

The imperial mode of living in the context of crisis

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Introduction

The call for this conference, entitled *The Imperial Mode of Living in Context*, and Marcel van der Linden's paper, *Relational inequality within the world working class: some preliminaries*, ask questions of immense importance; e.g. "Does the Northern part of the world working class really profit from the exploitation of the workers and other poor groups in the South? And if so, how does this profiting work?"¹, and, "Why is working-class internationalism so difficult to achieve? Why could workers so often be seduced by jingoism and xenophobia? Why do Northern workers frequently behave indifferently towards the misery of workers in the Global South?"²

Before seeking answers we must ask, are these questions formulated correctly? What are their underlying premises? What other important questions do we need to ask? Since these questions are framed by the title of the conference and of Marcel's paper, my first step is to ask, what does "relational inequality" and "imperial mode of living" mean, and what do they imply?

This paper interrogates these terms, generating a series of questions that require further examination, including how can value theory shed light on relational inequality? What is the relation between workers solidarity in the economic struggle, i.e. trade unionism, and working-class internationalism in support of revolutionary struggles against imperialism? How are these questions posed differently in a time of systemic crisis?, and it concludes by proposing that the entire discussion flowing from this conference should be seen as a tributary of a much, much larger conversation that has begun and that can grow to involve workers and youth in every corner of every country of every continent: *what should be written in a Communist Manifesto for the 21st century?*

Appendix I presents some empirical analysis of social relations embodied in one ubiquitous commodity that can serve as a microcosm of global relational inequality, *coffee*. Appendix II discusses the Marxist theory of exploitation, discussing how this can, *and must*, be extended to account for the divergence in rates of exploitation between imperialist countries and those under their domination, thereby establishing the foundation for a theory of modern, fully-evolved, capitalist imperialism. The central argument of this paper is that only on this basis can find useful and reliable answers to the questions posed before this conference.

¹ Marcel van der Linden, 2020, *this* p.4

² <https://soc21.nl/conference-on-international-solidarity-and-relational-inequality/>

Imperialism and socialism

Imperial mode of living invokes *imperialism*, while the entire discussion about working class solidarity, or the lack of it, evokes the struggle for *socialism*, which, in imperialist countries, came to a dead stop in 1914 and has never resumed—at least, not as envisaged by Marx and Engels in the Communist Manifesto: “The proletarian movement is the self-conscious, independent movement of the immense majority, in the interest of the immense majority....”.³

So, let’s start with imperialism and socialism. Most of those in Europe and North America who self-identify as Marxists and who haven’t abandoned the term and concept of imperialism altogether consider it to signify geopolitical rivalry between dominant classes/states, but *not* the systematic plunder of the living and natural wealth of nations dominated and oppressed by imperialism. Some argue this explicitly, most infamously David Harvey and the progeny of the International Socialist Tendency, while many others give so little attention to continuing imperialist exploitation that we must assume they believe it to be either non-existent or of negligible importance. Their attempts to redefine imperialism so as to exclude its most essential quality must be vigorously resisted. In this paper, *capitalism* is a generic term that signifying a mode of production that has spanned several centuries, while *imperialism* signifies capitalism’s contemporary, concrete, stage of development.

The deepest root of capitalism’s imperialist impulse is in the capital-labour contradiction, not, as Euro-Marxists claim, in rivalry between capitalist classes/states. Concessions extracted by labour in the economic struggle increase pressure on capitalists to compensate themselves by intensifying their extraction of wealth from colonies and neo-colonies. For example, For example, it was rising national liberation struggles in Britain’s colonies and neo-colonies—not just the social reform movement at home—that convinced its imperialist rulers to concede free healthcare and education to Britain’s workers after World War II. Their aim was not just to pacify workers by giving them what they want, but to forge a ‘social contract’ with leaders of their trade unions and the Labour Party—and thereby secure their active support for wars against insurgent peoples in its colonies and neo-colonies. Conservative Party MP Quintin Hogg, later ennobled as Lord Hailsham, one of the most important of Britain’s imperialist statesmen of the 20th-century, warned the UK Parliament in 1943: “Some of my hon. friends seem to overlook... that if you do not give the people social reform, they are going to give you social

³ Karl Marx and Frederick Engels, [1847] 1977, *The Communist Manifesto*, in *Marx and Engels Collected Works*, vol. 6 (Moscow: Progress Publishers), p.495. Only when capitalism is wracked by systemic crisis is the struggle for socialism based on the agenda. Social revolution was objectively necessary and possible in the inter-war decades, but was squashed by the political degeneration communist movement, social democracy having already become social imperialism, as Lenin called it. The struggle for social reforms within capitalism, however necessary and progressive this may be, is *completely distinct* from the struggle for socialism. From the capitalists’ perspective, expensive social reforms are the price they must pay to consolidate a counter-revolutionary alliance with workers against the rest of the world.

revolution.”⁴ Three years later Ernest Bevin, who ran one of Britain’s largest trade unions before serving as Foreign Secretary in the post-World War II Labour Party government, when he helped to found NATO and set the ball rolling for the 1953 military coup in Iran, told the UK Parliament, ‘I am not prepared to sacrifice the British Empire because I know that if the British Empire fell...it would mean the standard of living of our constituents would fall considerably’.⁵

Another term that needs to be reclaimed from imperialists and from imperialism-deniers is *socialism*. Socialism can be defined in different, complementary ways—the transition from capitalism to communism; the struggle to reverse the capitalist destruction of nature and heal the “metabolic rift”;⁶ the dictatorship of the proletariat.⁷ Of most relevance to the topic of this conference, *socialism is synonymous with anti-imperialism*. This is so because *socialism is the conscious struggle against everything that violates the unity and equality of proletarians*, and the legacy and actuality of imperialism is the source of the gravest violations of our equality and the greatest obstacle to our unity.

Looking more closely at this, the principal lines along which the unity and equality among working people is violated are gender, race and whether we live in an imperialist country or a so-called developing country. Other divisions could be added, e.g. between the employed and the unemployed, but access to remunerative work is profoundly affected by the primary divisions of gender, race and empire. Racial divisions are completely bound up with the legacy and continuing reality of imperialism, as Malcolm X understood so clearly and as is now becoming widely appreciated by those leading the fight against state racism in imperialist countries. In other words, the three primary divisions can be reduced to two: race/imperialism, and gender. Patriarchal oppression is older and arguably deeper than racial oppression. Given their very different ontological status it is foolish to ask which of these oppressions is the most important, indeed there’s a complex dialectic between the two that will be briefly considered below, in Appendix II. However, from a practical point of view, and without denying the extreme forms of patriarchal oppression that exist in many countries, on a global scale the gravest violations of the

⁴ Hansard, 17 February 1943; Vol 386, c 1818. <https://hansard.parliament.uk/Commons/1943-02-17/debates/387e1885-4fa4-480c-8815-2b83328272bf/SocialInsuranceAndAlliedServices>

⁵ Hansard, 21 February 1946; Vol 419, c 1365 <https://hansard.parliament.uk/Commons/1946-02-21/debates/0fac053c-3ca1-4da6-ae43-ee962b7ba385/CommonsChamber>

⁶ In Marx’s words, the “irreparable rift in the interdependent process of social metabolism, a metabolism prescribed by the natural laws of life itself.” Karl Marx, *Capital*, vol. 3 (London: Penguin, 1981), 949. John Bellamy Foster, who has contributed more than anyone to recovering Marx’s ecological vision, argues “For the first time in human history, our species faces a dire existential choice. We can continue on the path of business as usual and risk catastrophic Earth-system change... or we can take the transformative route of social-system change aimed at egalitarian human development in coevolution with the vital parameters of the earth.” John Bellamy Foster, 2015, *Marxism and Ecology: Common Fonts of a Great Transition*, <https://monthlyreview.org/2015/12/01/marxism-and-ecology/>

⁷ As Marx and Engels say in the Communist Manifesto, “The first step in the revolution by the working class is to raise the proletariat to the position of ruling class, to win the battle of democracy.” Karl Marx and Frederick Engels, [1847] 1977, *The Communist Manifesto*, in *Marx and Engels Collected Works*, vol. 6 (Moscow: Progress Publishers), p.504.

equality and unity of proletarians result from the legacy of imperialism *and its continuation in new forms*—for example, wage differentials between countries far exceed wage differentials between genders.

It follows that the greatest imperative for solidarity and greatest challenge confronting socialism is the struggle to overcome the violation of the equality and unity of proletarians that arises from the centuries-long and continuing imperialist mutilation, genocide and underdevelopment of four-fifths of humanity. Workers in imperialist countries must take possession of our immense productive power not only or mainly for our own benefit, but to dedicate them towards to the task of overcoming the grotesque inequalities in living standards and life chances between workers in different countries and to reestablishing our symbiosis with nature. The notion that workers in an imperialist country could achieve socialism before the consequences for the rest of humanity of historical and contemporary imperialist exploitation have been addressed and redressed isn't socialism, it's a travesty. The path to socialism goes through, not around, the eradication of the gigantic differences in living standards and life chances that violate the principle of equality between proletarians. As Malcolm X said, "Freedom for everybody, or freedom for nobody."⁸

This is why socialism is militantly, uncompromisingly, unconditionally internationalist, and if it's not, it's not socialism. The greatest lessons in the meaning of socialism, internationalism and solidarity are being taught by the workers of Cuba. The Cuban revolution is the sole surviving socialist revolution in the world today, the living link between the revolutions of the past and the revolutions of the future. When Cubans are asked why they sent more doctors to fight Ebola than the rest of the world put together, they respond "we share what we have, not what's left over;" when in the most brilliant example of working class solidarity ever seen, this small country of 11 million people sent 425,000 soldiers between 1975 and 1989, women and men, all volunteers, to fight South Africa's invasion of Angola and thereby changed the course of world history, *this is what socialism means,, this is proletarian internationalism not just in words, but in deeds*. And when so many of those who call themselves Marxists in imperialist countries *turn their backs on all of this*, then... well, it's best I don't finish this sentence!

Severe material shortages resulting from the cruel, six-decade-long economic blockade that President Trump has intensified and is now exacerbated by the coronavirus pandemic, Cuba's medical internationalism—which includes 30,000 doctors providing free healthcare in poor neighbourhoods in poor countries, more than those sent by the G-7 countries combined, and the training in Cuba of thousands of youth from poor countries to become doctors, with all their educational living expenses paid—is very popular among Cuba's working people, in contrast to the resentment felt by many in imperialist Britain towards access by migrants and asylum seekers to the National Health Service. Cuba's

⁸ Malcolm X, 1964, The Ballot or the Bullet, speech at King Solomon Baptist Church, Detroit, Michigan, <https://americanradioworks.publicradio.org/features/blackspeech/mx.html>

support for revolutionary struggles around the world is legendary and without parallel. Addressing tens of thousands of Cubans on 26 July 1991, Nelson Mandela said (my emphasis),

It was in prison when I first heard of the massive assistance that the Cuban internationalist forces provided to the people of Angola, on such a scale that one hesitated to believe, when the Angolans came under combined attack of South African, CIA-financed FNLA, mercenary, UNITA, and Zairean troops in 1975. We in Africa are used to being victims of countries wanting to carve up our territory or subvert our sovereignty. It is unparalleled in African history to have another people rise to the defense of one of us. *We know also that this was a popular action in Cuba. We are aware that those who fought and died in Angola were only a small proportion of those who volunteered.* For the Cuban people internationalism is not merely a word but something that we have seen practiced to the benefit of large sections of humankind.⁹

We have a great deal to learn from Cuba's proletarian internationalism, from Cuba's struggle per socialism! Most relevant to the themes of this conference is *the critical importance of revolutionary leadership*. Cuban internationalism is not just a spontaneous expression of their humanity, it has become a reality because it has been led, not just by Fidel Castro and Che Guevara, but also by the millions of Cuban workers whom they have inspired to become leaders, protagonists in their own self-emancipation. *The crisis of humanity is the crisis of revolutionary leadership*, to paraphrase Trotsky. Unfortunately and disgracefully, most of the currents that call themselves Trotskyist are hostile to the Cuban revolution and ignore its unparalleled internationalism. Why this should be so is beyond the scope of this paper, but in my view has a great deal to do with the failure of Trotsky and his followers to build on and extend Lenin's theory of imperialism. They share their hostility to the Cuban revolution with those whose political roots are in Maoism. Mao's belief that "Soviet social imperialism" was the main threat to humanity led the Chinese state to give diplomatic and military support to forces allied with imperialism and apartheid South Africa and to take the side of General Pinochet against the Chilean people. As for the Soviet Union under Stalin and his successors, its treacherous doctrine of "peaceful coexistence" with imperialism stands in diametric contrast to Cuba's proletarian internationalism, a clash that surfaced on countless occasions and in many ways, as when Che Guevara stated, in his speech to the 1965 Afro-Asian Conference in Algeria, that "the socialist countries have the moral duty to put an end to their tacit complicity with the exploiting countries of the West."¹⁰

The overwhelming prevalence of sectarianism and opportunism, which of course itself needs to be explained, is undoubtedly a large part of the explanation for the weak traditions of working class solidarity in imperialist countries.¹¹

⁹ Nelson Mandela and Fidel Castro, 1991, *How Far We Slaves Have Come*. New York: Pathfinder Press, pp. 19-20.

¹⁰ Che Guevara, 1965, At the Afro-Asian Conference in Algeria, <https://www.marxists.org/archive/guevara/1965/02/24.htm>.

¹¹ I hope I have been even-handed. If there is any current on the left that I have not antagonised, my sincere apologies! Rosa Luxemburg wrote in 1915: 'Violated, dishonored, wading in blood, dripping filth – there stands bourgeois society... a plague to culture and humanity. Thus it reveals itself in its true, its naked form. In the midst of this witches' sabbath a catastrophe of world-historical proportions has happened: International Social Democracy has capitulated. To deceive ourselves about it, to cover it up, would be the most foolish, the most fatal thing the proletariat could do. Marx says: "...the democrat (that is, the petty bourgeois revolutionary – RL) comes out of the

Relational inequality and the theory of value

Unlike imperialism and socialism, “relational inequality” is not a foundational term. Marcel van der Linden proposed it as a useful guide to investigation and a stimulus to debate, intending that through this process it will become filled with meaning and significance. However, I’m in two minds about its usefulness. On the one hand, it prompts questions that go straight to the heart of our subject: what is the relation between workers in imperialist countries and those oppressed nations? Are our interests identical; is disunity simply a result of ‘false consciousness’ and/or misleadership? On the other, some of Marcel’s preliminary observations suggest that “relational inequality within the world working class” can be assessed through a simple arithmetical calculation, without examining how the relation between workers in different countries is mediated by through the capital-labour relation, as the following strongly implies:

Wage-earners in the Global North can buy T-shirts so cheaply because their real wages are much higher than the wages of labourers in the Global South. In that sense workers in the North profit from the exploitation of workers in the South. This is what I would like to call a *relational inequality* within the world working class: some workers are better off *because* other workers are worse off.¹²

While the directness and lack of prevarication of this is highly welcome, it is problematic that this approach dispenses with value analysis and presumes that appearance directly coincides with essence, as is spelt out several pages later, when Marcel asks,

In what ways could workers in the North profit from the exploitation of workers in the North? ... (I deliberately avoid here the concept ‘exploitation’ which may have all kinds of difficult theoretical implications.)... *Indirect* profiting occurs when workers have more or better jobs or enjoy more purchasing power because capitalist enterprises operate in special ways in the Global South. Indirect profiting seems to be the real issue here. I see a number of possible varieties of indirect profiting, but there may be more.

In contrast to profit, the concept of *exploitation* does not exist in mainstream bourgeois economics, whereas, in Marxist theory, exploitation is both absolutely central and strangely undeveloped. It is undeveloped because, in *Capital*, Marx made a number of simplifying assumptions that were necessary to his task of achieving a ‘general theory’ of capitalism; in particular, he wanted to show that surplus value and therefore capitalism is possible without any monopolistic distortion that would violate the equality between the buyers and sellers of commodities, resulting in the presumption of a single, uniform rate of exploitation. This underdevelopment is strange because 150 years have elapsed since Marx wrote *Capital*, yet still his simplifications have not been touched. As I argue in *Imperialism in the Twenty-First Century*,

most disgraceful defeat just as immaculate as he was innocent when he went into it, with the newly-won conviction that he is bound to win, not that he himself and his party have to give up the old standpoint, but, on the contrary, that conditions have to ripen to suit him." The modern proletariat comes out of historical tests differently... its emancipation depends on... whether [it] can learn from its own errors. Self-criticism, remorseless, cruel, and going to the core of things is the life's breath and light of the proletarian movement. Rosa Luxemburg, 1915, *The Junius Pamphlet – The Crisis of German Social Democracy* <https://www.marxists.org/archive/luxemburg/1915/junius/>. The quote from Marx is from *The Eighteenth Brumaire of Louis Bonaparte, Collected Works vol.IX*, pp.133-134

¹² *Relational inequality within the world working class: some preliminaries*, p.1

“the two necessary elements of a theory of contemporary imperialism—international variations in the value of labor-power and in the rate of exploitation—were explicitly excluded by Marx from his general theory as elaborated in *Capital*.”¹³ The inability of Marxist value theory to account for differences in the rate of exploitation, i.e. the absence of a theory of super-exploitation, is the reason why there are “all kinds of difficult theoretical implications” entailed in applying the concept of exploitation to relational inequality. *But this is the only way that relational inequality can be theorized.* Indeed, ‘profit’ is far more problematic than ‘exploitation’, precisely because it is a chaotic, bourgeois concept, the epitome of what Marx called vulgar economics.

The way that van der Linden introduces relational inequality between different groups of workers sidesteps the fact that this relation is mediated by their (unequal) relations with capital; and since, as argued above, imperialism is capitalism’s actual stage of development, this is the same as saying “mediated by imperialism”.

In other words, to understand relational inequality we need a value theory of imperialism. We return to this immensely important topic in Appendix II.

‘Direct’ relational inequality, or *workers as capitalists*

In the indented passage from Marcel cited on the previous page, here are some of the words that stood in the place of the second ellipsis:

Direct profiting can take two forms: either individual working-class families employ other workers at a wage-level far below their own wage-level... or Northern working-class organizations employing Southern workers, as in the case of British consumer cooperatives that owned plantations for cash crops in West-Africa and Ceylon... such forms of direct profiting seem to have remained rather marginal.

However, Marcel leaves out workers who own capital invested in private pension funds. For millions of workers in the UK, USA, the Netherlands and other imperialist countries, these holdings are far from marginal. Total private pension assets in the 36 countries in the OECD amounted to \$42.5 trillion at the end of 2018, 90% of it in the hands of just seven OECD countries (USA, UK, Canada, Australia, Netherlands, Japan and Switzerland, in order of size).¹⁴ By contrast, 52 non-OECD countries, where more than two thirds of the global population live, held approximately \$1.9 trillion in pension fund assets, around 75% of which was owned by citizens of just five countries, namely Brazil, South Africa, Singapore, China and Hong Kong in order of size of holdings (although whether China and Hong Kong should continue to be counted as separate jurisdictions is open to question). In other words, around 75 times more wealth per head is invested in pension funds in OECD countries than in the rest of the world, and the difference becomes even more astronomical when this calculation is carried out for individual imperialist

¹³ *Imperialism in the Twenty-First Century* p.238

¹⁴ OECD, 2019, *Pension Markets In Focus 2019*, Table A B.2. <http://www.oecd.org/daf/fin/private-pensions/Pension-Markets-in-Focus-2019.pdf>.

countries—e.g., UK pension fund assets of \$2.8tr are 50% greater than the total pension fund assets in countries with two thirds of the world’s population!

How much of these pensions are owned by workers depends a lot on how you define ‘worker’, but a significant chunk of it is, while, in contrast, a large majority of working people in most so-called developing countries have no stake whatsoever in their nations’ comparatively minute private pension funds. So, how much of the profits made by pension funds in the UK, US etc are made up of surplus value extracted from low-wage nations, generated by workers who can’t afford to retire because there will be no pension to sustain them? Analysis below of the coffee value chain, together with the theory of exploitation and super-exploitation outlined in Appendix II, suggest that the words of Lenin quoted by Marcel—“the European proletariat partly finds himself in a position where it is not his labour, but the labour of the practically enslaved natives in the colonies, that maintains the whole of society”¹⁵—*are far more true today than even they were in 1907.*

Three dimensions of relational inequality

A great deal is compressed into the term “relational inequality”. The relation between workers, in different branches of production and even more so the relation between workers in different countries, is multi-faceted, multidimensional. As economic actors, i.e., as producers of value and surplus value, our living labour, our creative powers are both de facto and de jure the private property of capitalists. It follows that this dimension of the relation between workers cannot be understood in abstraction from the labour-capital relation. As argued above, analysis of relational inequality between workers in different countries therefore requires a theory of how the law of value expresses itself not just in capitalism in general, but in its current imperialist stage of development, requiring us to abandon the simplifying assumptions that Marx made in *Capital* of a single value of labour-power and of a single, uniform rate of exploitation.

However, the relation between workers is not only determined by the private ownership of the means of production and of the capitalists’ appropriation of our living labour, it is also determined by the ever-expanding social relations of production, by our activity as producers of use-values as opposed to producers of exchange-value and surplus-value. The relation between different workers and groups of workers is inherently contradictory, containing both competition and interdependence. As appendages of capital, we compete with each other; as producers and consumers of use-values, we depend upon each other and complement each other. Our interdependence derives from the social division of labour, and this will not only survive the abolition of capitalism but will become enormously deeper during the socialist transition.

¹⁵ Lenin, “The International Socialist Congress in Stuttgart”, *Lenin Collected Works*, vol. 13, p. 77.

To put this differently, workers relate to each other as employees of capital, locked in competition with each other, and also as human beings that depend upon each other for our own existence. Absolutely crucial to this discussion, *we also relate to each other in another, very specific way: as political actors, as agents of our self-emancipation, as class-conscious workers*, in other words, as *communists*.

These distinctions are of crucial importance to the themes of this conference. When we talk of solidarity, of workers combining together against a common foe, we need to distinguish between the economic struggle—the struggle to improve our position within capitalism by resisting the capitalists’ attempts to force us into competition with each other, in other words, *trade unionism*; and the political struggle—the struggle to overthrow the dictatorship of capital and replace it with our own. The first step towards understanding the complex dialectic relationship between the economic struggle and the political struggle interconnection is to recognise the difference between them, and therefore between the two very different conceptions of solidarity that they give rise to. Proletarian internationalism is very much more than trade unionism transposed to the international arena!

Indeed, why is there an almost complete absence of trade unionism on an international scale? Why have trade unions remained rooted to the spot within their respective countries, despite the invention of telephones and aeroplanes—in contrast to the 19th century, when, despite the absence of these inventions, trade unions waged a coordinated international struggle for the eight hour day? In 1867 Marx’s wrote, in a declaration issued by the First International’s Lausanne Congress,

In order to oppose their workers, the employers either bring in workers from abroad or else transfer manufacture to countries where there is a cheap labour force. Given this state of affairs, if the working class wishes to continue its struggle with some chance of success, the national organisations must become international.¹⁶

Why have trade unions so blithely ignored what has been clear for more than one and a half centuries? A clue is contained in a key passage from *What Is to Be Done?*, one of Lenin’s most important works:

There is much talk of spontaneity. But the *spontaneous* development of the working-class movement leads precisely to its subordination to bourgeois ideology... for the spontaneous working-class movement is trade unionism... and trade-unionism means the ideological enslavement of the workers by the bourgeoisie. Hence our task, the task of Social-Democracy, is *to combat spontaneity, to divert* the working class movement from the spontaneous, trade unionist striving to come under the wing of the bourgeoisie, and to bring it under the wing of revolutionary Social-Democracy.¹⁷

For ‘wing of the bourgeoisie’ read ‘wing of the bourgeois state’. The reason why there is virtually no such thing as international trade unionism is because there is no international bourgeois state under whose wing reformist trade union leaders can seek protection. Instead of a transnational state, there is the flightless and toothless International Labour Organisation and the chicken-winged European Union—

¹⁶ Karl Marx, 1867, *On The Lausanne Congress*, <http://www.marxists.org/archive/marx/iwma/documents/1867/lausanne-call.htm>

¹⁷ VI Lenin, [1902] 1960, ‘What Is to Be Done?’, pp. 347-530 in *Collected Works Vol. 5*, Moscow: Progress Publishers, pp.384-385, emphasis in original, as in all emphases in cited works.

which, true, is busy ‘protecting’ Europe’s workers from migrant workers from poor countries, but which is also enthusiastically exposing workers in Western Europe to competition from low-wage workers in the former Comecon countries.

It follows that another problem with the terminology used in the conference call and in the questions posed by Marcel in his preliminary observations is a tendency to conflate the economic struggle and the political struggle. Capitalism’s imperialist trajectory has profoundly affected the relationship between economic struggle and the political struggle—for example, in imperialist countries it has widened the scope for workers’ struggles to improve their conditions within capitalism, tending to turn the economic struggle into a conflict over how the spoils of imperialism are divided between capital and labour, while in oppressed nations it has the opposite effect, narrowing the scope for increases in the real wage and access to health and education.

Relational inequality, a.k.a. global apartheid

While “relational inequality” can serve as a useful heuristic, it is also a rather anodyne euphemism for what deserves to be called *global apartheid*. The relation between workers in imperialist countries and workers in countries under their domination has striking parallels with the relation between workers of European descent and African workers in apartheid South Africa, in particular, the violent suppression of the free movement of labour. Apartheid’s pass laws have their direct analogue in the militarised borders around the imperialist countries that are porous to everyone and everything *except workers*; and whose effect is the conversion of southern nations into labour reserves for super-exploitation by northern capitalists—in other words into giant bantustans, formally-sovereign states that remain dependent on and subservient to their imperialist masters. In both cases, the fundamental purpose of this arrangement is the same: the imposition of deep racial and national divisions between workers in order to maximise the extraction of surplus value and the accumulation of capital. As I argued in *Imperialism in the Twenty-First Century*,

Just as the infamous pass-laws epitomized apartheid in South Africa, so do immigration controls form the lynchpin of an apartheid-like global economic system that systematically denies citizenship and basic human rights to the workers of the South, and which, as in apartheid-era South Africa, is a necessary condition for their super-exploitation.¹⁸

Given the hideous violence and racist dehumanisation that characterised apartheid capitalism in South Africa, isn’t it hyperbolic to apply this term to the world economy? Doesn’t doing so belittle the utter vileness of white supremacy in South Africa? For sure, there is a huge contrast between, on the one hand, the ideology of racism and imperialism used by the apartheid rulers to justify domination over African, Asian and mixed-race people in South Africa, and the ideology of universal human rights used by the ruling classes of Europe and North America to justify their domination over the world on the other.

¹⁸ *Imperialism in the Twenty-First Century*, pp. 104-5

However, *these are differences of form, not of content*. In place of the brazen racism of yesterday's settlers and colonialists, we now have the hypocrisy and dissimulation of today's 'democratic' neocolonialists.

The differences in the *forms* of oppression and exploitation are nevertheless important, and should not be overlooked or belittled in our attempts to assert the continuity of capitalist exploitation and oppression. The dismantling of the colonial empires and the attainment of formal sovereignty by the subject nations, whose final act was the overthrow white supremacy in South Africa,¹⁹ were massive victories, historic advances made possible by the multitudes who joined hard-fought struggles for national liberation, and by the imperialists' greatest fear—the increasing propensity of these movements to take a revolutionary socialist path, as shown on countless occasions from Korea to Algeria to Nicaragua. The new relationship of forces obliged imperialist powers to reorganise their relations with emerging capitalist elites within the subject nations, allowing their protégés to hold the reins of power while never letting go themselves. The end of colonialism and the attainment of formal sovereignty emancipated the national bourgeoisies, but the great majority—those left with nothing but their labour-power to sell, in a word the proletarianised peoples of these countries—*still await their emancipation*. The world continues to be divided into 'oppressed and oppressor nations', but now the national bourgeoisies act as intermediaries and accomplices in the imperialist plunder of their nation's nature and living labour.

This is true of South Africa itself, which continues to be the most extremely unequal country on earth, and whose inequality, as measured by the World Bank's Gini coefficient, has markedly increased since the ending of white supremacy in the election of Nelson Mandela, rising from 59.3 in 1993 to 63 in 2014, the latest year for which there is data. As it happens, this is almost exactly the same as inequality in the world as a whole, estimated at 62 on the Gini scale in 2014—leading Branco Milanovic, a foremost statistician of global inequality, to say, "loosely speaking, South Africa represents the best proxy for the inequality of the entire world."²⁰

There is an even deeper reason for regarding apartheid South Africa as a microcosm of global capitalism and a portent of what it was to become. Neoliberal globalisation marks a new, qualitative stage not just in the globalisation of production, but also and especially in the globalisation of the capital/labour

¹⁹ One colonial-settler state survives: Israel. Its occupation of Palestinian land and denial of national sovereignty to the Palestinian people has many parallels with the colonial-settler state that used to occupy the other end of the African continent, not least its extreme brutality against the indigenous population. But there is one fundamental difference: the European Jews who colonised Palestine were themselves the victim of extreme racism, and virulent anti-Semitism, *then and now*, is generated by the crisis of imperialist capitalism and will only be vanquished when this system is overthrown.

Israel's imperialist rulers and the bourgeois-nationalist misleaders of the Palestinians both assert that the survival of one people is predicated on the dispossession and destruction of the other, yet the truth is that the crooked path of history has tied the fate of these two peoples together: the survival of each is predicated on the survival of the other.

The relation between Israeli and Palestinian workers is indeed an interesting case of "relational inequality," and is therefore highly relevant to the themes of this conference.

²⁰ Branco Milanovic, 2020, The World Is Becoming More Equal, *Foreign Affairs*, September/October 2020, <https://www.foreignaffairs.com/articles/world/2020-08-28/world-economic-inequality?>

relation. However, what has been globalised is not just the labour-capital relation that first appeared in its fully developed form in 19th-century England, providing Marx with the object of his analysis;²¹ but also the relation between the capitalist metropolis and its colonies upon which the ‘pure’ labour-capital relation is predicated. To put this differently, the globalisation of the capital/labour has itself been shaped by the division of the world between a handful of oppressor nations and a great majority of oppressed nations, defined by Lenin as the essence of imperialism, *with the result that racism and national oppression have become not just a condition for the emergence of the labour-capital relation but an internal, essential property of it*. Andy Higginbottom expressed this as follows:

The wage labour relation is not only between capital and labour, but between northern capital and southern labour. In this sense, class exploitation and racial or national oppression are fused... The working class of the oppressed nations/Third World/global South is systematically paid below the value of labour power of the working class of the oppressor nations/First World/global North. This is not because the southern working class produces less value, but because it is more oppressed and more exploited.²²

Thus, instead of the equality of proletarians, founded on their free mobility and ability to sell their labour-power to the highest bidder, as premised by Marx and Engels in the *Communist Manifesto* and by Marx in *Capital*, we have something which can be justly termed global apartheid.

This is the content which we must invest in the term *relational inequality*.

Relational inequality, solidarity, and the migrant worker

Nowhere is the conflict between trade unionism and socialism clearer than in the economics and politics of immigration. Workers’ reflex response to increased competition—calls for walls to be built and borders to be closed is the clearest possible example of what Lenin called “the spontaneous, trade unionist striving to come under the wing of the bourgeoisie.”

Migration of workers across borders has specific features, drivers and effects in the area of the globalisation of production, also known as neoliberalism. Accelerating climate change, economic crisis and social breakdown, all of which are a product of capitalism’s imperious development and reasons why socialist revolution is imperative, increasingly overlay these specific drivers. However, they need to be identified and brought into focus, as does the whole of this phenomenon in its complexity. *Imperialism in the Twenty-First Century* describes the causes and consequences of modern migration as follows:

By uprooting hundreds of millions of workers and farmers in Southern nations from their ties to the land and their jobs in protected national industries, neoliberal capitalism has accelerated the expansion of a vast pool of super-exploitable labor. Suppression of its free movement across

²¹ “Of all countries England... provides the classical example [and] because it holds the foremost place in the world market, because capitalist production is fully developed only in England” Karl Marx, [1867] 1976, *Capital*, vol. I (London: Penguin), p.802.

²² The System of Accumulation in South Africa: Theories of Imperialism and Capital. *Économies et Sociétés*, (45)2, 261-288. p. 284.
https://www.academia.edu/11419055/Gold_Mining_in_South_Africa_Reconsidered_New_Mode_of_Exploitation_Theories_of_Imperialism_and_Capital.

borders has interacted with this hugely increased supply to produce a dramatic widening of international wage differentials between industrialized and developing nations, vastly exceeding price differences in all other global markets.²³ This steep wage gradient provides two different ways for Northern capitalists to increase profits: through the emigration of production to low-wage countries, or the immigration of low-wage migrant workers for exploitation at home.²⁴

In its economic effect, i.e. its effect on profits, the shift of production to low-wage countries is the most important vector of the global labour arbitrage. But it is not the only one. The other vector, the other side of the coin, is migration of workers from these countries into the imperialist heartlands. This has an important positive effect on the mass of surplus value available for conversion into profits, but nothing like as important as the boost to surplus value made possible by the global shift of production to low-wage countries. However, its contradictory political effects are of the greatest importance. Immigration weakens workers in the economic struggle, yet it strengthens us politically. Experience of working and living alongside people of colour, as well as the latter's enormous contribution to culture, science, sport, cuisine and so much else, has over recent decades substantially diminished racist prejudices amongst white workers in Britain and other imperialist countries, though these remain widespread. In *Imperialism in the Twenty-First Century*, I argued:

The increasingly global character of the social relations of production and the increasing interdependence between workers in different countries and continents objectively strengthens the international working class and hastens its emergence as a class "for itself" as well as "in itself," struggling to establish its supremacy; yet, to counter this, capitalists increasingly lean on and utilize imperialist divisions to practice divide-and-rule, to force workers in imperialist countries into increasingly direct competition with workers in low-wage countries, while using the cheap imports produced by super-exploited Southern labor to encourage selfishness and consumerism and to undermine solidarity.²⁵

In the economic struggle—the struggle to protect and improve one's position *within* the capitalist system as opposed to the political struggle to overthrow it—seeking protection from increased competition is a natural and normal reflex. *But this does not make it progressive!* For example, free movement of labour between the 28 member states European Union (EU) is one of the 'four pillars' of its single market, and

²³ World Bank researchers reported that "lower migration barriers (due to decreased transportation costs) led directly to mass movements of people and an erosion of international wage gaps prior to 1914. A similar, massive convergence in wages has been observed following more recent reductions in migration barriers, such as German reunification in 1990 and many others. But there has been much less discussion of the fact that international wage price gaps exceed any other form of border-induced price gap by an order of magnitude or more." Michael A. Clemens, Claudio Montenegro, and Lant Pritchett, 2008, *The place Premium: Wage Differences for Identical Workers Across the US Border*, background paper to the 2009 World Development Report, Policy Research Working Paper 4671 (New York: World Bank), 33.

²⁴ *Imperialism in the Twenty-First Century*, p.188.

²⁵ *Ibid.*, p.46. In its final pages, *Imperialism in the Twenty-First Century* considers migration in the context of the transformation of the working class, and looks at this from a global and historical perspective: "The enormous growth of the working class, and in particular of the industrial working class, in China and in nations oppressed by imperialism is the most significant transformation of the neoliberal era and ranks among the most important developments in the history of capitalism. The southward shift of the working class, the reinforcement of the working class in imperialist countries through migration from oppressed nations, and the influx of women into wage labor in all countries means the working class now much more closely resembles the face of humanity, greatly strengthening its chances of prevailing in coming battles." *Ibid.*, p.314.

there is no doubt that the EU's expansion over the past two decades, to include much lower-paid workers in central and Eastern Europe, was motivated by the capitalists' need to increase competitive pressures on workers in Germany, France, Britain and other imperialist countries, in order to force them to work harder for less money. Yet their political representatives could not openly declare this to be their aim because they also wanted workers' votes—contributing to the widespread popular contempt for cynical, lying politicians of the left and centre, opening a space now being filled by cynical, lying politicians of the right and the far right.

Hostility to immigration was the single-most important factor that induced a clear majority of workers in Britain to vote against EU membership in the 2016 referendum. According to leading pollster YouGov, 65% semi-skilled and unskilled workers voted to leave, yet 65% of those who identify as supporters of the Labour Party voted to remain, a discrepancy that reflects how much the Labour Party has become a middle-class party that can no longer count on the support of wide sections of the working class. 46% of semi- and unskilled workers who voted in the 2015 general election cast their vote for the Conservative Party or the even more chauvinist UK Independence Party.

Jeremy Corbyn, left-wing leader of the Labour Party from 2015 until its electoral defeat in 2019,²⁶ had been a vocal supporter of free movement of labour within the EU prior to his election as leader, but changed his tune under pressure from the union leaders and party members panicking at mass defections of workers from the Labour Party, drawn to right-wing parties by their anti-migrant demagoguery. Another left social democrat who calls on the bourgeois state to protect workers from competition from other workers is Corbyn's French analogue, Jean-Luc Melenchon, who received this much-deserved roasting from Lea Ypi:

To agree with Jean-Luc Melenchon's argument that we must acknowledge the pressure on borders is to align with the capitalist state against the working class. The last thing a Left that cares about the fate of workers should be doing is to support a project that consolidates the capitalist state rather than trying to undermine it. The threat to domestic workers isn't migrant workers. It's the capitalist state that protects the interests of a ruling elite through practices of border management and policies of integration that render migrant workers dependent on the whims of employers. Their shared vulnerability is the same mechanism that keeps domestic workers in check and weakens collective bargaining.²⁷

Lea Ypi goes on to quote Karl Marx on how capitalists take advantage of workers' spontaneous protectionist impulses. Here is a longer excerpt from the same passage she cites:

Every industrial and commercial centre in England now possesses a working class divided into two *hostile* camps, English proletarians and Irish proletarians. The ordinary English worker hates the Irish worker as a competitor who lowers his standard of life. In relation to the Irish worker he

²⁶ Corbyn's rise to the Labour leadership is itself an expression of the destabilisation of social democracy. Britain's rulers mistrust him because of his decades of solidarity with national liberation movements around the world, support for striking workers, resistance to austerity and privatisation. Yet he stops well short of acknowledging the imperialist nature of the British economy and the British state—or the depth of its crisis.

²⁷ Lea Ypi, 2019, "The secret by which the capitalist class maintains its power": the effect of anti-immigration rhetoric. <https://blogs.lse.ac.uk/politicsandpolicy/the-effect-of-anti-immigration-rhetoric/>

regards himself as a member of the *ruling* nation and consequently he becomes a tool of the English aristocrats and capitalists against Ireland, thus strengthening their domination *over himself*. He cherishes religious, social, and national prejudices against the Irish worker. His attitude towards him is much the same as that of the “poor whites” to the Negroes in the former slave states of the USA. The Irishman pays him back with interest in his own money. He sees in the English worker both the accomplice and the stupid tool of the *English rulers in Ireland*.

This antagonism is artificially kept alive and intensified by the press, the pulpit, the comic papers, in short, by all the means at the disposal of the ruling classes. *This antagonism* is the secret of the *impotence of the English working class*, despite its organisation. It is the secret by which the capitalist class maintains its power. And the latter is quite aware of this.²⁸

Half a century later, on the eve of World War I, Lenin generalised Marx’s observation on class politics in England to the relation between workers in imperialist countries as a whole with workers in oppressed nations who are driven by capitalism’s spread to migrate to those countries:

“Capitalism has given rise to a special form of migration of nations. The rapidly developing industrial countries, introducing machinery on a large scale and ousting the backward countries from the world market, raise wages at home above the average rate and thus attract workers from the backward countries... There can be no doubt that dire poverty alone compels people to abandon their native land, and that the capitalists exploit the immigrant workers in the most shameless manner.... The bourgeoisie incites the workers of one nation against those of another in the endeavour to keep them disunited. Class-conscious workers, realising that the break-down of all the national barriers by capitalism is inevitable and progressive, are trying to help to enlighten and organise their fellow-workers from the backward countries.”²⁹

Marx and Lenin’s observations on the paralyzing effect of workers seeking protection from those who desperately need our solidarity are even more true of today’s world than of the world in which they lived. Many more working people are being driven by dire poverty, war and, increasingly, by climate change and ecological destruction, to abandon their native lands. The gulf in wages and living standards is far greater now than it was in the mid-19th century and at the beginning of the 20th century. Expensive concessions made to purchase class peace in imperialist countries, especially since World War II—state provision of healthcare, education and social security—give workers in those countries more to protect, from workers who do not have access to these basic rights, even though surplus value extracted from their living labour helps to pay for them. The logic of economic, trade-union struggle is even more at odds with the logic of proletarian internationalism than it was in the days of Marx and Lenin. Most important of all, the almost complete eclipse of political parties in imperialist countries espousing revolutionary socialist internationalism means the hold of bourgeois ideology over the working class is today largely uncontested.

Against this, *there is nothing in our own life experience that prepares us for what is now coming down on us*. Proxy wars in the Middle East, military tensions between the USA and China, surging inter-imperialist rivalry, burgeoning resource wars and trade wars—are straws in the wind of global disorder on a scale

²⁸ Karl Marx, 1870, *Letter to Sigfrid Meyer and August Vogt*, 9 April 1870
https://www.marxists.org/archive/marx/works/1870/letters/70_04_09.htm

²⁹ V. I. Lenin, 1913, “Capitalism and Workers’ Immigration,” *Za Pravdu*, October 29, 1913.
<https://www.marxists.org/archive/lenin/works/1913/oct/29.htm>

at least the equal of those that, in the twentieth century, produced two world wars. Each of them, as with the global conflict now unfolding, was a confluence of four different types of war—war between imperialist powers battling for supremacy; wars of national liberation; war between capitalism and socialism; and, most important but least developed, the war for supremacy between capital and labour within each nation, within each locality, on every continent.

“Imperial mode of living” in the context of crisis

Imperial mode of living is the other key term that has been used to frame this conference. This is also a very useful heuristic. It can't be described as euphemistic or anodyne. It suggests that the difference between the mode of living of workers imperialist countries and those in nations under their domination is qualitative, not quantitative, and directly relates this difference to imperialism. However, while this term is very useful for framing analysis of relations between workers in imperialist and oppressed nations over the past century, it omits one crucial ingredient: *the imperial mode of living is in profound crisis*. This has been true since the series of financial heart attacks, beginning on August 9, 2007,³⁰ the day the debt bomb exploded, beginning became known as the “Global Financial Crisis”, by coincidence the sixty-second anniversary of another detonation—of the nuclear bomb that killed 80,000 human beings in the Japanese city of Nagasaki. The symbolism is powerful—the first detonation marked the end of the Second World War, the second detonation marked the definitive end of the postwar world order.

For the next 12 years the imperialist economies have been kept barely alive by further increases in already-mountainous global debt, continued economic dynamism in China, and extreme monetary policies including negative interest rates, but this has only succeeded in postponing global depression and making an even more cataclysmic financial crisis inevitable. *And then the coronavirus pandemic arrived*. This disease, as we have found out, ravages organisms with ‘underlying health conditions’; the global capitalist economy was already in intensive care when it went into this pandemic crisis.

There isn't the space here to analyse the crisis of the neoliberal era in any depth, how the therapies rescued imperialism from its systemic crises in the 1970s—debt and outsourcing—have turned into pathologies, why underlying disease they helped to suppress for so long, the overproduction of commodities, overaccumulation of capital, and the tendency of the rate of profit to fall is now untreatable, and why a global depression even deeper and far more geographically extensive than 1930s as now begun. This was the subject of *Imperialism in the Twenty-First Century*; its conclusion was that the crisis beginning in 2007 marked “the transition from a post-war world order to a pre-war world order;” that we are now living through “the deepest and most profound crisis in capitalism's history;” combined with

³⁰ Unsure who was holding U.S. subprime mortgage securities, on August 9, 2007, European banks suddenly stopped lending to one another, compelling the European Central Bank to make an emergency transfusion of €94.8bn (\$131bn) into the Eurozone's banking system. When U.S. markets opened a few hours later, the U.S. Federal Reserve followed with an injection of \$24 billion into the U.S. banking system.

“the *capitalist destruction of nature*... this is not just capitalism’s greatest-ever crisis, it is capitalism’s final crisis, an existential crisis for humanity.”³¹

Herbert Stein’s aphorism, as banal as it is profound— “if something cannot go on forever, it will stop”— applies to the imperial mode of living. Among the many facts that could be cited to illustrate this, consider the deep crises afflicting public finances and private pensions in the imperialist countries. Concerning the former, Dambisa Moyo points out that “the US and the European Union together represented 12% of world population, and half of global GDP. It also represents 90% of global welfare payments—partly paid for by increasingly unsustainable public debt levels...now... these same governments are taking on mountains of additional debt to deal with the pandemic-induced spike in unemployment.³² As for pensions, a key pillar of the labour aristocracy in imperialist countries, their story is captured by two headlines in the Financial Times. On November 17 2019 it printed an extensive study under the headline ‘*Their house is on fire*’: *the pension crisis sweeping the world*, subtitled *The plunge in interest rates since the financial crisis is wreaking havoc on funds*. Five months later, on April 16, 2020, it published an article with the title *Coronavirus crisis inflicts a double blow to pensions*, with the subtitle *Retirement plans have suffered tumbling asset values and ballooning liabilities*.

Our necessary starting point must therefore be not *imperialism in general*, i.e. capitalism as it has developed over the course of the 20th century, but *imperialism in crisis*, a crisis so profound that socialism or barbarism now defines the practical choice confronting humanity with even greater force than it did in the run-up to World War I.

The two counterrevolutionary political forces that hung like a millstone around the neck of the working class for most of the 20th-century—social democracy and Stalinism—have been enormously discredited, are massively diminished, and cannot be resuscitated. This is unequivocally a reason to celebrate—and even more, a reason to intensify the work of reinventing and rebuilding a communist movement that can rise to the challenge.

We have every reason to be confident that growing numbers of workers and youth can open their eyes and see the truth expressed by Michael D Yates in his recent book, *Can the Working Class Change the World?* — “The working class *must* change world. There really is no choice... We cannot afford to settle for incremental changes... To believe otherwise is surely utopian. It is the radical upending of the social order that is now hardheaded realism, the only path forward.”³³

To conclude this attempt to place the subject of this conference in necessary historical perspective, consider the contrast between the following two quotes, the first from Marx and Engels in the *Communist*

³¹ *Imperialism in the Twenty-First Century*, p.235.

³² Dambisa Moyo, 2020, *Project Syndicate*, <https://www.project-syndicate.org/onpoint/post-pandemic-economy-five-barriers-to-growth-by-dambisa-moyo-2020-08>

³³ Michael D Yates, 2018, *Can the working class change the world?* New York: Monthly Review Press pp183-5.

Manifesto: “Though not in substance, yet in form, the struggle of the proletariat with the bourgeoisie is at first a national struggle. The proletariat of each country must, of course, first of all settle matters with its own bourgeoisie.”³⁴ 60 years later, in the second year of the Russian Revolution, Lenin addressed the working people of the East: “The socialist revolution will not be solely, or chiefly, a struggle of the revolutionary proletarians in each country against their bourgeoisie. No, it will be a struggle of all the colonies and countries oppressed by imperialism, of all dependent countries, against international imperialism.”³⁵

Guyanese revolutionary Walter Rodney, in his classic text *How Europe Underdeveloped Africa*, explained the connection between these two seemingly conflicting visions: “ever since the mid-19th century, Marx had predicted class collision would come in the form of revolution in which workers would emerge victorious... However, imperialism introduced a new factor into this situation—one that deferred the confrontation between workers and capitalists in the metropolises”³⁶

Yes!, imperialism has deferred the confrontation between workers and capitalists—to *now!*, i.e. to the decades-long era of crisis, war and revolution that has now begun. How better to finish this discussion than with the words of comrade Rosa Luxemburg:

Friedrich Engels once said: “Bourgeois society stands at the crossroads, either transition to socialism or regression into barbarism.” What does “regression into barbarism” mean to our lofty European civilization?... The triumph of imperialism leads to the annihilation of civilization. ...Today, we face the choice exactly as Friedrich Engels foresaw it a generation ago: either the triumph of imperialism and the collapse of all civilization as in ancient Rome, depopulation, desolation, degeneration – a great cemetery. Or the victory of socialism, that means the conscious active struggle of the international proletariat against imperialism and its method of war.³⁷

³⁴ Karl Marx and Frederick Engels, [1847] 1977, *The Communist Manifesto*, in *Marx and Engels Collected Works*, vol. 6 (Moscow: Progress Publishers), p.495.

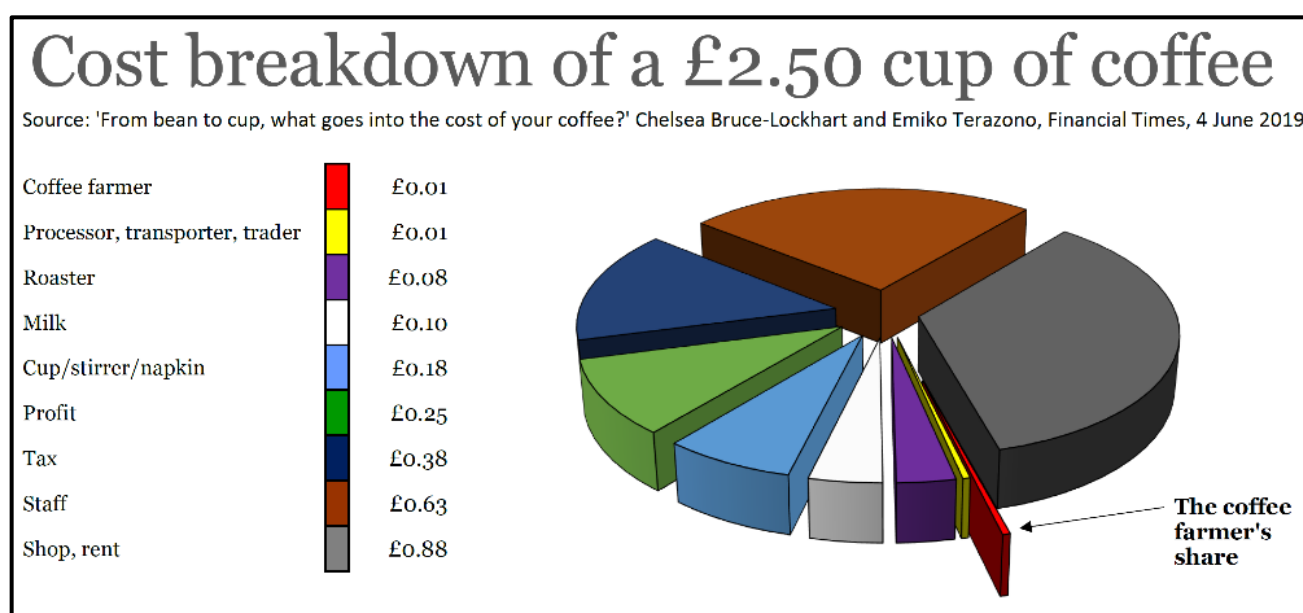
³⁵ V.I. Lenin, 1919, ‘Address to the Second All-Russia Congress of the Communist Organisations of the Peoples of the East’, pp.151-162 in *Collected Works*, Vol. 30.

³⁶ Walter Rodney, ([1972] 1981) *How Europe Underdeveloped Africa* Washington DC: Howard University Press, p.199.

³⁷ The Crisis of German Social Democracy (a.k.a. "The Junius Pamphlet," 1915) https://platypus1917.org/wp-content/uploads/readings/luxemburg_junius.pdf

Appendix I: Imperialism in a coffee cup

Consider a £2.50 cup of coffee sold by one of the chains. *Just 1p goes to the farmer who cultivated and harvested the coffee.* In recent years the world market price for green coffee beans has plummeted and, at £2.00 per kilogram, is close to its lowest in history in real terms. For many of the 25 million small farmers who grow 94% of the world's coffee, this is far less than the cost of production. Coffee farmers in Central America, for instance, need between £3.30 and £4.10 per kilogram just to break even, so they currently earn *absolutely nothing* for their hard labour and that of their children who typically help to bring in the harvest. Instead, they go deeper into debt; they watch their children starve; some turn to cultivating coca, opium or marijuana; many abandon their farms altogether and head towards the US border or to vast slums surrounding swollen cities.³⁸



The UK government receives approximately 40% of GDP in the form of taxes of various kinds. 40% of £2.50 is £1.00, so the sale of each cup of coffee generates roughly £1 in tax revenues—VAT, plus taxes on the wages and profits of all the workers and capitalists involved in turning the imported beans into a cup of the steaming brew. Since 15% of government expenditure is on the NHS, we can therefore deduce that approximately 15p from the sale of each cup of coffee is spent on providing free healthcare to UK citizens—15 times as much as the price paid to farmers who grew and harvested it. Scaling this up, the British Coffee Association (BCA) estimates that the 'UK coffee industry' annually contributes £9.1bn to U.K.'s GDP (and almost twice that, if indirect multiplier effects are also counted), so the brewing and consumption of coffee contributes around £540m (= 15% of 40% of £9.1bn) towards the cost of the NHS. As I wrote in *Imperialism in a Coffee Cup*, "when anyone says "why should we let migrants use our NHS?",

³⁸ John Smith, 2019, Imperialism in a coffee cup <https://www.opendemocracy.net/en/oureconomy/imperialism-coffee-cup/>

they should be answered, “because they’ve helped to pay for it!” Unfortunately, no-one on the ‘left’ is currently saying this!”

Analysis of readily-available data reveals more about the social relations that percolate through the 95 million cups of coffee consumed every day in the UK.³⁹ In early 2020, a barista working in London received hourly pay of £8.07 per hour, or £1311 per month for a standard 37.5 hour working week (source: <https://www.payscale.com/>). £8.07 per hour is below the £8.21 legal minimum wage for workers 25 years or older, reflecting the youthfulness of the barista workforce, and is substantially below the £10.75 per hour “London living wage”, as calculated by the Living Wage Foundation,⁴⁰ who define a living wage as one that allows workers “to meet their basic needs and participate in society at a minimum level.”⁴¹ The average cost of a one bedroom flat in London is £1,000 per month, 76% of the barista’s pre-tax income. If we add this to the 88p rent paid to the landlord of the building used as a café, we see that landlords receive in the region of £1.36p from each £2.50 per cup of coffee!

The UK imports 3.5% of the internationally-traded coffee, which in turn represents 75% of the output of the world’s 25 million coffee farmers—in other words, 650,000 extremely impoverished coffee farmers (and their families) devote their entire lives to cultivating the coffee consumed here in the UK, four times as many as the 220,000 people who, according to the BCA, are domestically employed in the “UK coffee industry”. In 2019, these coffee imports cost £0.8bn billion, half of which was captured by processors and traders in the exporting countries, while the remainder, £400m, was paid to the farmers—approximately £475 per farmer per annum, and from this they must cover their overheads as well as their living expenses! Even if all of this pitiful amount is counted as income, it would still only amount to 3% of the wages received by lowly paid baristas in the UK, and still less once we include the social wage, i.e. access to free healthcare, education and social protection, which is denied to the coffee farmers and their families.⁴²

In the UK, 10% of coffee consumption takes place in café, bars and restaurants, 65% at home, 25% at work or while studying. £2.50 spent on a single cup of coffee in a café buys a 250g bag of it in a

³⁹ “65 per cent of coffee is drunk at home, 25 per cent at work or while studying, and the rest is consumed in shops, bars and restaurants.” <https://www.independent.co.uk/life-style/uk-coffee-week-2018-british-people-drinking-millions-cups-day-consumption-rise-a8307206.html>

⁴⁰ Defined <https://www.livingwage.org.uk/news/real-living-wage-increases-2019-20>

⁴¹ Their calculation was formally adopted by the Mayor of London, Sadiq Khan, in November 2019, who invited London’s employers to raise their minimum wage to this level—which would mean pay increases for approximately 40% of London’s population. <https://www.london.gov.uk/press-releases/mayoral/mayor-announces-new-london-living-wage-of-1075>

⁴² True, this does not take into account the distortion introduced by the undervalued exchange rates of the national currencies of coffee-exporting countries. Adjustment for “purchasing power parity” would convert each farmers’ £475 annual income to around £1000—but this is shared among an average of five family members, which works out at 55p per day per person, or 71¢/day in US dollars—far below the World Bank’s racist measure of absolute poverty, which is \$1.90 per day. See Jason Hickel, 2020, *The racist double standards of international development*: <https://www.aljazeera.com/indepth/opinion/racist-double-standards-international-development-200707082924882.html>

supermarket (prices range from £2/250g in a discount supermarket to £4/250g elsewhere, and much more for 'speciality' coffees)—i.e. £10 per kilogram.⁴³ The farmer dries the green beans before selling them, and they lose another 15% of their weight in the roasting process. Since the farmer receives around half of the world market price of £2/kg, we can calculate that the coffee farmer receives around 30p of each £2.50 bag; the remaining £2.20 is shared between the roaster, the trader and the retailer (as a foodstuff, coffee sold by the bag is free of VAT).

What can we conclude about relational inequality from this empirical data? A 500% increase in the farm-gate price of coffee—the sort of increase that is required in order to lift the coffee farmer out of abject poverty—would add just 4p to its cost of production, which could easily be absorbed by a small reduction in the income to capital, i.e. the profit and rent that, directly or indirectly, swallows more than half of what's paid for a cup of coffee. On the other hand, a 500% increase in farmers' income would add 50% to the cost of a bag of coffee on a supermarket shelf, a price increase which likely force low-paid workers in the UK to reduce their consumption.

Analysis of the cost breakdown of coffee sold in supermarkets and of cups of coffee sold in café provides compelling evidence that, in addition to generating substantial profits to capitalist and landlords, miserably low prices paid to poor coffee farmers subsidise the consumption of workers in imperialist UK—or, in van der Linden's words, that "*Northern working classes as consumers... profit from the exploitation of the Southern working classes.*" What's true of coffee is, to varying degrees, also true of our clothes, gadgets, kitchen appliances and much else. As van der Linden notes, however, there is another aspect to this, and he quotes Ben Selwyn to explain it: "the provision of a mass of very cheap goods produced under conditions of super-exploitation in the global south facilitates intensified wage repression and exploitation (including super-exploitation) across the global north."⁴⁴

"Super-exploitation in the global south" therefore has contradictory effects, as is explained in *Imperialism in the Twenty-First Century*:

Outsourcing enables capitalists to replace higher-paid domestic labor with low-wage Southern labor, exposing workers in imperialist nations to direct competition with similarly skilled but much lower paid workers in Southern nations, while falling prices of clothing, food, and other articles of mass consumption protects consumption levels from falling wages and magnifies the effect of wage increases.⁴⁵

The vast majority of coffee farmers are not wage workers, they are small commodity producers. They own the instruments of their labour and may own the parcel of land that they cultivate, and until they sell

⁴³ Fair Trade[®] is typically used to justify a price hike to the consumer that is far in excess of the small premium paid to coffee farmers of 20¢ per pound above world market prices, with a floor of \$1.40/lb (35p/kg with a floor of £2.35/kg). Every difference helps, but this premium is still insufficient to lift the coffee farmer and her/his family out of extreme poverty. See Samanth Subramanian, 2019, "Is fair trade finished?" in *The Guardian*, 23 Jul 2019 <https://www.theguardian.com/business/2019/jul/23/fairtrade-ethical-certification-supermarkets-sainsburys>

⁴⁴ Ben Selwyn, "Poverty Chains and Global Capitalism," *Competition and Change*, 23, 1 (2019), pp. 71-97, at 78.

⁴⁵ *Imperialism in the Twenty-First Century*, pp. 44-45

their dried green beans to a merchant, they own the product of their labour as well. Nevertheless, they create more value in a day or year of labour than they receive in the form of income; they are therefore exploited. And what they receive is insufficient to meet their most basic needs; they are therefore super-exploited. *Coffee-farmers' lives matter!* And their exploiters are, first and foremost, landlords and capitalists living in imperialist countries, with scraps left for local merchants and middlemen. But what of the baristas and other low-paid workers in the imperialist countries, who struggle to meet their basic needs, and whose relative poverty and precarity is mitigated by the cheap cups of coffee they are able to brew in their own kitchens? Unlike the coffee farmer, the barista will have access to free healthcare and, if he/she has children, they will have free education, and the barista will be entitled to income support and other forms of social protection that coffee farmers but only dream about. But how many of them are about to end up in the street, as the government's moratorium on evictions comes to an end?

Before we jump to conclusions, there are more questions that need to be investigated. There is no direct investment from imperialist countries in coffee-producing countries. There are no flows of repatriated profits. All of the huge markup on the cost of production appears to be the result of 'value-added' activities in the coffee-consuming country.

All but 2p of the £2.50 cup of coffee counts towards the UK's GDP. This is a particularly glaring example of *The GDP Illusion*,⁴⁶ the amazing conjuring trick whereby wealth generated by super-exploited farmers and workers in plantations, mines and sweatshops across Africa, Asia and Latin America magically reappears in the gross 'domestic' product of the countries where the products of their labour are consumed.

To understand this, we need to delve beneath surface appearances and consider what is concealed by statistics on production and trade. This is the subject of Appendix II.

⁴⁶ John Smith, 2012. The GDP Illusion, in *Monthly Review*, (64)3, pp. 86-102, <http://monthlyreview.org/2012/07/01/the-gdp-illusion>

Appendix II: Exploitation and super-exploitation in the theory of imperialism

All science would be superfluous if the outward appearance of things directly coincided with their essence—Karl Marx⁴⁷

Frederick Engels: “Communism is not a doctrine but a *movement*; it proceeds not from principles but from *facts*”.⁴⁸ Wide international differences in the rate of exploitation, the huge global shift of production and of the centre of gravity of the industrial working class to countries and regions where exploitation is most intense, the dramatically heightened dependency of firms headquartered in imperialist countries (and likewise of prosperity and social peace in those countries) on the proceeds of this exploitation—*these are the most important facts about so-called neoliberal capitalism from which we must proceed*. Extreme rates of exploitation in Bangladeshi garment factories, Chinese production lines, on tea and coffee plantations and elsewhere—much higher than those endured by the generality of workers in imperialist countries—is a palpable, directly observable fact, experienced every day in the flesh by hundreds of millions of workers in low-wage countries. We don’t need a theory to know this, we only need to remove our blinkers and open our eyes. But we *do* need a theory if we are to understand what we can see and work out the consequences that flow from it.

This does not contradict the fundamental proposition of Marx’s law of value that the wage-form veils the intrinsically exploitative relation between capitalist and worker. What makes imperialism and super-exploitation *immediately* visible—even if what’s visible is only the tip of an iceberg—is precisely *the systematic violation of equality between proletarians*, and, corresponding to this, a systematic violation of the law of value.

In the era of globalised production, even more than in previous stages of capitalism’s imperialist evolution, workers are *not* equally mobile and are *not* equally free to sell their labour power to the highest bidder. Removal of impediments to cross-border flows of commodities and capital has spurred the migration of production to low-wage countries, but militarised borders and rising xenophobia have had the opposite effect on the migration of workers from these countries—not stopping it altogether, but inhibiting its flow and reinforcing migrants’ vulnerable, second-class status. And so, factories freely cross the US–Mexican border and pass with ease through the walls of Fortress Europe, as do the commodities produced in them and the capitalists who own them, but the human beings who work in them have no right of passage. This is a travesty of globalisation—a world without borders to everything and everyone except for working people.

⁴⁷ Karl Marx, [1894] 1991, *Capital Volume III*, Penguin, p.956.

⁴⁸ Frederick Engels, [1847] (1977). The Communists and Karl Heinzen, in *Marx and Engels Collected Works*, vol. 6. Moscow: Progress Publishers, p.291

Global differences in real wages between imperialist and ‘developing’ countries, often greater than 10:1 and never less than 3:1, provide a distorted reflection of global differences in the rate of exploitation (simply, the ratio between the value generated by workers and what they’re paid in wages). The large-scale relocation of production to low-wage countries in the quarter-century leading to the global financial crisis, driven by *global labour arbitrage*, i.e. cutting production costs and boosting profits by replacing relatively highly paid workers at home with low-wage workers abroad, signifies that the profits of firms headquartered in Europe, North America and Japan, the value of all manner of financial assets derived from these profits, and the living standards of the citizens of these nations have become highly dependent on the higher rates of exploitation of workers in low-wage nations. Neoliberal globalisation must therefore be recognized as a new, imperialist stage of capitalist development, where imperialism is defined by its economic essence: the exploitation of Southern living labour by Northern capitalists, while the Southern capitalists who run the sweatshops are analogous to the sadistic slave-driver who cracks his whip across the backs of the galley slaves. But he’s not the captain of the ship, to find him we have to go to the apex of the value chains, who reside in Europe, North America and Japan.

None of this is hidden from view. The nakedly exploitative character of apartheid capitalism in South Africa was just that—naked, unveiled, apparent to all with eyes to see; and so it is with 21st century imperialist capitalism. The systematic violation of equality between proletarians is incontrovertible, and so are the divergent rates of exploitation that *necessarily* flow from this—how could it be otherwise, given that value relations are social relations? Yet many Marxists dogmatically insist that the value relations of the contemporary global economy are identical to those in the idealised marketplace analysed by Marx in his quest for a ‘general theory’ of capital, and that none of the simplifying assumptions he made to that end need to be relaxed.⁴⁹ This is perverse: the use of Marx’s theory not to reveal what is hidden, but to conceal what is highly visible to any untutored but unprejudiced observer.

Marxist imperialism-denial comes in different flavours. William Robinson and David Harvey openly declare that the age of imperialism is over and that the term is obsolete. Robert Brenner thinks the global shift of production to low-wage countries signifies “huge, but often redundant, additions of manufacturing capacity to the world market, tending to squeeze global prices and profits”⁵⁰—but not a new source of super-profits for US and European TNCs. And this list could be continued, ad infinitum, ad nauseam.

⁴⁹ “What is an assumption for ‘the general analysis of capital’, that is, at the level of the mode of production, is taken by some Marxist currents to be an iron law... [that] must prevail in capitalism at every level of analysis, in every place or space, and at all times.” Jaime Osorio, 2018, *Acerca de la superexplotación y el capitalismo dependiente. Cuadernos de Economía Crítica* (4)8, 153-181. p.157.

⁵⁰ Robert Brenner, 2009, “What Is Good for Goldman Sachs Is Good for America: the Origins of the Current Crisis,” prologue to the Spanish translation of *Economics of Global Turbulence*, <http://www.sscnet.ucla.edu/issr/cstch/papers/BrennerCrisisTodayOctober2009.pdf>, p.9

Bourgeois vs. Marxist conceptions of productivity

Nigel Harris expressed the consensus opinion of Marxist opponents of dependency theory:⁵¹ “Other things being equal, the higher the productivity of labour, the higher the income paid to the worker (since his or her reproduction costs are higher) and the more exploited he or she is—that is, the greater the proportion of the worker’s output [that] is appropriated by the employer.”

Expanding on this, Alex Callinicos argued that

A highly paid worker may well be more exploited than a low paid worker because the former produces, relative to his wages, a larger amount of surplus value than the latter does. There is indeed reason to believe that the generally higher wages paid to Western workers reflect the greater costs of their reproduction; but the expenditure in particular on education and training which forms part of these costs creates a more highly skilled workforce which is therefore more productive *and more exploited* than its Third World counterparts.⁵²

Since all but the highest-paid workers spend their entire wages on consumption goods, ‘wage’ and ‘cost of reproduction’ are synonymous; one cannot be used to explain the other. This part of his argument is a tautology that explains nothing. Callinicos ascribes particular importance to the cost of education and training within the overall costs of reproduction of workers in imperialist countries.⁵³ The impact of this on the capacity of these workers to generate surplus value is so great, he argues, that they need less time to replace the much greater value of their labour power than less-productive and less well-remunerated workers in low-wage countries, and are therefore more exploited. Yet why U.S. and U.K. assembly-line workers, nurses, truck drivers etc should be so much more skilled than their Mexican and Chinese homologues is hard to fathom. He and his co-thinkers should ponder the wisdom of Marx:

The distinction between higher and simple labour, skilled labour and unskilled labour, rests in part on pure illusion or, to say the least, on distinctions that have long since ceased to be real, and survive only by virtue of a national convention; and in part on the helpless condition of some sections of the

⁵¹ Nigel Harris, 1986. “Theories of Unequal Exchange,” *International Socialism* (2)33, pp. 119-20 ‘Dependency’ is a euphemism for imperialism, a concession made to the desire of the national bourgeoisie and ‘modernising elites’ of subject nations for *independent* capitalist development, and to the fake communist parties who sought to bloc with them on this basis. The term has now passed into history and cannot be rewritten, but it is being filled with new revolutionary content, especially in the lively and fast-expanding renaissance of Marxism and dependency theory in Latin America.

⁵² Alex Callinicos, 1992, Race and Class. *International Socialism* (2)55. <https://www.marxists.org/history/etol/writers/callinicos/1992/xx/race-class.html>, my emphasis. He briefly returned to this subject in Alex Callinicos, A. (2009), *Imperialism and Global Political Economy* (Cambridge: Polity Press) Cope, Z. (2019). *The Wealth of (Some) Nations*. London: Pluto Press pp. 179–80, “From the perspective of Marx’s value theory, the critical error [of dependency theorists] is not to take into account the significance of high levels of labor productivity in the advanced economies.”

⁵³ Labour’s share of GDP in imperialist countries has fallen to c.60%, while education spending in the UK in 2019 consumes 4% of GDP, or around 7% of gross labour income. This rough approximation indicates the relative magnitude of education costs vis-a-vis the total costs of reproduction of labour power. ‘Labour’s share’ is skewed by super-wages paid to CEOs of top companies; on the other hand, expenditure on workers’ education forms only a part of total expenditure on education, so the actual ratio between them will not stray far from 7%. As for the costs of training... most workers don’t get any training.

working class, a condition that prevents them from exacting equally with the rest the value of their labour-power.⁵⁴

Most attempts to deny imperialist super-exploitation by invoking the higher productivity of workers in imperialist countries place emphasis not on the qualification of labour but on the more advanced and capital-intensive means of production (which is often accompanied by deskilling), for example Charles Bettelheim who, in his critique of Arghiri Emanuel's *Unequal Exchange*,⁵⁵ argued that "the more the productive forces are developed, the more the proletarians are exploited." This view has been repeated countless times by avowed Marxists, for example Claudio Katz in Argentina, who wrote "the rate of surplus value is higher in the centre. There, the most important investments are concentrated and the greater amount of surplus labour is generated... the magnitude of surplus labour confiscated is clearly superior in the most productive economies of the centre".⁵⁶

In the first place, this widely-held view is confounded by a simple fact. The goods consumed by workers in the North are no longer produced solely or mainly in the North; to an ever-greater extent, they are produced by low-wage labour in the Global South. *Their* productivity, *their* wages significantly substantially determine the value of the basket of consumption goods that reproduces labour-power in imperialist countries, and therefore the value of this labour power.

But this only concerns the value of labour power, 'v', the denominator in s/v, Marx's deceptively simple formula for the rate of exploitation. The value *generated* by this labour power, once 'v' has been subtracted, provides 's', surplus labour, the numerator. When we turn to examine this element of the equation, we discover that the view of Callinicos, Bettelheim, Katz etc suffers from a much deeper problem: it is premised on a bourgeois concept of productivity, one that is antithetical to Marx's theory of value.

Marx counted among the greatest of his discoveries "*the two-fold character of labour*, according to whether it is expressed in use-value or exchange-value".⁵⁷ Corresponding to the two-fold character of labour is the two-fold character of the productivity of labour: the universal definition of labour productivity, true for human society in all its stages of development, is the quantity of use-values that can be produced by a day or a week of living labour. But for capitalists the production of use-values is only a

⁵⁴ Karl Marx, [1894] 1991, *Capital* Volume III, Penguin, p. 242.

⁵⁵ Charles Bettelheim, 1972, Some Theoretical Comments by Charles Bettelheim. pp. 271–322 in *Unequal Exchange, A Study in the Imperialism of Trade*, by Arghiri Emmanuel. London: NLB. p. 302.

⁵⁶ Claudio Katz, 2017, *Aciertos y Problemas de la Superexplotación* <https://katz.lahaine.org/b2-img/ACIERTOSYPROBLEMASDELASUPEREXPLORACION.pdf>, p. 10. He claims that Marini 'always' agreed with this, and he also claims that "this diagnosis is also accepted by contemporary advocates of the concept of superexploitation." Unfortunately, he does not support these assertions with a single quotation from any of the sources he cites.

⁵⁷ Karl Marx [1867] (1987). *Marx to Engels. Collected Works, vol. 42*. Moscow: Progress Publishers, p. 407. The sentence from which this came: "the best points in my book are: 1) the twofold character of labor, according to whether it is expressed in use value or exchange value (all understanding of the facts depends upon this) ... 2) the treatment of surplus-value, independently of its particular forms as profit, interest, ground rent, etc".

means to a very different end, the production of exchange-value. From this flows an entirely different and quintessentially bourgeois concept and measure of productivity: how much one hour, day, or week, etc., of labour increases the firm's 'value-added' (the market value of the firm's output minus the market value of all inputs).

Value-added is the basis for standard statistics on GDP, productivity and much else. The concept of value-added—the value of a commodity is equal to the total cost of factor inputs plus the firm's 'value-added', i.e. the mark-up on its production costs— is nothing else than a vulgarised version of Marx's concept of price of production, about which Marx says,

Those very economists who oppose the determination of commodity value by labour-time, by the quantity of labour contained in the commodity, always speak of the prices of production as the centres around which market prices fluctuate. They can allow themselves this because the price of production is... [a] *prima facie* irrational form of commodity value, a form that appears in competition and is therefore present in the consciousness of the vulgar capitalist and consequently also in that of the vulgar economist.⁵⁸

The prices of capitalistically-produced commodities are 'prima facie irrational' because competition between capitals for profits causes prices of production to depart from socially-necessary labour time, instead they conceal that *this* is the sole source and content of commodity value. Statistics based on value-added or prices of production do not reveal *anything* about the value and surplus value generated in any firm, sector (if any!—some firms/sectors are engaged in non-production activities and therefore generate no value whatsoever!) or nation—instead, what's revealed in competition and measured in statistics on GDP and productivity are transformed values, irrational values.

There's a large and rich literature comprising attempts to derive the mass and rate of surplus value using data constituted from statistics based on the bourgeois category of value-added, or to use value-added as a proxy for value, but they all encounter this problem—and rarely, if ever, acknowledge it.

Productivity, that is, the productivity of living labour, is defined by vulgar economics as value-added per worker per hour or day of labour. The Marxist concept of productivity is radically opposed to this. By way of introduction, it helps to ponder on the fact that, measured in terms of use-values, workers are today vastly more productive than, say, 100 years ago. But in terms of exchange value, *no comparison whatsoever can be made between today and 100 years ago*, since the products of today's living labour are only compared *in reality* with other products of today's living labour.

Higher capital composition raises labour productivity—*of use values*, but this is not at all correlated with the generation of exchange-value, which falls to the extent that living labour is automated (I leave aside until later the special case of an individual capitals who possess a temporary monopoly over a more advanced production technique). This is the opposite of what Callinicos, Katz et al believe; that workers in high-tech (i.e. capital intensive) branches of industry *therefore* produce more value—and are therefore

⁵⁸ Karl Marx, [1894] 1991, *Capital Volume III*, Penguin, p. 300.

more exploited than workers in low-tech industries. Marx, on the other hand, “assume[d] that the level of exploitation of labour, or the rate of surplus-value, is the same... [in] capitals that set in motion unequal quantities of living labour [that is, whether they are capital-intensive or labour-intensive],” an assumption predicated on “competition among workers, and an equalisation that takes place by their constant migration between one sphere of production and another”⁵⁹

The apparently higher productivity of workers in capital-intensive branches of production is an illusion created by transfers of value from labour-intensive branches of production. What the capitalist thinks of as profits magically appearing out of dead labour, i.e. from his machinery and other inputs, is in fact value created by living labour employed by rival capitalists with lower organic compositions. When Marxists argue to the contrary, that workers in capital-intensive industries produce more value than those in labour-intensive industries, as do opponents of dependency theory considered here, they are thinking in bourgeois concepts, no matter how much they are dressed in Marxist verbiage.

Assuming labour-power of average intensity and that it is paid the same wage, and leaving aside the issue of qualified or complex labour, the new value generated by a given quantity of it *is wholly independent of the organic composition of the capital it sets in motion*. This means, again assuming both labours are of average intensity and assuming they are paid the same wages, that the hamburger-flipper standing in the car-park of a steel factory produces the same value in the same time as a worker forging steel inside that factory.

Finally, to conclude this discussion of bourgeois versus Marxist conceptions of productivity, let us now imagine that, because of the steelworker’s superior trade union organisation, or because of race and/or youth oppression bearing down on the fast-food worker, the steelworker receives a higher wage than the worker who produces her/his lunch. With all other assumptions still in place, the fast-food worker now endures a higher rate of exploitation. All of this should be elementary to anyone versed in the basic principles of Marx’s law of value. So why do so many Marxists have such difficulty understanding what happens when the workers who produce our steelworkers’ consumption goods are located not in the steel mill’s car park but in another country? We have already discussed one contributory factor: the fetishism of value-added and the concessions to bourgeois conceptions of value entailed by this. Another, to which we now turn, are errors and omissions in Marx’s great work.

Imperialism and Marx’s *Capital*

Marx, in continuation of the last-cited passage, said “in theory, we assume that the laws of capitalist mode of production develop in their pure form. In reality, this is only an approximation; but the approximation is all the more exact, the more the capitalist mode of production is developed and the less it is adulterated by survivals of earlier economic conditions with which it is amalgamated.”

⁵⁹ Karl Marx, [1894] 1991, *Capital Volume III*, Penguin, p. 275.

In particular, Marx treated divergence of wages as the result of temporary or contingent factors that ceaselessly mobile capital and labor would erode over time, and which could be safely excluded from analysis, as he made clear in *Capital* III: “Important as the study of frictions [local obstacles obstructing the equalisation of wages] is for any specialist work on wages, they are still accidental and inessential as far as the general investigation of capitalist production is concerned and can therefore be ignored.”⁶⁰

We now know that Marx was wrong about this. These temporary frictions have turned out to be anything but. In today’s imperialist world, the condition of equality between workers is profoundly and shockingly violated; global competition has not resulted in any measurable progress toward the international equalization of real wages.⁶¹ He wrote powerfully about why imperialism was a necessary condition for the rise of capitalism, but he failed to anticipate how capitalism’s imperialist evolution would result in *the oppression of nations becoming an intrinsic property of the capital-labour relation itself*. As Andy Higginbottom has pointed out,

The wage labour relation is not only between capital and labour, but between northern capital and southern labour. In this sense, class exploitation and racial or national oppression are fused... The working class of the oppressed nations/Third World/global South is systematically paid below the value of labour power of the working class of the oppressor nations/First World/global North. This is not because the southern working class produces less value, but because it is more oppressed and more exploited.⁶²

Here is the fundamental reason why Marx’s *Capital* does not contain a theory of super-exploitation, or (which is the same thing) a theory of imperialism; this lacuna cannot be explained solely or mainly by a decision to leave these matters to a volume of *Capital* that he never got around to writing. Whether or not Marx could have anticipated this qualitatively new stage in the evolution of the capital-labour relation is open to debate. The exceptional importance of Ruy Mauro Marini’s contribution to the Marxist theory of imperialism lies, in part, in his observation that, *during Karl Marx’s own lifetime*, imports of cheaper food and other consumption goods produced by super-exploited labour in Britain’s colonies and neo-colonies helped increase relative surplus value within Britain itself, reducing necessary labour time without lowering consumption levels. Higginbottom points out that

Marini places the necessity of super-exploitation of labor in the mid-nineteenth century, that is, before the appearance of modern imperialism as a world system as portrayed by Lenin. The transition in England from production dominated by methods of absolute surplus to relative surplus-

⁶⁰ Karl Marx, [1867] 1976, *Capital, Volume I*. London: Penguin, p. 656.

⁶¹ On the contrary, international and intranational wage dispersion has increased during the neoliberal era, if China is left out of the picture there is scant evidence for wage or income convergence, and the convergence hypothesis is further weakened by overreliance on data for the decade surrounding the global financial crisis, when growth rates in imperialist countries slumped at the same time as the speculation-fuelled ‘commodities supercycle’ temporarily improved terms of trade and economic growth in a swathe of southern nations.

⁶² Andy Higginbottom, 2011. The System of Accumulation in South Africa: Theories of Imperialism and Capital. *Économies et Sociétés*, (45)2,261-288, p. 284.

value depended on cheap imports as well as greater productivity.... Marini's work shows that Marx was not correct on every point, even in his own time.⁶³

A concrete concept of super-exploitation is not to be found in Marx's great work; this he left to future generations. Half a dozen generations later the gap remains, and has become awful. Both the imperative need for such a concept and the possibility for it is posed by imperialism's own evolution, in particular the proliferation of global value chains. Its place at the centre of a Marxist theory of what John Bellamy Foster has called *Late Imperialism*⁶⁴ will critically determine whether or not the renaissance of Marxism—on which the future of humanity rests—is stillborn. *Yes! It really is that important!*—as Lenin argued in *What is to be Done?* “without revolutionary theory there can be no revolutionary movement,”⁶⁵ and without a revolutionary movement, *humanity has no future.*

We, of course, have the great advantage of hindsight. In mitigation of Marx, if not in complete exoneration, we should recall a fundamental premise of materialist dialectics: there cannot be a concrete concept of a system of interaction that is not itself fully concrete and developed. Just as Karl Marx could not have written *Capital* before capitalism's mature, fully evolved form had come into existence with the rise of industrial capitalism in England, so it is unreasonable to expect to find, in Marx's writings or in those of Lenin and others living at the time of the birth of capitalism's imperialist stage, a theory of imperialism that is able to explain its fully-evolved modern form. Marx not only provided the foundations for a theory of the imperialist form of the law of value, he provided copious clues and insights that point towards it—although today's imperialism-denying 'Marxists' pay as much attention to them as today's 'Christians' do to Jesus's words about the obstacles in the way of rich men entering the kingdom of heaven. This analogy is apt—our imperialism-denying Marxists treat *Capital* like a sacred text, yet they ignore what they find uncomfortable in it.

In volume 1 of *Capital*, Marx analyzed in great depth and detail two ways in which capitalists strive to increase the rate of exploitation. One is by lengthening the working day, thereby increasing *absolute surplus-value*; and the other is to increase *relative surplus-value* by increasing the productivity of workers producing consumption goods, thereby reducing necessary labour time. In numerous places he briefly describes a third, as in the chapter entitled “The Concept of Relative Surplus Value,” where he writes: “The duration of the surplus labour ... [could be extended] only by pushing the wage of the worker down

⁶³ Andy Higginbottom, 2014. Imperialist Rent in Practice and Theory. *Globalizations* (11)1, 23–33. https://www.researchgate.net/publication/263569325_'Imperialist_Rent'_in_Practice_and_Theory, pp. 31-32. As Amanda Latimer has pointed out, “Marini's work undermines [the] myth that the shift to relative surplus-value in England was entirely the product of *national* class struggle.” Amanda Latimer, 2016., Superexploitation, the Race to the Bottom and the Missing International, in *The Palgrave Encyclopedia of Imperialism and Anti-Imperialism*, ed. S. M. Bâ and I. Ness, pp. 1136-1150. New York: Palgrave Macmillan | 142.

⁶⁴ John Bellamy Foster, 2019, *Late Imperialism*, *Monthly Review* 71(3) <https://monthlyreview.org/2019/07/01/late-imperialism/>

⁶⁵ *What Is to Be Done?*, p.32; p.29.

below the value of his labour-power.... Despite the important part which this method plays in practice, we are excluded from considering it here by our assumption that all commodities, including labour-power, are bought and sold at their full value".⁶⁶

Pushing the wage of the worker down below the value of his labour-power—that is, *super-exploitation*, according to a narrow definition it, since it assumes an idealised, unitary economy where labour power has a single value—is again mentioned two chapters later, during a discussion of the consequences for workers when “machinery ... gradually seizes control of the whole of a given field of production,” with the result that a “section of the working class ... rendered superfluous by machinery ... swamps the labour-market, and makes the price of labour-power fall below its value”.⁶⁷ Here Marx is talking about the episodic, sectoral unemployment arising from the mechanization of a new branch of industry, but its relevance to the modern era hardly needs stating. A huge section of the working class in the Global South has been rendered superfluous by the inability of modern production methods to soak up enough labour to prevent rising unemployment, and this alone, even before we take into account the violent suppression of the free movement of labour and the much harsher labour regimes and political repression prevalent in low-wage countries, exerts a powerful force causing the price of their labour-power to fall below its value. Even before we establish the precise connection between the wage, the value of labour-power and the rate of exploitation, this already constitutes *prima facie* evidence that the value of labour-power has been forced down much more cruelly in Southern than in Northern nations, *so much so as to force a permanently lower value of labour-power upon these workers*. It is also powerful evidence that wage differentials are determined, in large part, by factors that are quite independent of the workers’ productivity when at work, such as absence of social security, structural unemployment, and repressive labour regimes.

Not only did Marx leave to one side the reduction of wages below their value, he made a further abstraction that, though necessary for his general analysis of capital, must also be relaxed if we are to analyze capitalism’s current stage of development: “The distinction between rates of surplus-value in different countries and hence between different national levels of exploitation of labour are completely outside the scope of our present investigation”.⁶⁸ So, two elements that are crucial to a theory of contemporary imperialism—international variations in the value of labour-power and in the rate of exploitation—were explicitly excluded by Marx from his general theory as elaborated in *Capital*. Anwar Shaikh was therefore wrong to contend that “the development of the law of value in *Capital* contains all the necessary elements for its extension to international exchange”.⁶⁹

⁶⁶ Marx, [1867] 1976, pp. 430-431

⁶⁷ *Ibid.*, p. 557

⁶⁸ Karl Marx, [1894] 1991, *Capital* Volume III, Penguin, p. 242.

⁶⁹ Anwar Shaikh, 1980. *The Laws of International Exchange. Growth, Profits and Property: Essays in the Revival of Political Economy*, ed. Edward J. Nell, pp. 104–35. Cambridge: Cambridge University Press, p. 208.

Rate of exploitation; rate of surplus value.

Throughout this essay, 'rate of surplus value' is synonymous with and interchangeable with 'rate of exploitation'. But this identity only holds at a high level of abstraction; in other words, only if we make several major simplifications.

First, it requires that we exclude the distinction between production and non-production labour. All commodities that are consumed *in tasks relating to circulation of titles of ownership and protection of property rights*—including living labour—are costs of production, overheads; their value is not replaced and neither do they generate any new value; their costs are borne by capitalists in the sphere of production, consuming part of *their* surplus value, reducing their profits. These functions, however necessary to capitalist society, *are social forms of consumption*, they subtract from the total mass of wealth (i.e., the total social capital, the total mass of commodified use values), in contrast to capitals in the sphere of production, who add to it.

Since workers employed as security guards, bank clerks, lawyers and in other non-production activities produce neither value nor surplus value, it is inappropriate in these cases to talk of the rate of surplus value. Yet their working day is still divided between necessary labour—the time required to replace the socially-necessary labour time embodied in their basket of consumption goods (i.e. the value of their labour power, 'v')—and surplus labour (the amount by which their working day exceeds 'v'). In other words, these workers—except those who receive a super-wage—are exploited. This condition does not depend on whether their labour is used for production tasks or non-production tasks, or even if it is squandered. Non-production tasks—tasks relating to circulation of titles of ownership (from advertising to finance to security) make up a large part of the contemporary imperialist economy. They subtract from the total mass of surplus value extracted from living labour employed by capitalists in production, i.e. agriculture and industry broadly defined, reducing the mass of surplus value available for redistribution as profit in all its forms.

Second, 'rate of surplus value' applies only to living labour employed by a capitalist to produce commodities, either because he has purchased this living labour for a wage or because he owns the labourer,⁷⁰ as in capitalist employment of slaves.⁷¹ Self-employed workers do not produce surplus value; if they receive less than the value of their product then they undergo unequal exchange. Capitalistically employed workers make up the overwhelming majority of the economically active population in

⁷⁰ I refer to the owners of capital as 'he', reflecting the overwhelming concentration of wealth and power in male hands and the more general oppression of women intrinsic to capitalism. Otherwise, I use 's/he'.

⁷¹ Andy Higginbottom, 2018, Enslaved African labour in the Americas: from primitive accumulation to manufacture with racial violence. *Revista de Estudos e Pesquisas sobre as Américas* (12)1. https://www.researchgate.net/publication/323583151_Enslaved_African_labour_in_the_Americas_from_primitive_accumulation_to_manufacture_with_racial_violence.

imperialist countries, but this is not so in most countries in Africa, Asia and Latin America. As Paul Sweezy pointed out,

The rate of exploitation is and always has been vastly higher in the periphery than in the center. In the center, the rate of exploitation is for all practical purposes the same as the rate of surplus value.⁷² This is not so of the periphery, where only a small part of the workforce is employed as wage laborers in capitalist industry, with a much larger proportion being exploited directly and indirectly by landlords, traders, and usurers, primarily in the countryside but also in the cities and patterns. Here all or most of the surplus extorted from the workers not employed in capitalist industry is commercialised and becomes indistinguishably mingled with capitalistically produced surplus value. In these circumstances we can speak of a social rate of exploitation but should not confuse the concept with a rate of surplus value in the usual sense.⁷³

Monopoly and super-exploitation

Before we burrow deeper into the nature of capitalist exploitation and imperialist super-exploitation, it is useful to consider how these two closely-related categories stand in relation to another essential constitutive element of capitalism: monopoly. Monopoly is inscribed in the DNA of capitalism—individual capitalists don't so much strive to compete as to find a way of avoiding competition, to get an edge over rivals, to exercise some form of monopoly that will give them higher than average profits. The law of value—which, in its simplest form, explains that commodities freely bought and sold sell at their value—results from the incessant efforts of individual capitalists to violate this law. Their wild compulsion can only be contained by an external force, hence the necessity for a state and system of laws independent of individual capitalists—and hence, too, the ceaseless attempts of individual capitalists and groups of capitalists to evade these laws or to enlist the power of the state in order to gain an advantage over their rivals.

Monopoly comes in many forms. Some pertain to *production*, e.g. technological innovations that allow an individual capitalist to produce a given commodity more efficiently than others; others to *distribution* (branding or other forms of monopoly in the marketplace, such as barriers to new entrants, state capture, privileged access to cheap inputs, etc.); all may be short-lived or long-lasting. To each instance of monopoly there corresponds a rent, an unearned income, an extra profit for the monopolistic at the expense of lower profits for the rest. Monopoly, therefore, *redistributes* surplus value between capitals, *but makes no addition to it*.

This is even true of technological innovations that reduce the quantity of labour required to produce workers' consumption goods—only when this innovation becomes generalised, i.e. when it ceases to be monopolised by an individual capitalist, in other words when it ceases to be an innovation, does it result

⁷² Sweezy disregards the distinction between production and non-production labour, a distinction which is arguably much more important in developed imperialist countries than in subject nations.

⁷³ Paul M Sweezy, 1981. *Four Lectures on Marxism*. New York: Monthly Review Press, p. 76.

in a lowering of the value of labour power and a corresponding rise in the rate of surplus value—and only then if none of these gains are captured by workers through higher real wages.

While monopoly is all about the *distribution* of surplus value, exploitation is all about its *extraction*. And just as every capitalist dreams of becoming a monopolist, so every capitalist seeks ways to maximise the extraction of surplus value. As we have just seen, in *Capital* Marx analyses in detail two ways capitalists do this—*by extending the working day* beyond ‘necessary labour time’, i.e. the time needed to replace the values consumed by the worker and her/his family—which Marx called *absolute* surplus value; and by changing the ratio between necessary labour time and surplus labour time within an unchanged working day via productivity advances that cheapen workers’ consumption goods—which he called *relative* surplus value. *Both are entirely distinct from the reduction of necessary labour time through “pushing the wage of the worker down below the value of his labour-power”*—the standard definition of super-exploitation, critiqued later in this essay.

It follows from the above that imperialist rent and imperialist super-exploitation are conceptually distinct, even if in reality they are intimately related. Samir Amin was therefore in error to conflate the two: “the visible part of imperialist rent... arises from the grade scaling of labour-power prices... The submerged part of the rent [arises from] access to the planet’s resources”.⁷⁴

We can now put the two constitutive elements of capitalism—monopoly/competition and exploitation/super-exploitation—together. Every capitalist dreams of becoming a monopolist, but for capitalists in Vietnam, Cambodia, Mexico and other southern nations their dreams remain just that, dreams; they have no choice but to rely exclusively on the extraction of surplus value from their own workers by super-exploiting them up to and beyond the limits—or rather, to sate themselves on what’s left after monopolists and imperialists have taken their share ‘s (China is an extremely important but as yet partial exception to this, which is why it is on collision course with incumbent imperialist powers). In contrast, imperialist monopoly capital has had the option of sharing some of their monopoly rents and imperial rents with their own workers—to buy social peace and to expand the market for their goods, along with the means to finance state expenditure on hard and soft power in order to reinforce their domination of subject nations.

If Marx’s concepts of absolute and relative surplus value are insufficient to explain the realities of exploitation in contemporary global production networks, what else do we need? In a nutshell—a *theoretical concept of super-exploitation*. But before we can conceptualise super-exploitation, we need a deeper, richer concept of exploitation.

Walter Daum, in his contribution to a debate on the legacy of Guyanese revolutionary Walter Rodney, proposes a distinction between absolute super-exploitation and relative super-exploitation: “In order to

⁷⁴ Samir Amin, 2018. *Modern Imperialism, Monopoly Finance Capital, and Marx’s Law of Value*. New York: Monthly Review Press, p. 110

show the greater exploitation of African workers, Rodney presented several examples. One was that European colonial capitalists paid Africans less than a living wage, 'a wage usually insufficient to keep the worker physically alive.' In Marxist terms, this meant that African workers were paid less than the value of their labor power. This might be thought of as *absolute* super-exploitation. Rodney also presented cases of workers undergoing a rate of exploitation significantly higher than... elsewhere; that can be called *relative* super-exploitation."⁷⁵ He cites Rodney's great work, *How Europe Underdeveloped Africa*, to give a particularly stark example of this: a shipping company in 1955 in which 'of the total amount spent on loading and discharging cargo moving between Africa and America,' the American dock workers were paid five times the wages of the African workers for 'the same amount of cargo loaded and unloaded at both ends.'⁷⁶

Henceforth, following Daum, I shall use these terms: *absolute super-exploitation* signifies the payment of wages below the minimum that is required to keep the worker and her/his family alive. *Relative super-exploitation* signifies a rate of exploitation that is above the prevailing rate of exploitation in imperialist countries. Neither of them correspond exactly to the concept presented by Marx in *Capital*, which is come to be the standard definition of super-exploitation in Marxist literature since then: "the payment of wages below the value of labour-power", since the effect of Marx's simplifying assumption of a single value of labour-power is to conflate the two definitions.

Both definitions raise a great many theoretical and methodological questions that will be explored in greater or lesser depth in what follows. In the course of the discussion, it will become ever clearer why this primary distinction is necessary. One observation can be made from the outset. The value of labour power is given by its cost of production, or rather, more precisely, the quantity of materialised labour required to produce the sufficient consumption goods to keep the worker and her/his family alive. This is independent of the length of the working day, and how this day is divided between necessary labour and surplus labour. In other words, it is independent of the rate of exploitation. On the other hand, relative super-exploitation signifies a higher rate of exploitation than that enjoyed by the average worker in an imperialist country.

To illustrate the contrast between the two, it is possible to imagine a worker enduring absolute super-exploitation whose labour-power is being exploited at a lower rate than the average worker in an imperialist country. This would be so if the quality of the labour power being performed by the absolutely super-exploited worker is so diminished by deprivation that they take longer to replace the value of their labour power than the average worker in an imperialist country. It must be emphasised that we are not

⁷⁵ Walter Daum, 2020, *In Defence of Walter Rodney: Workers, Imperialism & Exploitation* <http://roape.net/2020/06/11/in-defence-of-walter-rodney-workers-imperialism-exploitation/>

⁷⁶ Walter Rodney, [1972] 1981, *How Europe Underdeveloped Africa* Washington DC: Howard University Press, p.150.

talking here about productivity differences in the bourgeois, value-added sense, but of the expenditure of simple labour power of normal intensity.

The Marxist theory of exploitation (I)—the value of labour power

The seemingly simple formula for the rate of exploitation, s/v , is, on closer examination, anything but simple. The value of labour-power and the value *generated by* it are far more different from each other than is usually supposed. The fact that both the numerator and the denominator of s/v can be expressed as simple numbers, each expressing two parts of the same working day—with the rate of exploitation given by the simple ratio between them—leads many to forget just how extremely different from each other they in fact are. This becomes clear when we ask two elementary questions. What determines the value of labour power? What determines how much value is *generated by* labour power?

Concerning the first question, we must recall that the value of labour power, as with all other commodities, is given by the quantity of average socially-necessary labour required to produce the commodities he or she (and dependent family members) consumes. On this basis, the determinants of the value of labour power can be distilled into seven elements, which will first be listed and then briefly discussed.

- 1) the fecundity of nature, i.e. the ready availability of food, building materials; and its hospitability—the need for protection against the elements etc. For example, if it takes longer to catch fish, the value of labour power that depends on them for sustenance must rise if consumption levels are to stay the same;
- 2) the proportion of use-values required for the reproduction of labour-power that are freely provided by domestic labour and by own-account workers providing direct labour services;
- 3) the productivity of labour *in branches of the capitalist economy that produce workers consumption goods*;
- 4) the incidence of super-exploitation *in those branches*;
- 5) the size of the so-called ‘moral and historical’ component of the value of labour-power, i.e. the extent to which the class struggle and general social evolution (different ways of saying the same thing) has resulted in the incorporation of new needs into those necessary for the reproduction of labour-power;
- 6) the average degree of complexity/qualification of labour within a national economy. This is closely related to its productive structure, but is also related to the ‘moral and historical’ element listed above;
- 7) the intensity of oppression and subjugation of workers in a given national economy, including the ferocity of employer/state repression, the degree of unity/disunity of the working class; the structural scarcity or super-abundance of labour-power, border controls suppressing the free mobility of labour.

Each of these determinants of the value of labour power requires empirical research and theoretical reflection. None of these factors, not even the first, are purely endogenous—consider, for example, the consequences for hundreds of millions of working people across the global South of over-fishing by imperialist fishing fleets, or the impact of imperialist-engendered climate change on nature’s fecundity and workers’ physical health.

The second factor listed is affected by a wide-range of social and cultural factors, including the strength of patriarchal divisions, the size of the non-capitalist economy, the poverty and desperation of workers offering direct labour services, and all of these relate in complex ways to imperialism, its disruption of traditional societies, its “development of underdevelopment.” The important role played by unpaid female domestic labour in the reproduction of labour power underlines the need for value theory to embrace social reproduction theory, whose neglect by Marxist political economy has much to do with the latter’s reluctance to abandon the simplifications Marx made in order to achieve his ‘general theory’ of capital.

The third factor has undergone an enormous transformation during the neoliberal era, with the massive relocation of industries producing workers’ consumption goods to low-wage countries.

The fourth factor must be considered in tandem with the third—the value of labour-power is determined not only by the productivity of workers employed in the production of consumption goods, *but also the degree to which they are super-exploited*. Sweatshop production cheapens these commodities and lowers the value of labour-power that depends on them.

The fifth factor, the ‘moral and historical’ element, is determined by class struggle, and this takes place at a national *and* an international level. What workers succeed in incorporating into the value of their labour-power in any one country is the result of global class struggle, not just the struggle within that particular country. For example, class struggle and social revolution abroad can convince capitalist rulers to reduce the threat of contagion by making concessions to their own workers. It is remarkable how quickly US imperialism and its bourgeois clients in Latin America moved to provide fake-democracy safety valves and social programs to reduce extreme poverty following the victory of the Nicaraguan Revolution in 1979, and the same thing happened following the Cuban revolution, with President Kennedy’s ‘Alliance for Progress’. These divide-and-rule concessions have occurred on a far bigger scale within imperialist countries, as was illustrated earlier in this paper by the post-World War II Labour government in the UK.

The sixth factor is also a function of imperialist development: a much higher proportion (though still a minority) of the working class in imperialist nations functions as complex/qualified labour than in dependent capitalism... but we must also remember Marx’s warning that much of the distinction between skilled and unskilled labour rests on “pure illusion,” or as anachronisms or other anomalies perpetuated because of their usefulness as strategies of divide-and-rule.

The seventh factor, expresses the degree of national oppression endured by workers in a given nation, i.e. the degree to which their equality with workers elsewhere in the world is violated. In the neoliberal era this has become the most important factor of all, and is a key determinant of the fourth factor, whose importance has also vastly increased.

The Marxist theory of exploitation (II)—the value *generated by labour-power*

Now we turn to consider the other element in the formula for the rate of exploitation, 's'. The law of value rests on a fundamental principle: "the value which the labour-power produces... depends, not on its own value, but on the length of time it is in action".⁷⁷ Furthermore, as we have seen above, the value which labour power produces in a given time is also entirely independent of its own value, of its productivity, and of the organic composition of the capital of which it is a part. Marx repeatedly stressed this fundamental principle in many places throughout his great work, for example,

a working day of a given length always creates the same amount of value, *no matter how the productivity of labour*, and, with it, the mass of the product and the price of each single commodity produced *may vary*. If the value created by a working day of 12 hours is, say, 6 shillings, then, although the mass of the use values produced varies with the productivity of labour, the value represented by 6 shillings will simply be spread over a greater or a less number of commodities.⁷⁸

What other factors, apart from duration, come into play? The intensity of labour is one— a worker working twice as fast as another will produce twice as much value in the same time. However, it is far from clear that workers in imperialist countries work with greater intensity than those in low-wage countries, and even if they do this is counterbalanced by the tendency for the working day and the working week to be much longer in low-wage countries. We can therefore leave this out of our analysis, and assume, as Marx himself did in the above quotation, that all living labour is expended with the same intensity.

Another is the degree of qualification or skill, discussed above when refuting the arguments of imperialism-deniers above. For the reasons given, this too can be excluded from our "concrete universal concept"⁷⁹ of capitalist exploitation.

It also must be considered that the value generated by living labour is determined *ex post*, when the value of the commodities produced by this labour is realised through their sale:

The value of a commodity is determined not by the quantity of labour actually objectified in it, but by the quantity of living labour necessary to produce it. A commodity represents, say, six working

⁷⁷ Marx, [1867] 1976, p. 679.

⁷⁸ *Ibid.*, pp. 656-7, my emphasis.

⁷⁹ Evald Ilyenkov, 1960. *The Dialectic of the Abstract and the Concrete in Marx's Capital*. Moscow: Progress Publishers, pp. 84-88.

hours. If an invention is made by which it can be produced in three hours, the value, even of the commodity already produced, falls by half.⁸⁰

This is an important and complex matter, yet it can be safely excluded from the current discussion for two reasons. First, while the *ex post* determination of value affects the rate of surplus value and the rate of profit, it has no effect on the rate of exploitation (since the division of the working day into necessary labour and surplus labour is unaffected by whether this labour power is employed productively or not, whether it is squandered, or whether or not the commodities it produces its products get sold). Second, it only comes into play to the degree that the productivity of labour advances; this will take place more or less rapidly in different branches of production and in different countries, and it is far from clear that productivity is advancing in imperialist countries faster than elsewhere—production outsourcing to low-wage countries has been an increasingly favoured alternative to boost profits than domestic investment in new, more productive technology.

Finally, we must consider the special case of workers employed by an individual capitalist who possesses a technical or technological innovation that allows him to produce a commodity more efficiently, i.e. more cheaply, than is the norm for that particular branch of production. Marx says: “The exceptionally productive labour operates as intensified labour; it creates in equal periods of time greater values than average social labour of the same kind.”⁸¹ On the face of it, this appears to contradict Marx’s statement that “variations in productivity have no impact whatever on the labor itself represented in value... The same labor, therefore, performed for the same length of time, always yields the same amount of value, independently of any variations in productivity.”⁸²

The contradiction between Marx’s two statements is only apparent because, in the first of these quotes, Marx focuses on firm-specific levels of productivity while in the second of these quotes he abstracts from this. The different rates of surplus value Marx talks about in the first quote deal exclusively with productivity differences between *individual firms* within a branch of production who produce identical commodities but in different amounts of time. To transpose these firm-specific productivity differences to differences between entire sectors with different organic compositions is a major error, a fundamental misreading of Marx’s theory of value—yet this is exactly what imperialism-denying Marxists argue, so keen are they to ‘prove’ that workers in more advanced, capital-intensive industries produce more value per hour of their living labour, and that, by extension, workers in more advanced nations produce more value than those in underdeveloped nations, and are therefore just as exploited.

The unequal distribution of surplus value is between capitalists ‘in the same business’, i.e. who produce the same commodities. The value which the more productive capitalist realises upon the sale will capture an extra share of surplus value *at the expense of* competitors whose productivity is lower than the average

⁸⁰ Marx, [1867] 1976, 676-7.

⁸¹ *Ibid.*, p. 435.

⁸² *Ibid.*, p137.

in that particular branch of production.⁸³ It should be clear that this only applies to individual capitals in direct competition with each other, and does not in any way imply that capitals in branches of production with higher organic compositions have a higher rate of surplus value than those in branches of production with lower organic compositions. I discuss this fascinating and important subject in more depth in *Imperialism in the Twenty-First Century*, concluding as follows:

assuming labor of average intensity and complexity... *all* of the labor-power expended by workers employed in the less productive capitals counts *equally* toward total value, even if a disproportionate part of it is captured by the more productive capitalists. The more productive capitalists' extra profits derive not from their own more productive workers but from surplus labor extracted from workers employed by technologically deficient capitals... Thus the value generated by productive workers in a given amount of time is independent of their productivity, even if the value-added captured by their employers remains highly dependent on this. This is so fundamental, it must be repeated: a steelworker operating more technologically sophisticated machinery *does not* produce more exchange value, s/he simply allows her/his capitalist employer to capture a larger share of it. It follows that the rate of exploitation—assuming equal wages, intensity of labor, etc.—is not higher in more productive capitals than in less productive capitals, as Euro-Marxist critics of dependency theory argue.⁸⁴

On the basis of the above simplifications and clarifications, it is clear that *none of the seven factors determining the value of labour power discussed earlier have any bearing whatsoever on the value generated by it*. Even if we relax the simplifications and include intensity, qualification and *ex-post* determination of value, it is clear that the determinants of the numerator and the denominator in the formula for the rate of exploitation have very little in common with each other; that our simple little formula, s/v , is far more complex than is generally supposed, and that references to the rate of exploitation that do not appropriately take this into account produced bad science.

The Marxist theory of super-exploitation

Earlier in this chapter we saw many examples of the “constant interweaving of the payment of labour power by its value and below its value throughout *Capital* in its entirety”.⁸⁵ The way Marx posed the question—the “reduction of wages below their value”—conformed to his ‘general analysis of capital’, in which he assumed a single unitary economy and perfect competition among capitalists and among workers, the condition for all commodities to sell at their value,⁸⁶ and for labour power to have one, single, value. To conceptualise super-exploitation at the level not of ‘capital in general’ but of the contemporary global capitalist economy requires a significant modification to Marx’s formulation: at the

⁸³ “When Marx states that enterprises operating with below-average productivity obtain less than the average profit... all this... means is that the value or surplus-value actually produced by their workers is appropriated on the market by firms that function better. It does not at all mean that they have created less value or surplus-value than is indicated by the number of hours worked in them” (Ernest Mandel, 1975, *Late Capitalism*. London: NLB, p. 101).

⁸⁴ *Imperialism in the Twenty-First Century*, pp. 241-244.

⁸⁵ Osorio, 2018, p. 166.

⁸⁶ Or rather, to sell at prices corresponding to the modified form of their value that Marx called ‘prices of production’—prices consistent with the equalisation of the rate of profit between different capitals.

global level it is not so much a question of wages being above or below a common, single value, but of the value of labour power, and not just its wage, being forced down in some countries but not in others.

In other words, what's crucial is not so much that the value of labour-power is violated by under-remuneration, but, as stressed throughout this paper, *the violation of the equality of workers*, a violation that is reflected in their labour-powers having different values. Katz's attempt to "correct" Marini's concept by affirming that labour-power has different values depending on where it resides, and that, because of this, "the concept of payment of labour power below its value should be substituted by lower remuneration of that resource"⁸⁷ gets us nowhere, for two reasons. First, if we accept (as we should) that the value of labour-power varies widely between different countries, the question that must then be answered is *why does it vary so widely?* Second, Katz argues that this correction turns super-exploitation into a minor, non-systemic phenomenon that is just as likely to be encountered in 'core' countries as in the 'periphery'.⁸⁸ But this can only be true if we agree with his assertion that "the magnitude of surplus labour... is clearly higher in the most productive economies of the centre".⁸⁹ This is identical to the argument advanced by imperialism-denying Marxists discussed earlier in this chapter, an argument rooted in conflation of use-value and exchange-value definitions of productivity. It is, in other words, nothing else than bourgeois economics dressed up as Marxist economics.

As we have seen, Marx repeatedly and explicitly excluded the suppression of wages below the value of labour power from his 'general theory' of capital, each time repeatedly emphasising the importance of this in real life. *Reduction in the value of labour power by suppressing consumption levels* (or what amounts to the same thing, shifting production to countries where consumption levels, and with them, the value of labour power is much lower) *is a distinct, third way to increase surplus value*,⁹⁰ and it has attained incredible importance during the neoliberal era, becoming the driving force of its greatest transformation, the single-most important means of increasing the rate of surplus value and countering the tendency of the rate of profit to fall.

Rediscovery of this third form of surplus-value is the breakthrough that makes it possible to apply the dynamic, scientific concepts contained in *Capital* to the concrete imperialist reality, and it was made by

⁸⁷ Katz, 2017, p. 10.

⁸⁸ On this basis, Claudio Katz argued that "dependency theory has no need for a concept of super-exploitation that was omitted by Marx" (Katz, 2017, p. 15); Jaime Osorio replied that Katz's proposed "reformulation of the Marxist theory of dependency is nothing else than a call for its repudiation" (Osorio, 2018, p. 179).

⁸⁹ Katz, 2017, p. 10.

⁹⁰ In *La Dialéctica de la Dependencia*, Marini argues: "The concept of super-exploitation is not identical to that of absolute surplus-value since it also includes a type of production of relative surplus-value—that which corresponds to an increase in the intensity of labour. On the other hand, the conversion of part of the wages fund into a source of capital accumulation does not strictly represent a form of absolute surplus-value production, since it simultaneously affects both parts of the working day, not only of surplus labour-time as is the case with absolute surplus-value. Above all, super-exploitation is defined most of all by greater exploitation of the workers' physical capacity, in contrast to the exploitation resulting from an increase in her/his productivity, and tends normally to express itself in the fact that labour power is remunerated below its actual value" (Ruy Mauro Marini, 1973. *Dialéctica de la Dependencia*. Mexico DF: Ediciones Era, pp. 92-93, my translation).

Andy Higginbottom in a 2009 conference paper entitled *The Third Form of Surplus Value Increase*, in which he built on the work of Marini and developed it further in a series of ground-breaking papers and articles, some of them cited in this essay. In his 2009 paper he said, “Marx discusses three distinct ways that capital can increase surplus-value, but he names only two of these as absolute surplus-value and relative surplus-value. The third mechanism, reducing wages below the value of labour-power, Marx consigns to the sphere of the competition and outside his analysis.” He develops this idea in later articles, for example where, criticising the standard orthodox reading of *Capital*, he says:

It is unclear . . . why lengthening the working day [absolute surplus value]; and the indirect, unintentional and mediated effect of increasing labour productivity on decreasing the value of labour-power [relative surplus value] belong to the inner nature of capital, while capital directly decreasing wages does not. All three mechanisms increase the rate of surplus-value... Direct wage decrease [is] crucial to the analysis of capitalism as imperialism and a world system.⁹¹

The capitalists’ monopoly impulse, i.e. the desire to capture surplus value at the expense of other capitalists, along with their insatiable lust for super-exploitable labour, combine together to dictate capitalism’s innate, inexorable imperialist trajectory. *Both* elements—monopoly and super-exploitation—are absolutely essential to the concept of imperialism; to define imperialism solely in terms of monopoly is one-sided and therefore false, and forgets Lenin’s other, oft-repeated definition: “the division of nations into oppressor and oppressed [is] the essence of imperialism”,⁹² which today is expressed in the apartheid-like structure of the global workforce and the super-exploitation that it engenders.

If this is so, why isn’t super-exploitation at the centre of Lenin’s concept of imperialism, as expounded in *Imperialism, the Highest Stage of Capitalism*,⁹³ alongside monopoly?

The short answer is that *it is* at the centre, and you will find it if you look for it, but it is furled up, and for good reason. As argued above, it is unreasonable to expect to find, in the writings of Lenin and others writing at the time of the birth of capitalism’s imperialist stage, a theory of imperialism that is able to explain its fully-evolved modern form. One long century ago, the relation between imperialist and oppressed nations was largely a relation between capitalist and pre-capitalist social formations, in stark contrast to today’s world, in which capitalist social relations have established almost total dominance, and relations between imperialist and oppressed nations takes place almost entirely with the orbit of the capital-labour relation. Lenin could not have included a conception of how value is produced in globalized production processes because the large-scale occurrence of this phenomenon pertains to a later phase of capitalist development than the one in which he was living. These circumstances have resulted in an inevitable disconnection, persisting right to this day, between Lenin’s theory of imperialism and Marxist

⁹¹ Higginbottom, 2011, p. 284.

⁹² VI Lenin, [1915] 1964. *The Revolutionary Proletariat and the Right of Nations to Self-Determination*, in *Collected Works*, vol. 21, 407–11. Moscow: Progress Publishers, p. 409.

⁹³ VI Lenin, [1916] (1964). *Imperialism, the Highest Stage of Capitalism*, in *Collected Works*, vol. 22, 185–305. Moscow: Progress Publishers.

value theory (however, it was not inevitable that this disconnection would persist right to this day; for this we have ourselves to blame.

As Lenin said in the preface to the French and German edition of his famous pamphlet on imperialism, “enormous *superprofits*” accrue to “a *handful...* of exceptionally rich and powerful states which plunder the whole world.”⁹⁴ These super-profits *arise from imperial privilege*, from monopolistic violation of equal exchange. Imperialist super-profits can take many forms: from slavery and all other vile forms of extortion, naked thievery and lawlessness—or from super-exploitation, *in which the exchange being violated is the one that takes place between capital and labour* (mediated by immediate employers, national bourgeoisies etc). In this case, the equality being violated is the equality between proletarians, the central importance of which was stressed at the beginning of this essay.

The capitalists’ insatiable lust for super-exploitable labour, along with their permanent desire to reap where they have not sown, to violate the equality of exchange between free agents, provides the *impulse* for imperialism, which is why imperialism cannot be reduced to monopoly, or to the ‘over-ripeness’/hypertrophy of capital, or to any other of its effects. Global labour arbitrage—replacing relatively highly paid workers at home with low-wage workers abroad, the driving force of the globalisation and global shift of production that has characterised the neoliberal era—is the purest expression of this impulse.

Super-exploitation of wage labour played a minor role in the early stages of capitalist imperialism, when imperial plunder manifested itself in rapacious extraction of mineral resources, often with forced labour, along with diverse forms of financial usury and extortion. Unequal exchange, i.e. disadvantageous and deteriorating terms of trade of the South’s primary commodity exports (already present, as Marini has pointed out, from the middle of the 19th century), attained pre-eminent importance in the long period leading to the neoliberal era; mightily contributing to exponentially mounting debt, which became a major and continuing source of plunder in its own right; finally, the globalisation of production characteristic of the neoliberal era *turned living labour into the crop to be farmed, the resource to be extracted*. And this, during the neoliberal era, *has become the predominant form of imperial plunder*.

This brings to mind a luminous idea from Evald Ilyenkov which goes light-years beyond the banalities of ‘the theory of uneven and combined development’ (which, for many imperialism-denying Marxists, serves as an insipid substitute for a theory of imperialism): “Very often... The genuine objective cause of a phenomenon appears on the surface of the historical process later than its own consequence”⁹⁵—thus it is with the capitalists’ primitive craving to super-exploit beyond all limits, and the hideous malevolence of fully-evolved imperialism.

⁹⁴ VI Lenin, [1921] 1964. *Collected Works*, Vol. 22, pp. 189-195. Moscow: Progress Publishers, p. 193.

⁹⁵ Ilyenkov, 1960, p. 217.