social Democratic workers is absolutely meaningless. Consciousness is determined by environment even in this instance. The worker who becomes a policeman in the service of the capitalist state, is a bourgeois cop, not a worker. Of late years these policemen have had to do much more fighting with revolutionary workers than with Nazi students. Such training does not fail to leave its effects. And above all: every policeman knows that though governments may change, the police remain.“ (Leo Trotzki: Was nun? Schicksalsfragen des deutschen Proletariats (1932) in: Schriften über Deutschland, Band 1, p. 186; in English: Leon Trotsky: What Next? Vital Questions for the German Proletariat (January 1932), <http://marxists.architexturez.net/archive/trotsky/germany/1932-ger/next01.htm#s1>)

¹²³ Peter Dicken: Global Shift. Mapping The Changing Contours Of The World Economy (Sixth Edition), The Guilford Press, New York 2011, p. 495

Moreover, we have to take into account the labor aristocracy. This layer is the uppermost part of the working class (e.g. certain parts of the highly-paid skilled workers, etc.). It is the sector of the proletariat which is bribed by the bourgeoisie with various privileges. This layer represents a much bigger sector of the working class in the imperialist countries than in the semi-colonial proletariat. The reason for this is located in the bribery based on the extra profits which are achieved by the monopoly capitalists mainly through the exploitation of the semi-colonial countries. Monopoly capital uses parts of this extra profit to gain the support of sectors of the working class at home, i.e. in the imperialist countries. This is where they need stability first and foremost. Hence the labor aristocracy is a much smaller sector of the proletariat in the semi-colonial world.

In addition the proletariat in the poorer countries is larger in size than the actual numbers in the official statistics indicate. A considerable part of the workers in these countries are formally accounted not as wage earners, but as formally self-employed due to the large informal sector. However, in fact, they are part of the working class. A researcher, who is linked to the trade union movement, observed, in a study about the workers movement in Africa, the massive increase of casualization: *“One of the key experiences of African workers during the current globalisation process is the increasing polarisation in employment conditions and a growing differentiation in the workforce. As companies opted for increased “flexibility” in their production process as part of their strategy to stay competitive, African workers lost their full-time permanent jobs and became victims of the “casualisation” of labour. They were forced to become part-time workers, seasonal workers, home workers, subcontracted workers or had to struggle for survival in the “informal sector”. (...) The global scenario of mass unemployment and mass poverty is no accident as it enables global corporations to depress wages globally.”*¹²⁴

In short, the proportion of semi-colonial countries and emerging imperialist China in the world working class could even be as high as 80%. We can therefore conclude that today the heart of the world proletariat is in the South and in particular in Asia (where 60% of the global industrial workforce is living).

That does not mean that the proletariat in the old imperialist metropolises (i.e. in the relatively rich countries in Western Europe, North America and Japan) has become irrelevant. Nothing could be more wrong than such an assumption. The proletariat of Western Europe, North America and Japan continues to play a central role in the international class struggle. But it is essential for revolutionary communists to recognize the increased importance of the semi-colonial countries in Asia, Latin America, the Middle East and Africa as well as of emerging imperialist China. In other words, the process of the World Revolution is not one which is in the first line focused on and decided in the old imperialist countries. Rather the proletariat in the semi-colonial world and emerging imperialist China will play a decisive role. The

¹²⁴ Herbert Jauch: Globalisation and Labour, p. 8

Arab revolution underlines our thesis of the increasing importance of the semi-colonial proletariat.

The RCIT summarized the consequences of these important changes in the composition of the world working class in our programme "*The Revolutionary Communist Manifesto*". We Bolshevik-Communists emphasized that the workers international organizations must pay particular attention to the South. The huge weight of the Southern proletariat must be reflected in their massive participation not only in the workers international organizations but also in their leaderships. The questions of particular importance for the Southern working class – the super-exploitation, national liberation struggles against imperialism etc. – must take a central place in the organizations' propagandistic and practical work.¹²⁵

It follows that the struggle for political and organizational independence of the working class focuses particularly on the broad mass of the working class – i.e. its lower and middle layers. This means that the workers' organizations - trade unions, youth and women's organizations and in particular the revolutionary international organization – must reflect the changing composition of the proletariat. In other words, to meet the growing significance of the proletarians of the poorer countries, of women, migrants, etc. the workers' organizations must strive to attract and organize them and also to represent them in their own ranks and leadership structures. The future revolutionary communist world party therefore has a strong semi-colonial, young, female, migrant face or it fails in its task. Its members know the value of these layers and show a lot of respect towards them.

¹²⁵ See on this Revolutionary Communist International Tendency (RCIT): *The Revolutionary Communist Manifesto*, published in 2012, pp. 28-30; online on the RCIT website at www.thecommunists.net/rcit-manifesto