

Capitalism Today and the Law of Uneven Development: The Marxist Tradition and its Application in the Present Historic Period

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The world capitalist system has undergone tremendous changes in the past hundred years. One of the most important developments is the globalization of the capitalist world and the accompanying increasing inequality between the classes as well as between the nations. These developments can only be understood in the framework of the Marxist law of uneven and combined development. This approach was first used by Marx, Engels and Lenin and, in particular, further developed by Trotsky. The law of uneven and combined development explains how different stages of development as well as different tempos of development in a given society interact with one another and thereby result in different forms or types of development.

Keywords: Globalization; Capitalism; Imperialism; Marxism; Uneven and Combined Development; Third World

Introduction

The world capitalist system has undergone tremendous changes in the past century. Today a large proportion of the global production of capitalist value takes place in countries of the South. Likewise, the majority of the world's working class is located in the poorer countries. We have also seen the emergence of new imperialist powers (Russia and China) which embody highly contradictory features: modern cities and large rather backward rural areas; internationally competitive monopolies and many smaller enterprises with low productivity, etc.

It is impossible to understand these developments outside of the framework of the Marxist law of uneven and combined development. This law explains—if we formulate it in a very general way—how different stages of development as well as different tempos of development in a given society interact with one another and thereby

result in different forms or types of development. Naturally, this same process also takes place between different societies. Trotsky first developed such a conception—together with his strategy of permanent revolution—in 1905/1906 when he tried to explain the possible roads of Russia's social development. He showed that Russia—despite its massive social and economic backwardness compared with Western Europe and hence the related small size of its proletariat—could witness a working class-led revolution without having first experiencing a long period of capitalist development such as that which took place in Western Europe.

Later, and in particular after the experience of the Chinese Revolution of 1925–1927, Trotsky generalised this conception and deduced from it the strategy of permanent revolution. He would also generalise the meaning of his law of uneven and combined development and see in it a central concept relevant for the whole of human history. Trotsky absolutely rejected the Stalinist idea that human society inevitably develops through an irrevocable succession of necessary stages. Rather history develops in leaps and in different patterns in different countries. Replying to Stalin's assertion that this law is only relevant for the capitalist epoch, Trotsky emphasised 'that the entire history of mankind is governed by the law of uneven development'.¹ Later Trotsky explained that the law of uneven development is also relevant to understanding the contradictory developments in nature, human consciousness, etc.² Let us therefore examine the history and theoretical substance of this law more in detail.

The Marxist Understanding of the Law of Uneven Development before Trotsky

As we have mentioned above, the law of uneven and combined development, as a complete theory, was developed by Leon Trotsky. However, Trotsky based his theory on earlier concepts developed by Marx and Engels as well as on the work of Lenin. Below we will summarise the ideas of these three which lay the crucial groundwork for Trotsky.

Marx and Engels: First Considerations on the Law of Uneven Development

The first important contributions to the law of uneven and combined development go back to Marx and Engels. Contrary to the myth disseminated by many bourgeois opponents as well as by social democratic and Stalinist 'Marxists', the founder of the doctrine of scientific socialism never claimed that historical progress can only take place in a schematic, unilinear way.

In his reply to a letter sent by Vera Zasulich, Marx elaborated in 1881 a number of important ideas which would form a basis for the law of uneven and combined

¹ Leon Trotsky, *The Third International After Lenin (1928)* (New York: Pathfinder Press, 1970), p. 19.

² See on this Philip Pomper (ed.) *Trotsky's Notebooks, 1933–1935: Writings on Lenin, Dialectics and Evolutionism* (New York: Columbia University Press, 1986).

development. Zasluch was a famous Russian woman revolutionary who in early 1878 shot the notorious General Fyodor Trepov, the governor of St Petersburg, infamous for his suppression of the Polish rebellions in 1830 and 1863 as well as for his brutality against Russian prisoners. Basking in huge public sympathy for her act, Zasluch became a popular hero and the jury at her trial acquitted her. After fleeing the country, she became a founder of the Russian Marxist movement together with Georgi Plekhanov. Unfortunately she later degenerated—as did Plekhanov himself—into a reformist Menshevik.

In her letter to Marx, Zasluch reported that various progressive intellectuals interpreted Marx's doctrine in a schematic way as if all countries would have to proceed historically along the same social and economic path as Western Europe:

You would be doing us a very great favour if you were to set forth Your ideas on the possible fate of our rural commune, and on the theory that it is historically necessary for every country in the world to pass through all the phases of capitalist production.³

In his reply, Marx strongly denied such a mechanistic interpretation. He explained that he explicitly limited his historical analysis of the emergence and development of capitalism to Western Europe. Furthermore he stressed that the existing pre-capitalist *obshchina*—communally owned village land in Russia which originated in the earlier Asiatic mode of production—could be preserved in the context of a future socialist development of Russia.

As Marx wrote in his reply to Zasluch:

In analysing the genesis of capitalist production, I said: 'At the heart of the capitalist system is a complete separation of ... the producer from the means of production ... the expropriation of the agricultural producer is the basis of the whole process. Only in England has it been accomplished in a radical manner. ... But all the other countries of Western Europe are following the same course. (Quote from *Capital* Vol. I.)

The 'historical inevitability' of this course is therefore expressly restricted to the countries of Western Europe. The reason for this restriction is indicated in Ch. XXXII: 'Private property, founded upon personal labour ... is supplanted by capitalist private property, which rests on exploitation of the labour of others, on wage labour.' (*Capital* Vol. I).

In the Western case, then, one form of private property is transformed into another form of private property. In the case of the Russian peasants, however, their communal property would have to be transformed into private property.

The analysis in *Capital* therefore provides no reasons either for or against the vitality of the Russian commune. But the special study I have made of it, including a search for original source-material, has convinced me that the commune is the fulcrum for social regeneration in Russia. But in order that it might function as such, the

³ Vera Zasluch, 'Letter to Marx, 16 February 1881', in *Marx-Engels-Werke (MEW)*, Vol. 19, p. 572 (Berlin (DDR): Dietz-Verlag, 1956–1990, 43 volumes, German language); in English language: *Marx-Zasluch Correspondence*, Marxist Internet Archive, <https://www.marxists.org/archive/marx/works/1881/zasluch/zasluch.htm>

harmful influences assailing it on all sides must first be eliminated, and it must then be assured the normal conditions for spontaneous development.⁴

In one of the drafts of his reply to Zasulich, Marx explained in greater detail one of his arguments:

From a historical point of view, only one serious argument has been given for the inevitable dissolution of the Russian peasant commune: If we go far back, it is said, a more or less archaic type of communal property may be found everywhere in Western Europe. But with the progress of society it has everywhere disappeared. Why should it escape the same fate only in Russia?

My answer is that, thanks to the unique combination of circumstances in Russia, the rural commune, which is still established on a national scale, may gradually shake off its primitive characteristics and directly develop as an element of collective production on a national scale. Precisely because it is contemporaneous with capitalist production, the rural commune may appropriate all its positive achievements without undergoing its [terrible] frightful vicissitudes.⁵

Marx and Engels also defended this viewpoint in their preface to the second Russian edition of the Communist Manifesto written in 1882:

Today ... Russia forms the vanguard of revolutionary action in Europe. The 'Communist Manifesto' had as its object the proclamation of the inevitably impending dissolution of modern bourgeois property. But in Russia we find, face to face with the rapidly developing capitalist swindle and bourgeois landed property, which is just beginning to develop, more than half the land owned in common by the peasants. Now the question is: Can the Russian *obschina* (village community), a form of primeval common ownership of land, even if greatly undermined, pass directly to the higher form of communist common ownership? Or must it, conversely, first pass through the same process of dissolution as constitutes the historical development of the West? The only possible answer is this: If the Russian revolution becomes the signal for a proletarian revolution in the West, so that the two complement each other, the present Russian common ownership of land may serve as the starting point for communist development.⁶

As an aside we draw attention to the fact that for decades the Mensheviks—the Russian version of centrism and later reformism—tried to suppress the publication of Marx's reply to Vera Zasulich! David Riazanov, the most important Marx-scholar of his time, reported that he had asked both Zasulich and Plekhanov in 1911 about Marx's letter but both denied that such a letter existed at all! He was informed about the existence of the letter—as well as its different drafts—only in 1923! Given Zasulich's and Plekhanov's later Menshevik degeneration, Riazanov

⁴ Karl Marx, 'Reply to Zasulich, 8 March 1881', in *Collected Works of Karl Marx and Frederick Engels (MECW)*, Vol. 46 (Moscow: Progress Publishers, 1975), pp. 71–72.

⁵ Karl Marx, 'Reply to Zasulich. The "First" Draft' (1881), in *MECW*, op. cit., Vol. 24, p. 349.

⁶ Marx, Karl and Friedrich Engels, 'Preface to the Second Russian Edition of the Manifesto of the Communist Party' (1882), in *MECW*, op. cit., Vol. 24, p. 425.

correctly states that their oblivion is ‘very strange’ and most likely resulted from a Freudian repression.⁷

Thus we see that Marx and Engels did not mistakenly assume that capitalism in all countries must replicate the experience of the first countries in which it arose (England, France and later Germany), where it was characterised by large-scale industrialisation and capital accumulation. Rather they recognised that different socio-economic formations, coming into contact with the most advanced industrialised countries, could result in different forms of amalgamation of both advanced and backward forms of productive forces, as well as in different forms of political superstructures. In discussing the example of backward Russia, they concluded that a country can reach the stage of socialist production without first having gone through an entire historical epoch of capitalist development.

Furthermore, Marx and Engels were fully aware that in its historic unfolding capitalism had developed unevenly. Consequently, the concrete historical socio-economic formation of a given society can comprise not one but several modes of production. In this context it is important to recall Marx’s statement in his *Contribution to the Critique of Political Economy*:

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness.⁸

So without having elaborated a general theorisation for this phenomenon, Marx and Engels noted important elements of what later would become known as the law of uneven and combined development.

Lenin: The Law of Uneven Development as a Crucial Concept to Understand Capitalism

Vladimir Ilyich Lenin, the historic leader of the Bolshevik Party and later, together with Leon Trotsky, of the October Revolution, enhanced the Marxist understanding of the contradictory mechanism of historic development. Lenin had the advantage—in contrast to Marx and Engels—of actually living during the period of the global expansion of capitalism. Thus, he could see how capitalist countries at different stages of development both clashed and cooperated with one another, as well as how capitalism collided with existing economic patterns in countries having feudal or Asiatic modes of production.

Lenin observed uneven development both in Russia itself as well as on a global scale. In Russia, modern capitalist enterprises existed alongside backward semi-feudal

⁷ David Rjzanov, ‘Vera Zasulic und Karl Marx’, in *Marx-Engels-Archiv*, Band 1 (Frankfurt, 1928), p. 310 (our translation).

⁸ Karl Marx, ‘A Contribution to the Critique of Political Economy’ (1859), in *MECW*, op. cit., Vol. 29, p. 263.

agrarian forms of exploitation. On a global scale, Lenin could see the most developed capitalist country, England, stagnating while other countries with a belated capitalist development rose dramatically (e.g., America and Japan). Likewise, capital export from the European imperialist countries to economically backward colonies created amalgamations of different modes of production and thus led to accelerated economic growth in the latter countries. Lenin concluded that ‘uneven economic and political development is an absolute law of capitalism’.⁹

Lenin emphasised that these developments were related to the economic and political emergence of monopolies—i.e. the appearance of huge globally operating corporations centred in and vied for by their respective great imperialist powers. In his well known book on imperialism, Lenin states:

Capitalism is commodity production at its highest stage of development, when labour-power itself becomes a commodity. The growth of internal exchange, and, particularly, of international exchange, is a characteristic feature of capitalism. The uneven and spasmodic development of individual enterprises, individual branches of industry and individual countries is inevitable under the capitalist system. England became a capitalist country before any other, and by the middle of the nineteenth century, having adopted free trade, claimed to be the ‘workshop of the world’, the supplier of manufactured goods to all countries, which in exchange were to keep her provided with raw materials. But in the last quarter of the nineteenth century, this monopoly was already undermined; for other countries, sheltering themselves with ‘protective’ tariffs, developed into independent capitalist states. On the threshold of the twentieth century we see the formation of a new type of monopoly: firstly, monopolist associations of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which the accumulation of capital has reached gigantic proportions. An enormous ‘surplus of capital’ has arisen in the advanced countries. It goes without saying that if capitalism could develop agriculture, which today is everywhere lagging terribly behind industry, if it could raise the living standards of the masses, who in spite of the amazing technical progress are everywhere still half-starved and poverty-stricken, there could be no question of a surplus of capital. This ‘argument’ is very often advanced by the petty-bourgeois critics of capitalism. But if capitalism did these things it would not be capitalism; for both uneven development and a semi-starvation level of existence of the masses are fundamental and inevitable conditions and constitute premises of this mode of production.¹⁰

Lenin emphasised that the increasing monopolisation in the economy and politics do not and cannot lead to a reduction of the contradictions but rather to their acceleration. Imperialism means more and not less unevenness and hence more and not fewer explosions of political and economic contradictions.

If, however, we are discussing the ‘purely economic’ conditions of the epoch of finance capital as a historically concrete epoch which began at the turn of the twentieth century, abstractions of ‘ultra-imperialism’ (which serve exclusively a most

⁹ V.I. Lenin, ‘On the Slogan for a United States of Europe’ (1915), in *The Collected Works of Vladimir Lenin (LCW)*, Vol. 21 (Moscow: Progress Publishers, 1960–1978), p. 342.

¹⁰ V.I. Lenin, ‘Imperialism, The Highest Stage Of Capitalism’ (1916), in *LCW*, op. cit., Vol. 22, pp. 240–241.

reactionary aim: that of diverting attention from the depth of existing antagonisms) is to contrast them with the concrete economic realities of the present-day world economy. Kautsky's utterly meaningless talk about ultraimperialism encourages, among other things, that profoundly mistaken idea which only brings grist to the mill of the apologists of imperialism, i.e., that the rule of finance capital lessens the unevenness and contradictions inherent in the world economy, whereas in reality it increases them.¹¹

Increasingly, the old capitalist countries live from the super-exploitation of the oppressed nations which again accelerates the unevenness of development.

Monopolies, oligarchy, the striving for domination and not for freedom, the exploitation of an increasing number of small or weak nations by a handful of the richest or most powerful nations—all these have given birth to those distinctive characteristics of imperialism which compel us to define it as parasitic or decaying capitalism. More and more prominently there emerges, as one of the tendencies of imperialism, the creation of the 'rentier state', the usurer state, in which the bourgeoisie to an ever-increasing degree lives on the proceeds of capital exports and by 'clipping coupons'. It would be a mistake to believe that this tendency to decay precludes the rapid growth of capitalism. It does not. In the epoch of imperialism, certain branches of industry, certain strata of the bourgeoisie and certain countries betray, to a greater or lesser degree, now one and now another of these tendencies. On the whole, capitalism is growing far more rapidly than before; but this growth is not only becoming more and more uneven in general, its unevenness also manifests itself, in particular, in the decay of the countries which are richest in capital (Britain).¹²

Likewise, Lenin saw that the law of uneven development leads to the decline of old great powers, the rise of new ones and the rivalry between them. He rejected all illusionary talk about increasing cooperation or even fusion between the great powers as was promoted by reformist ideologues like Karl Kautsky (in Lenin's time) and post-modern pseudo-leftists like Leo Panitch and Sam Gindin or Antonio Negri and Michael Hardt today. Naturally, the fundamental rivalry between imperialist powers does not exclude temporary periods of cooperation—in particular if there is a clearly dominant power, like the US formerly was, and if they are pushed together by a strong common enemy, like the bloc of the degenerated workers states around the USSR in the period following the Second World War. However, sooner or later, such temporary alliances will be superseded by the outbreak of open rivalry leading to wars.

Such Lenin wrote in 1915 in his article *On the Slogan for a United States of Europe*:

Capitalism is private ownership of the means of production, and anarchy in production. To advocate a 'just' division of income on such a basis is sheer Proudhonism, stupid philistinism. No division can be effected otherwise than in 'proportion to strength', and strength changes with the course of economic development. Following 1871, the rate of Germany's accession of strength was three or four times

¹¹ Ibid., pp. 271–272.

¹² Ibid., p. 300.

as rapid as that of Britain and France, and of Japan about ten times as rapid as Russia's. There is and there can be no other way of testing the real might of a capitalist state than by war. War does not contradict the fundamentals of private property—on the contrary, it is a direct and inevitable outcome of those fundamentals. Under capitalism the smooth economic growth of individual enterprises or individual states is impossible. Under capitalism, there are no other means of restoring the periodically disturbed equilibrium than crises in industry and wars in politics.

Of course, temporary agreements are possible between capitalists and between states. In this sense a United States of Europe is possible as an agreement between the European capitalists ... but to what end? Only for the purpose of jointly suppressing socialism in Europe, of jointly protecting colonial booty against Japan and America, who have been badly done out of their share by the present partition of colonies, and the increase of whose might during the last fifty years has been immeasurably more rapid than that of backward and monarchist Europe, now turning senile. Compared with the United States of America, Europe as a whole denotes economic stagnation. On the present economic basis, i.e., under capitalism, a United States of Europe would signify an organisation of reaction to retard America's more rapid development. The times when the cause of democracy and socialism was associated only with Europe alone have gone for ever.¹³

He carried on this idea in his book on imperialism:

The question has only to be presented clearly for any other than a negative answer to be impossible. This is because the only conceivable basis under capitalism for the division of spheres of influence, interests, colonies, etc., is a calculation of the strength of those participating, their general economic, financial, military strength, etc. And the strength of these participants in the division does not change to an equal degree, for the even development of different undertakings, trusts, branches of industry, or countries is impossible under capitalism. Half a century ago Germany was a miserable, insignificant country, if her capitalist strength is compared with that of the Britain of that time; Japan compared with Russia in the same way. Is it 'conceivable' that in ten or twenty years' time the relative strength of the imperialist powers will have remained unchanged? It is out of the question.

Therefore, in the realities of the capitalist system, and not in the banal philistine fantasies of English parsons, or of the German 'Marxist', Kautsky, 'inter-imperialist' or 'ultra-imperialist' alliances, no matter what form they may assume, whether of one imperialist coalition against another, or of a general alliance embracing all the imperialist powers, are inevitably nothing more than a 'truce' in periods between wars. Peaceful alliances prepare the ground for wars, and in their turn grow out of wars; the one conditions the other, producing alternating forms of peaceful and non-peaceful struggle on one and the same basis of imperialist connections and relations within world economics and world politics. But in order to pacify the workers and reconcile them with the social-chauvinists who have deserted to the side of the bourgeoisie, over-wise Kautsky separates one link of a single chain from another, separates the present peaceful (and ultra-imperialist, nay, ultraultra-imperialist) alliance of all the powers for the 'pacification' of China (remember the

¹³ V.I. Lenin, 'On the Slogan for a United States of Europe' (1915), in *LCW*, op. cit., Vol. 21, pp. 341–342.

suppression of the Boxer Rebellion⁹⁴) from the non-peaceful conflict of tomorrow, which will prepare the ground for another 'peaceful' general alliance for the partition, say, of Turkey, on the day after tomorrow, etc., etc. Instead of showing the living connection between periods of imperialist peace and periods of imperialist war, Kautsky presents the workers with a lifeless abstraction in order to reconcile them to their lifeless leaders.¹⁴

The unevenness of development in the imperialist epoch also meant for Lenin that the international proletariat will not take power at the same time but rather in one country first. However, contrary to later Stalinist distortions, Lenin rejected the idiotic assumption that the working class can proceed in a single country to build a fully developed socialist society. He was clear about the necessity to fight for the survival of the revolution by working towards spreading it internationally to other countries.

Uneven economic and political development is an absolute law of capitalism. Hence, the victory of socialism is possible first in several or even in one capitalist country alone. After expropriating the capitalists and organising their own socialist production, the victorious proletariat of that country will arise against the rest of the world—the capitalist world—attracting to its cause the oppressed classes of other countries, stirring uprisings in those countries against the capitalists, and in case of need using even armed force against the exploiting classes and their states. The political form of a society wherein the proletariat is victorious in overthrowing the bourgeoisie will be a democratic republic, which will more and more concentrate the forces of the proletariat of a given nation or nations, in the struggle against states that have not yet gone over to socialism. The abolition of classes is impossible without a dictatorship of the oppressed class, of the proletariat. A free union of nations in socialism is impossible without a more or less prolonged and stubborn struggle of the socialist republics against the backward states.¹⁵

Hence we see that Lenin elaborated the fundamental ideas of the law of uneven development which Trotsky would later refine in his theoretical considerations which resulted in his famous theory of permanent revolution.

Excursus: A Brief Summary of the Laws of Materialist Dialectic

Trotsky considered the law of uneven and combined development as a 'universal' law, that is, a law that is applicable to the whole history of humanity. Even more so, Trotsky characterised it as 'the most general law of the historic process'.¹⁶

The US Marxist theoretician George Novack correctly expanded the validity of the law of uneven and combined development beyond human history to the spheres of nature as well as consciousness. As he wrote in an essay: 'the law of uneven and combined development is rooted in features common to all processes of growth in nature as well as society'.¹⁷

¹⁴ V.I. Lenin, 'Imperialism, the Highest Stage of Capitalism' (1916), in *LCW*, op. cit., Vol. 22, pp. 295–296.

¹⁵ V.I. Lenin, 'On the Slogan for a United States of Europe' (1915), in *LCW*, op. cit., Vol. 21, pp. 342–343.

¹⁶ Leon Trotsky, *History of the Russian Revolution (1930)* (Chicago, IL: Haymarket Books, 2008), p. 5.

¹⁷ George Novack, 'Uneven and Combined Development in World History' in *Understanding History* (New York: Pathfinder Press, 1972), p. 85.

Novack was right on this point, since uneven and combined development rests—as all laws of motion—on the laws of dialectical materialism. It is therefore useful to present a brief summary of these laws.

Materialist dialectic is the method which makes Marxism—to put it in Lenin's words—an 'integral world outlook' (*Weltanschauung*).¹⁸ Hence it penetrates all individual sciences—starting from economy, politics and culture up to historical and natural sciences—and combines them with one another. Hence Engels remarked:

that in nature, amid the welter of innumerable changes, the same dialectical laws of motion force their way through as those which in history govern the apparent fortuitousness of events; the same laws which similarly form the thread running through the history of the development of human thought and gradually rise to consciousness in thinking man.¹⁹

The dialectical materialist method is therefore—as the Soviet philosopher Ivan K. Luppul put it—the 'Ariadne's thread' of Marxism.²⁰

If one has to summarise dialectic materialism in a few paragraphs, while accepting the risk of a certain simplification, we would give the following definition. Dialectical materialism is the doctrine of the laws of motion of the objective world and of thought and, hence, also of epistemology.

All being—including consciousness—rests on contradictions. As examples we can cite the positive and the negative poles in electricity, plus and minus in mathematics, the X and Y chromosomes determining gender, the class conflict in all societies, etc.

Dialectical materialism therefore is the doctrine of the unity of opposites.²¹ These opposites are in a constant struggle with one another and this causes a permanent state of self-movement and development.²² This is why Lenin saw the struggle of opposites as the most fundamental driving force of motion: 'Development is the 'struggle' of opposites. ... 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.'²³

¹⁸ V.I. Lenin, 'The Three Sources and Three Component Parts of Marxism' (1913), in *LCW*, op. cit., Vol. 19, p. 23.

¹⁹ Friedrich Engels, 'Herr Eugen Dühring's Revolution in Science' (1878), in *MECW*, op. cit., Vol. 25, p. 11.

²⁰ Iwan K. Luppul, *Lenin und die Philosophie. Zur Frage des Verhältnisses der Philosophie zur Revolution* (Wien-Berlin: Verlag für Literatur und Politik, 1931), p. 13.

²¹ 'Dialectics can be defined as the doctrine of the unity of opposites' (V.I. Lenin, 'Conspectus of Hegel's Book the Science of Logic' (1914), in *LCW*, op. cit., Vol. 38, p. 222).

²² The two basic (or two possible? or two historically observable?) conceptions of development (evolution) are: development as decrease and increase, as repetition, and development as a unity of opposites (the division of a unity into mutually exclusive opposites and their reciprocal relation). In the first conception of motion, self-movement, its driving force, its source, its motive, remains in the shade (or this source is made external—God, subject, etc.). In the second conception the chief attention is directed precisely to knowledge of the source of self-movement. The first conception is lifeless, pale and dry. The second is living. The second alone furnishes the key to the 'self-movement' of everything existing; it alone furnishes the key to the 'leaps', the 'break in continuity', the 'transformation into the opposite', the destruction of the old and the emergence of the new (V.I. Lenin, 'On the Question of Dialectics' (1915), in *LCW*, op. cit., Vol. 38, p. 358).

²³ V.I. Lenin, 'On the Question of Dialectics' (1915), in *LCW*, op. cit., Vol. 38, p. 358.

From this fundamental law flow other laws of motion. The reciprocal penetration sooner or later inevitably brings about the transformation of quantitative changes into qualitative changes and vice versa. The opposites not only are in struggle with one another, they also influence and modify each other. In other words, the opposites penetrate one another and bring about changes and transformations, first of quantitative dimensions which, at a given moment, unleash a qualitative change. The transformation of water or metal under the influence of heat, the splitting of atoms creating these two forms of matter, the abolition of one mode of production by another, etc.

A third law of materialist dialectic is that of the negation of the negation. The character of transformations is not only simple, the destruction of the old, but rather a process of resolution (*Aufhebung*) and the creation of something new. This new contains both elements of the old and the completely new elements which stem from the synthesis of the old. An embryo in the womb grows and at some point is born and becomes an independent human being; a seed likewise grows until it becomes a fruit; the struggle between classes may take centuries until it leads to the creation of a new mode of production, etc.

Being, therefore, is not something static but permanently becoming, a complex of processes. As Engels summarised:

The great basic thought that the world is not to be comprehended as a complex of readymade things, but as a complex of processes, in which the things apparently stable no less than their mind images in our heads, the concepts, go through an uninterrupted change of coming into being and passing away, in which, in spite of all seeming accidentally and of all temporary retrogression, a progressive development asserts itself in the end—this great fundamental thought has, especially since the time of Hegel, so thoroughly permeated ordinary consciousness that in this generality it is now scarcely ever contradicted.²⁴

Such an understanding of materialist dialectics is not the result of a thought experiment but has a materialistic essence. This means that the dialectical laws of the development of thinking (i.e. epistemology) reflect the dialectical nature of the objective world just as, in general, consciousness results from matter and not the other way round. To put it in the words of Abram Deborin, the leading Soviet philosopher of the 1920s: Materialist dialectics ‘reflects the rhythm and the motion of reality itself.’²⁵

The materialist dialectic therefore is characterised by an ‘all-sided, universal gibkost’ (flexibility), as Lenin put it.

Related to these laws is another crucial category of the materialist dialectic—the category of the totality. All things exist as part of a totality, all processes relate to one another. Hence a thing cannot be understood in isolation but only in relation to

²⁴ Friedrich Engels, ‘Ludwig Feuerbach and the End of Classical German Philosophy’ (1886), in *MECW*, op. cit., Vol. 26, p. 384.

²⁵ Abram Deborin, quoted in Rene Ahlberg, *‘Dialektische Philosophie’ und Gesellschaft in der Sowjetunion* (Berlin, 1960), p. 29 (our translation).

other things. This is why Marx emphasised the need to recognise things as part of ‘a rich totality of many determinations and relations’.²⁶ It is therefore a stringent necessity for Marxists to incorporate in a concrete analysis the totality of the relationships of the given subject to others, or—to put it in Lenin’s words, to view ‘the entire totality of the manifold relations of this thing to others’.²⁷ Thus we see that the law of uneven and combined development is based on the application of the laws of the materialist dialectic.

Trotsky’s Law of Uneven and Combined Development and its Components

While the law of uneven and combined development as a ‘universal’ law applies to all matter as such, we will focus in this essay on its application to the fields of economics and politics and in particular to the exploitation of the semi-colonial world by imperialism as well as the rivalry between the Great Powers. Hereafter we will expound Trotsky’s law of uneven and combined development and discuss its individual components.

Trotsky’s conception of the uneven development starts from the insight that the development of society’s productive forces has advanced to such a degree that capitalism exists—and can only exist—as a global process of which the national is a subordinated part. Thus, the production and exchange of commodities establish a world market that places itself above the national state and economy. Hence, in capitalism national and regional developments can only be understood in the context of the

²⁶ Karl Marx, ‘Grundrisse [Outlines of the Critique of Political Economy (Rough Draft of 1857–58)]’, in *MECW*, op. cit., Vol. 28, p. 37. It might be useful to reproduce the whole, extraordinary thoughtful quote of Marx:

It would seem right to start with the real and concrete, with the actual presupposition, e.g. in political economy to start with the population, which forms the basis and the subject of the whole social act of production. Closer consideration shows, however, that this is wrong. Population is an abstraction if, for instance, one disregards the classes of which it is composed. These classes in turn remain an empty phrase if one does not know the elements on which they are based, e.g. wage labour, capital, etc. These presuppose exchange, division of labour, prices, etc. For example, capital is nothing without wage labour, without value, money, price, etc. If one were to start with population, it would be a chaotic conception of the whole, and through closer definition one would arrive analytically at increasingly simple concepts; from the imagined concrete, one would move to more and more tenuous abstractions until one arrived at the simplest determinations. From there it would be necessary to make a return journey until one finally arrived once more at population, which this time would be not a chaotic conception of a whole, but a rich totality of many determinations and relations. ... The concrete is concrete because it is a synthesis of many determinations, thus a unity of the diverse. In thinking, it therefore appears as a process of summing-up, as a result, not as the starting point, although it is the real starting point, and thus also the starting point of perception and conception. The first procedure attenuates the comprehensive visualisation to abstract determinations, the second leads from abstract determinations by way of thinking to the reproduction of the concrete. Hegel accordingly arrived at the illusion that the real was the result of thinking synthesising itself within itself, delving ever deeper into itself and moving by its inner motivation; actually, the method of advancing from the abstract to the concrete is simply the way in which thinking assimilates the concrete and reproduces it as a mental concrete. This is, however, by no means the process by which the concrete itself originates.

²⁷ V.I. Lenin, ‘Conspectus of Hegel’s Science of Logic’ (1914), in *LCW*, op. cit., Vol. 38, pp. 220–222.

global development of economy and politics. They cannot be derived simply and not even primarily from the domestic, national factors. Strictly speaking, the world economy and world politics—which in turn arise as a melting pot of all national factors into an independent totality of these—are the decisive driving forces. The uneven and combined development of world capitalism encounters the local characteristics of a given country—these are themselves in turn ‘an original combination of the basic features of the world process’²⁸—and then fuses them into the respective specific national dynamics of the political and economic conditions of a particular state.

[The] national peculiarity is nothing else but the most general product of the unevenness of historical development, its summary result, so to say. It is only necessary to understand this unevenness correctly, to consider it in its full extent, and also to extend it to the pre-capitalist past. A faster or slower development of the productive forces; the expanded, or, contrariwise, the contracted character of entire historical epochs—for example, the Middle Ages, the guild system, enlightened absolutism, parliamentarism; the uneven development of different branches of economy, different classes, different social institutions, different fields of culture—all these lie at the base of these national ‘peculiarities’. The peculiarity of a national social type is the crystallization of the unevenness of its formation.²⁹

Trotsky summarised this understanding of the world process as the starting point in his book on permanent revolution:

Marxism takes its point of departure from world economy, not as a sum of national parts but as a mighty and independent reality which has been created by the international division of labour and the world market, and which in our epoch imperiously dominates the national markets. The productive forces of capitalist society have long ago outgrown the national boundaries. The imperialist war (of 1914–1918) was one of the expressions of this fact.³⁰

Trotsky could base his understanding of the world market as the starting point on various hints made by Marx and Engels. Thus, Marx wrote in the *Grundrisse*—a central foundation for his major work *Capital*:

In the world market the connection of the individual with all others, but at the same time also the independence of this connection from the individuals, has itself developed to such a point that its formation already contains the conditions for its being transcended.³¹

And in *Capital* itself Marx emphasises that the world market is the very foundation of capital:

In the trade between the markets of the world, the value of commodities is expressed so as to be universally recognised. Hence their independent value form also, in these

²⁸ Leon Trotsky, *The Permanent Revolution* (1929) (New York: Pathfinder Press, 1969), p. 147.

²⁹ *Ibid.*, p. 148.

³⁰ *Ibid.*, p. 146.

³¹ Marx, ‘Grundrisse’, *op. cit.*, p. 98.

cases, confronts them under the shape of universal money. It is only in the markets of the world that money acquires to the full extent the character of the commodity whose bodily form is also the immediate social incarnation of human labour in the abstract.³²

In a letter to Engels Marx reiterates this idea:

The proper task of bourgeois society is the creation of the world market, at least in outline, and of the production based on that market.³³

This understanding was also the basis of the policy of the Bolshevik Party and the Communist International. In the popular explanation of the Russian Communist Party's program—the *ABC of Communism*—the authors explain:

The present form of Capitalism is World-Capitalism. All countries are interdependent; each one buys from every other. There is no place on earth which has not come under the rule of capital, and no country which, independently of the others, produces all it requires to satisfy its own wants.

A whole series of products can only be produced in certain places : oranges grow only in warm countries ; iron ore can only be worked in those countries in whose soil it is met with; coffee, cocoa, and caoutchouc can only be grown in hot countries. Cotton is planted in the United States of America, India, Egypt, Turkestan, etc., and exported from these places to all parts of the world. Coal is exported by England, Germany, the United States, Czecho-Slovakia, and Russia. Italy has no coal deposits, and consequently is entirely dependent upon England or Germany for coal supplies. Wheat is exported all over the world from America, India, Russia and Romania.

Moreover, some countries are more advanced than others. Therefore, the products of all the industries of the advanced nations are thrown on the markets of the backward countries- For example, hardware was sent to all parts of the world, chiefly from England, the United States and Germany, and chemical products principally from the last-named country. In this way one country is dependent upon another.³⁴

Thus we see that Leon Trotsky's understanding of capitalism as first and foremost an expression of *world* economy and *world* politics was already based in the writings of Marx and Engels, as well as the programmatic foundation of the Bolsheviks.

World Economy and Politics as a Global Process

If we look at the developments in the world economy in the recent decades we can see a complete vindication of the Marxist prognosis of the increasingly dominant role of the world market. Globalisation has led to the massive growth—in relation to global production—of the export and import of world commodities. Similarly, capital export has increased substantially in relation to the total global accumulation of capital.

³² Karl Marx, *Capital*, Vol. I, in *MECW*, op. cit., Vol. 35, p. 153.

³³ Karl Marx, 'Letter to Friedrich Engels, 8 October 1858', in *MECW*, op. cit., Vol. 40, p. 347.

³⁴ Nikolai Bukharin and Evgenii Preobrazhensky, *The ABC of Communism* (1920) (Detroit, MI: Marxian Educational Society, 1921), p. 84.

As we have already pointed out,

monopolies are driven to greater internationalisation by falling profit rates in their home markets, and such a high mass of capital accumulation that national markets alone are too small for them. This is because the huge investments in the ever bigger production facilities required by competition themselves require an ever bigger market in which to realise profits. This also drives them to the outsourcing of parts of production to the export markets and the cheapest labour on the planet. Modern technology and cheap transport costs help in this process. The forcing open of markets across the world goes hand in hand with this. The result of this development is that, in the last 25 years, the export of capital has become massively more important both in the imperialist states and in the semi-colonial world.³⁵

In *Table 1* we show how foreign direct investment (FDI) has grown worldwide as a share of gross fixed capital formation as well as relative to world output (GDP). This process takes place within the ‘developed world’, that is, the imperialist states, the ‘developing countries’ or semi-colonies, and the countries of the former Soviet bloc (CIS).

As we show in *Figure 1*, capital export and the global integration of the world market have, via this phenomenon, risen to a level never before seen in the history of capitalism.

Likewise various studies have demonstrated the extent of which global trade has increased when viewed relative to world output. When world exports are measured to GDP, one can see a rise of this ratio from about 5 per cent in 1870, 8 per cent in 1913, 9 per cent in 1960, 14 per cent in 1980 to 31 per cent in 2012.³⁶

Axes of Contradictions

While capitalism increasingly unites all parts of the world in a single world market, this unity is far from homogeneous. Quite the contrary, it is a unity of opposites. Hence, the capitalist world economy and politics form a highly contradictory totality marked by a series of features opposed to one another. Regarding the relations between the classes, we consider the following three as the most important axes of contradiction:

- (1) first of all, and most importantly, the contradiction between the capitalist class and the working class (plus other oppressed layers);
- (2) the contradiction between imperialism and the oppressed people in the semi-colonial countries (migrants from the South who are super-exploited in the imperialist metropolises belong to both categories, 1 and 2);

³⁵ See Michael Pröbsting, ‘Imperialism and the Decline of Capitalism (2008)’ in Richard Brenner, Michael Pröbsting and Keith Spencer, *The Credit Crunch—A Marxist Analysis* (2008), <http://www.thecommunists.net/theory/imperialism-and-globalization/>

³⁶ Standard Chartered Bank, ‘The Super-Cycle Lives: EM Growth is Key’, Special Report, 6 November 2013, p. 13; World Trade Organization, ‘World Trade Report 2014. Trade and Development: Recent Trends and the Role of the WTO’, p. 62.

Table 1 Globalisation and capital export: foreign direct investment, gross investment, and gross domestic product, 1981–2011

		Global annual FDI as a share of gross fixed capital formation				Global FDI stock in relation to GDP					
		1981– 1985		1990	2001	2011	1980		1990	2001	2011
World	Inflows	2.3%	4.2%	11.1%	10.6%	4.9%	9.7%	23.6%	29.8%		
	Outflows	2.1%	5.0%	9.8%	10.8%	5.4%	10.0%	24.5%	30.9%		
Developed countries	Inflows	2.2%	4.2%	10.2%	10.5%	4.7%	8.9%	22.7%	30.9%		
	Outflows	2.7%	5.8%	11.2%	15.2%	6.4%	11.2%	27.5%	39.5%		
Developing countries	Inflows	3.3%	3.9%	13.9%	10.1%	5.4%	13.4%	26.8%	28.6%		
	Outflows	0.4%	1.4%	5.9%	5.9%	0.9%	4.1%	14.4%	16.6%		
South East Europe and CIS	Inflows	–	0.5%	10.3%	16.9%	–	–	19.5%	29.3%		
	Outflows	–	–	3.4%	13.5%	–	–	10.8%	16.1%		

Data compiled from: UNCTAD, World Investment Report 1995, pp. 411–419 and 421–426 and UNCTAD, World Investment Report 2014, Annex Tables.

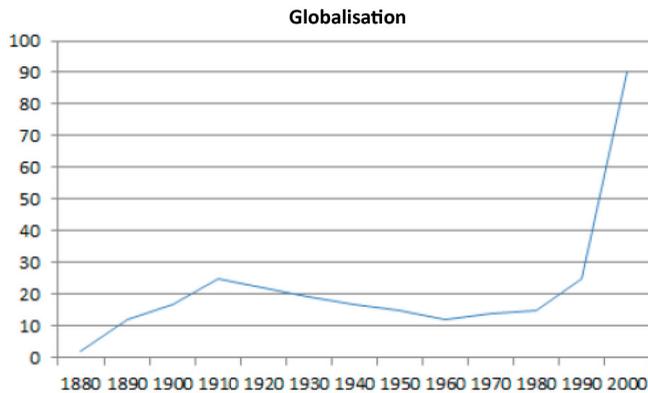


Figure 1 Global FDI flows to GDP (in per cent). Michael Roberts, *A world rate of profit. Globalisation and the world economy* (2012), p. 2, http://thenextrecession.files.wordpress.com/2012/07/roberts_michael-a_world_rate_of_profit.pdf

- (3) the contradiction between the imperialist states, that is, the rivalry between the Great Powers.

These contradictions are embedded in the fundamental inherent contradictions of capitalism itself—the clash of the forces of production with the nation states, and the historic decline of the system as a result of the tendency of the rate of profit to fall.³⁷

³⁷ See on this, e.g., Chapters 2, 3 and 14 in 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* (Vienna: Revolutionary Communist International Tendency, 2013). (The book can be downloaded for free at www.great-robbery-of-the-south.net)

The Marxist understanding of capitalism as a world system which unites a series of contradictions has crucial consequences for the characterisation of individual states. This is because each (national) unit can only be understood and characterised in relation to the total on the one hand and to each of the individual other nation states on the other hand. This is true for the relationship both between imperialist states and semi-colonial countries and between the imperialist powers. As we have demonstrated in other works, we define the class character of individual states—e.g. when we analyse semi-colonial countries like Argentina, Brazil or Turkey or new imperialist powers like China or Russia—by studying their relationships to other countries.

In fact, the law of uneven and combined development is crucial to understanding both the shift of capitalist value production and the proletariat to the South as well as the emergence of new, ‘backward’ imperialist powers.

Examples of Uneven Development from the Past and Present

After having established the character of capitalism as a world system fraught by fundamental contradictions, let us now focus our attention on the unevenness as well as the combinations posited by the law under discussion. This provides us with the insight that the entire history of humanity is characterised by unevenness in its development. While Arab-Islamic civilisation, for example, was experiencing advanced development, medieval Europe was suffering from wars, pestilence and the Inquisition. Chinese civilisation made huge advances in technology and culture at a time the Indians in North America were still living under much more backward circumstances. The history of the Roman Empire—which was marked by the clash of cultures at completely different stages of development—is yet another example of this law.

This unevenness necessarily leads to a second, closely related law—the law of combined development. The various sectors of society, the various countries of the world, the various factors of the productive forces and the economy do not exist in isolation from one another, but interact with one another, are intertwined with one another and form relationships of mutual dependency. Eventually the development of this dialectical unity of opposites—their struggle and their mutual influence on each other—results in the emergence of a new stage of development of the social formation, of the productive forces, of the political system, and so on. Hence it leads to a kind of resolution [*Aufhebung*] and development of opposites at a new level.

Trotsky described this mechanism as follows:

The laws of history have nothing in common with a pedantic schematism. Unevenness, the most general law of the historic process, reveals itself most sharply and complexly in the destiny of the backward countries. Under the whip of external necessity, their backward culture is compelled to make leaps. From the universal law of unevenness thus derives another law which, for the lack of a better name, we may call the law of combined development—by which we mean a drawing together of the different stages of the journey, a combining of the separate steps,

an amalgam of archaic with more contemporary forms. Without this law, to be taken of course in its whole material content, it is impossible to understand the history of Russia, and indeed of any country of the second, third, or tenth cultural class.³⁸

In fact the law of uneven development is inextricably linked with the law of combined development. As we showed above, a dialectical relationship necessarily results in mutual influence and modification. The US Marxist theoretician George Novack noted:

Because combination comes about as a necessary outcome of preexisting unevenness, we can see why both are always found together and are coupled in the single law of combined and uneven development.³⁹

The more developed the productive forces are, the more the states and the economic relations expand, and thus the more unequally developed factors interact, and the stronger the law of combined development takes effect. This in turn causes an alignment, a levelling of different countries and social formations. The rapid development of industry in the semi-colonial countries where there was hardly any proletariat 100 years ago, the spread of modern technologies such as computers and mobile phones in all regions of Africa, etc., are unmistakable evidence of this trend of levelling. Yet—as Trotsky emphasised—‘this levelling will never be complete’⁴⁰ However, in parallel, and to an even greater extent, combined development accelerates the pace of unevenness between the various countries, reinforces the dependencies and relations of oppression between states and national economies, and creates new forms of exploitation.

Trotsky emphasised that the law of uneven development is not only relevant for the specific issue of backward countries which simultaneously present both semi-feudal and capitalist features. He stressed that the law is also relevant for the international character of politics and economics as well as for the relationship between different political and economic processes in any given country.

The force of this law [of uneven development, Ed.] operates not only in the relations of countries to each other, but also in the mutual relationships of the various processes within one and the same country. A reconciliation of the uneven processes of economics and politics can be attained only on a world scale.⁴¹

It is therefore vital to understand—in contrast to what many so-called ‘Trotskyists’ contend—that Trotsky’s concept of the law of uneven development, as well as his theory of permanent revolution, is not only relevant for backward countries but, rather, for all the countries of the world.

Table 2, which is based on research conducted by the renowned, recently deceased economic historian Angus Maddison, shows the growing inequalities in economic

³⁸ Trotsky, *History of the Russian Revolution*, op. cit., p. 5.

³⁹ Novack, op. cit., p. 99.

⁴⁰ Leon Trotsky, ‘Speech to the Seventh (Enlarged) Plenum of the ECCP’ (1926), in Leon Trotsky (ed.), *The Challenge of the Left Opposition (1926–27)* (New York: Pathfinder Press, 1980), p. 180.

⁴¹ Trotsky, *The Permanent Revolution (1929)*, op. cit., p. 255.

Table 2 Gross domestic product per capita (international Dollars, 1990), and individual world regions, 1820–2001

	Gross domestic product per capita (international Dollars, 1990)						
	1820	1870	1900	1950	1990	2001	2008
Western Europe	1,204	1,960	2,893	4,579	15,966	19,256	21,671
US	1,257	2,445	4,091	9,561	23,201	27,948	31,178
Japan	669	737	1,180	1,921	18,789	20,683	22,816
'West' total	–	–	2,952	5,649	18,781	22,509	–
Eastern Europe	683	937	1,438	2,111	5,450	6,027	8,569
Former USSR/Russia	688	943	1,237	2,841	7,779	5,574	9,111
Latin America	692	681	1,109	2,506	5,053	5,811	6,973
China	600	530	545	439	1,858	3,583	6,725
India	533	533	599	619	1,309	1,957	2,975
Other Asia	584	643	802	918	3,084	3,997	–
Africa	420	500	601	894	1,444	1,489	1,780
Non-'Western' countries total	–	–	749	1,091	2,713	3,377	–
World	667	875	1,262	2,111	5,157	6,049	7,614

The figures are taken from Angus Maddison, 'World Development and Outlook 1820-2030: A Quantitative Perspective', Working Paper, Meeting of OECD Economics & Environment Directorates, 2004, p.5; Angus Maddison, *The World Economy. Volume 1: A Millennial Perspective, Volume 2: Historical Statistics*, Development Centre Studies (OECD, 2006), p.642; Angus Maddison, *Statistics on World Population, GDP, and Per Capita GDP 1-2008 AD*, Groningen Growth and Development Centre, University of Groningen, <http://ghdx.healthdata.org/record/statistics-world-population-gdp-and-capita-gdp-1-2008-ad> (accessed 5 October 2016). Where figures are not available, the sign '–' appears in the table.

development between the different regions of the world. This inequality has increased at an accelerated pace since the beginning of the age of imperialism. The table shows the rapid increase of wealth in the imperialist metropolises compared with the development of the poorer countries. Similarly, the table indicates the catching-up of the new imperialist power, China in the last 20 years.

The development of productive forces reinforces the domination of those who have control of the most advanced technologies, weapons, etc., over those who lag behind. Decades of almost absolute military dominance by US imperialism and the domination of the global economy by a few hundred multinationals demonstrate this clearly.

From this uneven and combined development results an increasing dichotomy in development—forward towards historical progress among the dominating nations, at one and the same time as historical retrogression among the dominated nations—that has been exhibited throughout the entire history of mankind. This unevenness leads to what Lenin described as so characteristic for the dialectical nature of development: 'a development, so to speak, that proceeds in spirals, not in a straight line; a development by leaps, catastrophes and revolutions'.⁴²

⁴² V.I. Lenin, 'Karl Marx. A Brief Biographical Sketch with an Exposition of Marxism' (1914), in *LCW*, op. cit., Vol. 21, pp. 53–55.

For example, ancient Greece, once the leading civilisation in the Western world, later regressed into insignificance. Similarly, Rome, which was meteorically transformed from its origins as a peasant-based village to become the dominant imperial power spanning the entire Mediterranean and extending as far north as England, was only to be later toppled by the Huns and Germanic tribes. More recent examples we could mention are Portugal and Spain, who were world powers in the 15th and 16th centuries, but which fell back in the 19th and 20th centuries to the status of backward imperialist nations. The US, in turn, was during the 19th century mostly an agrarian nation still deeply divided by the civil war between the north and south, and was therefore not yet in a position to play a role in world politics. Within a historically brief period, it became the dominant world power, and the 20th century is rightly called the ‘American Century’. A similar picture arises if we compare Japan at the time of the arrival of US Commodore Matthew Perry and the *Black Ships* in 1854 with its development during the 20th century.

At the level of the class struggle, we can also see such digressions in development. The British working class created the *Chartist* movement in the 1840s, the first political labour movement in history which, however, later became the first to be bourgeoisified, thanks to the enormous wealth and thus bribing potential of the domestic imperialist bourgeoisie. As a result Marxism and Communism in Britain could never gain a strong foothold. In Germany and Austria, however, the workers’ movement developed only later but when it finally did it led to the creation of Marxist mass parties, which played a leading role in the Second International—including its degeneration after 1914. In Russia, Marxism developed again even later than in Western and Central Europe, but then its emergence fused with the numerically small but highly concentrated working class as well as with the hatred of the peasants for the landowners and the general dissatisfaction with the Czarist regime. In addition Russia possessed—before the mass organisation of the Russian proletariat came into existence—a more than glorious past of the *Dekabrists* in the 1820s and then militants of the *Narodniki* movement and yet later the *Narodnaya Volya*, which led the fight against the Tsarist regime in the 1870s and 1880s in which many risked their own lives. In the end, Russia was transformed within a few decades from an outpost of the counterrevolution to the centre of world revolution.

Let us finally refer to two recent examples of uneven and combined development. The combination of the introduction of the latest technology with a working class that is oppressed by a dictatorial regime and profitably exploited as cheap labour can lead to rapid industrialisation and the emergence of a new imperialist power, as the example of China illustrates so well. At the same time, however, the consciousness of this very working class changed. After the defeat of the insurrectional workers’ and students’ movement in Tiananmen Square in June 1989, the working class had to go through years of the most brutal capitalist exploitation. However, in recent years we have seen a huge upswing of strikes and local peasant revolts, which indicate a new springtime for the Chinese working class.

Finally, the Arab Revolution is another and the most recent example. The countries of the Middle East and North Africa were for many decades considered as backward and the working class pacified. Marxism could hardly gain a foothold in any of these countries. The ongoing industrialisation of these countries, the oppressive rule of a dictatorial and corrupt bourgeoisie and the shaky supremacy of the despised, pro-Israel, but constantly weakening US imperialism were the mixture which ultimately led to the social explosion in that region.

Let us add that the law of uneven and combined development is also important in understanding how it is possible in certain Arab countries to maintain, in parallel, the most modern production facilities and most profitable forms of exploitation and at the same time to keep extremely backward semi-feudal social and political structures. The enormously high ground rent which the capitalists of the petroleum exporting countries extract provides them immense wealth. Libya under Gaddafi had a GDP per capita higher than Romania and Saudi Arabia has one as high as Switzerland. Yet it is *precisely* this ‘modernity’ which allows the ruling classes of these countries to preserve extremely backward social and political structures. By this the bourgeoisie and the major imperialist powers hope to better secure their domination. For example, if the working class is largely composed of lawless and cheap migrants—as it is the case in the Gulf States and as it was in Gaddafi’s Libya—it yields these bourgeoisies high profits while at the same time preventing a proletarianisation of the native population. This in turn allows the bourgeoisie to simultaneously ensure the continued existence of tribal structures, of petty-bourgeois layers, etc. as well as a bloated, parasitic power apparatus with numerous princes and a massive security apparatus. In short, the immense wealth of modern oil production perpetuates backward social and political formations.

Has the Unevenness Increased or Decreased?

Let us now examine a crucial question: is the unevenness in the epoch of imperialism *increasing* or *decreasing*? In general we think that, in the imperialist epoch, we are witnessing an *acceleration of its contradictory dynamic*. However, such dynamics manifest themselves in two, opposite directions:

- (1) On one hand, the unification of the world economy as a global unit is accelerating, i.e. intensifying internationalisation under the control of the monopolies. This *reduces* the scope for backward countries to make leaps forward.
- (2) On the other hand, the acceleration of the tempo of economic growth by the more backward countries (through capital export, etc.) *increases* the scope for backward countries to make leaps forward.

At the same time we also see an acceleration of the tempo of robbery of the semi-colonies by the monopolies. Hence, these countries gain only to a limited degree from their accelerated economic growth.

So what is the overall impact of this on the relationship between the imperialist and the semi-colonial countries and the gap between them in social-economic development? Or, in other words, are we witnessing in the imperialist epoch an increase or a decrease in the gap between the imperialist and the semi-colonial countries?

This question has to be examined in a dialectical way. On one hand we are seeing a certain levelling of the different regions of the world in terms of the spreading of new technologies. The increasing integration of the world market means that modern factories are now emerging in many semi-colonial countries—usually as part of the chain of super-exploitation. Another example is the global spread of the use of mobile phones.

However, if we look at the global distribution of national wealth, as well as at the different living standards of the popular masses, we see the opposite result: scrutinising the epoch of imperialism, we can discern an *increase* in the gap between the old imperialist metropolises and the semi-colonial world.

Naturally, it would be a mistake to ignore certain clear exceptions and contrary developments, as we will discuss below. However, let us first demonstrate our theses by examining both historical comparisons as well as more recent statistics.

How big was the gap between the North and the South in the pre-imperialist epoch of capitalism? This issue has been studied by a number of economic historians. While an intense debate is raging regarding the size of the gaps between the North and the South in the early 19th century and before, as well as over the reasons for these gaps,⁴³ there is hardly any dispute about the fact that this gap has increased rapidly from the mid-19th century until today.

The economic historians Bozhong Li and Jan Luiten van Zanden estimate that in the 1820s the average productivity of labour in the Netherlands was about twice that of Hua-Lou (an economically developed region of China) and that GDP per capita was about 86 per cent higher.⁴⁴

Three other economic historians, Stephen Broadberry, Hanhui Guan and David Daokui Li, calculate that Chinese GDP per capita (in PPP) was 23.57 per cent of the British level in 1840.⁴⁵ They have also compared the levels of Britain, Netherlands, Italy, Japan, China and India (see Table 3). Their conclusion is that the biggest gap existed between Britain and India (1:5.4). These results are broadly similar to the calculations of Angus Maddison which we presented above in Table 2.

⁴³ For some thoughts on the role of the colonial plundering of the South see our excursus *The Role of the Plundering of the Colonies for the Formation of Capitalism in Western Europe in the 16th to 18th Century*, chapter 8 in Michael Pröbsting, *The Great Robbery of the South*, op. cit.

⁴⁴ Bozhong Li and Jan Luiten van Zanden, 'Before the Great Divergence? Comparing the Yangzi Delta and the Netherlands at the Beginning of the Nineteenth Century', Centre for Economic Policy Research, Discussion Paper no. 8023 (October 2010), p. 24.

⁴⁵ Stephen Broadberry, Hanhui Guan and David Daokui Li, 'China, Europe and the Great Divergence: A Study in Historical National Accounting, 980–1850', 19 August 2014, Paper presented at the Fourth Asian Historical Economics Conference, Istanbul 2014, <https://www.nuffield.ox.ac.uk/users/broadberry/China8.pdf> (accessed 5 October 2016), p. 22.

Table 3 GDP per capita levels in Europe and Asia in 1850 (1990 international Dollars)

England/UK	Holland/NL	Italy	Japan	China	India
2997	2397	1350	777	594	556

Stephen Broadberry, Hanhui Guan and David Daokui Li, 'China, Europe and the Great Divergence: A Study in Historical National Accounting, 980–1850', 19 August 2014, Paper presented at the Fourth Asian Historical Economics Conference, Istanbul 2014, <https://www.nuffield.ox.ac.uk/users/broadberry/China8.pdf> (accessed 5 October 2016), p. 36.

In this context, it is of particular interest to look at the gap between the wages of workers of the North and the South in the early 19th century. Stephen Broadberry and Bishnupriya Gupta compared the wages of English workers with those of Chinese and Indian workers at that time. They calculate that Indian workers earned about 29 per cent and Chinese workers about 38 per cent of the level of their British colleagues (see [Tables 4](#) and [5](#)). Likewise, Bozhong and van Zanden reach the conclusion that wages in the Netherlands were about 70 per cent higher than in the Yangzi Delta (China) in early 19th century.⁴⁶

Now let us examine how this gap in wages has increased until now. If we study Maddison's table ([Table 2](#)) we see that the gap in wages between the poorest continent (Africa) and the US has increased from 1:5 (in 1870) to 1:17.5 (in 2008).

Comparing countries, Branko Milanovic, a renowned economist of the World Bank, points out that the gap is actually much greater. He writes:

[W]e find that the top-to-bottom ratio in 2007 was in excess of 100 to 1 (as opposed to 4 to 1 as it was in 1850). The increase in the gap is easy to understand: while the poorest countries today are not richer than the poorest countries in the past, the richest countries are immensely better off. Instead of Britain and the Netherlands that were the richest countries in 1850, today, we have the US, Singapore and Norway, all with incomes around \$PPP 30,000, that is, 13 times richer than the UK or the Netherlands in 1850. At the bottom of per capita income 'league', we have the Congo, Burundi, Niger and Central African Republic, all with incomes just above subsistence, some \$PPP 350–700 per capita, not at all different from the level of the poorest countries in 1850. The world today presents a peculiar picture where some of its parts are immensely richer than ever in history while other parts have an income level about the same as it was 150 or even 500 years ago.⁴⁷

This general tendency is not only true when we compare the poorest with the richest countries. Milanovic reports that even when we contrast the so-called 'emerging economies' of China and India with the wealthy old-imperialist world, the gap in the first decade of the 21st century is greater than it was around 1850. Thus, Britain's GDP per capita compared with India's in 2009, adjusted for the differential price levels between the two countries, is in excess of 10:1 while it was only 5:1 in 1850. In the case of China,

⁴⁶ Li and Luiten van Zanden, *op. cit.*, p. 21.

⁴⁷ Branko Milanovic, 'Global Inequality: From Class to Location, from Proletarians to Migrants', *Global Policy*, 3:2 (May 2012), p. 129.

Table 4 An Anglo-Indian comparison of the daily wages of unskilled labourers, 1800–1849

Wheat wages (kilograms of grain per day)		
England (wheat)	India (wheat)	Indian wage as percentage of English wage
8.6	2.5	29%

Stephen Broadberry and Bishnupriya Gupta, 'The Early Modern Great Divergence: Wages, Prices and Economic Development in Europe and Asia, 1500–1800', *Economic History Review*, LIX:1 (2006), p. 17.

Table 5 An Anglo-Chinese comparison of the daily wages of unskilled labourers, 1750–1849

Grain wages (kilograms of grain per day)			
England (wheat)	China (Yangzi delta) (rice)	China (Yangzi delta) (rice, on wheat equivalent basis)	Chinese wage as percentage of English wage
7.8	2.0	3.0	38%

Stephen Broadberry and Bishnupriya Gupta, 'The Early Modern Great Divergence: Wages, Prices and Economic Development in Europe and Asia, 1500–1800', *Economic History Review*, LIX:1 (2006), p. 19.

this gap increased precipitously until 1950 (11:1 compared with Western Europe) but has been reduced during the past decades. The reasons for the shrinking of this gap were first the development of the productive forces of China as a result of the establishment of a (degenerated) workers state under Mao Tse-Tung and, later, after the establishment of capitalism in the early 1990s, the result of the initial accumulation of capital and the emergence of China as an imperialist power. Nevertheless, this gap between China and the West is still 5:1 today while in 1850 it was less than 4:1.⁴⁸

Another aspect related to extreme global inequality is reflected in the worldwide distribution of wealth. A recent study has produced the following results: an insignificant minority (0.7 per cent of the population), representing largely the global capitalist class, owns 41 per cent of the world's wealth. The global middle class (7.7 per cent of the population) owes together about the same amount (42.3 per cent of the world's wealth). The next 22.9 per cent of the world's population, probably representing the significant share of the working class of the imperialist countries and the middle class of the semi-colonial world, own 13.7 per cent, and the huge majority of the world's population (68.7 per cent)—representing mostly the working class and the poor peasants of the South—own the little which remains (only 3 per cent) of the world's wealth!⁴⁹

⁴⁸ Ibid., pp. 128–129.

⁴⁹ Amina Mohammed, 'Deepening Income Inequality' in *World Economic Forum: Outlook on the Global Agenda 2015*, p. 10. <http://reports.weforum.org/outlook-global-agenda-2015/top-10-trends-of-2015/1-deepening-income-inequality/>

Let us also compare the gap in today's wage levels between the workers of the North and workers of the South. Every three years the Swiss *Union de Banques Suisses* publishes a report which compares wages, working hours and vacation days in 74 cities around the world and in 14 occupations. Based on their data, Milanovic has calculated a comparison of the real wages of workers of five different major cities: London and New York (representing the rich countries) and Beijing, Delhi and Nairobi (representing the South). Furthermore he differentiated between three categories of workers: unskilled building labourers, skilled industrial workers and engineers. His results are:

The real wage gaps are the greatest in the case of unskilled workers: for them, the ratio of real wages in rich and poor countries is almost 11 to 1. For the skilled industrial workers and engineers, the gaps are respectively 5.8 to 1 and 3.3 to 1.18. If we contrast this result with the estimates of the ratio between wheat wages of English and Indian unskilled laborers around 1850, we note that the UK / India unskilled wage gap has increased from around 3.3 to 1 in 1850 to more than 9 to 1 today.⁵⁰ (See Table 6)

So we can summarise that, if we compare the world in the epoch of pre-monopoly capitalism of the 19th century and the epoch of imperialism since the beginning of the 20th, we see a massive increase in the gap between the wealth of the nations of the North and those of the South, which by and large is synonymous with the imperialist and the semi-colonial world. Likewise, we observe a massive increase in the gap between the wages of the workers of the North and those of the South. This is particularly true for the broad mass of the working class—the unskilled, lower strata which constitutes, according to a World Bank Report from 2007, 86.9 per cent of the global labour force, 68 per cent in the imperialist countries and 90.4 per cent in the semi-colonial world and emerging imperialist China.⁵¹

Branko Milanovic has also undertaken studies in which he analyses not only the inequality between the countries but also that between the corresponding percentiles of citizens of different countries. To do so he divides the population of a given country into 20 equally sized groups, which he calls ventiles, each including 5 per cent of the population, ranked by their average per capita incomes. Thus, value 1 on the horizontal axis of his diagrams correspond with the poorest 5 per cent of the population of a given country, and value 20 corresponds to the richest 5 per cent of that country's population. On the vertical axis in the same diagrams he shows the global percentile position of each national ventile. The vertical height, corresponding for example to the bottom ventile in the US, is $y = 60$, indicating that the poorest 5 per cent of Americans

⁵⁰ Ibid., pp. 129–130.

⁵¹ World Bank, 'Global Economic Prospects 2007. Managing the Next Wave of Globalization', p. 110. See on this also Michael Pröbsting, 'Marxism and the United Front Tactic Today. The Struggle for Proletarian Hegemony in the Liberation Movement and the United Front Tactic Today. On the Application of the Marxist United Front Tactic in Semi-Colonial and Imperialist Countries in the Present Period', May, Chapter III (Vienna: Revolutionary Communist International Tendency, 2016), <http://www.thecommunists.net/theory/book-united-front/>

Table 6 Nominal and real (food) hourly wages for several occupations. Annual after-tax wage divided by the number of effective annual hours of work, March 2009

	Building labourer (1)		Skilled industrial worker (2)		Engineer (3)	
	Nominal after tax wage (in \$)	Real food wage	Nominal after tax wage (in \$)	Real food wage	Nominal after tax wage (in \$)	Real food wage
New York	16.6	16.6	29.0	29.0	26.5	26.5
London	9.7	15.4	19.0	30.4	22.1	35.2
Beijing	0.8	1.3	2.3	3.8	5.8	9.5
Delhi	0.5	1.7	2.1	6.9	2.9	9.1
Nairobi	0.6	1.5	2.0	4.7	4.0	9.2
Rich vs poor (unweighted ratio)	20.4	10.9	11.0	5.8	5.8	3.3

Branko Milanovic, 'Global Inequality: From Class to Location, from Proletarians to Migrants', *Global Policy*, 3:2 (May 2012), p. 130. See also UBS, *Prices and Earnings. A Comparison of Purchasing Power around the Globe*, 2009 edition (Zürich, 2009). See also UBS, *Prices and Earnings. A Comparison of Purchasing Power around the Globe*, 2012 edition (Zürich, 2012).

Milanovic attached the following note to this table:

Note: Food prices are estimated from a basket of 39 food products with weights reflecting West European consumption patterns. New York food prices are set equal to 1. Real food wage (in New York food prices) is estimated by dividing the nominal after tax dollar wage by the food price index (not shown here). Annual number of hours worked is equal to the weekly number of hours of work given for each profession and country separately (Union de Banques Suisses, 2009, pp. 34–35) multiplied by 52 weeks, and reduced for the number of official and paid vacation days per year for each country (Union de Banques Suisses, 2009, p. 30). 1. Unskilled or semi skilled labourer, about 25 years of age, single. 2. Skilled worker with vocational training and about 10 years of experience, working in a large company in the metal working industry, approximately 35 years of age, married, two children. 3. Employed in an industrial firm in the electrical engineering sector, university or technical college graduate with at least 5 years of experience, about 35 years of age, married, two children. 4. Rich are New York and London; poor are Beijing, Delhi and Nairobi.

have an income that places them at the 60th global percentile. In other words, they are better off than 60 per cent of the world population!

He concludes:

Figure 1, using the example of BRIC countries (Brazil, Russia, India and China) and the US, illustrates vast differences in incomes which exist between countries, and in particular between the poorest ventiles of the population. While the poorest Americans are (as we have just seen) at the 60th global percentile, the poorest Brazilians and Indians are at the 3rd or 4th global percentile; that is among the poorest people on the planet. The poorest Chinese are around the 16th global percentile, the poorest Russians around the 37th percentile. Even more striking is the comparison of the income of the poorest groups of Americans with the richest Indians: the second poorest ventile of American population is approximately at the same level of income (just 1 global percentile lower) than the richest 5 per cent of Indians.⁵²

⁵² Milanovic, 'Global Inequality', op. cit., pp. 127–128.

Similarly, Milanovic compares the income of the different social groups of Denmark with those of selected African countries.

It is particularly noteworthy that his calculations are based on statistics from 2005 and therefore do not include the further increase in inequality which has taken place during the last 10 years, marked as it is by the beginning of a period of historic crisis for capitalism.

Let us now investigate another aspect. To what degree is this enormous inequality caused by the class antagonism within a given country and to what degree is it caused by the class antagonism between different countries, that is, between imperialist countries and semi-colonial countries? And what is the relevance of these two factors compared with the situation in the 19th century? Branko Milanovic as well as the economic historians François Bourguignon and Christian Morrison have studied this issue and have reached the following conclusions.⁵³

Bourguignon and Morrison write:

[W]ithin-country inequality decreased as a share of world inequality over the 1820–1992 period, though it remained an essential part of world inequality throughout the period. It represented 80 percent and more of total inequality in the first half of the 19th century, a time when most countries were at about the same level. Essentially the United Kingdom, some continental European countries, and the United States were the only exceptions. GDP per capita in China or India was around \$500 (in 1990 PPP); that of United Kingdom was only three times larger. The gap between countries widened rapidly, however. By 1910 the differential between the United Kingdom and China had risen to 6:1 and by 1950 to 10:1. ... Thus the increase in between-country inequality was much larger than the increase in the overall inequality between 1820 and 1950.⁵⁴

They also reached the conclusion that global inequality has basically tripled from 1:3 to 1:9 in the period from 1820–1950:

⁵³ Branko Milanovic explains his approach to the different concepts of inequality inside a given country and to the inequality between countries (Branko Milanovic, 'Global Income Inequality by the Numbers: In History and Now—An Overview', World Bank Policy Research Working Paper no. 6259 (2012), p. 19):

Global inequality can be decomposed into two parts. The first part is due to differences in incomes within nations, which means that that part of total inequality is due to income differences between rich and poor Americans, rich and poor Chinese, rich and poor Egyptians and so on for all countries in the world. If one adds up all of these within-national inequalities, one gets their aggregate contribution to global inequality. This is what I call the 'class' component to global inequality because it accounts for (the sum) of income inequalities between different 'income classes' within countries. The second component, which I call the 'location' component, refers to the differences between mean incomes of all the countries in the world. So there, one actually asks 'how much are the gaps in average incomes between England and China, between the Netherlands and India, between the United States and Mexico and so on influencing global inequality?' It is the sum of inter-country differences in mean incomes. In technical terms the first part—'class'—is also called 'within inequality', the second part—'location'—is called 'between inequality'.

⁵⁴ François Bourguignon and Christian Morrison, 'The Size Distribution of Income among World Citizens, 1820–1990', *American Economic Review*, 92:4 (September 2002), pp. 733–734.

The income differential between Europe and its offshoots on the one hand and Asia or Africa on the other—between the richest 20 percent of the world and the poorest 60 percent—soared from 1:3 in 1820 to 1:5 in 1910 and to 1:9 in 1950.⁵⁵

Milanovic reaches the conclusion that the inequality between the rich and the poor nations has increased much more than the inequality between the classes within any given country. He calculates that, in the mid-19th century, the causes of inequality between the North and South were approximately equal to the inequality between the classes, that is, about 50:50.⁵⁶ However, this has changed dramatically by the early 21st century: today about 85 per cent of the global inequality is caused by inequality between the North and South and ‘only’ about 15 per cent by the inequality between the classes in a given country.⁵⁷

In another study Milanovic reached slightly different percentages but basically the same conclusions:

We can summarize the results by writing out the composition of global inequality in the early 19th and 21st century as follows:

Early 19th century: Inequality between individuals in the world: Gini around 50, = about 30% due to differences in average country incomes (15 Gini points)+about 70% due to within-national income differences (35 Gini points).

Early 21st century: Inequality between individuals in the world: Gini around 65, = about 80% due to differences in average country incomes (53 Gini points)+about 20% due to within-national income differences (12 Gini points).

These two simple relationships describe the change that has occurred globally during the last two centuries: inequality between individuals is much higher today than 200 years ago, but—more dramatically—its composition has totally reversed: from being predominantly driven by within-national inequalities (that is, by what could be called ‘class’ inequality), it is today overwhelmingly determined by the differences in mean country incomes (what could be called ‘location’ or citizenship-based inequality). This latter, ‘locational’, element was ‘worth’ 15 Gini points in the early 19th century; it is ‘worth’ more than 50 Gini points today.⁵⁸

⁵⁵ Ibid., p. 737.

⁵⁶ ‘Thus, around mid-19th century, one half of inequality between individuals in the world was explained by unequal development of countries and another half by income differences between social classes—that is, essentially between workers and capitalists’ (Milanovic, ‘Global Inequality’, op. cit., p. 17).

⁵⁷ ‘If we use the same decomposition between location and class today, when our data are much better than for the past, we find that of the global Gini, which amounts to 65.4 points, 56.2 Gini points or 85 per cent is due to differences in mean country incomes, and only 9.2 Gini points (15 per cent) to “class”. Not only is the overall inequality between world citizens greater in the early 21st century than it was more than a century and a half ago, but its composition has entirely changed; from being an inequality determined in equal measures by class and location, it has become preponderantly an inequality determined by location only’ (Milanovic, ‘Global Inequality’, op. cit., p. 127).

⁵⁸ Branko Milanovic, ‘A Short History of Global Inequality: The Past Two Centuries’, *Explorations in Economic History*, 48:4 (December 2011), p. 499. The Gini coefficient measures the inequality among people (for example, levels of income). A Gini coefficient of zero expresses perfect equality, where all values are the same (for example, where everyone has the same income). A Gini coefficient of 1 (or 100 per cent) expresses maximal inequality among values (e.g. where only one person has all the income or consumption, and all others have none).

A World Bank Economist discusses the Relevance of Marxism

Milanovic makes some wrong but interesting conclusions from his studies. He discusses the historical development of inequality in capitalism in the context of Marxist theory. He concludes that in their times Marx and Engels were quite correct in their assessment of the class antagonism:

Did Marx and Engels depict the reality of that era correctly? Today we have more data than Marx and Engels possessed at the time. Yet, their insight is confirmed by what we know today, both as regards the ubiquitous split between the two major classes and similarity in the economic position of the laborers, or, more broadly, the poor across countries.⁵⁹

However, Milanovic contends that the Marxist class analysis was no longer relevant in the 20th century, albeit he speculates that class struggle and Marxism could again become relevant in the future ('Do I hear the distant sound of Marx?').⁶⁰ In a chapter titled 'From "permanent revolution" to "fortresses Europe and America"' he cites Engels's reference to the emergence of the labour aristocracy. Basically he claims that Trotsky's theory of permanent revolution was no longer relevant because the workers of the North and those of the South had hardly anything in common anymore.

While in the years between the heady days of the pan-European 'Springtime of the Peoples' in 1848, and probably second half of the 20th century, the conflict between capital and labor was the main political issue that influenced several generations of thinkers, politicians, social activists, and ordinary people, this is no longer the case today, globally, the issue has receded in importance as the objective conditions that gave rise to it have changed. This was already even if dimly becoming apparent in the last decades of the 19th century when the term 'workers' aristocracy', denoting this divergence of living conditions among the 'exploited' classes internationally, was coined. To quote Engels' again—but now ten years after The Communist Manifesto: '... the English proletariat is actually becoming more and more bourgeois.' This somewhat derogatory term reflected a real process of betterment of the standard of living among the working classes in the most advanced capitalist countries, or if one prefers, their 'embourgeoisement'. The process continued, and accelerated, most famously during 'The Glorious Thirty' years of almost uninterrupted and widely shared economic growth in Western Europe and the US. In the second half of the 20th century, the prospect of permanent revolution, that is of a world-wide revolution that would bring working classes' parties to power—a prospect so eagerly called forth by Trotsky in the 1920s, became clearly unrealistic. The bourgeoisies of the western world needed no longer to fear proletarian revolutions spreading from one country to another.⁶¹

Obviously, Milanovic is wrong. Of course, Marxists are aware that imperialism has been able to bribe the upper layer of the working class in the imperialist countries.

⁵⁹ Milanovic, 'Global Inequality', op. cit., p. 126.

⁶⁰ Branko Milanovic, 'Income Inequality and Citizenship: Quantifying the Link', 6 May 2015, <http://www.voxeu.org/article/income-inequality-and-citizenship>

⁶¹ Milanovic, 'Global Inequality', op. cit., pp. 130–131.

This is why it is urgent for revolutionaries in this part of the world to fight against the aristocracy's influence in the labour movement. Equally, revolutionaries have to orient the lower strata of the workers in the North to look towards a joint struggle with the workers of the South.

However, Milanovic fails to understand—unsurprisingly given his bourgeois class outlook—that the increasing inequality between the classes in a given country and between the countries of the North and South is caused mainly by the same system and the same class: capitalism in the age of its decline, that is, monopoly capitalism, and the imperialist bourgeoisie. Hence, the workers of all parts of the world face the same class enemy.

This is particularly relevant in a historic period where the workers in all parts of the world are attacked by the bourgeoisie and, as a result, inequality is increasing *everywhere*. Naturally, this must not lead Marxists to deny or underestimate the income gap between the workers of the North and those of the South. Even more, revolutionaries must not underestimate the poisonous influence of the reformist labour bureaucracy which chains the working class of the North with the imperialist bourgeoisie and positions it against the migrant workers and against the huge majority of the world proletariat which is living in the southern countries. Yet these are obstacles which can be overcome if a revolutionary world party resolutely fights against the treacherous bureaucracy and at the same time educates the working class, especially of the North, in the spirit of authentic and dedicated proletarian internationalism.

Milanovic has no idea that it is a core tenet of Marxism that capitalism inevitably leads to imperialism and hence to the increasing exploitation of the oppressed people in the semi-colonial countries. Capital in the rich countries generates monopoly capital which draws a significant portion of its profit from extra-profit based on the super-exploitation of the oppressed people.

Furthermore, Milanovic repeats the bourgeois misunderstanding about Trotsky's theory of permanent revolution according to which it is based on the idea of the similarity of the living conditions of the working class in the different parts of the world. In fact, it is based on the fundamental class antagonism between workers and capitalists in *all* countries and the interdependence of the capitalist world. Furthermore, Trotsky elaborated in his theory, and the Russian Revolution in 1917 was the living proof of this theory, that revolution will not necessarily start in the most developed, most wealthy capitalist countries but rather in backward capitalist countries.

However, one can hardly expect a bourgeois economist of the World Bank to understand let alone to apply the method of Marxism. It is, however, a shameful fact that such an insightful bourgeois economist is more capable of recognising the reality of increasing class antagonism between the imperialist powers and the oppressed people in the semi-colonial world than are most of the so-called 'Marxists' in Western Europe and North America!

We should address the results of the findings of Milanovic and others. Namely, it is crucial to stress that the inequality between the classes in nation-states has vastly increased during the past two decades. This is also true within the imperialist

countries. This trend is even admitted by such bourgeois think tanks as the OECD. In a recent study, the OECD reached the following conclusion:

In the 1980s, the richest 10% of the population earned seven times more than the poorest 10%; today they earn almost ten times more. In broad terms, this long-term trend has been driven by two main movements: at the top end, and especially among the top 1%, a surge in incomes; at the bottom end, much slower income growth during good times and often a fall in incomes in bad times, especially during and after the Great Recession.⁶²

Furthermore, it would be completely undialectical to assume that unevenness is a unilateral process without any unevenness. In fact, there is unevenness within the unevenness, that is, there can be exceptions and counter-tendencies. First, we cite China which, as an emerging imperialist power, is closing the gap with the old imperialist powers in terms of output, capital accumulation, average income, etc. Here, we refer readers both to Maddisson's figures in Table 2 as well as to our investigation of China's capitalism.⁶³ China was able to reduce the gap in GDP per capita to that of the US between 1990 and 2008 from 1:12.5 to 1:4.6.

In an interesting study Milanovic summarises global income developments between 1988 and 2008. He reaches the conclusion that those who profited most were the capitalists (the global top 1 per cent) as well as those whom he calls the 'emerging global middle class', that is, the middle class in China and some advanced semi-colonies like Brazil, India, Egypt or Indonesia:

What parts of the global income distribution registered the largest gains between 1988 and 2008? As the figure shows, it is indeed among the very top of the global income distribution and among the 'emerging global middle class', which includes more than a third of world population, that we find most significant increases in per capita income. The top 1% has seen its real income rise by more than 60% over those two decades. The largest increases however were registered around the median: 80% real increase at the median itself and some 70% around it. It is there, between the 50th and 60th percentile of the global income distribution that we find some 200 million Chinese, 90 million Indians, and about 30 million people each from Indonesia, Brazil and Egypt. These two groups—the global top 1% and the middle classes of the emerging market economies—are indeed the main winners of globalization.⁶⁴

At the same time, inequality increased in China as the income share of the bottom 40 per cent of the people declined from 20.2 per cent to 14.4 per cent between 1990 and 2009.⁶⁵

⁶² OECD, *In it Together: Why Less Inequality Benefits All* (Paris, 2015), p. 23.

⁶³ See on this 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, <http://www.thecomunists.net/publications/revcom-number-4>

⁶⁴ Milanovic, 'Global Income Inequality by the Numbers', op. cit., p. 12. See on this also Christoph Lakner and Branko Milanovic, 'Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession', World Bank Policy Research Working Paper no. 6719, 2013.

⁶⁵ David Dollar Brookings, Tatjana Kleineberg and Aart Kraay, 'Growth, Inequality, and Social Welfare: Cross-Country Evidence', Einaudi Institute for Economics and Finance, p. 2.

So, to conclude, when examining global developments in the epoch of imperialism we see an increase in the inequality between the imperialist countries and the semi-colonies. However, there are exceptions—first of all if a country manages to become imperialist, as is the case with China. However, there can also be cases where a period of rapid capital accumulation in some advanced semi-colonies translates into a rapid income growth of the local capitalists and middle class.

Has Trotsky's Prognosis Been Confirmed?

Let us finally discuss some remarks by Trotsky on the law of uneven and combined development and their consequences on the gap between the imperialist and semi-colonial countries. In a speech given in December 1926, in which he defended his concept against the mindless attacks of the Stalin–Bukharin leadership, Trotsky argued:

Comrades, the premise of this theory [of socialism in one country] is the unevenness of imperialist development. Stalin accuses me of not recognizing or insufficiently recognizing this law. Nonsense! The law of the unevenness of development is not a law of imperialism but it is a law of all human history. In its first phase capitalist development abruptly heightened the disparity between the economic and cultural level of development of different nations; imperialist development, i.e. the highest phase of capitalism, has not increased this disparity of levels but on the contrary has considerably facilitated their leveling out. This leveling out can never in any way be complete. The difference in tempos of development will disrupt this leveling out over and over again, thereby rendering impossible the stabilization of imperialism at any given level. Lenin attributed this unevenness by and large to two factors: first to the tempo; and secondly to the level of economic and cultural development of the different countries. As far as the tempo is concerned imperialism has brought unevenness to an extremely high point; as regards the level of different capitalist countries the very difference in tempo has brought about certain leveling tendencies. Whoever does not understand this does not understand the very root of the question. Take Britain and India. Capitalist development is in certain parts of India proceeding faster than did the capitalist development of Britain at its very start. Yet the difference, the economic gap between Britain and India—is this today greater or less than fifty years ago? It is less. Take Canada, South America, South Africa on the one hand and Britain on the other. The development of Canada and South America has gone ahead at a furious rate over the recent period. The 'development' of Britain consists of a slump or even a decline. Thus the tempo is more uneven than ever before in history. But the levels of development of these countries have today drawn closer together than thirty or fifty years ago. What conclusions flow from this? Very important ones. Just the very fact that the tempo of development in some backward countries has of late become feverish while on the other hand in some old capitalist countries development has slowed down and even gone into reverse, and this very fact totally excludes the possibility of realizing Kautsky's hypothesis of systematically organized super-imperialism.⁶⁶

⁶⁶ Leon Trotsky, 'Speech to the Seventh (Enlarged) Plenum of the Executive Committee of the Communist International, 9th December 1926', in Trotsky, *The Challenge of the Left Opposition*, op. cit., pp. 179–180.

In his critique of the Comintern's programme, Trotsky said on this issue in 1928:

In the first place, it would have been more correct to say that the entire history of mankind is governed by the law of uneven development. Capitalism finds various sections of mankind at different stages of development, each with its profound internal contradictions. The extreme diversity in the levels attained, and the extraordinary unevenness in the rate of development of the different sections of mankind during the various epochs, serve as the starting point of capitalism. Capitalism gains mastery only gradually over the inherited unevenness, breaking and altering it, employing therein its own means and methods. In contrast to the economic systems which preceded it, capitalism inherently and constantly aims at economic expansion, at the penetration of new territories, the surmounting of economic differences, the conversion of self-sufficient provincial and national economies into a system of financial interrelationships. Thereby it brings about their rapprochement and equalizes the economic and cultural levels of the most progressive and the most backward countries. Without this main process, it would be impossible to conceive of the relative leveling out, first, of Europe with Great Britain, and then, of America with Europe; the industrialization of the colonies, the diminishing gap between India and Great Britain, and all the consequences arising from the enumerated processes upon which is based not only the program of the Communist International but also its very existence.

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

Imperialism, thanks to the universality, penetrability, and mobility and the break-neck speed of the formation of finance capital as the driving force of imperialism, lends vigor to both these tendencies. Imperialism links up incomparably more rapidly and more deeply the individual national and continental units into a single entity, bringing them into the closest and most vital dependence upon each other and rendering their economic methods, social forms, and levels of development more identical. At the same time, it attains this 'goal' by such antagonistic methods, such tiger-leaps, and such raids upon backward countries and areas that the unification and leveling of world economy which it has affected, is upset by it even more violently and convulsively than in the preceding epochs. Only such a dialectical and not purely mechanical understanding of the law of uneven development can make possible the avoidance of the fundamental error which the draft program, submitted to the Sixth Congress, has failed to avoid.⁶⁷

We think that Trotsky correctly drew attention to the unevenness in tempo and unevenness in the absolute level of development. He touches an important issue when he states that 'the levels of development of these countries have today drawn closer together than thirty or fifty years ago'. Here we shall briefly discuss whether

⁶⁷ Leon Trotsky, *The Third International After Lenin (1928)* (New York: Pathfinder Press, 1970), pp. 19–20.

this statement by Trotsky has been confirmed by historical developments of the imperialist epoch during the past 120 years.

As we have demonstrated above, inequality between the imperialist states and the semi-colonial world has increased if we examine the entire epoch of imperialism starting from the end of the 19th century until today. To this extent, Trotsky's prognosis has not been confirmed.⁶⁸ However, there has also been a process of levelling of the global spread of technologies. In addition, there have been periods—and globalisation has been one such period—where some advanced semi-colonial countries have to a certain degree reduced the gap to the imperialist states. This is even truer, given the fact that, in the case of China, a new imperialist power has emerged.

In this context it is useful to recall the approach of Evgenij Preobrazenskij, a leading Marxist economist in the Soviet Union and a leader of Trotsky's Left Opposition in the 1920s. In his last published book, before he was imprisoned and murdered by Stalin, he applied the law of uneven development to the period of imperialism, that is, the period of capitalism's decay. He therefore spoke about the *Law of Uneven Decay* which implied that not all sectors of world capitalism decline at the same tempo.⁶⁹ This was true to Trotsky's and Preobrazenskij's time when the US and Japan grew relatively faster than the old imperialist powers in Western Europe, which were stagnating. This is also true today as economic growth has been substantially faster during the past 15–20 years in the new imperialist powers of the East, China and Russia than in the old Western imperialist powers the US, EU and Japan. The latter—as we have demonstrated in a number of documents—have stagnated for one and a half decades. (In the period 2001–2010 these regions had an average annual 'growth' of industrial production of –0.3 per cent (US), –0.4 per cent (Japan) and –0.3 per cent (EU-15).)⁷⁰

⁶⁸ In this respect Ernest Mandel—the leading theoretician of the Pabloite 'Fourth International', who irrespective of his centrism produced a number of thoughtful and important works—was right when he remarked in 1969: 'Although monopoly capital succeeds in extracting super-profits, directly or indirectly, out of most of the people on earth, it does not transform most people in the world into industrial producers of surplus-value. In short: although it submits all classes and all nations (except those which have broken out of its realm) to various forms of common exploitation, it maintains and strengthens to the utmost the differences between these societies. Although the US and India are more closely interwoven today than at any time in the past, the distance which separates their technology, their life-expectancy, their average culture, the way of living and of working of their inhabitants, is much wider today than it was a century ago, when there were hardly any relations at all between these two countries' (Ernest Mandel, 'Das Gesetz der ungleichmäßigen Entwicklung', in Ernest Mandel and Martin Nicolaus, *Kontroverse über die Möglichkeit einer Revolution in den USA* (Berlin: Merve, 1970), p. 48; in English, 'The Laws of Uneven Development', in *New Left Review*, I/59 (January–February 1970), <https://www.marxists.org/archive/mandel/1969/nicolaus/us2.html>

⁶⁹ See Evgenij Preobrazenskij, *The Decline of Capitalism* (1931); translation by Richard Day (London, 1981), pp. 72 and 107.

⁷⁰ European Commission, Statistical Annex of European Economy (Spring 2012), p. 53. See on this e.g. Michael Pröbsting, 'World Economy—Heading to a New Upswing?' (2009), in *Fifth International*, Vol. 3, No. 3, <http://www.thecommunists.net/theory/world-economy-crisis-2009/>; Michael Pröbsting, 'Imperialism, Globalization and the Decline of Capitalism' (2008), in Richard Brenner, Michael Pröbsting and Keith Spencer, *The Credit Crunch*, op. cit.; RCIT, 'Perspectives for the Class Struggle in Light of the Deepening Crisis in the Imperialist World Economy and Politics'. Theses on Recent Major Developments in the World Situation and Perspectives Ahead, *Revolutionary Communism*, 32 (January 2015), pp. 3–26, <http://www.thecommunists.net/theory/world-situation-january-2015/>; RCIT, 'Escalation of Inner-imperialist Rivalry Marks the Opening of a New

Trotsky once remarked that capitalist nations with a belated development have a certain advantage since they can adopt modern technologies developed by older capitalist countries without incurring the cost of their development. On this basis backward countries can catch up and even outpace countries with an earlier and more advanced capitalist development.

the privilege of historical backwardness—and such a privilege exists—permits, or rather compels, the adoption of whatever is ready in advance of any specified date, skipping a whole series of intermediate stages. Savages throw away their bows and arrows for rifles all at once, without travelling the road which lay between those two weapons in the past. The European colonists in America did not begin history all over again from the beginning. The fact that Germany and the United States have now economically outstripped England was made possible by the very backwardness of their capitalist development ... The development of historically backward nations leads necessarily to a peculiar combination of different stages in the historical process.⁷¹

This observation of Trotsky is clearly relevant for China's development. This country was able to combine its initial accumulation of capital with appropriation of the latest technological achievements of the Western countries.

Let us now conclude this sub-chapter and move on to other features of the Law of Uneven and Combined Development.

Combination and Reciprocal Interaction of Pre-capitalist, Capitalist and Stalinist Features

The *Law of Uneven and Combined Development* helps explain the dynamics of development in so-called backward countries. In many countries of the semi-colonial world, capitalism did not arise organically from its interior development but rather from the penetration and conquest of these countries by European capitalist powers. This led to a coincidence of feudalist or 'Asiatic' (Marx's term) modes of production with modern capitalism. As a result, numerous combinations of these different social-economic formations emerged.

Large feudal landowners kept their possessions, including the subordinated peasants living in semi-serfdom, and produced agrarian commodities for the world market. Such developments took place in Russia, Spain and Eastern Germany in the 19th century. Likewise, an emerging bourgeois class in a backward country, only

Phase of World Politics'. Theses on Recent Major Developments in the World Situation, in: *Revolutionary Communism*, 22 (April 2014), pp. 36–49, <http://www.thecommunists.net/theory/world-situation-april-2014/>; RCIT, 'Aggravation of Contradictions, Deepening of Crisis of Leadership'. Theses on Recent Major Developments in the World Situation Adopted by the RCIT's International Executive Committee, *Revolutionary Communism*, 15 (September 2103), pp. 24–40, <http://www.thecommunists.net/theory/world-situation-september2013/>; RCIT, 'The World Situation and the Tasks of the Bolshevik-Communists. Theses of the International Executive Committee of the Revolutionary Communist International Tendency', *Revolutionary Communism*, 8 (March 2013), pp. 33–42, www.thecommunists.net/theory/world-situation-march-2013

⁷¹ Trotsky, *History of the Russian Revolution*, op. cit., p. 4.

developing belatedly, often remained a weak and semi-impotent class and therefore allied itself with the feudal and semi-feudal forces and, therefore, supported a conservative social order. This is what happened in a number of European countries as well as in Latin America in the 19th century. Similarly, the belated bourgeoisie usually allied and subordinated itself to the old absolutist state apparatus inherited from the pre-capitalist epoch. Hence, we witness the tremendous conservatism of the capitalist class and its support for the Tsar in Russia, the Shah in Persia, the Kaiser in Germany, etc.

In the colonial world, where European conquistadors invaded and subjugated the indigenous peoples, the emerging local bourgeoisie usually aligned itself with the dominant foreign power. While there were tensions and contradictions between the belated capitalists in Latin America, India and China and their colonial masters, the former became a comprador bourgeoisie and subordinated itself to the monopoly capitalists. This remained the state of affairs until today, even after these countries achieved formal independence.

It is obvious that such a relationship had and has reciprocal consequences for both sides. The old ruling class and its absolutist state apparatus willingly incorporated the emerging bourgeoisie in 19th century Europe and increasingly transformed its character. From being a purely defensive tool to maintain the power of the big land owners and the bloated state bureaucracy, the state became an interventionist tool to modernise the capitalist economy (e.g. the role of the Tsarist Russian state in building railroad lines or founding state banks in order to drive forward capital accumulation). A similar process took place in the semi-colonial countries where the old state apparatus—following the taking of power by a new elite—played a crucial role in the so-called *import-substitution industrialisation* efforts (e.g. in Argentina under Peron and in Egypt under Nasser).

Likewise the bourgeoisie in countries like India and Pakistan and in Africa, after achieving independence, took over the old colonial state apparatus set up by the imperialist masters. The same happened in Central Europe and Japan, where the victorious Allied powers took over most of the fascist state apparatus after 1945 to rebuild the countries' capitalist 'democracies'. Another and very recent example is the central role of the Stalinist state apparatus in China in the entire process of capitalist restoration and, later, the propelling of the country into an emerging imperialist power.⁷²

Uneven and combined development is not only relevant when we talk about the combination of pre-capitalist and capitalist political and economic formations. It is also highly relevant for all countries—including the imperialist metropolises—where we see the combination and reciprocal interaction of both backward and advanced forms of production and exploitation. Take for example the coexistence of very modern factories with the latest technological achievements alongside small sweat shops. In fact, these seemingly contradictory phenomena actually depend on one

⁷² See on this Michael Pröbsting, 'China's Transformation into an Imperialist Power', <http://www.thecommunists.net/publications/revcom-number-4>

another. As the entire history of capitalism shows, capitals of different size and at different stages of development can coexist and together form a socio-economic totality. Let us recall once again Marx's statement in his *Contribution to the Critique of Political Economy* which we quoted above and where he speaks about 'the totality of these relations of production which constitute the economic structure of society'.

If it is true that a given society can encompass several modes of production, it is even truer that a given capitalist society contains social relations reflecting different stages of capitalist development and different levels of labour productivity. One only has to think about the coexistence of monopoly corporations and of small peasants or self-employed family enterprises, or the existence of social relations based on capitalist super-exploitation of migrant labour in the imperialist countries.⁷³

A similar process takes place on the political level. We have various combinations of democratic rights (e.g. the right to bear arms in the US) with the barbaric suppression of democracy (killing of illegal migrants at Arizona's border to Mexico or the countless numbers of police killings of Afro-Americans). Another example is the coexistence of democratic rights for homosexuals in Europe with the building of the racist *Fortress Europe* and the suppression of any rights for illegal migrants.⁷⁴

This leads us to the next aspect of uneven development: all capitalist societies inherit social relations that had already come into existence long before the economy was characterised by general commodity production. Here, we are referring to the social oppression of women which emerged in parallel with the division of society into antagonistic classes thousands of years ago.⁷⁵ Likewise we have a long history of oppression of youth or of sexual minorities.⁷⁶ Capitalism inherits, incorporates and modifies all of these historic pre-capitalist social relations and makes them an inseparable part of the capitalist social order.

The same is true for other forms of social oppression which emerged historically later, that is, in parallel and in conjunction with the genesis of capitalism. Here we are referring to the formation of nations and of national oppression which exists in all parts of the modern world. Another form of this national question is the oppression and super-exploitation of migrants. A specific form of national or racial oppression are

⁷³ See on this e.g. Michael Pröbsting, 'Migration and Super-exploitation: Marxist Theory and the Role of Migration in the Present Period of Capitalist Decay', *Critique: Journal of Socialist Theory*, 43:3-4 (2015), <http://www.tandfonline.com/doi/abs/10.1080/03017605.2015.1099846>; Michael Pröbsting, 'Marxismus, "Migration und revolutionäre Integration" (2010)', *Der Weg des Revolutionären Kommunismus*, no. 7, <http://www.thecommunists.net/publications/werk-7>. See also Michael Pröbsting, 'Werttransfer durch Migration', *Lunapark21*, 25, <http://www.lunapark21.net/lp21archiv1.html>

⁷⁴ We have elaborated the political and programmatic consequences of these developments in another publication: Michael Pröbsting, 'The Struggle for Democracy in the Imperialist Countries Today The Marxist Theory of Permanent Revolution and its Relevance for the Imperialist Metropolises', *Revolutionary Communism*, 39 (August 2015), <http://www.thecommunists.net/theory/democracy-vs-imperialism/>

⁷⁵ See on this e.g. Almediina Gunić, 'Die Geschichte der Frauenbewegung und ihre Klassendifferenzen', *Unter der Fahne der Revolution*, (2010), <http://www.thecommunists.net/theory/klassenkampf-frauenbewegung/>; LRCI, 'Theses on Women's Oppression', *Trotskyist International*, 3 (1989).

⁷⁶ See on this e.g. Johannes Wiener, *Für eine Revolution an der Schule!* (RKOB, 2014).

the variations of Apartheid as they existed in the US until the 1960s, in South Africa until 1994 and in Israel/Occupied Palestine even until today.

Similarly, capitalism inherits and incorporates various forms of absolutist, undemocratic forms of political rule (e.g. monarchies in Europe). In addition, capitalism in crisis creates new forms of Bonapartist or even fascist domination and hence makes the democratic question a crucial issue of the proletarian class struggle.

Thus, we hope to have provided our readers with an overview of the manifold aspects of the law of uneven and combined development and its indispensability for understanding the contradictions and dynamics of modern imperialism, that is, capitalism in its period of decay.

Disclosure Statement

No potential conflict of interest was reported by the author.