

INTERNAL BULLETIN 82

Imperialism and the new
international division of
labour

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February 1984

IMPERIALISM & THE NEW INTERNATIONAL DIVISION OF LABOUR

Kinnell in IB 77 has misinterpreted what I said in IB 67. This document attempts to clear up that misinterpretation, and add to the discussion on imperialism.

For the sake of simplicity I will deal with Kinnell's points in order.

Firstly, Kinnell p12 states that I argue "the trend is towards an international division of labour in which the only jobs in the ACC's would be jobs like 'computer programmers, analysts etc.' and in services (finance, health, education etc.) I did not argue that at all. What I did was to make a comparison between Marx's criticism of the Physiocrats who failed to recognise that capital had replaced land as the major source of society's productive potential, and the need to recognise a trend now away from manufacturing industry towards high tech. employment, 'intellectual production', and services. Marx did not imply that no-one would be employed in agriculture, nor did I imply (or at least intend to imply) that in the future no-one in the ACC's will be employed in manufacture.

Kinnell in point 1 (p12) says ".... it would take well into the 21st. century for anything like the picture he paints to emerge. To extrapolate trends that far is unsound; all such trends are relative to a given basic social/international framework, and it is unscientific to suppose that the basic framework could continue unchanged through such a process."

I have already said that Kinnell has misinterpreted "the picture I paint", but there is another point at issue here too. When Marx wrote Capital it was based on the analysis he made of capitalism in Britain. An analysis based on data from one country, whose capitalism was still developing, and which even in 1851 still employed 2 million people in agriculture. A comparison of % employment in agriculture for other capitalist states is given below:

Italy	Germany	France	US	Japan	N/lands	Sweden
1871 62.0	1882 42.0	1866 52.0	1870 50.0	1877 83.0	1909 28.0	1910 46.0
1954 41.0	1933 29.0	1950 33.0	1950 12.0	1950 49.0	1947 19.0	1950 20.0

Source John Cornwall 'Modern Capitalism' p.17.

Clearly then in many countries we would have no qualms about defining as capitalist land which Marx had dismissed as being the major factor in production remained an important source of employment. Was Marx 'unscientific' in extrapolating the data from Britain and projecting it forward 100 years. I do not claim the genius or insight of Marx merely the method. Using that method and analysing the data not just from one country, but a consistent trend since about 1970 in all ACC's, it is difficult to ignore certain conclusions.

The first point is that it is already the case that services account for a much larger proportion of employment than does industrial production. This is illustrated in the tables which follow.

Table 2. United Kingdom total employment by sector 1961 - 76 (%s)

	1961	1965	1969	1973	1975	1976
Agriculture, forestry, fishing	4.6	3.8	3.3	2.9	2.7	2.7
Mining and Quarrying	3.0	2.5	1.8	1.5	1.4	1.4
Manufacturing	36.0	35.0	34.6	32.3	30.9	30.1
Construction	6.9	7.4	7.2	7.4	7.1	7.1
Gas, Electricity and Water	1.6	1.7	1.7	1.4	1.4	1.4
Total Industrial Production	47.5	46.6	45.3	42.6	41.0	40.1
Transport & Communication	7.2	6.8	6.6	6.5	6.5	6.3
Distributive Trades	13.8	13.7	13.0	13.0	13.0	12.9
Insurance, Banking etc.	3.0	3.4	3.8	4.5	4.7	4.8
Professional & scientific services	9.6	10.7	12.4	14.0	15.2	15.7
Miscellaneous services	8.8	9.5	9.6	10.1	10.3	10.7
Public Administration & Defence	5.5	5.5	6.0	6.4	6.7	6.7
Total Services	47.8	49.6	51.4	54.5	56.4	57.2

Source: Frank Blackaby ed. 'De-industrialisation'.

These figures show a clear picture of employment moving steadily away from manufacturing over a fifteen year period, and towards services. From a position of parity in 1961 Services jumped ahead by nearly 20 percentage points in the period covered. But the picture is even clearer when the figures are looked at more closely. The biggest drop in employment occurred after 1970 (4.5 % points for manufacturing, and 5.2 % points for industrial production as a whole). In the same period employment in services increased by 5.8 % points. Within the service sector it is also interesting to note that the largest increases have been in Insurance, Banking etc., and Professional & scientific services.

On the basis of these trends employment in industrial production (including primary production - agriculture, mining & quarrying etc.) will account for approximately the same percentage of total employment as agriculture did at the turn of the century, by the end of the century.

Britain is not alone in experiencing such trends. Table 3 gives a picture of the international picture.

Table 3. Proportions of total employment in manufacturing in various countries.

	1950	1960	1970	1973	1974	1975
United Kingdom	34.7	35.8	34.7	32.3	32.3	30.9
Belgium	32.7	33.5	32.7	31.8	31.5	30.1
France	..	27.9	27.8	27.9	28.1	27.9
Germany	..	34.7	37.4	36.1	36.6	35.9
Italy	..	26.6	31.7	32.3	32.6	32.6
Netherlands	30.2	28.6	26.2	24.7	24.5	24.0
Japan	..	21.3	27.0	27.4	27.2	25.8
Sweden	..	32.1	27.6	27.5	28.3	28.0
US	34.4	33.6	32.6	31.6	31.0	29.0 (Source ibid.)

When the figures for the share of manufacturing in GDP are analysed they show a deterioration slightly worse than the figures for employment.

Table 4. Manufacturing output as a proportion of GDP at current prices, various countries, 1950 - 75. (percentages)

	1950	1960	1970	1973	1974	1975
UK	36.7	36.1	32.4	31.0	29.5	28.9
Belgium	..	30.5	32.1	30.5	31.0	27.9
France	41.7	40.3	31.3	30.6	30.2	29.6
Germany	39.7	42.2	42.7	41.1	40.6	38.6
Italy	28.8	27.2	28.8	28.7
Netherlands	31.9	34.5	29.0	28.5
Canada	29.2	26.7	23.5	23.2
Japan	..	28.9	35.9	35.0	34.4	..
Sweden	27.6	26.8	26.8	26.9	30.1	28.9
United States	29.2	28.4	25.7	24.9	24.0	23.0

(Source ibid.)

These statistics clearly demonstrate the trend I referred to. That they are so generalised suggests that they are something more than a temporary phenomenon. Kinnell in point 1 states "....it is unscientific to suppose that the basic framework could continue unchanged through such a process." Absolutely, and the struggles over the nature of the change in that framework are going on all around us at the moment. If we are to intervene to ensure that the changes in that framework are the ones we want we must be able to understand the the processes going on around us to be able to foresee the path ahead, foresee which areas of capital are likely to be growing (and therefore where we should be colonising militants), and where it will be contracting (so that we can be ready to intervene with an adequate strategy against closures, demands for retraining etc.)

The idea that de - industrialisation is a temporary phenomenon suits reformists and TU bureaucrats, because it means they do not have to fight for jobs now, on the basis that they will return with the upturn. We have to explain to workers why those jobs will not return even with an upturn, and therefore why they must fight.

On an international level we have to analyse where capitalism is likely to be developing (and along with it the working class), in order that we can begin to act as an internationalist movement, bringing to that working class our experience and helping to organise it as a class with a Trotskyist leadership. More on this later.

Kinnell's point 2. I cannot understand how Kinnell has managed to misinterpret my position on this. The following quotes from my document should clear it up. "Yet the fact remains that some previously underdeveloped countries have managed to industrialise rapidly and others havenot." (p.3 emphasis added). The whole of the next section deals with some of

the factors which could explain why some had developed and others not.

"Just as we do not expect any capitalist firm to simply grow in a linear manner, and for any particular set of firms to remain dominant for ever in a national economy, nor should we expect dominant states to remain dominant, and grow stronger ~~simply by~~ ^{by crushing weaker states} before them. We have seen how first Britain's hegemony was challenged by the US, and how US hegemony has now been challenged by Japan, and the EEC. Where a small number of new businesses manage to grow and even challenge established firms, so a small number of weaker underdeveloped states have grown, not to challenge the large imperialist states, but certainly to be able to negotiate with them on more favourable terms." (p12 emphasis added).

"The development of capitalism on a world scale is combined and uneven. Different levels of development give rise to different patterns of consumption." (p.17 emphasis added).

Kinnell's point 3. I have no disagreement with the first para, indeed it was a fundamental part of my argument. Kinnell goes on "Once transport costs But there are plenty of counter tendencies." True just as there are plenty of counter tendencies to the falling rate of profit. To analyse any concrete situation those counter tendencies have to be taken into account to see which outweighs the other. At the moment, and for the foreseeable future, the counter - tendencies do not appear strong enough to stop the general tendency of de - industrialisation in the ACC's and industrialisation of the NIC's.

Kinnell goes on "All other things being equal, ACC's with their better markets and infrastructure, will be preferred sites for new large scale manufacturing industries. And so long as capitalism develops, it will continue to create new large scale manufacturing industries." This may well be the case and as I pointed out in IB 67 the work done by the Harvard Business School into the Product Cycle Theory suggests such a sequencing is likely. But it is precisely this theory which states that new products will be produced in the ACC's because they require technical and skilled labour, and that production is transferred to NIC's when the product is mature, when all the technical problems are ironed out, when machinery has been developed to carry out the production functions which originally required skilled labour, and when the price and rate of profit to be made on the commodity is falling.

Recent studies also suggest that the optimum unit employment levels for manufacturing in ACC's are falling. There is a joke in America about firms engaged in new technology which says "They've been so succesful they've had to move into smaller premises." As stated in IB 67 both GEC and some Japanese firms expect to have fully automated plants in operation within the next few years. Thus even if new manufacturing industry does develop (which I expect it to do) it is likely to account

for less and less employment, just as capitalist development of agriculture has resulted in more and more production with a smaller and smaller percentage of the population engaged in agriculture.

In the final paragraph to point 3 Kinnell says "And if an ACC should get anywhere near the point where basic manufacturing jobs in it were disappearing, then wage levels there would inevitably be forced down, and it would become a competitor with newly - industrialising LDC's as a cheap labour site." There are a number of deficiencies in this statement. Firstly, empirical evidence does show a relative decline of wage levels in manufacturing compared to other sectors, and a worsening of relative price levels. As Kinnell points out this is precisely the trend one would expect if manufacturing jobs were disappearing - which they are. However, Kinnell's extension of this tendency to say that wage levels would fall to the extent of making manufacturing labour a competitor to the NIC's is theoretically unsound because:-

(a) Wages under late capitalism are determined by a number of factors: the cost of reproduction of labour power, an historically determined component, and the ability of particular unions to win above/below

average increases. The first two apply to all labour throughout the economy - it is the third which is specific to the particular industry or sector. Ability to win higher increases declines as workers become worried about their jobs, and as employers are less able to pay.

(b) The average level of wages is determined on a national level. Competition for labour power (and because of Social Security benefits which are generally higher than average wages in the NIC's this applies even with the current level of unemployment) ensures that wages in manufacturing could not fall sufficiently to act in the way Kinnell suggests.

(c) As manufacturing becomes more technological so the wages of those employed will reflect the cost of training, and higher productivity. In these new manufacturing industries the proportion of value added will be high according to the product cycle theory. Prices and profits will be high allowing higher wages to be paid. There will therefore arise a division within manufacturing between new industries having a lower optimum employment level, with a higher proportion of highly skilled/trained labour, high value added, prices, profits and income levels, compared to the old industries. How high income levels will be will be determined by the class struggle, by the ability to organise in the new industries.

Kinnell's point 4. There are a number of explanations for this.

(a) Before WW2 imperialism was mainly concerned with plundering its colonies.

(b) A bigger % of profits created in NIC's is re invested there.
(c) As development of NIC's proceeds tendency for the falling rate of profit operates. A higher growth rate for NIC's compared to ACC's implies a relatively greater rate of fall in the rate of profit for NIC's compared to ACC's.

(d) New manufacturing industries developed in the aftermath of WW1 were still relatively labour intensive, but required skilled labour - cars, etc. They were high profit earners and sited where the markets for them were - in the ACC's. After WW2 there was a need for massive capital reconstruction in which these new industries were a major employer and profit earner. Most foreign investment by ACC's in this period has therefore been in other ACC's.

(e) It is only after 1970 that de industrialisation has really begun to take an effect. For example this year Britain had a Trade Deficit on manufactures.

(f) The type of manufacturing being situated in NIC's is in 'mature' products where profit per unit is falling.

(g) The strengthening position of NIC's compared to ACC's.

As Kinnell pointed out (p 12 para. 1), and as I have stated it is not part of my analysis that income in the ACC's will be increasingly repatriated profits. What I argued is that income in the ACC's will increasingly be from the provision of services (banking, insurance, health and education - preferably privatised from the bosses point of view - etc.; from sale or leasing of technology (computer programmes etc.); from a much smaller manufacturing sector concentrating on new types of production with high value added and high profit per unit; and from income derived from investment in or lending to a selected number of NIC's.

THE IMPLICATIONS

(a) In the ACC's

As stated earlier we must begin to explain to workers that jobs lost in manufacturing will not return, that the AES type solutions to prevent this trend, peddled by the reformists will not work. We must explain the implications of this.

(i) Oppose all closures and redundancies with a sliding scale of hours, and occupations.

(II) For the right to comprehensive re training for all workers, and average pay during retraining, under workers control.

At the same time we should be analysing those sectors which are likely to be growing, and therefore present opportunities for successful workers struggles - as the motor industry did in America in the 30's and 40's, and in Britain after WW2. One of the main features of the new firms is their opposition to union organisation. Struggles are likely to erupt over recognition.

We should have experienced militants there to help lead these struggles. Similarly struggles in the service sector have already taken place over privatisation etc.

(b) In the NIC's

History demonstrates that societies are most prone to revolution and the growth of revolutionary movements during periods of modernisation (Chartism in Britain, the development of revolutionary movements in Germany, Russia and other European countries at the end of the 19th./start of the 20th. century, growth of revolutionary movement in China in the 1920's.)

Marxism explains the reasons for this. There are in many ways advantages in building a labour movement compared with rebuilding one. In building a labour movement one is dealing with workers who are feeling their strength for the first time, who have not suffered defeat as a class, and more importantly who have not been betrayed and misled by a labour bureaucracy. These were the advantages the Bolsheviks had, and which alongside the weakness of the Russian bourgeoisie allowed them to break the capitalist chain at its weakest link.

The rapid development of a working class in a number of NIC's together with the weakness of the bourgeoisie in these states presents a series of similar weak links today. As an internationalist organisation we have a duty to look for these weak links, and do all in our power to assist in the development of the labour movement in these countries, and for a Trotskyist leadership of it. If a Fourth International existed we would have to consider colonising comrades into those countries. In the absence of that what we can do is obviously much more limited. We can:-

- (a) Make contacts in those countries.
- (b) Make detailed analyses of them to enable us to draft a programme of action with which we can intervene.
- (c) Produce literature in the appropriate languages with which we can put forward our propaganda through our contacts, and patrials living/ studying in Britain. The articles on Sri Lanka in the paper were a start, but rather than just being reporters of events we should be trying to influence those events.

Such an approach is not a searching after Third World revolutions to cheer on a la IMG/SL. On the contrary where they act as cheer leaders for petit bourgeois movements I am specifically calling for an orientation towards the emerging working class and for the creation of Trotskyist leadership and Trotskyist parties.

Nor is it an escape from work in Britain. Our main task is to fight for revolution in our own country. But we are also an internationalist organisation intent on reconstructing the FI. We should not make that task harder than it need be. We should use our Marxist method to analyse where the easiest possible gains for building Trotskyism exist.

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