

South Korea as an Imperialist Power

On the nature of South Korean monopoly capital and the ensuing programmatic tasks of the workers vanguard

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I. Some General Considerations

The following study is the result both of independent research of the author as well as of intensive discussion and collaboration with the South Korean comrades of the *Revolutionary Communist International Tendency* (RCIT). In particular, the author of these lines owes his gratitude to comrade Hong Su-Cheon who already published two works on the issue of imperialism.¹

1. The Relevance of the Issue

The transformation of South Korea from a semi-colony into an imperialist state in the 2000s is a key issue for Marxists. It is relevant not only for revolutionaries in South Korea but also in the whole Asian continent as well as globally. There are several reasons for this.

First, South Korea has become an important player in the world economy. Its leading monopolies like Samsung, Hyundai, KIA, LG and others are prominent members of the global elite of corporations.

Secondly, South Korea's rise is reflected in its willingness to confront its Japanese rival. The consequences – from the onset of a trade war to the rupture of military cooperation agreements – have major ramifications for the geo-strategic environment of East Asia and the U.S. alliance system in the region.

Thirdly, South Korea's transformation has crucial consequences since the Korean Peninsula is an important region for world politics given the long-standing aggression of U.S. imperialism against North Korea. Furthermore, this region is the area where the interests of nearly all imperialist Great Powers – the U.S., China, Russia and Japan – directly clash.

As a result, this transformation has important consequences for revolutionaries. Contrary to the claims of the so-called “*National Liberation*” current – i.e. the Stalinist and semi-Stalinist organizations in South Korea – there exists no legitimate strategic task for the workers vanguard to fight for the “national liberation” of their country. It is because of South Korea's transformation from a semi-colony into an imperialist state that any struggle for “national liberation” constitutes in fact social-imperialist support for the Korean monopoly bourgeoisie.

Furthermore, a correct assessment of the qualitative leap of South Korean capitalism is essential in order to understand the material basis for the monopoly bourgeoisie's success in containing and defeating the major upsurge of the workers movement in the period after the overthrow of the

¹홍수천: 한반도 전쟁 위기와 미·중 제국주의 패권 쟁투 (Hong Su-Cheon: War Crisis on the Korean Peninsula and the Rivalry between US and Chinese Imperialism, Article in Korean language, Spring 2019), <https://www.thecommunists.net/home/%ED%95%9C%EA%B5%AD%EC%96%B4/crisis-on-korean-peninsula-us-and-chinese-imperialism/>; 홍수천: 현 시기 격화하고 있는 제국주의 패권쟁투와 사회주의자의 임무 (Hong Su-Cheon: The Acceleration of the Great Power Rivalry in the Present Period and the Task of Socialists in Korea, Article in Korean language, March 2019), <https://www.thecommunists.net/home/%ED%95%9C%EA%B5%AD%EC%96%B4/struggle-for-imperialist-hegemony-socialism/>

military dictatorship in 1987. It is the creation of a South Korean labor aristocracy, i.e. a privileged upper stratum of the proletariat paid out of the imperialists' extra-profits, which constitute the material basis for the reformist pacification and integration of the workers movement as well as for its enormous bureaucratization. In other words, it is impossible to understand the rise of reformism in South Korea without recognizing the transformation of the bourgeoisie into an imperialist-capitalist class.

For all these reasons, the RCIT has analyzed for some time South Korea's transformation from a semi-colony into an imperialist state and pointed out the relevance of this issue. We hope that this study provides a helpful contribution for revolutionary militants in South Korea as well as internationally.²

The following study is a detailed elaboration of the *Theses* which we published recently and which have been written for the discussion with the South Korean comrades of the RCIT.³

² On our analysis of South Korea as an imperialist state see, in addition to the two works by Hong Su-Cheon mentioned above, Michael Pröbsting: The Nature of South Korean Imperialism and the Tactical Consequences for Revolutionaries (Theses), 06.12.2019, <https://www.thecommunists.net/theory/nature-of-south-korean-imperialism-and-revolutionary-tactics-theses/>; Michael Pröbsting: The Korean Peninsula: Imperialist Aggression, Capitalist Restoration and Revolutionary Defensism (Chapter VI. in World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings), <https://www.thecommunists.net/theory/world-perspectives-2018/>; Michael Pröbsting: Capitalist Development in South Korea and Taiwan (1997), <https://www.thecommunists.net/theory/capitalism-in-south-korea-taiwan/>; Down with the Imperialist Trade War between Japan and South Korea! Down with all chauvinist boycott campaigns! Class War instead of Trade War! Joint Statement of the Revolutionary Communists of South Korea and the Revolutionary Communist International Tendency (RCIT), 19 July 2019, <https://www.thecommunists.net/worldwide/asia/trade-war-between-japan-and-south-korea/>; Korea: There Is No Peace Without Overthrowing Imperialism and the Rule of Capital! Peace through the Proletarian Socialist Revolution! Joint Statement of the Revolutionary Communists of South Korea and the RCIT, 8 March 2019, <https://www.thecommunists.net/rcit/joint-statement-on-south-korean-imperialism/>.

³ Michael Pröbsting: The Nature of South Korean Imperialism and the Tactical Consequences for Revolutionaries (Theses), Theses for discussion by the South Korean comrades of the RCIT, 06.12.2019, <https://www.thecommunists.net/theory/nature-of-south-korean-imperialism-and-revolutionary-tactics-theses/>

2. Definition: What Constitutes a State as Imperialist?

Before we analyze the features of South Korean imperialism in more detail, it is necessary first to give a brief overview of the Marxist definition of imperialism. As we have elaborated on this issue in much detail in other works, we will limit ourselves at this point to summarize our concept.⁴

As Marxists, our starting point is the classic definition of imperialism as it was elaborated by Lenin, the founder of Bolshevism and leader of the Russian Revolution in 1917. Lenin described the essential characteristic of imperialism as the formation of monopolies which dominate the economy. Related to this, he pointed out the fusion of banking and industrial capital into financial capital, the increase in capital export alongside the export of commodities, and the struggle for spheres of influence, specifically colonies.

In *Imperialism and the Split in Socialism* – his most comprehensive theoretical essay on imperialism – Lenin gave the following definition of imperialism:

„We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism. Monopoly manifests itself in five principal forms: (1) cartels, syndicates and trusts—the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists; (2) the monopolistic position of the big banks—three, four or five giant banks manipulate the whole economic life of America, France, Germany; (3) seizure of the sources of raw material by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital); (4) the (economic) partition of the world by the international cartels has begun. There are already over one hundred such international cartels, which command the entire world market and divide it “amicably” among themselves—until war redivides it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic and territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed.”⁵

As we can see, Lenin was unambiguously clear that the formation of monopolies constitutes the essence of the economy in the age of imperialism. This is not only clear from the quote above, but also from numerous other statements by him. In another essay, Lenin wrote:

⁴ We have dealt with Lenin’s theory of imperialism extensively in other publications. See, for example, the following works of Michael Pröbsting: *Anti-Imperialism in the Age of Great Power Rivalry. The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left’s Analysis and an Outline of the Marxist Perspective*, RCIT Books, Vienna 2019, <https://www.thecommunists.net/theory/anti-imperialism-in-the-age-of-great-power-rivalry/>; *Lenin’s Theory of Imperialism and the Rise of Russia as a Great Power. On the Understanding and Misunderstanding of Today’s Inter-Imperialist Rivalry in the Light of Lenin’s Theory of Imperialism. Another Reply to Our Critics Who Deny Russia’s Imperialist Character*, in: *Revolutionary Communism* No. 25, August 2014, <http://www.thecommunists.net/theory/imperialism-theory-and-russia/>; *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital Consequences for the Marxist Theory of Imperialism*, 2013, <http://www.great-robbery-of-the-south.net/>; *Imperialism and the Decline of Capitalism* (2008), in: Richard Brenner, Michael Pröbsting, Keith Spencer: *The Credit Crunch – A Marxist Analysis* (2008), <http://www.thecommunists.net/theory/imperialism-and-globalization/>

⁵ V. I. Lenin: *Imperialism and the Split in Socialism* (1916); in: CW Vol. 23, pp. 105-106 [Emphases in the original]

*„Economically, imperialism (or the “era” of finance capital — it is not a matter of words) is the highest stage in the development of capitalism, one in which production has assumed such big, immense proportions that free competition gives way to monopoly. That is the economic essence of imperialism. Monopoly manifests itself in trusts, syndicates, etc., in the omnipotence of the giant banks, in the buying up of raw material sources, etc., in the concentration of banking capital, etc. Everything hinges on economic monopoly.“*⁶

And in his famous book on imperialism Lenin re-emphasizes this: *„Economically, the main thing in this process is the displacement of capitalist free competition by capitalist monopoly.“*⁷

In short, Lenin emphasized that *monopolism* – i.e., the formation of monopolies and their control over the economy as well as the political domination of powers in world politics and, subsequently, the oppression and exploitation of the working class and other nations – is the essence of imperialism.

As the Marxist definition of imperialism is a *dialectical* conception, the class character of states cannot be understood by viewing a country *in isolation*. The methodological basis of Marxism obligates us to analyze each thing, each phenomenon not in isolation but *in relation to others*. Abram Deborin, the leading Marxist philosopher in the USSR in the 1920s before the Stalinist clampdown, formulated this issue very well. *“Nothing in the world exists in and of itself but everything exists in relation to the rest of the totality.”*⁸

Thus, a given state must be viewed not only as a separate unit, but first and foremost *in its relation to other states and nations*. Similarly, by the way, classes can only be understood in relation to one other. This is self-evident since states, by definition, could not exist in isolation but only because other states exist too. The same, again, in the case of classes: There is no bourgeoisie without a working class. There are no big landowners without rural workers and peasants. Likewise, there are no imperialist states without colonies and semi-colonies. And there is no single Great Power but several Great Powers which are in rivalry to each other.

Furthermore, a Marxist dialectical understanding of imperialist states requires to analyze them in their *“rich totality of many determinations and relations.”*⁹ It is a widespread error to view imperialist powers in an schematic way and to assume that there would exist only a *single* model of an imperialist state. Usually, people take the U.S. as *the* model of an imperialist state. However, as we have elaborated in other works in detail, such an approach completely ignores the *unevenness* in the developments of societies in general and of imperialist states in particular.¹⁰ Such ignorance constitutes a gross mistake since, as Lenin emphasized, *“uneven economic and political development is an absolute law of capitalism.”*¹¹

Hence, the economic, political and military development of imperialist states is not uniform but can rather, and indeed does, differ in each case. Russia, for example, is on a military level a much stronger Great Power than on an economic level. In Japan and Germany, we see exactly the opposite case. Add

⁶ V. I. Lenin: A Caricature of Marxism and Imperialist Economism; in: LCW Vol. 23, p. 34

⁷ V. I. Lenin: Imperialism. The Highest Stage of Capitalism (1916) ; in: LCW Vol. 22, p. 265

⁸ Abram Deborin: Lenin als revolutionärer Dialektiker (1925); in: Nikolai Bucharin/Abram Deborin: Kontroversen über dialektischen und mechanistischen Materialismus, Frankfurt a.M. 1974, p. 136 [our translation]

⁹ Karl Marx: Economic Manuscripts of 1857-1858, in: MECW 28, p. 37

¹⁰ We note in passing that Marx himself already stated that unevenness is an essential feature of capitalism itself: *“Since, however, capitalist production can allow itself free rein only in certain spheres, under certain conditions, there could be no capitalist production at all if it had to develop simultaneously and evenly in all spheres.”* (Karl Marx: Theories of Surplus-Value, Part 2, MECW 32, p. 161) Obviously this is not only true for capitalist production but also for capitalist reproduction in the area of the economic fundament as well as the political superstructure.

¹¹ V. I. Lenin: On the Slogan for a United States of Europe (1915); in: CW Vol. 21, pp. 341-342

to this the obvious fact that there are larger and smaller imperialist states (ranging from the U.S. and China to Swiss, Austria and Belgium).

Such unevenness naturally results in the fact that those imperialist states which are not the most dominating (like the U.S. and China today) have to look for alliances with other powers in which they have to make compromises or even have to subordinate themselves to a certain degree to the leading power. The development of Germany and Japan after their defeat in World War II and their consequential subordination to U.S. imperialism are vivid examples for this. Likewise, smaller imperialist states in Europe have to subordinate to a certain degree to the leading powers in Europe, Germany and France. Australia also takes a rather subordinated position in relation to the U.S. And South Korea is, as we will see, another example.

Marxists therefore have to view imperialist states in their *totality* and not pick only one or the other feature of their development. Otherwise they are doomed to misjudge the class character of given states and, as a result, end up in political confusion and failure to take the right side of the barricade in the class struggle.

Finally, it is a basic requirement of dialectic to recognize *motion* as an essential if not *the most essential feature of being*. Friedrich Engels, the closest collaborator of Karl Marx, explained in his famous *Anti-Dühring* book: „*Motion is the mode of existence of matter. Never anywhere has there been matter without motion, nor can there be. Motion in cosmic space, mechanical motion of smaller masses on the various celestial bodies, the vibration of molecules as heat or as electrical or magnetic currents, chemical disintegration and combination, organic life -at each given moment each individual atom of matter in the world is in one or other of these forms of motion , or in several forms at once. All rest, all equilibrium, is only relative, only has meaning in relation to one or other definite form of motion. (...) Matter without motion is just as inconceivable as motion without matter. Motion is therefore as uncreatable and indestructible as matter itself.*“¹²

It can not be otherwise because all matter – in nature and in the society – is characterized by inner as well as external contradictions. It constitutes a unity of contradictions and the development of these contradictions is the driving force of its motion as Lenin emphasized: „*The unity (coincidence, identity, equal action) of opposites is conditional, temporary, transitory, relative. The struggle of mutually exclusive opposites is absolute, just as development and motion are absolute.*“¹³

This, seemingly purely abstract, issue is highly relevant for the analyses of the class character of states. Stalinist thinking is fundamentally mechanistic, lacking any dialectical mindset. A is A and will remain A, full stop! It lacks the ability to think in contradictions and changes. In contrast, authentic Marxists are obligated to recognize the contradictions and the resulting motions in all features of life. They must base their analysis on the method of dialectic “*which reflects the rhythm and the motion of reality itself.*“¹⁴

Only such a dialectical approach will enable Marxists to *recognize the development in the system of relations between classes and states*. It is only via such a dialectical approach that Marxists can observe the *changes in these relations* and, hence, take into account the possible transformation of the class character of this or that state. Such transformations, which in itself are the result of a process of

¹² Friedrich Engels: *Anti-Dühring*. Herr Eugen Dühring's Revolution in Science, in: MECW Vol. 25, pp. 55-56

¹³ V.I. Lenin: *On the Question of Dialectics* (1915); in: CW 38, p.358

¹⁴ Abram Deborin; quoted in: Rene Ahlberg: *„Dialektische Philosophie‘ und Gesellschaft in der Sowjetunion*, Berlin 1960, p. 29 [our translation]

quantitative changes transforming at some point into quality, have taken place repeatedly in the history of humanity. The transformation of the Byzantine Empire from an antique slave holder into a feudal state in the 7th and 8th century is just one of numerous examples in the history of humanity. Or, to give more actual examples, one can point to the collapse of Stalinism resulting in the restoration of capitalism in Russia and other countries, to the collapse of Portugal's colonial possessions in the 1970s and its transformation from an imperialist into a semi-colonial country, or, more recently, China's and Russia's emergence as new imperialist Great Powers. In summary, those who are not able of thinking in contradictions and motions are incapable to recognize the developments as they take place in the class society!

We conclude for now by summarizing our understanding of the characteristics of an imperialist state as we have formulated it in the following short definition: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*

II. An Overview of South Korean Monopoly Capital

3. Historical Background: Extraordinary Conditions Allow for Rapid Industrialization

South Korea's transformation into an imperialist state is an extraordinary development because – in contrast to other imperialist states like Japan, the U.S. or various Western European states – it had a different class character throughout the whole 20th century. In this period, South Korea was rather a colony (until 1945) respectively a semi-colony in the second half of the century. Nevertheless, the specific features of this development constituted important factors which allowed for the formation of a national monopoly capital and, hence, the transformation into an imperialist state.

We have published an extensive study in 1996 which analyzed the development of the so-called “Asian Tigers” and, in particular, of South Korea's capitalism since World War II. In that study we demonstrated that specific circumstances resulted in the process of the formation of a monopoly capital which began to dominate the domestic market and to export capital.¹⁵

At this point we will limit ourselves to briefly summarize the results of this study. South Korea has always been a “front state” in the global confrontation between the imperialist states and the Stalinist camp – first in the devastating *Korean War* in 1950-53 and then in the subsequent *Cold War*. This resulted in South Korea's de facto occupation by the U.S. and the control of its political and economic development by Washington. The specific conditions of this Cold War forced U.S. imperialism to push for a rapid industrialization of the country. Such a policy included a substantial agrarian reform which resulted in the redistribution of some 40% of the land. Hence, the number of peasants owning their land increased from 50% to 94% due to this reform.¹⁶ This created a broad peasant class which became a stable political base for the bourgeois bonapartist regime.

Throughout the whole period until 1987, South Korea was ruled by military dictatorships. Such a repressive state apparatus ensured the conditions for the brutal super-exploitation of the working class. Related to this was a permanent flow of financial and economic support of U.S. imperialism. For example, between 1945 and 1978, the USA handed over economic aid worth US\$ 6,000 million to South Korea, that is the equivalent of all aid to the whole of Africa in the same period!

All these factors ensured the conditions for a process of rapid capital accumulation. In Table 1 we can see that South Korea experienced dramatic growth rates of its fixed capital stock for several decades – far above that of most other countries.

¹⁵ Michael Pröbsting: Der kapitalistische Aufholprozesses in Südkorea und Taiwan - Bilanz und Analyse, in: Journal „Revolutionärer Marxismus“ Nr.20 (1996), <https://www.thecommunists.net/theory/kapitalismus-in-suedkorea-taiwan/> [our translation]; a substantially shortened English-language summary has been published here: Capitalist Development in South Korea and Taiwan, originally published in Trotskyist International No.21, Theoretical Journal of the League for the Revolutionary Communist International (1997), <https://www.thecommunists.net/theory/capitalism-in-south-korea-taiwan/>

¹⁶ Aadne Cappelen, Jan Fagerberg: East Asian Growth: A Critical Assessment; in: Forum for Development Studies 2/1995, p. 192

Table 1. Capital Accumulation: Growth Rates of Fixed Capital Stock, 1960-2000 (in %, p.a.) ¹⁷

	<i>Industrial Countries</i>	<i>South Korea</i>	<i>China</i>	<i>India</i>	<i>Brazil</i>
1960s	+5.0%	+8.9%	+1.9%	+4.5%	+5.8%
1970s	+4.2%	+14.6%	+7.2%	+4.1%	+9.6%
1980s	+3.1%	+11.2%	+8.4%	+4.9%	+4.1%
1990s	+3.3%	+9.6%	+10.9%	+6.2%	+2.2%

Furthermore, the state intervened in the economic development and encouraged the formation of powerful conglomerates known as *chaebols*. The word chaebol is a combination of the Korean words *chae* (財), which means wealth, and *bol* (閥) which means clan. Such a state-led concentration process of capital aided the creation of a modern industry orientated to the world market.

By the time, these chaebols developed more and more into a powerful monopoly capital exercising absolute hegemony within the national economy and a decisive influence over the politics of the bourgeois regime. Whereas the production of the ten biggest chaebols accounted for only 15.1% of the Gross National Product in 1974, by 1983 their share was already 65.2%. ¹⁸ Likewise, Korean chaebols started to export capital and in 1992 South Korea became a net capital exporter.

Hence, in this study published in 1996, we asked the question “*are South Korea and Taiwan imperialist states?*” We answered this question in the negative in the case of Taiwan and characterized it as an “*advanced semi-colony*”.

In South Korea, we said at that time, things were differently. We wrote: “*South Korea is already one step ahead (compared with Taiwan, Ed.). As we did demonstrate, the high degree of monopolization allows it a relatively strong position on the world market. We characterize South Korea as a very advanced semi-colony which is in transition into an imperialist state. Why is South Korea not imperialist yet? This is because capital export has become an essential feature relatively late and is still not very large. We believe that the next years will show if the chaebols can overcome two essential problems. First it is crucial to reduce the massive indebtedness. (...) Secondly there will be a global recession in the next years (...) It will be decisive if the chaebols succeed to resist this pressure and if they manage to expand their influence in South-East Asia and China. This will decide if South Korea becomes an imperialist state or if it falls back into an advanced but dependent semi-colony.*” ¹⁹

As it is well known, South Korea – as well as the whole region – was massively affected by the so-called *Asian Financial Crisis* in 1997/98. However, South Korea’s monopoly capital succeeded to restructure and consolidate in the aftermath of this crisis.

In summary, South Korea’s character as a front state in the Cold War resulted in the combination of a number of factors which created extraordinary advantageous conditions for the emergence of a national monopoly capital. The most important among them were the continuous existence of pro-U.S. military dictatorships ensuring the massive super-exploitation of the working class, a substantial

¹⁷ Andrew Glyn: *Capitalism Unleashed. Finance, Globalization, and Welfare*, New York 2006, p. 101

¹⁸ Hooshang Amirahmadi: *Development Paradigms at a Crossroad and the South Korean Experience*, in: *Journal of Contemporary Asia* Vol. 19, Issue 2 (1989), p. 179

¹⁹ Michael Pröbsting: *Der kapitalistische Aufholprozesses in Südkorea und Taiwan - Bilanz und Analyse* [our translation]

agrarian reform, massive political support and financial and economic aid from the imperialist states and state-capitalist regulations. Eventually South Korea emerged as an imperialist state in the 2000s.

4. South Korea as a Highly Industrialized, Modern Capitalist Country

It is because of this combination of several developments that South Korea was able to rise and to become a highly industrialized, modern capitalist country. This becomes evident from a number of indicators.

South Korea, a country with a population of 51 million, has become one of the top economies in the world behind the leading states like the U.S. and China. Today, South Korea's economy is the fourth-largest in Asia and the 12th largest in the world. ²⁰ Its Per Capita Gross Domestic Product is already higher than that of Spain. ²¹ The rapid advance of South Korea's economy is reflected in the fact that its per capita income increased from 6% of the OECD average in 1970 to 89% in 2017! ²²

The composition of South Korea's economy by sectors resembles that of various Western European countries. Its share of agriculture (2.2%) is smaller than that of Spain (2.8%). Given the massive industrialization of South Korea (and the parallel deindustrialization of most old imperialist countries in Western Europe and the U.S.), the share of its industry in national output (38.6%) is higher than that of Japan (28%) – not to speak about the parasitic imperialist states in Western Europe and the U.S. – and is only matched by China (40.0%). (See Table 2)

Table 2. South Korea's Gross Value Added by Kind of Economic Activity, 2016 ²³

<i>Agriculture</i>	<i>Industry</i>	<i>Services</i>
2.2%	38.6%	59.2%

We see a similar picture when we look at the employment of the labor force in South Korea. The share of labor force employed in agriculture has rapidly declined in the past decades and is now only 4.8%. (See Table 4) This share is only slightly higher than in other imperialist countries like Spain (4.1%) or Austria (4.2%).

Table 3. South Korea's Employment by Economic Activity, 2018 ²⁴

<i>Agriculture</i>	<i>Industry</i>	<i>Services</i>
4.8%	24.6%	70.6%

²⁰ World Bank: World Development Indicators database, 19 September 2019, p. 1, <http://data.worldbank.org/data-catalog/world-development-indicators>

²¹ World Bank: GDP per capita (current US\$), https://data.worldbank.org/indicator/ny.gdp.pcap.cd?most_recent_value_desc=true (accessed on 16.12.2019)

²² OECD Economic Surveys: Korea (Overview), 2018, p. 8

²³ United Nations: Statistical Yearbook, 2018 edition, Department of Economic and Social Affairs, Statistics Division, New York 2018, p. 212

²⁴ United Nations: Statistical Yearbook, 2018 edition, Department of Economic and Social Affairs, Statistics Division, New York 2018, p. 271

Reflecting the strong position of Korean monopolies, the country has become the world's sixth-largest exporter in merchandise trade. Its share in world merchandise trade (3.1%) is already larger than that of France, Britain or Italy. If one excludes the trade within the European Union, South Korea is already number 5 – only behind China, the U.S., the EU and Japan. ²⁵

South Korea's exports account for about half of its GDP and are dominated by high-value commodities mostly from the manufacturing and high-technology sector like ships, cars, refined petroleum, liquid crystal display panels, industrial machinery and telephones. (See Table 4)

Table 4. Korea's Top Export Products, 2017 ²⁶

	<i>Percentage of total exports of goods by product</i>
Semiconductors	17.1
Ships	7.4
Cars	7.3
Petroleum products	6.1
Flat displays and sensors	4.8
Car parts	4.0
Wireless communication equipment	3.9
Synthetic resin	3.6
Flat-rolled steel products	3.2
Computers	1.6

Another indicator of the modernization of South Korea is the high share of its population using the Internet. According to the latest figures of the United Nations, 95.1% of all individuals are using the Internet by 2019, a figure even higher than Japan! ²⁷

While these figures in itself do not prove that South Korea has become an imperialist nation (see for this the next chapters), they constitute already strong indicators of the massive catching-up process which has taken place in the past decades.

²⁵ World Trade Organization: World Trade Statistical Review 2019, pp. 100-101

²⁶ OECD Economic Surveys: Korea (Overview), 2018, p. 13

²⁷ United Nations: World Statistics Pocketbook 2019 edition, Department of Economic and Social Affairs, Statistics Division, New York 2019, p. 201 resp. 140; see also World Bank: World Development Indicators 2017, p. 84

5. South Korean Monopoly Capital: Domination of Domestic Market

As we stated above, the creation of monopolies is an essential, if not the most important, feature of imperialism. South Korean capitalism is characterized by the domination of a handful of monopolies – the so-called *chaebols*. These corporations are family-owned businesses that have numerous subsidiaries across diverse industries.

The following figures demonstrate clearly the commanding position of the *chaebols* in South Korea's economy. According to *Korea's Fair Trade Commission*, there are now 45 conglomerates that fit the traditional definition of a chaebol. The top 10 alone own more than 27% of all business assets in South Korea. The most important chaebols are LG, Hyundai, SK, Lotte and Samsung. These top five chaebols alone represent 54% of the South Korean stock market's value.²⁸

According to a report titled "*Changes in Concentration of Economic Power on Chaebols and Implications*" by the *Economic Reform Research Institute*, the ratio of assets of the 30 largest conglomerates to Korea's GDP was 100.3% in 2016.²⁹ A Korean university professor published a study which arrives at the conclusion that Samsung's assets – South Korea's single largest chaebols – alone are the equivalent of 42% of the GDP.³⁰ And another study claims that the sales/revenue of the Samsung Group alone accounts for approximately 20% of Korea's GDP.³¹

According to the Seoul-based corporate evaluation website *CEO Score*, Korea's 10 largest corporations reported combined sales of \$677.8 billion in 2017, tantamount to 44.2% of Korea's GDP. This is a larger share of the leading monopolies than in other imperialist countries. For example, the top line of Japan's top companies was equivalent to 24.6% of the country's GDP and in the U.S., the ratio was 11.8%.³²

Another figure reflecting the dominating role of the largest chaebols within Korea's conglomerates is the following: according to the *OECD Economic Survey of Korea 2018* the shares of the top four business groups as a share of the top 30 groups rose from 2011 to 2017. By the later year, Samsung, Hyundai, SK Group and LG together had a share of 52.7% (+3.6%) of the assets and 69.4% (+7.1%) of the profits of the top 30 chaebols!³³

As mentioned above, the most important five chaebols are *Samsung, Hyundai, SK Group, LG* and *Lotte*. Samsung – a global leader in the telecommunication and chipmaker sector – is the 12-largest corporation in the world, according to *Forbes*. Samsung Electronics, the largest Samsung affiliate, employs more than 320,000 people globally (more than Apple's 123,000 and Google's 88,000

²⁸ Peter Pae: South Korea's Chaebol, 29. August 2019, <https://www.bloomberg.com/quicktake/republic-samsung>

²⁹ Michael Herh: Concentration of Economic Power on 30 Largest Chaebols Eases for 4th Consecutive Year, February 19, 2018, <http://www.businesskorea.co.kr/news/articleView.html?idxno=20558>

³⁰ Rachel Premack: South Korea's Conglomerates, SAGE Publishing Business Researcher, August 21, 2017, p. 4

³¹ Robyn Klingler-Vidra and Ramon Pacheco Pardo: Beyond the Chaebol? The Social Purpose of Entrepreneurship Promotion in South Korea, in: *Asian Studies Review*, 43:4 (2019), p. 651

³² Park Joon-hyung and Cho Jeehyun: Top 10 Korean Inc. revenue equivalent to nearly half of GDP, 6 September 2018, <https://pulseneews.co.kr/view.php?year=2018&no=562268>

³³ 2018 OECD Economic Survey of Korea: Achieving a new paradigm for inclusive growth, Sejong, 20 June 2018, p. 16

combined). It has such a dominating position that Koreans often refer to their country as the “*Republic of Samsung*”.

Hyundai’s Motor Group is the third-largest carmaker in the world and Hyundai Heavy Industries has become the world’s largest shipbuilding company. The SK Group operates also in various sectors. Its semiconductor company, SK Hynix, is the world’s second-largest maker of memory chips.³⁴

As already mentioned, the chaebols are owned by families. While each chaebol consists of a vast network of formally independent firms, they are united under the single common administrative and financial control of one family via a complex cross-shareholding structure. Usually, there is a single *chongsu*, a kind of general manager who makes the final corporate decisions for the entire syndicate.³⁵

Samsung, for example, is controlled by the Lee family. Formally, the Lee’s family owns just 1.67% of the overall group shares. However, they ensure a commanding position via cross-shareholding methods.³⁶ A similar situation exists in other chaebols. “*According to the Korea Fair Trade Commission, owner families of the 35 largest Korean business groups (Chaebols) have an average 4.4% of ownership. However, these owner families exercise approximately 50% of the control rights in an average of 43.6% of the companies affiliated with their business groups.*”³⁷

The latest issue of the *OECD Economic Survey of Korea* reports that inside ownership, i.e. the share held by the controlling family and affiliated companies, has risen in the past decade. While such inside ownership was between 40-50% from the late 1980s to 2005, it oscillates between 50-60% since then. In other words, the leading families of Korean monopoly capital were able to *increase* their domination in the last two and half decades!³⁸

A recently published report characterizes the dominance of the chaebols by the owner-families as follows: “*In all the chaebols, and basically this is also the main characteristic of this type of conglomerate, all the most important positions inside the group are occupied by family members and are not designated for meritocracy. Power is usually passed on to the eldest male son or the chosen heir*”³⁹

Furthermore, the chaebols are also traditionally closely linked to the state apparatus. In fact, their success would not have been possible without decades of government support in the form of subsidies, loans, and tax incentives. It is certainly no exaggeration to say that South Korea is a prime example for the methods of state-monopoly capitalism, as Lenin called the stage of capitalist development where imperialist monopolies coalesce with the imperialist state apparatus.

³⁴ Eleanor Albert: South Korea’s Chaebol Challenge, Council on Foreign Relations, May 4, 2018, <https://www.cfr.org/background/south-koreas-chaebol-challenge>

³⁵ See on this e.g. David Murillo and Yun-dal Sung: Understanding Korean Capitalism: Chaebols and their Corporate Governance, ESADEgeo Position Paper 33, September 2013

³⁶ Andolfo Immacolata: Chaebols, the engine of the Korean economy: a case study of the Samsung Group, Tesi di Laurea in Corporate strategies, LUISS Guido Carli, 2018, p. 60; see also David Murillo and Yun-dal Sung: Understanding Korean Capitalism: Chaebols and their Corporate Governance, pp. 2-5

³⁷ Hae-Young Ryua, Soo-Joon Chaeb, Moon-Kyung Choc: The Control–Ownership Wedge and Corporate Social Responsibility: Evidence from Korean Business Groups (Chaebols), in: GLOBAL BUSINESS & FINANCE REVIEW, Vol. 22, Issue 4 (Winter 2017), p. 17

³⁸ 2018 OECD Economic Survey of Korea: Achieving a new paradigm for inclusive growth, Sejong, 20 June 2018, p. 17

³⁹ Andolfo Immacolata: Chaebols, the engine of the Korean economy: a case study of the Samsung Group, Tesi di Laurea in Corporate strategies, LUISS Guido Carli, 2018, p. 22

6. South Korean Monopoly Capital: Global Players on the World Market

South Korea's chaebols do not only dominate the domestic market, they also play a prominent role on the world market. As we mentioned already in the previous chapter, Samsung, Hyundai and others are globally leading corporations in their sectors. This is pretty evident from the ranking lists of the global top corporations.

According to the *Fortune Global 500* list, South Korea is ranked as No. 7 with a share of 3.2% and with only one corporation less than Britain. (See Table 5)

Table 5. List of Top 10 Countries with most Global 500 Companies, 2019 ⁴⁰

<i>Rank</i>	<i>Country</i>	<i>Companies</i>	<i>Share (in %)</i>
1	United States	121	24.2%
2	China	119	23.8%
3	Japan	52	10.4%
4	France	31	6.2%
5	Germany	29	5.8%
6	United Kingdom	17	3.4%
7	South Korea	16	3.2%
8	Switzerland	14	2.8%
9	Canada	13	2.6%
10	Netherlands	12	2.4%

In the *Forbes Global 2000* of 2017 list, South Korea is even listed as No. 5 with more corporations (64) than France and Germany! (See Table 6)

⁴⁰ 2019 Fortune Global 500, <https://fortune.com/global500/2019/search/>

Table 6. National Composition of the World's 2000 Largest Corporations, 2003 and 2017 (Forbes Global 2000 List) ⁴¹

	2003		2017	
	<i>Number</i>	<i>Share</i>	<i>Number</i>	<i>Share</i>
USA	776	38.8%	565	28.2%
China	13	0.6%	263	13.1%
Japan	331	16.5%	229	11.4%
United Kingdom	132	6.6%	91	4.5%
South Korea	55	2.7%	64	3.2%
France	67	3.3%	59	2.9%
Canada	50	2.5%	58	2.9%
India	20	1.0%	58	2.9%
Germany	64	3.2%	51	2.5%

We see a similar picture when we look at the global ranking lists of the world's millionaires and billionaires. According to the latest world wealth report of *Capgemini*, South Korea had 243,000 so-called *high-net-worth individuals* (one of the obscene categories of the monopoly bourgeoisie to characterize itself!), making it the 13th-largest country. ⁴² Another annual report, published by *Credit Suisse*, arrives at a similar conclusion. It gives the number of South Korea's US-Dollar millionaires with 741,000 and ranks the country as No. 14 in the world. ⁴³

Finally, we reproduce the results from the latest issue of the *Hurun Global Rich List*. In contrast to the reports just mentioned, the *Hurun Research Institute* is not based in Western imperialist countries but in the new imperialist Great Power of the East – China. According to this report, South Korea is ranked as No. 13 among the global list of billionaires – with only two super-rich individuals less than Japan. ⁴⁴

In summary, the figures from this and the previous chapter demonstrate unambiguously that South Korea is dominated by Korean-owned monopolies which also play a leading role in the capitalist world market.

⁴¹ Forbes Global 2000 List (2017), <https://www.forbes.com/global2000/list/45/#tab:overall>; see also Josie Cox: Chinese banks dominate Forbes ranking of world's biggest public companies, 24 May 2017, The Independent Online, <http://www.independent.co.uk/news/business/news/china-banks-forbes-ranking-world-biggest-companies-industrial-commercial-bank-of-china-china-a7752896.html>; Tzu-Han Yang and Deng-Shing Huang: Multinational Corporations, FDI and the East Asian Economic Integration, National Taipei University Academia Sinica, Feb. 4, 2011, p. 3; <http://hi.knoema.com/nhmovec/the-world-s-biggest-public-companies-2017>

⁴² Capgemini: World Wealth Report 2018, p. 11

⁴³ Credit Suisse Research Institute: Global wealth report 2019, p. 31

⁴⁴ LEXUS: Hurun China Rich List 2019, Hurun Research Institute, 2019-10-10 <http://www.hurun.net/EN/Article/Details?num=CE08472BB47D>

7. South Korean Monopoly Capital: The Role of Capital Export

As we explained above, an essential feature of an imperialist state is not only the formation of monopolies and their domination of the economy but also the export of capital. Indeed, we can observe such a development in the case of South Korea. In the period when the country still had rather the character of a semi-colony South Korea was primarily the destination of foreign investments than the other way round. However, with the emergence of Korean monopoly capital this process was turned on its head. While foreign capital continued to move into the country – as it is the case with nearly all capitalist countries around the world – Korean corporations started to undertake foreign investment in other countries.

The figures from the latest edition of UNCTAD's *World Investment Report* demonstrate this process very clearly. Between 2013 and 2018 the annual outflows of Foreign Direct Investment (FDI) were always 2-3 as large as the inflows. (See Table 7)

Table 7. South Korea's FDI Flows, 2013–2018 (Millions of US dollars) ⁴⁵

<i>FDI inflows</i>						<i>FDI outflows</i>					
2013	2014	2015	2016	2017	2018	2013	2014	2015	2016	2017	2018
12,767	9,274	4,104	12,104	17,913	14,479	28,318	27,999	23,687	29,890	34,069	38,917

When we look to at the figures of the accumulated stock of foreign direct investment, the qualitative transformation of South Korea from a semi-colonial into an imperialist state since the 2000s becomes evident: While the FDI inward stock was more than double as large than the FDI outward stock in the year 2000 (\$43.7bn - \$21.5bn), this relationship has been turned upside down by 2018 (\$231.4bn - \$387.6bn). (See Table 8)

Table 8. South Korea's FDI stock, 2000, 2010 and 2018 (Millions of US dollars) ⁴⁶

<i>FDI inward stock</i>			<i>FDI outward stock</i>		
2000	2010	2018	2000	2010	2018
43,738	135,500	231,409	21,497	144,032	387,591

The Korean chaebols started in the 2000s the built large factories (cars, steel, oil, electronics, etc.) in China, in Eastern Europe, in South-East Asia and in India. ⁴⁷ A large proportion of Korean outward FDI is concentrated in manufacturing. Such investment is undertaken by chaebols in order to better

⁴⁵ UNCTAD: World Investment Report 2019, United Nations, New York, p. 213

⁴⁶ Ibid, p. 217

⁴⁷ See e.g. James H. Alvis: Developments in Korea's Overseas Foreign Direct Investments, 2016

access local markets as well as – in the case of investments in semi-colonial countries – in order to exploit cheap labor forces and thereby to extract extra-profits.

In the last decade the U.S. and China have been largest destinations for Korean FDI.⁴⁸ While investment in the U.S. was mainly motivated by the Korean car, steel and electronic producers to better access this huge market, things were initially different in the case of China. As a study demonstrates, *“the main motive for [South Korean, Ed.] FDI in China has changed from taking advantage of cheap labour to the development of the Chinese consumer markets after China joined the World Trade Organisation in 2001. This data shows that there has been a shift in motive from achieving a cost advantage to market seeking. Before China joined the WTO, the proportion of investment in China for cheap labour was 27.22%. However, this figure dropped to 21.13% after 2000s. On the other hand, investments targeting a proportion of the local market seeking have significantly increased from 5.43% to 40.57%. In particular, the proportion of investment with the purpose of targeting local consumers was 52.89% of the entire investment in the aftermath of the global financial crisis in 2007/2008. However, the proportion of investment motivated by cheap labour was reduced to 18.1% after the financial crisis.”*⁴⁹

We note in passing that this shift also reflects the transformation of China itself – from a rather underdeveloped capitalist country in the period after the capitalist restoration in the early 1990s to an imperialist Great Power by the late 2000s.⁵⁰

In the past two decades, semi-colonial countries have become increasingly important destination of Korean Outward FDI. *“South Korean investment flows initially found their way to more-advanced countries, the major share of these investments in the United States. However, from the early 1990s onward, there was a dramatic increase in investment in less-advanced countries.”*⁵¹ A particular focus of this development has been the shift of major foreign investments of Korean corporations towards South-East Asia. (See Table 9)

⁴⁸ Kim, J-Y., Driffield, N. and Temouri, Y.: The changing nature of South Korean FDI to China, *Int. J. Multinational Corporation Strategy*, Vol. 1, Nos. 3/4 (2016), p. 270

⁴⁹ *Ibid*, p. 277

⁵⁰ The RCIT has extensively analysed the process of capitalist restoration in China and its rise to a new imperialist Great Power. Our documents on this issue are collected in a special section on our website: <https://www.thecommunists.net/theory/china-russia-as-imperialist-powers/>. All publications can be read online or downloaded for free at these links. In particular we refer readers to a major study by Michael Pröbsting: China's transformation into an imperialist power. A study of the economic, political and military aspects of China as a Great Power, in: *Revolutionary Communism* No. 4 (2012), <http://www.thecommunists.net/publications/revcom-number-4>

⁵¹ Hongshik Lee: The Destination of Outward FDI and the Performance of South Korean Multinationals, *Emerging Markets Finance and Trade*, 46:3 (2010), p. 60

Table 9. Korea's Outward FDI in South-East Asia, net flows (Millions of US dollars) ⁵²

<i>Year</i>	<i>Cambodia, Laos, Myanmar, Vietnam</i>	<i>Indonesia, Malaysia, Philippines Singapore, and Thailand</i>
2001	62	-302
2002	99	69
2003	177	372
2004	176	646
2005	168	338
2006	632	658
2007	1505	940
2008	1094	437
2009	782	1007
2010	1384	2321
2011	891	1661
2001-2011	6970	8147

A particularly important destination of Korean foreign investment is Vietnam. In the last years it has become Korea's fourth-largest investment destination. *"With Vietnam's opening up to FDI via the Doi Moi initiative and the Korean Government's active promotion of OFDI, Korea's FDI in Vietnam has surged over the last 23 years to USD 11 billion in its accumulated amount as of the end of 2014."* ⁵³ While Vietnam has been already the most important country for Korean FDI in South-East Asia from early on, this process accelerated when the two parties concluded the Korea-Vietnam Free Trade Agreement in May 2015.

This went hand in hand with increasing Korean exports to Vietnam. As we can see in Table 10, Vietnam has become the third-largest destination of Korean exports, only behind the China and the U.S..

⁵² Oh, J.H. and Mah, J.S.: The Patterns of Korea's Foreign Direct Investment in Vietnam. *Open Journal of Business and Management*, 5 (2017), p. 262

⁵³ Oh, J.H. and Mah, J.S.: The Patterns of Korea's Foreign Direct Investment in Vietnam. *Open Journal of Business and Management*, 5 (2017), p. 261

Table 10. Korea's Top Export Markets ⁵⁴

<i>Country</i>	<i>Percentage of total exports of goods by country</i>			
	2014	2015	2016	2017
China	25.4	26.0	25.1	24.8
United States	12.3	13.3	13.4	12.0
Vietnam	3.9	5.3	6.6	8.3
Hong Kong, China	4.8	5.8	6.6	6.8
Japan	5.6	4.9	4.9	4.7
Australia	1.8	2.1	1.5	3.5
India	2.2	2.3	2.3	2.6
Taiwan	2.6	2.3	2.5	2.6
Singapore	4.1	2.8	2.5	2.0
Mexico	1.9	2.1	2.0	1.9

Another example is the increasing role of South Korean monopoly capital in Africa where it is able to exploit cheap labor forces and thereby to extract imperialist extra-profits. ⁵⁵

In summary, we have seen that the transformation of South Korea's economy resulted in the formation of a national monopoly capital which not only dominates the domestic market but which is also a global player on the world market. Furthermore, we have demonstrated that South Korea's monopoly capital has successfully penetrated the economies of advanced capitalist countries like the U.S. and Western Europe, those of emerging capitalist countries like China as well as semi-colonial countries like those in South-East Asia. In short, the formation of a powerful monopoly capital competing on all markets has resulted in South Korea's transformation into an imperialist state in the course of the 2000s.

⁵⁴ OECD Economic Surveys: Korea (Overview), 2018, p. 13

⁵⁵ Murad Shamilov: South Korea in Africa: Exporting an 'Economic Miracle' or 'Imperialist Mimicry?', in: Justin van der Merwe, Ian Taylor, Alexandra Arkhangelskaya (Ed.): Emerging Powers in Africa. A New Wave in the Relationship?, Palgrave Macmillan, Cham 2016, pp. 201-216

III. On Some Political Issues Resulting from South Korea's Imperialist Transformation

8. The Emergence of a Labor Aristocracy and Inequality within the South Korean Working Class

The fall of the military dictatorship in 1987 and the collapse of the Stalinist rule in the USSR and Eastern Europe in 1989-91 created new conditions for South Korean capitalism. The crucial period of 1987 and the years after saw a series of important class battles with many heroic strikes and occupations. While the working class – particularly in the large enterprises with a high share of trade union members – won a number of economic gains, South Korea's transformation into an imperialist country provided the monopoly bourgeoisie with huge extra profits which eventually allowed it to pacify the upsurge of class struggle.

More concretely, we have seen the creation of a privileged layer which Marxists characterize as the *labor aristocracy*. Let us briefly outline this concept. The RCIT has repeatedly pointed out that the working class is not a homogenous unit but, rather, consists of multiple layers. In contrast to the broad mass of the proletariat – the lower and middle strata – there also exists a top, more privileged layer. Marxists call this uppermost part of the working class the labor aristocracy. This is a layer that consists, primarily, of sections of the better compensated, skilled workers. This section of the proletariat is, in effect, bribed by the bourgeoisie with a better standard of living. In the imperialist countries, this layer constitutes a much larger proportion of the working class than it does among the semi-colonial proletariat.⁵⁶

The financial resources to corrupt the labor aristocracy in the imperialist countries, and thereby undermine working class solidarity, are derived precisely from the extra profits that the monopoly capitalists readily obtain by super-exploiting the working class in the semi-colonial countries as well as those that have migrated to the imperialist metropolises. Monopoly capital uses a portion of these extra profits to enlist the support of sectors of the working class in the metropolitan centers, for it is at home that the capitalists need stability first and foremost.⁵⁷

The labor bureaucracy – along with its direct constituency, the labor aristocracy – play a dominate role in both the trade unions and the reformist parties in the imperialist countries. This explains why these forces play such a conservative and pacifying role and operate as a brake on the class struggle.

The development of the creation of a labor aristocracy which is bribed by capital and the resulting consequences for the reformist bureaucratization of the workers movement are not unique phenomena in South Korea. It is rather a global tendency which exists already since the beginning of the epoch of imperialism. This has been already emphasized by the revolutionary workers movement many decades ago. Such stated the program of the Bolshevik Party, adopted at its Eight Congress in 1919: *"This [opportunist and social-chauvinist] trend was created by the fact that in the progressive capitalist*

⁵⁶ See on this e.g. chapter III in Michael Pröbsting: *Marxism and the United Front Tactic Today. The Struggle for Proletarian Hegemony in the Liberation Movement in Semi-Colonial and Imperialist Countries in the present Period*, RCIT Books, Vienna 2016, <https://www.thecommunists.net/theory/book-united-front/>

⁵⁷ See on this e.g. Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism*, RCIT Books, Vienna 2013, <https://www.thecommunists.net/theory/great-robbery-of-the-south/>

*countries the bourgeoisie by robbing the colonial and weak nations were able, out of the surplus profits obtained by this robbery to place the upper strata of the proletariat in their countries in a privileged position, to bribe them, to secure for them in peace time tolerable, petty-bourgeois conditions of life, and to take into its service the leaders of that stratum.”*⁵⁸

Similarly the Communist International emphasized the importance of imperialist extra-profits in one of its main resolutions of its Second Congress in 1920: *“One of the chief causes hampering the revolutionary working-class movement in the developed capitalist countries is the fact that because of their colonial possessions and the super-profits gained by finance capital, etc., the capitalists of these countries have been able to create a relatively larger and more stable labour aristocracy, a section which comprises a small minority of the working class.”*⁵⁹

While the rise of profits strengthened the Korean monopoly bourgeoisie and allowed it to bribe a small upper layer of labor aristocrats, it resulted at the same time in the substantially increase of the numbers of workers belonging to the lower strata of the proletariat. This development becomes evident from a number of figures.

We find empirical evidence for this division within the working class in a recently published study of the ILO. In South Korea the lower 3/5 (60%) of the workers earn a combined share of only 27.2% of the total labor income in 2017. This is less than the income of the top decile (10%) alone, which earns 30.48%! As we can see in Table 11, such a degree of inequality is even worse than that of major imperialist countries like Japan and Germany!

Table11. South Korea, Japan, Germany and United States: Share of Labor Income, 2017 (%)⁶⁰

	<i>Share of Labor Income, Deciles</i>									
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
South Korea	1,05	2,38	3,71	5,12	6,54	8,42	10,63	13,65	18,04	30,48
Japan	1,10	2,53	3,94	5,42	6,89	8,79	11,09	14,13	18,47	27,64
Germany	1,10	2,77	4,81	6,55	8,30	9,83	11,36	13,27	16,09	25,92
United States	1,41	3,04	4,28	5,46	6,70	8,12	9,78	12,14	15,95	33,12

A closer look to the development of wage inequality demonstrates the qualitative changes within the South Korean working class as a result of social transformation process. Historically, income inequality within the South Korean proletariat was relatively low. According to a study of the OECD,

⁵⁸ Program of the CPSU (Bolsheviks), adopted March 22, 1919 at the Eighth Congress of the Russian Communist Party, <http://www.marxists.org/history/ussr/government/1919/03/22.htm>

⁵⁹ Communist International: Theses on the Basic Tasks of the Communist International (1920). Resolution of the Second Congress of the Communist International; in. John Riddell (Editor): Workers of the World and Oppressed People, Unite! Proceedings and Documents of the Second Congress, 1920, New York 1991, p. 755

⁶⁰ International Labour Organization: The Global Labour Income Share and Distribution (Excel file with Data), July 2019, https://www.ilo.org/global/statistics-and-databases/publications/WCMS_712232/lang--en/index.htm and <https://ilostat.ilo.org/topics/labour-income/>

the ratio of the income of the top 20% of the income distribution to the bottom 20% was much below the international average over the period 1965-89. ⁶¹

With the upsurge of the class struggle in the second half of the 1980s and the 1990s, wage inequality even declined. According to figures of the OECD, wage dispersion in South Korea – in sharp contrast to international developments – was reduced by more than 1/5 between 1984 and 1994. However, this trend has massively reversed since then. ⁶²

However, as a result of the defeats of the proletariat in these battles and the emergence of South Korean imperialism, this development has drastically reversed since then. The capitalist class was able to increase the rate of surplus value, or to put it in the words of a group of bourgeois IMF economists, *“the growth rate of labor income has been declining relative to profits since the mid-1990s, resulting in a steady decline in labor income share.”* ⁶³ According to a study prepared for a G20 meeting in 2015, South Korea’s adjusted labor share declined between 1991 and 2012 by 10%! ⁶⁴

Combined with this development was the massive increase of the wage dispersion within the South Korean working class, i.e. the increasing inequality within the proletariat. Another study of IMF economists reports: *“During the period of 1990–1997, labor income growth was high at over 10 percent and relatively even across income levels. However, it fell sharply and became uneven across income groups during the past two decades. Indeed, workers in the bottom 10 percent of the income distribution have experienced virtually no growth in their incomes, while workers in the top 10 percent of the income distribution experienced growth of about 6 per cent per annum”* ⁶⁵ The same development is reflected in Table 12. As a result, wage dispersion in South Korea has become the second highest in the OECD. ⁶⁶

Table 12. Wage Inequality: Ratio of Income between the Top 10% and the Bottom 10% of Wage Earners in South Korea, 1980-2008 ⁶⁷

1980	1990	2000	2008
4.1	3.2	3.7	4.7

An important factor for this development is the creation of a substantial sector of non-regular workers (i.e. fixed-term, part-time and dispatched workers). These non-regular workers account for one-third

⁶¹ OECD: Strengthening Social Cohesion in Korea, 2013, pp. 44-45
⁶² Ibid, pp. 70-71
⁶³ Yangkyoon Byeon, Kwanghae Choi, Heenam Choi, and Jun I. Kim: Korea’s Paradigm Shift for Sustainable and Inclusive Growth: A Proposal, IMF Working Paper, November 2017, p. 8
⁶⁴ Income inequality and labour income share in G20 countries: Trends, Impacts and Causes; issued by the International Labour Organization, International Monetary Fund, Organisation for Economic Co-operation and Development and the World Bank Group, Prepared for the G20 Labour and Employment Ministers Meeting and Joint Meeting with the G20 Finance Ministers, Ankara, Turkey, 3-4 September 2015, p. 11
⁶⁵ Yangkyoon Byeon, Kwanghae Choi, Heenam Choi, and Jun I. Kim: Korea’s Paradigm Shift for Sustainable and Inclusive Growth: A Proposal, IMF Working Paper, November 2017, p. 8
⁶⁶ OECD: Towards Better Social and Employment Security in Korea, Connecting People with Jobs, OECD Publishing, Paris. 2018, p. 34
⁶⁷ Stephen Machin and John Van Reenen: Inequality: Still Higher, But Labour’s Policies Kept it Down (2010), p. 4; <http://cep.lse.ac.uk/pubs/download/ea015.pdf>

of employees and “earn one-third less than regular workers on an hourly basis, even though the skills of temporary workers match those of permanent primeage workers on average.”⁶⁸ The income gap is further widened as non-regular workers have less access to social insurance and company-based benefits. (See also Table 13)

Table 13. Non-Regular Workers: Share in Employment and Wages, 2016⁶⁹

Employed persons by status

<i>Wage workers</i>	<i>Non-regular workers</i>	
<i>Thousand</i>	<i>Thousand</i>	<i>%</i>
19,627	6,444	32.8

Hourly wages of non-regular workers relative to regular workers (regular workers = 100)

<i>Regular workers</i>	<i>Non-regular workers</i>
100.0	65.4

It is particularly female worker who are affected by such wage inequality. In 2016, the median female wage was 37% below the male median. Korea’s gender wage gap is the largest in the OECD area.⁷⁰ An important cause of this situation is the fact that women represent a disproportional high share of non-regular workers. 41.1% of female employees were non-regular in 2016 compared to only 26.4% for men.⁷¹

Wage inequality exists not only between regular and non-regular workers but also between full-time workers. Almost a quarter of full-time workers in 2013 earned less than two-thirds of the median wage, the second-highest share in the OECD.⁷²

The strengthening of the South Korean monopoly bourgeoisie as a result of the country’s imperialist transformation was a major reason why it was able to defeat the workers vanguard not by re-imposing a military dictatorship but via *democratic-counterrevolutionary means*. This means that they succeeded to defeat the workers movement without abolishing the limited bourgeois democracy which emerged after 1987.

⁶⁸ OECD Economic Surveys: Korea (Overview), 2018, p. 37
⁶⁹ OECD: Towards Better Social and Employment Security in Korea, Connecting People with Jobs, OECD Publishing, Paris. 2018, p. 34
⁷⁰ OECD Economic Surveys: Korea (Overview), 2018, p. 34
⁷¹ Ibid, pp. 37-38
⁷² OECD Economic Surveys: Korea 2016, p. 122

9. The Political Role of South Korean Imperialism and its Limited Independence

As already indicated above, emerging South Korean imperialism is marked by specific characteristics of its history. Hence, while it is in a strong economic position, its political role remains overshadowed by the dominant influence of U.S. imperialism since 1945. The U.S. has built numerous military bases in South Korea (albeit many have been closed by now). Currently about 28,500 U.S. soldiers as well as hundreds of tanks and air forces are stationed in South Korea. Recently, Washington deployed the so-called THAAD Missile Battery in the country. In short, Seoul faces a strong political dominance by Washington.

Various organizations of the so-called “*National Liberation*” current refer to this prevailing political and military influence of U.S. imperialism as a factor which would make it impossible to characterize South Korea as “imperialist”. However, as we already emphasized in the past, such a situation is not an exceptional phenomenon for an imperialist state. A similar constellation exists in Japan since its defeat and occupation at the end of World War II. The presence of about 50,000 U.S. troops as well as military bases in Okinawa and the enforced “pacifist” character of Japan’s constitution still reflect the limited political and military autonomy of Japanese imperialism. A similar situation existed in Western Germany until 1990.

As we mentioned above, capitalist (including imperialist) countries do not have an identical economic, political and military formation. They are rather developed in an uneven way. In the case of South Korea, we have a bourgeoisie which has developed as a powerful capitalist class in the economic field but which has remained until now rather in a political and military subordinated position to a stronger imperialist Great Power. This, however, does not deny its imperialist character.

In fact, it is a feature of the Stalinist nature of the Japanese Communist Party that it has denied since 1945 until today that Japan is an imperialist state. As we have shown somewhere else, they justified such outrageous denial by referring to the dominating political and military role of the U.S.⁷³ In consequence, such denial can only result in social-imperialist capitulation to the domestic monopoly bourgeoisie under the disguise of “anti-imperialism”.

Furthermore, even South Korea’s political position is undergoing significant changes. Seoul’s trade war with Japan, which started in 2019, reflects an increasingly independent political role of South Korean imperialism. This trade war is definitely not in the interest of Washington as it involves two key allies in Asia. However, due to the decaying domination of U.S. imperialism both South Korea as well as Japan are gaining increasing political independence. There can be no doubt that the trade war against Japan on the initiative of Seoul is a powerful demonstration that South Korean imperialism is not only rising as an economic but also as a political power.

South Korea’s ruling class skillfully exploits the legitimate outrage of its citizens because of the traumatic history of the country’s occupation by Japanese imperialism from 1910 to 1945. Japan’s barbaric regime of forced labor and sex slavery has left deep marks in the memory of the Korean

⁷³ For a more detailed critique of the social-patriotic position of Japan’s Stalinists see e.g. chapter XXIII in our book *Anti-Imperialism in the Age of Great Power Rivalry*.

people. However, South Korea bourgeoisie utilizes these sentiments in order to wipe up anti-Japanese chauvinism. They exploit such a campaign in order to gain a larger share at the domestic market by pushing out their Japanese rivals (via the popular “Boycott Japan” movement). Likewise, the bourgeoisie utilizes such sentiments in order to increase South Korea’s role as an *independent* political power.

Another important political issue is the relationship of South Korea to its neighbor in the north and in particular the question of the reunification of the Korean Peninsula. As it is well-known, the Korean War in 1950-53 resulted in the division of the peninsula in two states – one allied with US imperialism, the other with the USSR and China. This split continues to exist until this day. For a long time, U.S. imperialism has waged economic aggression and military threats against North Korea. ⁷⁴ In recent times there have been some negotiations between the two sides but it is unclear if this will result in any agreement. ⁷⁵

Obviously there are various massive political obstacles for the reunification of the Korean Peninsula – from the traditional hostility between the political regimes of the two states to the objections of Great Powers like the U.S. and Japan. However the example of Germany has not lost its impact on the South Korean monopoly bourgeoisie since the German reunification in 1990 was an important step to strengthen this imperialist state.

Furthermore, the beginning of the process of capitalist restoration in North Korea means that a new bourgeoisie is emerging in this country. Such a class of capitalists could have an interest in joining a powerful imperialist state. Naturally, the new North Korean bourgeoisie would constitute the junior partner of the Southern imperialists since Pyongyang represents rather an impoverished semi-colony.

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⁷⁴ See on this e.g. RCIT: North Korea: Stop the American Warmongers! Defend North Korea against the Madman of US Imperialism! Down with the imperialist sanctions against North Korea! No political support for the Stalinist Kim Regime! 11 August 2017, <https://www.thecommunists.net/worldwide/asia/stop-us-madman-threatening-north-korea/>; RCIT: US Sanctions against Russia, Iran, and North Korea are an Economic Declaration of War, 30 July 2017, <https://www.thecommunists.net/worldwide/north-america/us-sanctions-vs-russia-iran-north-korea/>; RCIT: North Korea: Stop the War Mongering of US Imperialism! 4 April 2017, <https://www.thecommunists.net/worldwide/asia/us-aggression-vs-north-korea/>; RCIT: New Imperialist Threats in East Asia: Hands off North Korea! 12.3.2013, <https://www.thecommunists.net/worldwide/asia/defend-northkorea/>; RCIT: No War against North Korea! Call for Protests on the Day when a War starts! 6.4.2013, <https://www.thecommunists.net/worldwide/asia/no-war-against-north-korea/>; Michael Pröbsting: US Aggression against North Korea: The CWI’s “Socialist” Pacifism, 12.09.2017, <https://www.thecommunists.net/worldwide/asia/cwi-and-north-korea/>

⁷⁵ See on this RCIT: Has the Trump-Kim Summit Opened the Road to Peace in East Asia? 14.06.2018, <https://www.thecommunists.net/worldwide/asia/has-the-trump-kim-summit-opened-the-road-to-peace-in-east-asia/>

⁷⁶ On the issue of capitalist restoration in North Korea we refer readers to several essays which we have published recently: Michael Pröbsting: Has Capitalist Restoration in North Korea Crossed the Rubicon or Not? Reply to a Polemic of Władza Rad (Poland), 15 July 2018, <https://www.thecommunists.net/theory/has-capitalist-restoration-in-north-korea-crossed-the-rubicon-or-not/>; Michael Pröbsting: In What Sense Can One Speak of Capitalist Restoration in North Korea? Reply to Several Objections Raised by the Polish Comrades of “Władza Rad”, 21 June 2018, <https://www.thecommunists.net/theory/north-korea-and-the-marxist-theory-of-capitalist-restoration/>; Michael Pröbsting: Again on Capitalist Restoration in North Korea, 12 June 2018, <https://www.thecommunists.net/worldwide/asia/again-on-capitalist-restoration-in-north-korea/>; Michael Pröbsting: World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings, pp. 95-105

IV. On Some Objections

10. The Stalinist Myth of South Korea Being Still a Neo-Colony of U.S. Imperialism

Let us now deal with the position of the Stalinist “*National Liberation*” current which strongly rejects our analysis of South Korea’s imperialist transformation. Partly they base their claim by referring to the ongoing political strong influence of American imperialism. However, as we already stated above, such an argument totally ignores the formation of South Korean monopoly capital and its strong position on the world market. It implicitly rejects the whole conception of imperialism as it was elaborated by Lenin since it ignores the centrality of monopoly capital.

In consequence, such an argument drags its supporters into the very dangerous logic as they would be forced to deny the imperialist character not only of South Korea but also of Japan, Germany and various other, smaller, imperialist states which are politically subordinated to imperialist Great Powers (within NATO or within the European Union). In other words, such a position leads straight into the camp of social-imperialism – siding with Japan or Germany against the U.S. under the disguise of “anti-imperialism”!

Another argument in defense of the position of the Stalinist “*National Liberation*” current is the claim that the chaebols effectively do not represent *South Korean* monopoly capital but are rather subordinated *agents of U.S. or Japanese imperialism*. While this position is often put forward without much evidence, there are some academics who try to substantiate this position with facts. Chang Kyung-Sup, for example, claims in a new book on South Korea’s economy that the process of liberalization led to a massive influx of foreign (imperialist) capital resulting in their domination of South Korea’s economy.

*“It was not surprising because large shares of major South Korean corporations and banks had already been sold off to foreign investors at IMF-set bargain sale terms (in an environment of plummeting nominal prices of stocks, depreciating exchange rates, and shock-therapy high interest rates). As new major stakeholders of numerous South Korean manufacturing firms and banks, global financial institutions and investors have been favorably inclined to the reinstated proactive industrial policy of the South Korean state, which is financially buttressed by tax money to be collected from ordinary South Korean citizens. For the same reason, they have not limited praise for the neoliberal side of the government’s policy that would ensure sustained increases in corporate profits at the expense of suppressed labor incomes.”*⁷⁷

He also provides some figures on foreign ownership shares in the top 30 Korean chaebols from the year 2006 which should substantiate his claim.

Jitendra Uttam, an Indian university professor, makes similar claims in a book which he published in 2014. He characterizes the state of Korea’s economy as “*foreign capital domination under liberal finance*” and laments the departure of the state-capitalist policy in the periods of the military dictatorships. “*Grappling with the hegemony of the neoliberal paradigm, Korea’s domestic elite surrendered their policy autonomy to the dominant global knowledge system. (...) The post-crisis liberal financial regime that became*

⁷⁷ Chang Kyung-Sup: *Developmental Liberalism in South Korea. Formation, Degeneration, and Transnationalization*, Palgrave Macmillan, Cham 2019, p. 91

*operational in Korea could not adequately promote corporate investment and underperformed as a financial intermediary; rather, it ended up facilitating foreign control of the Korean financial system.”*⁷⁸

He also provides the following figures in order to substantiate his claim: *“Due to financial regime change, foreigners’ share in the Korean stock market dramatically rose from 14.6 percent in late 1997 to 21.9 percent in 1999, 36.6 percent in 2001 and some 43 percent in 2004 – although, in the face of emerging global contradictions, it fell to less than 30 percent in 2008. Indeed, foreign capital has become the market mover in Korea. The share of foreign capital in the banking industry rose from 16.4 percent in 1997 to 50.2 percent in 2003 and 57.8 percent in September 2007. At the end of 2008, the share of foreign ownership was higher than 50 percent in six out of seven commercial banks, with Woori Bank, owned by Korean government, being the sole exception.”*⁷⁹

Both authors are basically mistaken in their conclusions. First, they misunderstand the nature of foreign capital in South Korea’s economy. Of course, it is true that during the 1990s the South Korean state – under pressure of the world market – restructured the chaebols and their relationship to the financial market. It also opened the domestic market for foreign capital and, at the same time, supported Korean monopoly capitalists to increase their exports and investments in markets abroad. As a result, the share of foreign capital has increased in South Korea’s chaebols, banks and stock market. However, an increasing share of foreign capital is a *general feature of globalization* which has been taking place in all imperialist, indeed in all capitalist, countries around the world.

The following figures demonstrate this very clearly. Inward Foreign Direct Investment (FDI) as a share of Gross Fixed Capital Formation (GFCF)⁸⁰ was 2.6% in South Korea in 2016. Its Inward FDI stock as a share of GDP was 13.1%.⁸¹ When we compare these figures with other advanced imperialist countries, we see that the position of foreign capital in these countries is by far not smaller than in South Korea. (See Table 14)

⁷⁸ Jitendra Uttam: *The Political Economy of Korea. Transition, Transformation and Turnaround*, Palgrave Macmillan, Houndmills, 2014, pp. 192-193

⁷⁹ *Ibid*, p. 193

⁸⁰ In the terminology of bourgeois economic statistics the category “Gross Fixed Capital Formation” reflects the process of annual capital accumulation.

⁸¹ South Korea: Foreign investment, <https://santandertrade.com/en/portal/establish-overseas/south-korea/foreign-investment>

Table 14. Inward Foreign Direct Investment in South Korea, Germany, Spain, United Kingdom and France, 2016 ⁸²

	<i>FDI Inwards (in % of GFCF)</i>	<i>FDI Stock (in % of GDP)</i>
South Korea	2.6%	13.1%
Germany	1.4%	22.2%
Spain	7.6%	45.2%
United Kingdom	57.9%	45.5
France	5.4%	28.3%

In order to better prepare themselves for the accelerated rivalry with other corporations on the world market in the period of Globalization, most chaebols created alliances with foreign capitalists. This is a process which has been taken place in many imperialist countries. The international alliances of Renault-Nissan-Mitsubishi or Fiat-Chrysler are only two out of many examples.

The decisive question is if foreign capital indeed dominates the economy resp. the chaebols or not. As we have demonstrated above with various figures, the chaebols – the heart of South Korea’s economy – have been and remain by and large dominated by the owner families. We remind readers to the OECD study mentioned above which showed that through inside ownership, i.e. the share held by the controlling family and affiliated companies, the dominating Korean monopoly capitalists were able to increase their control of the chaebols despite the existence of foreign shareholders. According to that study, inside ownership was between 40-50% from the late 1980s to 2005 and has increased to 50-60% since then.

As a matter of fact, Western corporations and institutions regularly lament about the “lack of transparency” of South Korea’s corporations! There is no OECD report without demanding structural changes in South Korea chaebols structure. To give an example: *“Barriers to trade and investment help to explain why the stock of FDI as a share of GDP in Korea was the third lowest in the OECD area, at 13% in 2014. In addition to explicit barriers, the low stock of FDI reflects the business environment and other domestic restrictions, making regulatory reform key to attracting more FDI.”* ⁸³ Two years later, another OECD report lamented again: *“The groups are controlled by their founding family, even though their ownership share has fallen to an average of only 2% in the four largest groups. The families maintain control through shareholding among the groups’ affiliates, allowing them to override the interests of the affiliated firms’ shareholders, in the context of weak corporate governance. Outside directors are mandatory, but dissenting votes at board meetings are rare. The lack of transparency contributes to the low price-earnings ratio for Korean firms – the so-called ‘Korea discount’.”* ⁸⁴

So while some “Marxist” academics claim that South Korea’s economy is supposedly dominated by foreign imperialist capital, the representatives of Western imperialism themselves consider the country’s economy as dominated by a small group of chaebol families!

⁸² The figures are taken from Santander Trade Markets, <https://santandertrade.com/en/portal/establish-overseas/south-korea/foreign-investment>; <https://santandertrade.com/en/portal/establish-overseas/germany/foreign-investment>; <https://santandertrade.com/en/portal/establish-overseas/spain/foreign-investment>; <https://santandertrade.com/en/portal/establish-overseas/united-kingdom/foreign-investment> and <https://santandertrade.com/en/portal/establish-overseas/france/foreign-investment>.

⁸³ OECD Economic Surveys: Korea 2016, p. 93

⁸⁴ OECD Economic Surveys: Korea (Overview), 2018, p. 4

In fact, as the Korean academic Hyeng-Joon Park demonstrates, it is not the foreign capitalists but the Korean owner-families which have gained mostly in the past two decades. According to this author, *“the aggregate dividend payments of all listed companies have increased from 3.8 trillion KRW in 2001 to 14 trillion KRW in 2007. Due to the 2008 global financial crisis, dividend payments temporarily dropped to 8.7 trillion KRW. But they have bounced back pretty quickly: in 2010 and 2011 respectively, companies listed on the Korean stock market managed to pay more than 13 trillion KRW in dividends to their shareholders. Dividend payments to foreign investors have a growth trend similar to that of total dividend payments, having increased from 1.2 trillion KRW in 2001 to 5.6 trillion KRW in 2007. Again, the chaebol families benefited from the rapid increase in dividend payments more than anyone else. According to Chaebol.Com, their dividend income rose from 24 billion KRW in 2001 to 158 billion KRW in 2007, and further to 172 billion KRW in 2011, a more than seven-fold increase.”*⁸⁵

These figures reflect that opening the market to foreign capital and joining the process of globalization did not result ultimately in a process of subordination of Korean monopoly capital but rather its strengthening. Hence, it is no accident that *“Korea’s ruling capitalists do not oppose but actively pursue the liberalization of capital movements.”*⁸⁶

Furthermore, Chang Kyung-Sup and Jitendra Uttam grossly overestimate the role of foreign capital. A study published by the Korean academics Taeyoon Sung and Doyeon Kim shows that in the period between 1996 and 2015, foreign investor ownership of chaebol-listed manufacturers increased from 9% to 15% while foreign investor ownership of non-chaebol-listed manufacturers basically stagnated at about 5%.⁸⁷ So while it is true that foreign ownership shares of chaebols did increase, the domestic families remain in a clear commanding position.

In summary, the period of liberalization and globalization since the 1990s has opened the Korean market to foreign capital and, at the same time, resulted in a massive increase of foreign investments by Korean capitalists. It has also resulted in the creation of alliances between Korean and foreign monopolies. In balance, this process has resulted not in keeping South Korea as a semi-colony country subordinated to imperialist Great Powers like the U.S. This process rather resulted in the strengthening of the position of Korean capitalists and the transformation of the country into an imperialist power.

⁸⁵ Hyeng-Joon Park: Korea’s Post-1997 Restructuring: An Analysis of Capital as Power, in: Review of Radical Political Economics, Vol. 48(2), 2016, p. 306

⁸⁶ Ibid, p. 305

⁸⁷ Taeyoon Sung and Doyeon Kim: How chaebol restructuring after the 1997 crisis has affected corporate decision and performance in Korea: debt financing, ownership structure, and investment, in: China Economic Journal, 10:2 (2017), p. 154

11. The Mistaken Conception of Sub-Imperialism

Another mistaken class characterization of South Korea is advocated by the South Korean organization “*All Together*” which published the paper “*Workers’ Solidarity*”. *All Together* is affiliated with the British *Socialist Workers Party* and its international current called the *International Socialist Tendency*. The SWP was founded by the late Tony Cliff and its leading theoretician today is the British university professor Alex Callinicos. As we have elaborated somewhere else in detail, Callinicos and the IST follow a pseudo-Marxist, centrist method and reject the Leninist theory of imperialism.⁸⁸

A key element of its new definition of imperialism is its advocacy of the theory of sub-imperialism. This theory was initially developed by the Brazilian socialist Ruy Mauro Marini in the 1960s. Rejecting Lenin’s division of the world in oppressor and oppressed nations, imperialist and (semi-)colonial countries, this theory claims that a third category of countries (“sub-imperialist”) has emerged. As we have already elaborated a more comprehensive critique of this theory somewhere else we limit ourselves here only to a few notes.⁸⁹

The fundamental methodological flaw of the theory of sub-imperialism is its *failure to put the relationship of exploitation and oppression in the centre of its analysis*. It rather replaces this central question – central for Marxists – with a descriptive, eclectic method which characterizes the countries rather a “less developed”, “medium developed” or “more developed”. Or it introduces a qualitative differentiation between bigger and smaller exploiters and blurs the basic identity between these two.

The bankruptcy of this theory becomes particularly evident when it comes to its concrete application in the world as it is today. Many advocates of this theory wrongly characterize China and Russia as such “sub-imperialist” states and thus deny that they are imperialist Great Powers, on par with their rivals in the U.S., Western Europe or Japan. Hence, this theory opens the door to misdirect socialists into siding with the “sub-imperialist” camp (i.e. China and Russia) – a consequence which is equal to social-patriotic capitulation to an imperialist power.

Callinicos and the IST are a splendid example of the dangerous consequences of such vulgarization of Marxism. Callinicos characterized in 1991 the following countries as “sub-imperialist”: “*Israel, Iran, Iraq, Egypt, Syria and Turkey (...) India, Vietnam, South Africa, Nigeria, Brazil and Argentina.*”⁹⁰ One can easily imagine that he could continue adding to this hodge-podge list, nearly three decades later. As mentioned above, South Korea has been added to this list. We note in passing that this nonsensical conception of “sub-imperialism” has been used by the Cliffite SWP/IST to refuse support for a

⁸⁸ See on this e.g. chapter 9 and 13 of Michael Pröbsting’s book: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism*, RCIT Books, Vienna 2013, <https://www.thecommunists.net/theory/great-robbery-of-the-south/>

⁸⁹ For a more detailed critique of the theory of sub-imperialism, we refer readers to chapter 9 of the above mentioned book *The Great Robbery of the South*. See on this issue also the recently published essay by Michael Pröbsting: *Semi-Colonial Intermediate Powers and the Theory of Sub-Imperialism. A contribution to an ongoing debate amongst Marxists and a proposal to tackle a theoretical problem*, 1 August 2019, <https://www.thecommunists.net/theory/semi-colonial-intermediate-powers-and-the-theory-of-sub-imperialism/>

⁹⁰ See Alex Callinicos: *Marxism and Imperialism today*, in: A. Callinicos, J. Rees, C Harman & M. Haynes: *Marxism and the New Imperialism*, Bookmarks, London 1994, p. 45, <https://www.marxists.org/history/etol/writers/callinicos/1991/xx/imperialism.html>

supposed “sub-imperialist” country when it faced aggression by an imperialist Great Power. This was, for example, the case in 1982 when Britain attacked Argentina in the Malvinas War.⁹¹ The IST used their version of sub-imperialism to justify their neutral position when the actual duty of anti-imperialist Marxists was to side with Argentina and advocate the defeat of the British. However Callinicos and the IST argued the opposite: *“It was neither an anti-colonial struggle nor a struggle between oppressed and oppressor nations. The contending parties were an emergent capitalist country with regional and continental imperialist features, and a longstanding imperialist power which, though in marked decline, is still a powerful force. There was not a progressive and a reactionary camp.”*⁹²

In short, the theory of sub-imperialism is a useless and dangerous theory. In contrast to the dialectical and class-orientated conception of Marxism, it is rather an approach that adheres to the Anglo-Saxon defects of *“crawling empiricism”* (Deborin).

⁹¹ For the position of our movement on this war see e.g. Workers Power (Britain): Arguments on the Malvinas (1982), <https://www.thecommunists.net/theory/arguments-on-the-malvinas-1982/>. See also our book by Michael Pröbsting: The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism, RCIT Books, Vienna 2013, <https://www.thecommunists.net/theory/great-robbery-of-the-south/> (chapter 12 and 13).

⁹² Alex Callinicos: Marxism and Imperialism today, pp. 50-51

V. Anti-Imperialist Program and Revolutionary Tactics

12. The Program of Revolutionary Defeatism

We will conclude this document by elaborating the programmatic and tactical consequences of our analysis of South Korea as an imperialist state. As it well known the Marxist program of anti-imperialist struggle within imperialist countries has become known as *Defeatism*, or to be more precise, as *Revolutionary Defeatism*. This program means, to summarize it in a simple formula, to reject any kind of support for each and every imperialist state, to support all liberation struggles against any of them and to utilize all difficulties and crises in order to advance the class struggle to defeat the imperialist ruling class in all countries. Since the RCIT has already published a number of books and pamphlets on this issue, we limit ourselves at this point to a brief summary.⁹³

In our *Theses on Revolutionary Defeatism in Imperialist States* we have defined this program in the following: In cases of *conflicts between imperialist states*, Marxists calls workers and popular organizations around the world to act decisively on the basis of the principles of *international working class solidarity*. This means that they *must not support either camp*. They must refuse to side with their own ruling class as well as with that of the opposing imperialist camp: *Down with all imperialist powers in East and West!* Socialists totally reject any chauvinist propaganda of the ruling class. Instead of supporting their “own” ruling class, they propagate irreconcilable class struggle (following the famous phrase of Karl Liebknecht in World War I “*The main enemy is at home*”).

This strategy implies in the case of war, as formulated by Lenin and the Bolshevik Party in 1914, that revolutionaries strive for the “*transformation of the imperialist war into civil war*”, i.e. the advance of the proletariats’ struggle for power under the conditions of war. In the same spirit, we advocate the *transformation of the Trade Wars into domestic political class struggle against the ruling elite*. Such a program is the only way to *unite* the international working class on an *internationalist* basis and to *break any “patriotic” unity of workers with “their” imperialist bourgeoisie* as well as their lackeys inside the workers movement. The program of revolutionary defeatism is not a program which starts to be relevant only once a war breaks out (if one begins fighting for it only by then, it will be too late) but one which has to be implemented already from now on.

More concretely, the RCIT urges socialists to deploy the following tactics in conflicts between imperialist states:

- i) Socialists resolutely oppose all forms of imperialist chauvinism which is wiping up hatred of one people against the other. Such jingoism is aimed at poisoning the consciousness of the working people. Hence, they must launch a determined campaign against any form of political or ideological support for any imperialist bourgeoisie – be it their own or a foreign one.

⁹³ The RCIT has dealt with the program of revolutionary defeatism in numerous publications. The most important ones are: RCIT: *Theses on Revolutionary Defeatism in Imperialist States*, 8 September 2018, <https://www.thecommunists.net/theory/theses-on-revolutionary-defeatism-in-imperialist-states/>; see also the above mentioned books by Michael Pröbsting: *Anti-Imperialism in the Age of Great Power Rivalry* (Chapter XII-XXII), *The Great Robbery of the South* (Chapter 12 and 13) and *World Perspectives 2018: A World Pregnant with Wars and Popular Uprisings* (Chapter II).

ii) It is the duty of socialists to oppose all kind of sanctions and measures of trade wars against imperialist rivals.

iii) Likewise, they have to struggle against all forms of militarism, armament and wars between imperialist rivals.

iv) Where working class organizations have representatives in parliamentary bodies, they are obligated to vote against all such chauvinist measures. However, the crucial area of class struggle is not the parliament but workplaces, neighborhoods, schools, universities and barracks. It is here where socialists have to distribute their propaganda and to agitate for class struggle actions (e.g. demonstrations, strikes up to general strikes, uprisings, etc. – according to conditions and relation of forces).

v) It is of utmost importance for revolutionaries to advocate cross-border joint statements and activities of socialists, trade unions as well as other workers and popular mass organizations of the respective imperialist countries involved in the conflict. Such measures can be a strong signal of concrete internationalist working class solidarity!

This has been the program as it was developed by Lenin and as it was defended since then by the early Communist International as well as Trotsky's Fourth International. The core idea of Lenin's approach was that revolutionaries must advance the struggle against the imperialist wars through the methods of the class struggle and utilize the crisis caused by the war – or any other conflict – for the revolutionary overthrow of one's own bourgeoisie. Hence the unequivocal stance for the defeat of one's own government in the war: *"During a reactionary war a revolutionary class cannot but desire the defeat of its government. This is axiomatic, and disputed only by conscious partisans or helpless satellites of the social-chauvinists."*⁹⁴ This approach was combined with the struggle for the socialist revolution. Hence the central slogan of the Bolsheviks was the "civil war": *"The conversion of the present imperialist war into a civil war is the only correct proletarian slogan."*⁹⁵

As stated above, the program of revolutionary defeatism is not limited to times of war. It is a fundamental program to fight against one's own imperialist bourgeoisie – in times of war as well as of peace. As it is known, Friedrich Engels and Lenin were big admirers of the Prussian military theorist Carl von Clausewitz of the early 19th century, who summarized the essence of any military conflict by the famous words: *"War is a mere continuation of policy by other means."*⁹⁶

To put it in the words of Lenin: *„With reference to wars, the main thesis of dialectics, which has been so shamelessly distorted by Plekhanov to please the bourgeoisie, is that "war is simply the continuation of politics by other [i.e., violent] means". Such is the formula of Clausewitz, one of the greatest writers on the history of war, whose thinking was stimulated by Hegel. And it was always the standpoint of Marx and Engels, who regarded any war as the continuation of the politics of the powers concerned – and the various classes within these countries – in a definite period."*⁹⁷

⁹⁴ V.I. Lenin: The Defeat of one's own Government in the Imperialist War (1915); in: LCW 21, p.275

⁹⁵ V.I. Lenin: The War and Russian Social-Democracy (1914); in: LCW 21, p.34

⁹⁶ Carl von Clausewitz: Vom Kriege (1832), Hamburg 1963, p. 22; in English: Carl von Clausewitz: On War, <http://www.gutenberg.org/files/1946/1946-h/1946-h.htm>

⁹⁷ V.I.Lenin: The Collapse of the Second International (1915), in: LCW Vol. 21, p.219 (Emphasis in the original)

From this follows that Marxists approach issues of wars not with a different method than other features of the struggles between classes. Hence, the working class policy is directed towards defending its independence from the ruling class (respectively its different factions) of all imperialist powers in times of peace *as well as* in times of war. And it is fighting in order to weaken the capitalists and eventually to overthrow them in times of peace *as well as* in times of war.

Lenin pointed to the fundamentally same principles of the class struggle in times of peace as well as during wars: *“War is a continuation of policy by other means. All wars are inseparable from the political systems that engender them. The policy which a given state, a given class within that state, pursued for a long time before the war is inevitably continued by that same class during the war, the form of action alone being changed.”*⁹⁸

Let us now look what such a program of revolutionary defeatism means for South Korea today.

⁹⁸ V. I. Lenin: War and Revolution (1917), in: LCW 24, p. 400

13. Anti-Imperialist Tasks in South Korea Today

What does such a program of revolutionary defeatism mean for South Korea today? It means, first and foremost, that revolutionaries must no longer view South Korea as a semi-colonial country oppressed by other imperialist powers. This was the case in the past but this is no longer true since more than a decade. Hence, while in the past Korean revolutionaries were obligated to defend their country in conflicts with foreign imperialist powers like the U.S. or Japan, this is no longer valid.

Today, South Korean revolutionaries have to say that their “*main enemy is at home*”. It is completely impermissible for Marxists in South Korea to support the struggle for the country’s “national liberation”. In an imperialist country like South Korea, “national liberation” means nothing but social-patriotic support for the domestic imperialist monopoly bourgeoisie!

Concretely, this means that South Korean revolutionaries have to oppose the chauvinist trade war of the government against Japan. Hence, they should reject sanctions as well as the popular consumer boycott campaign. Naturally, it is equally necessary to oppose any Japanese sanctions directed against South Korea. Socialists need to explain that such reactionary campaigns only serve the interests of the ruling class which attempts to manipulate and subordinate the popular masses. Instead, revolutionaries should call for international unity of the workers of South Korea, Japan and globally. Socialists need to explain, as mentioned above, that the trade war only serves the interests of the South Korean bourgeoisie which utilizes popular sentiments in order to wipe up anti-Japanese chauvinism. They use such a campaign in order to gain a larger share at the domestic market by pushing out their Japanese rivals. Likewise, the bourgeoisie desires to increase South Korea’s role as a *political independent* imperialist power.⁹⁹

Naturally, this does not mean that revolutionaries should ignore the legitimate concerns of Korean citizens (and their families) who survived the Japan’s barbaric regime of forced labor and sex slavery imposed during World War II. Contrary, they must support their demands for compensation by Japanese corporations resp. the Japanese state. However, it is crucial that revolutionaries explain in a popular and agitational way that the struggle for the legitimate demands of the Korean victims of Japan’s war crimes must result in *compensation for these families* but *not in more profit for the chaebols*. They must explain that the boycott campaigns do not serve the interests of the Korean citizens but only the interests of Samsung, LG and Lotte which can gain a larger market share at the cost of their Japanese rivals via such campaigns! If the South Korean state would have been seriously interested in getting compensation for its citizens why is it acting only now – nearly 75 years after these tragic events took place? The reason for this cynical procedure is obvious: in the decades after World War II, South Korea and Japan were closely bound together as politically subordinated allies of U.S. imperialism in the Cold War. In the past as well as today, the legitimate interests of the Korean citizens have been subordinated to the political goals of the ruling class!

⁹⁹ See on this e.g. Down with the Imperialist Trade War between Japan and South Korea! Down with all chauvinist boycott campaigns! Class War instead of Trade War! Joint Statement of the Revolutionary Communists of South Korea and the RCIT, 19 July 2019, <https://www.thecommunists.net/worldwide/asia/trade-war-between-japan-and-south-korea/>; Korea: There Is No Peace Without Overthrowing Imperialism and the Rule of Capital! Peace through the Proletarian Socialist Revolution! Joint Statement of the Revolutionary Communists of South Korea and the RCIT, 8 March 2019, <https://www.thecommunists.net/rcit/joint-statement-on-south-korean-imperialism/>

In short, the tasks of South Korean revolutionaries in the current conflict with Japan can be summarized in the following slogans: *Down with the imperialist trade war between Japan and South Korea! No to chauvinism and boycott campaigns! For internationalist unity of the South Korean and Japanese workers! Class War instead of Trade War!*

Likewise, revolutionaries should oppose both sides – South Korean as well as Japanese imperialism – in their conflict over control of the Dokdo/Takeshima islands. Again, the claims of the ruling class serve only to enhance the status of their state as an imperialist power.

The struggle against South Korean imperialism does not negate the ongoing necessity to fight against U.S. imperialism which retains a central political and military position in that country. This is particularly relevant for the struggle against the U.S. military bases and the 28,500 US soldiers stationed there. Another issue is the deployment of the THAAD missile defense system in South Korea which serves as a threat against China. Revolutionaries must demand: *Dissolution of the U.S. military bases in South Korea and withdrawal of all U.S. troops! No deployment of the THAAD missile defense system!*

Furthermore, a crucial task of revolutionaries is the *defense of North Korea* against the ongoing aggression of the U.S. as well as other imperialist powers. Hence, revolutionaries *oppose the sanctions* against North Korea and call for the *military defeat of its enemies* in case of a war. Naturally, such defense must go hand in hand with resolute opposition against the bureaucratic, state-capitalist dictatorship in Pyongyang. Such tactics are part of the strategy for the *revolutionary unification of Korea* and the struggle for the overthrow of the South Korean bourgeoisie as well as of the North Korea Stalinist-capitalist ruling class.

Finally, the struggle against the South Korean monopoly bourgeoisie requires the liberation of the working class from the poisonous influence of reformist and trade union leaders. These leaders stand for a social-patriotic program as one can see very clearly in their enthusiastic support for the anti-Japanese chauvinist campaign. Marxists have repeatedly emphasized that the ruling class has not successfully sustained its dominance because of its inner strength, but because of the support it receives from the labor bureaucracy. James P. Cannon, the historic leader of American Communism and Trotskyism from the 1920s to the 1950s, once stated: *“The strength of capitalism is not in itself and its own institutions; it survives only because it has bases of support in the organizations of the workers. As we see it now, in the light of what we have learned from the Russian Revolution and its aftermath, nineteenth of the struggle for socialism is the struggle against bourgeois influence in the workers’ organizations, including the party.”*¹⁰⁰

Hence, it has been always the view of Marxists that these reformist and centrist forces are *obstacles* for the liberation struggle of the international working class. Hence, the struggle to win the workers vanguard for a consistent anti-imperialist program can not advance without the energetic struggle against the influence of social-imperialist and social-pacifist forces. The Bolsheviks’ statement, expressed in their program in 1919, remains completely valid: *“These conditions cannot be achieved unless a determined rupture is made on matters of principle, and a ruthless struggle is waged against the bourgeois distortion of socialism which has gained the upper hand among the leadership of the official Social-Democratic and Socialist Parties. Such a distortion is, on the one hand, the opportunist and social-chauvinist trend which*

¹⁰⁰ James P. Cannon: E.V. Debs (1956); in: James P. Cannon: The First Ten Years of American Communism, Pathfinder Press, New York 1962, p. 270

*professes to be socialist in words, yet is chauvinist in practice, and covers up the defence of the rapacious interests of the fatherland, both in general and especially during the imperialist war of 1914-1918. (...) On the other hand, the "centrist" movement is also a bourgeois distortion of socialism. That movement is also found in all capitalist countries. It vacillates between the social-chauvinists and the Communists, advocates union with the former, and strives to revive the bankrupt Second International."*¹⁰¹

South Korean revolutionaries should denounce the Stalinist "*National Liberation*" current as *social-patriotic agents of South Korean imperialism within the labor movement*. These Stalinists serve the interests of the monopoly bourgeoisie under the disguise of "anti-imperialism". In this, they basically share the treacherous work of many Stalinist parties in other imperialist countries. Ironically, NL-social imperialism has its Stalinist counterpart in Japan – the historic arch-enemy of Korea. As we have mentioned above the Japanese Communist Party has denied since 1945 until today that Japan is an imperialist state. The JCP claims that Japan is no imperialist country because of the dominating political and military role of the U.S. We see, the Japanese apply basically the same method like the NL-social patriots for South Korea: they excuse their support for the imperialist "motherland" by pointing to their political subordination to the U.S.! Without doubt, the Korean workers vanguard must be liberated from such social-chauvinist influence! *Down with NL-social patriotism! Long live the international and internationalist unity of the working class!*

The struggle against South Korean imperialism is an inseparable part of the global struggle against all imperialist powers in East and West. It is part of the international struggle for socialist revolution. This struggle can only be conducted by uniting all authentic revolutionaries in a single organization – in South Korea as well as internationally. This is why the RCIT calls all authentic Marxists to join us in the struggle to build a *Revolutionary World Party* – a party that consistently fights for the global overthrow of imperialism and the foundation of a socialist society without oppression and exploitation. Building such a world party requires, among others, the intransigent struggle against all social-imperialists adapting to their own monopoly bourgeoisie or any other. Such a world party needs a program based on the struggle against *all* imperialist powers – both in East and West – and which supports *all* liberation struggles of the workers and oppressed peoples against any Great Power or its reactionary lackey.¹⁰²

¹⁰¹ Program of the CPSU (Bolsheviks), March 22, 1919

¹⁰² We refer readers to the RCIT's central programmatic documents: "*The Revolutionary Communist Manifesto*" (2012) and the "*Manifesto for Revolutionary Liberation*" (2016). Both can be read online or downloaded at our website at <https://www.thecommunists.net/rcit-manifesto/> and <https://www.thecommunists.net/rcit-program-2016/>.

Appendix: A Historic Analogy: Marxist Tactics in Germany in 1891 and 1914

We finish this document by pointing to an instructive historical analogy. We are aware that many honest progressive activists in South Korea are reluctant to recognize the imperialist nature of “their” state given the country’s long-time history as an oppressed nation – oppressed first by Japanese and later by U.S. imperialism.

However, it might be helpful for them to recall the challenges which Marxists in Germany faced more than a century ago. As it is known Marx and Engels argued for siding with Germany in several possible or actual wars in the second half of the 19th century. Friedrich Engels called even as late as in 1891 for the defense of Germany against a possible aggression by Russia and France.¹⁰³ Later these statements were misused by the revisionist majority of German social democracy at the beginning of World War I in order to legitimize their treacherous social-patriotic and social-pacifist policy.

Indeed, Engels statements from the early 1890s caused some confusion among Marxists. However, Lenin and the Bolsheviks emphasized that the German social democrats’ misuse of Engels’ quotes was complete unjustified. In “*Socialism and War*”, a key work of the Bolsheviks during World War I, Lenin and Zinoviev stated: “*The Russian social-chauvinists (headed by Plekhanov) make references to Marx’s tactics in the war of 1870; the German (of the type of Lensch, David and Co.)—to Engels’s statement in 1891 that, in the event of war against Russia and France combined, it would be the duty of the German socialists to defend their fatherland. (...) All these references are outrageous distortions of the views of Marx and Engels, in the interest of the bourgeoisie and the opportunists.*”¹⁰⁴

They explained that this was a distortion because the character of global situation and, thereby, the class character of Germany and of other powers had fundamentally changed in the years between 1891 and 1914. G. Zinoviev, Lenin’s closest collaborator during the war years, explained in his book “*The War and the Crisis in Socialism*” that it was essential for Marxists to understand that the historical period had changed during these years and, hence, the revolutionary tactic had to change too: “*At that time [in 1893, Ed.] Tsarism was the main enemy. At that time the whole International could unite under the slogan ‘Against Tsarism’! By 1907, 1912, 1914 this was no longer possible. Now the slogan of the International had to be not only ‘Against Tsarism’ but in particular ‘Against Imperialism’.*”¹⁰⁵

Lenin also emphasized this point repeatedly. In a letter to Inessa Armand, another leading Bolshevik, he stated: “*To identify, even to compare the international situations of 1891 and 1914, is the height of unhistoricalness.*”¹⁰⁶

Basically, many German social democrats refused to understand that the situation had fundamentally changed within the period of these two decades. While their country was not imperialist in 1891, it had become such a power by 1907 and 1914. Therefore, while it was legitimate to defend their country

¹⁰³ See on this in particular Engels essays “*The Foreign Policy of Russian Tsarism*” (1890) and “*Socialism in Germany*” (1891). Both are reproduced in Marx-Engels Collected Works Vol. 27 pp. 11-49 respectively pp.235-250.

¹⁰⁴ V.I. Lenin and G. Zinoviev: *Socialism and War. The Attitude of the R.S.D.L.P. toward the War* (1915), in: LCW 21, p. 308

¹⁰⁵ G. Zinoviev: *Der Krieg und die Krise im Sozialismus*, Verlag für Literatur und Kritik, Wien 1924, p. 596 [our translation]

¹⁰⁶ V.I. Lenin: Letter to Inessa Armand (19.01.1917), in: LCW 35, p. 274

in the early 1890s, this was no longer the case in the early 20th century. In fact, what was revolutionary in 1891 became counter-revolutionary in 1907 and 1914!

The South Korean revolutionaries face a similar task. During the 20th century it was not only legitimate but even obligatory for revolutionaries to defend their motherland against the imperialist aggressors. But today, such defense would be paramount to supporting the South Korean monopoly bourgeoisie and its imperialist state. In other words, what was still legitimate in 1990 became counter-revolutionary by 2010. Lenin emphasized in 1917 that Marxists must not become "*prisoners of old formulas*". This statement is more than relevant today!