

FROM A TURGID SESSION ON SUPER-EXPLOITATION AT HISTORICAL MATERIALISM, TO A DETAILED ANALYSIS OF THE QUESTION.

The session was really a profound comedy of theoretical errors. Only a number of insights provided by Michael Roberts rescued the session, though some, as we shall see, need to be heavily qualified.

I will begin with Sam who eulogised over Lenin's: "*Monopoly Capitalism the highest stage of Capitalism*", mainly to dispose of his contribution. And there I was thinking the "international value chain", an immensely more socialised and technically advanced form of production, was the "highest stage of capitalism". But this is by and by, the problem with Lenin's book is his admiration for the monopolies with their economies of scale making possible technical advances unavailable to small capital. It was this admiration for these large trusts and their centralised management that informed Lenin's thinking after the revolution, playing its part in the emergence of large state trusts with elevated management structures that so suited the bureaucracy.

Today we know that modern capitalist management thinking spurns this kind of monopoly organisation. Lenin's work was based on a misunderstanding. There is a difference between the amount of capital any corporation can command, thus financing economies of scale through its centralisation of finance; and in contrast, the devolved and delegated management structure used to implement these strategic decisions guided by agreed and approved financial and budgetary guidelines. While senior management still rules, it does not do so under the unquestionable tutelage from the centre which prevailed in these pre-War monopolies. Taken together with "State and Revolution", where the state becomes the employer, where labour is ruled by iron discipline and where the products of labour become state property, we have the makings of a disaster.

With this out of the way we can now concentrate on the main issue at hand. Does super exploitation exist? The word super sells toilet paper. The word elevated levels of exploitation is more scientific. The word extreme is also acceptable because it describes limits. What we are talking about is the degree of exploitation. This is firstly a physical construct. It is the division of the working day. So many paid hours to workers, so many unpaid hours to the employer. The second physical element is the number of hours a day and the number of days a week. Workers' capacity to work has definite limits. Beyond these limits, the body cannot "rest and repair" impairing the capacity to work.

Once we move from the private exploitation of the worker which can be measured physically, to the social sphere, value considerations apply. Now it is the value of the basket of goods needed to maintain the worker and their families at the existing standard of living. Here convention disguises the fact that this standard of living is the product of class struggle. That is why Marx defined the value of labour, not necessarily as a basic biological standard, but via the basket of goods, as satisfying this conventional standard of living. This is correct, because while labour power is a commodity like any other, whose use value lies in the fact that it produces more value than it consumes in its reproduction, labour power is not a thing but quintessentially human.

If we confined the value of labour power to a biological minimum, then how can we explain the advent of mass consumption after WW2 in the leading economies based on discretionary spending. Of course an alternative explanation could be that the price of labour power in these countries, until 1973 at least, exceeded the value of labour power. The real problem with this approach is that it cannot deal with skill. If the wages paid always gyrates around the value of labour power, a basket of basic goods, then it is difficult to translate that into the wages of higher skilled workers. Their wages tend to stand

well above the basket of basic goods. Does that mean they are not exploited because part of their surplus value they produce finds its way into their salary?

Clearly not, their rate of exploitation, because they produce more value every hour than simple labour, could be even higher than the rate of exploitation for a lower skilled worker. So the measure of the value of labour power can only be defined as satisfying the existing standard of living which differs with skill. Higher skilled workers tend to enjoy higher standards of living. This is so obvious it does not require any further discussion. Thus the price of labour power only rises above the value of labour power when it allows the workers to enjoy a standard of living above the conventional standard of living prevailing at the time. This normally occurs well into the upturn when market conditions temporarily favour workers because of the shortage of labour. Conversely the price of labour power falls below the value of labour power when falling wages can no longer support the conventional standard of living, during say, the aftermath of recession.

In the case of the USA, it is clear that the price of labour power for many sections of workers has been forced below the post war value of labour power up to 1973. But the deviation of prices and value in terms of labour power is always a short to medium term phenomenon, generally applying to no more than two consecutive industrial cycles. Thus the oscillations between the price and value of labour power follows the oscillations in the industrial (business) cycle. Beyond that, should it endure, then the changed standard of labour becomes the new conventional standard until the upturn in the class struggle establishes a new standard.

Now comes the rub. What about the rift between workers in the exploiting countries (imperialist) and workers in the exploited countries, as defined by Michael Roberts, as being the gainers and losers from the transfer of value between them? Here the standards of living differs vastly. However, before proceeding we need to demarcate both the simple, and, the complex case. In the simple case, it is a mere comparison in money wages. In the complex case, the cost of living has to be taken into account, because in the exploited countries (sometimes referred to as the semi-colonies) the cost of living is lower. In a popular cost of living index, the US is 71, Mexico is 34 and China 41, meaning every dollar typically buys twice as much in Mexico and one and a half times as much as in China compared to the US. https://www.numbeo.com/cost-of-living/rankings_by_country.jsp

To answer these questions, we will examine the most international and largest of all the industries, car manufacturing (or light vehicle manufacturing as it is now referred to in a number of countries). Mexican auto workers working with the same technology as US auto workers earn only seventeen cents for every Dollar a US auto worker earns. Is this because US auto workers are more productive? When looking at bland monetary figures this may appear to be the case, but it is a mirage, it's based on the way the multi-nationals rig their books with transfer pricing which always favours the parent country because that is where value is realised and that is where the balance sheet is drawn up.

Car companies today are mere assemblers of cars using the same international supply chains to provide their common components and sub-assemblies. Entire platforms are shared. Thus if you avoided looking at any signs, one in Spanish the other in Americish, you would not know if you were standing in a Mexican plant or a US plant.

The cost of living is lower in Mexico than in the USA, therefore the low wages paid to Mexican workers may not be below the basic value of labour power. However, this is not the point. Low wages in one country always threatens the higher wages obtaining in an associated country. Corporations use this to drag down wages internationally. Conversely, the unions should respond by organising to raise wages internationally. The problem is that the bureaucrats in the United Automobile Workers Union

and the bureaucrats in Mexican Unions refuse to co-operate and form a single union across the Rio-Grande, because both bureaucracies are politically welded to the ruling parties in their respective countries. Thus Mexican workers continue to be paid below the value of their labour power, because this value is set, not nationally but internationally. In contrast, as we shall see, US workers are being paid above it. Convention, to a Marxist does not represent the gains of class struggle in one country but all countries.

Here Roberts and Carchedi make a serious error. Prices of production, that is the movement of capital **between** industries to equalise the rate of profit, does **not** apply **within** an industry. It does not apply between the auto companies in Mexico, the USA or China because they are part of one industry. Here market value applies which yields the market price of cars, with the volume of production having been set previously by the movement of capital between this industry and all the others.

If market value is determined internationally then so must wages. But before we to this, the question of productivity arises. One way of determining the underlying productivity of an industry in a country is its turnover. Higher rates of turnover suggest higher rates of productivity, because it implies shorter periods of production and or circulation. On this basis French workers are the most productive.

Table 1. Transport Equipment: Annual Turnovers

Country	Year	Turnovers	Year	Turnovers	% increase
Brazil	2001	9.2	2011	9.2	0%
Canada	2001	7.6	2011	8.7	14%
China	2001	6.6	2011	9.2	40%
France	2001	10.2	2011	11.2	10%
Great Britain	2001	5.6	2011	6.4	14%
Germany	2001	6.6	2011	7.6	15%
Japan	2001	6.8	2011	7.4	9%
Korea	2001	6.8	2011	8.3	22%
Mexico	2001	5.6	2011	5.6	0%
U.S.A.	2001	5.8	2011	8.8	51%
AVERAGE	2001	7.1	2011	8.2	15%

(Source: OECD Inter-Country Input-Output (ICIO) Tables, 2015 edition. (6) www.wiod.org/home

Both China and the US have rates of turnover above the average with Mexico the laggard. It appears that no country in this series has a rate of turnover more than twice that of any other, therefore a productivity range of below 2 can be assumed. We can now address the issue of wages. The most recent data I have found on car worker wage rates was brought out in 2017 and relates to 2015.

Table 2. Productivity and Wages

Country	Year	Turnovers	Annual Wages \$	Adjusted by turnover
Column	1	2	3	4*
Brazil	2011	9.2	12800	11409
China	2011	9.2	10836	9658
France	2011	11.2	70600	51689
Great Britain	2011	6.4	37,000	47406
Germany	2011	7.6	69000	74447
Japan	2011	7.4	31320	34706
Korea	2011	8.3	80000	79036
Mexico	2011	5.6	6240	9137
U.S.A.	2011	8.8	51000	47523
AVERAGE	2011	8.2	36880	36501

<https://www.autoexpress.co.uk/car-news/98986/the-global-car-manufacturing-wage-gap-what-do-car-factory-workers-earn>

(* formula: column 3 divided by column 2 multiplied by the average in column 3. The difference between the two averages is rounding off errors.)

The green highlighted wages are above average and the mauve ones below. Germany and Korea have the highest adjusted wages and Mexico and China the lowest. Note France, the most productive country of all, starts off with a wage of \$70,600 which is above Germany's, but when adjusted for productivity, the French wage per car is lower than Germany. Britain and the US share similar wage rates despite the US being more productive than Britain. Both China and Mexico have similar adjusted rates both of which are one-fifth that of the USA. Looking at current wage data there has not been a significant shift either way.

The main conclusion is that wage rates diverge by over 250% internationally adjusted for cost of living indexes. That is a scandal that should not be tolerated by the international working class. As long as there is this wage differential it threatens better paid workers such as US workers who now earn less than their counterparts in Europe because of Mexico. In the example listed above the international value of labour power for car workers was \$35 to \$36,000 in 2015.* No car worker should be paid an equivalent below that, which we can call the locally adjusted mean wage. (*It should be noted we are using \$35,000 loosely because it is the simple average not the weighted average which would take into account the number of workers internationally at each given wage rate.)

Thus, Mexican and Chinese workers are being paid below the value of labour power when it is set internationally. On the other hand, Korean, German and French workers are being paid above the international value of labour power for car workers. This has a practical political edge. Our slogan for the global car industry should be a minimum annual wage equivalent to \$35,000, and we should deploy it as a unifying and rallying call.

In those countries with below average wages, we can say they suffer an absolutely elevated rate of exploitation and in those countries above the average a lessened rate of exploitation. By inserting the word absolute, it means we have factored out relative rates of exploitation relating to productivity differences through the adjustment in the final column of Table 2 above. It means that when dividing up the working day physically, the paid part is relatively smaller in China and Mexico than in the USA. That is why the major US and Germany car companies, present in China, make more profit per car in China than they do at home, at least they did until the Chinese auto market tanked.

Do these wage differentials mean that workers in say Germany and France enjoy their "high" wages at the expense of the low pay found in Mexico and China. If this was the case, then certainly it could be said that workers in the Imperialist countries benefit from the exploitation of workers in the semi-colonial world. This would be the case only if car plants in Germany and France were consistent loss makers, which they most certainly are not. Most of them make a substantial profit under normal market conditions. This is the acid test. It simply means that Chinese and Mexican workers are each producing more profits for their masters than are French and German workers because their exploitation is absolutely elevated.

Finally, I am critical of Roberts in his presentation which declares: "*Each country has its own value of labour power*". This could be seen as patronizing, demeaning and a breach of internationalism. Why should Chinese car workers, for example, accept that they have a lower intrinsic value of labour power than a worker in the USA. It's the equivalent of saying to US workers: the value of your labour power is naturally higher than a Chinese worker. Its divisive and needs to be abandoned. Moreover, by

fighting for this general standard of living we start making the transition to a socialist society where workers receive in proportion to contribution.

Biological limits.

The extreme limits of exploitation are set by the biological necessity to rest and repair in a comfortable environment, as well as adequate nourishment. This limit is set by intensity and duration. How hard and how long? Harder work can only be endured for a lesser period, less hard work for a longer period.

The only way to determine this is by recourse to the hourly wage. The lower the hourly rate, the more hours of paid work that are needed to purchase a basic basket of goods. If the hours needed exceed the biological limit it leads to sickness, actual physical damage and premature death. Collecting such data is time consuming and worthy of a post doctorate thesis. Unfortunately, organisations like the International Labour Organisation and the United Nations do not provide international comparisons on hourly wages nor the amount of wages needed to maintain workers within a given country, examined over years.

But if we use the measure of life expectancy, we find that it is no longer a north south divide. Within the USA and Britain, where inequality is at its most grotesque level, we find the life expectancy of the bottom 80% of society contracting. Last November, the US Centre for Disease Control (CDC), reported that US life expectancy had shrunk for two years in a row. *“Preliminary data suggests that U.S. life expectancy may drop even further in 2017 — a three-year decline not seen since World War I and the global influenza pandemic a century ago.”* (Washington Post 11th January 2018.) For more on this please follow the link - <https://theplanningmotivatedotcom.files.wordpress.com/2018/10/a-failing-state-pdf.pdf> In 1917 life expectancy unfortunately did fall, and the cumulative fall was equal to the loss of one million life spans.

The CDC reported this was due to the surge of opioid deaths and suicides, which were of course symptoms of overwork, poverty and financial insecurity. It is well known, that pay at the bottom is so low, it forces many workers into two and even three jobs to make ends meet. The PEW non-partisan research group in the US, found that financial stress was the biggest problem cited in people's lives. Another way of addressing this issue is to compare the difference in life spans of the bottom 20% to the top 10%, which have grown four-fold since the 1960s. In Britain the Lancet conservatively predicted that up to 200,000 people will have died unnecessarily between 2010 and 2020 because of austerity and the cuts. Unnecessary deaths should be spelt, murdered.

The best way to measure the loss of the capacity to work is to measure how long people live before they are diagnosed with a chronic illness. It is called *“healthy life expectancy”* or *“life expectancy without chronic disease”*. In the UK by age 40, 14% of the population have been diagnosed with a chronic condition which is incurable. By age 60 that shoots up to 58%. And in poorer areas and regions, the prevalence is 60% greater and the severity 30% higher. This degeneration, not found in the top 10% has to be a consequence of poverty, over-work and poor diet. Whatever its immediate cause, the biological limits have been exceeded. Whole layers of British and US workers, in common with those living in the exploited nations, are unable to regenerate their capacity to work, which is a truly terrible indictment of capitalism that depends on this capacity. <https://www.kingsfund.org.uk/projects/time-think-differently/trends-disease-and-disability-long-term-conditions-multi-morbidity>

The recent upsurge in youth protest around the world shows how close to the biological limits neo-liberal and its inequality has driven the world. It can be said that these limits are being exceeded when even one price rise is met with hundreds of thousands taking to the streets. It is clear an inflection point has been reached. That life has become precarious and intolerable.

The nature of the relation between the exploiting and exploited countries.

I am sure that the forthcoming book will discuss the relation between the exploiting and the exploited countries in greater detail and avoid the simplistic statements made in the presentation: *Direct political control through colonies has mostly disappeared (although not completely); so imperialism operates mainly through economic control now (while throwing in the occasional coup or proxy war)*. <https://wordpress.com/read/feeds/313842/posts/2484192418> In his latest post looking at the US's self-inflicted "War on Terror" (*Milex and the rate of profit*), for example, Michael points to the 76 countries in which the USA's military is currently engaged in combat action. Imperialism is active. <https://thenextrecession.wordpress.com/2019/11/18/milex-and-the-rate-of-profit/>

There were three reasons why the US did not revert to British or French type colonialism, that is imposing a colonial government and standing army in each country. Firstly it is the most expensive way to run a colony. Secondly, the US as the undisputed hegemonic power, did not have to do this in order to defend against the encroachment of rival imperialist powers because they were on their economic knees (except in the separate case of the USSR). Thirdly, in a period of heightened nationalism, imposing direct rule would have sapped the military and economic capacity of the USA as Vietnam showed.

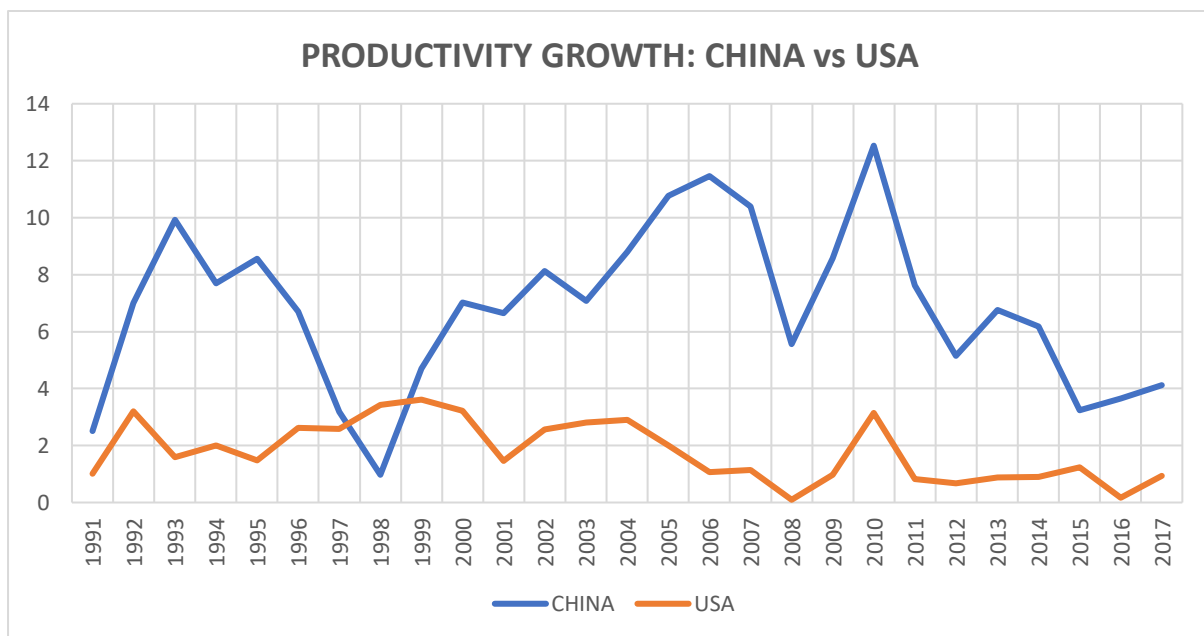
It would be an error to cast the US rule over these regions as merely economic. The US has imposed, either by design or by fear, compliant, dependent and corrupt bourgeoisie to rule on its behalf. This class, acting mainly as rentiers, stifles the possibility of capital accumulation and thus economic independence from imperialism (with the notable exception of China). When these regimes challenge the rule or economic interests of imperialism they face regime change. Thus the fate of Gaddafi in Libya when he proposed a currency union for North Africa, now the fate of Morales in Bolivia victim of the fight over the new white gold, Lithium. When regime change proves difficult, countries are economically carved out of the world economy via economic sanctions.

The strength of Michael Roberts presentation is his mapping of the various forms the transfers of value take, together with quantifying these various flows. Thus when he divides the global economy into those countries that are the gainers of these flows and those countries that are losers from these flows they fit neatly into the imperialist countries and semi-colonial countries. It is elegant.

Roberts And Carchedi are correct to emphasise the divergence in the organic composition of capital between these two spheres. The organic composition is clearly higher and has remained higher in the imperialist world. It does reflect the more advanced techniques of production denied to the exploited countries. This is in conformity with Marx's writings in Volume 3. In today's language it can be said that the strategy of the imperialist nations is to monopolise the commanding heights of the international value chain. This is the substance of the battle currently being waged between the USA and China.

Where they are ill advised, is to use productivity figures. In the exploited countries the outward transfer of value depresses "value added" which constitutes the numerator in the equation which determines the level of productivity. Conversely this transfer in value is realised in the exploiting countries. It thus boosts value added inflating productivity. What is interesting, is that despite this transfer of value between China and the USA, the rate of productivity growth in the USA has been abysmal. I should also add that the BEA recognises that productivity in US manufacturing has been boosted by cheaper inputs and they have tried to quantify this, but I consider their results are underestimates.

Graph 1.



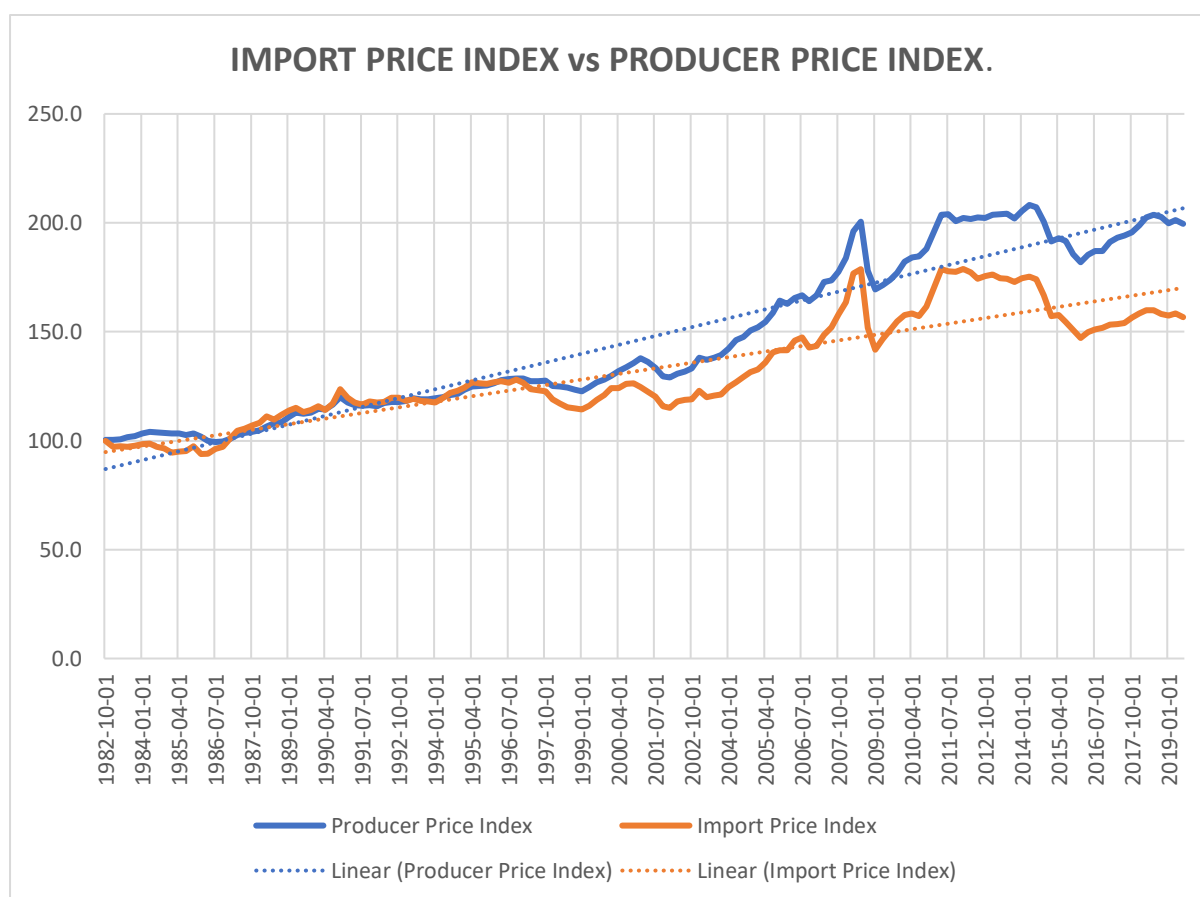
(Source: Conference Board, Total Economic Database, Output, Labor and Labor Productivity, 1950 -2017. Chinese series is the TED adjusted series.)

The final strength of the impending book, is to separate out the sources of flows (paragraph three of his posting (<https://wordpress.com/read/feeds/313842/posts/2484192418>)). I would suggest they need to be more precise. For example, there are three forms of out-sourcing. Contract production, open market sourcing and joint ventures. Originally, much of production was based on contract manufacturing. This is the most punitive form of transfer, with the Chinese capitalist reduced to acting as mere agent to his principle. Literally a gangmaster. Indeed, when tens of thousands of US producers transitioned from being manufacturers to outsourcing their production from China, they were reclassified by the BEA as wholesalers and removed from the manufacturing sector.

On the negative side, I find, that despite the heroic efforts of Carchedi and Roberts to quantify the transfer in Dollars, their results tend to be irregular and under-estimates. For example in his post Robert's states that the transfers in 2008 can be seen in two ways: *"So there is annual value transfer from these countries to the G7 through their international trade of \$120bn or more a year. This annual transfer of value to the imperialist countries (G7) is equivalent to about 2-3% of their combined GDP. "* The problem with this is that the 2008 GDP of the G7 at the time was \$32 trillion, so 2 to 3% amounts to between \$640 billion and \$960 billion, not \$120 billion. Even if this were to apply solely to China, it would still represent an underestimate.

In contrast, a better way to measure this transfer is to compare the Import Price Index (IPI) to the Producer Price Index (PPI). These indexes applied here refer to the USA alone. If there is a transfer in value it should be reflected in the under-pricing of the (IPI) and the corresponding "over-pricing" of the PPI. And indeed this is the case as Graphs 2 & 3 below show. Since 1996 the US IPI has consistently lagged behind the PPI.

Graph 2.

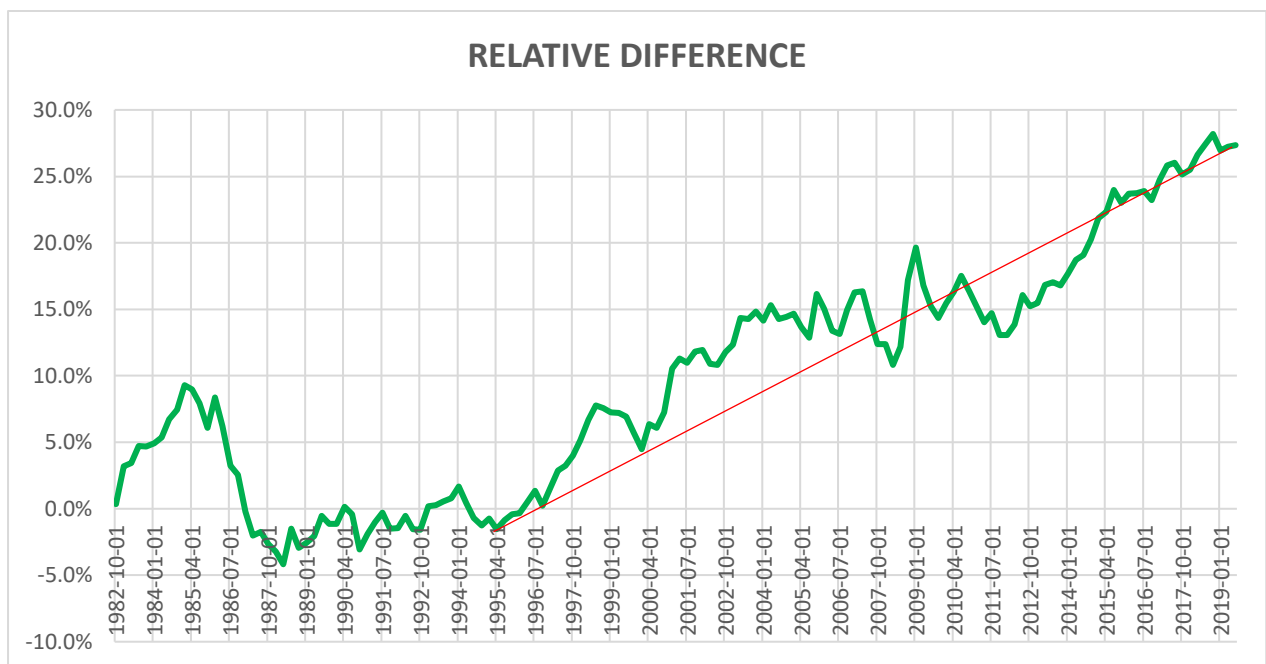


(Sources: Fred tables PPIACO for producer prices & IR for import prices.)

Graph 3 reflects the relative difference between the two. Using that relative difference over time, multiplied by the goods imported from the exploited countries, then divided by two, yields the approximate sum of hidden value transferred to the USA through the price form. To avoid confusion, it is important to note that we are not dealing with a single year difference but a cumulative difference. Over the years, had imported goods appreciated at the same rate as produced goods, then by 2008 they would have been 16% more expensive, not the single year difference.

In 2008 imports from Brazil, Mexico, China, Hong Kong, India, Singapore and Taiwan amounted to \$677 billion in 2008. (Table 2.2. U.S. International Trade in Goods by Area and Country, Seasonally Adjusted Detail) Because some countries are omitted we are cleared to raise that to \$700 billion which when multiplied by the cumulative price difference between the two of 16% then halved, yields a minimum sum of \$56 billion. This is just one element of transfer pricing. Taken over the G7 as a whole, where the US contributed 44% of their total GDP, this amounts to \$127 billion, already higher than the figures provided by Carchedi and Roberts. (For GDP data: [https://www.nationmaster.com/country-info/groups/Group-of-7-countries-\(G7\)#2008](https://www.nationmaster.com/country-info/groups/Group-of-7-countries-(G7)#2008))

Graph 3.



The period of prosperity 1996 - 2014

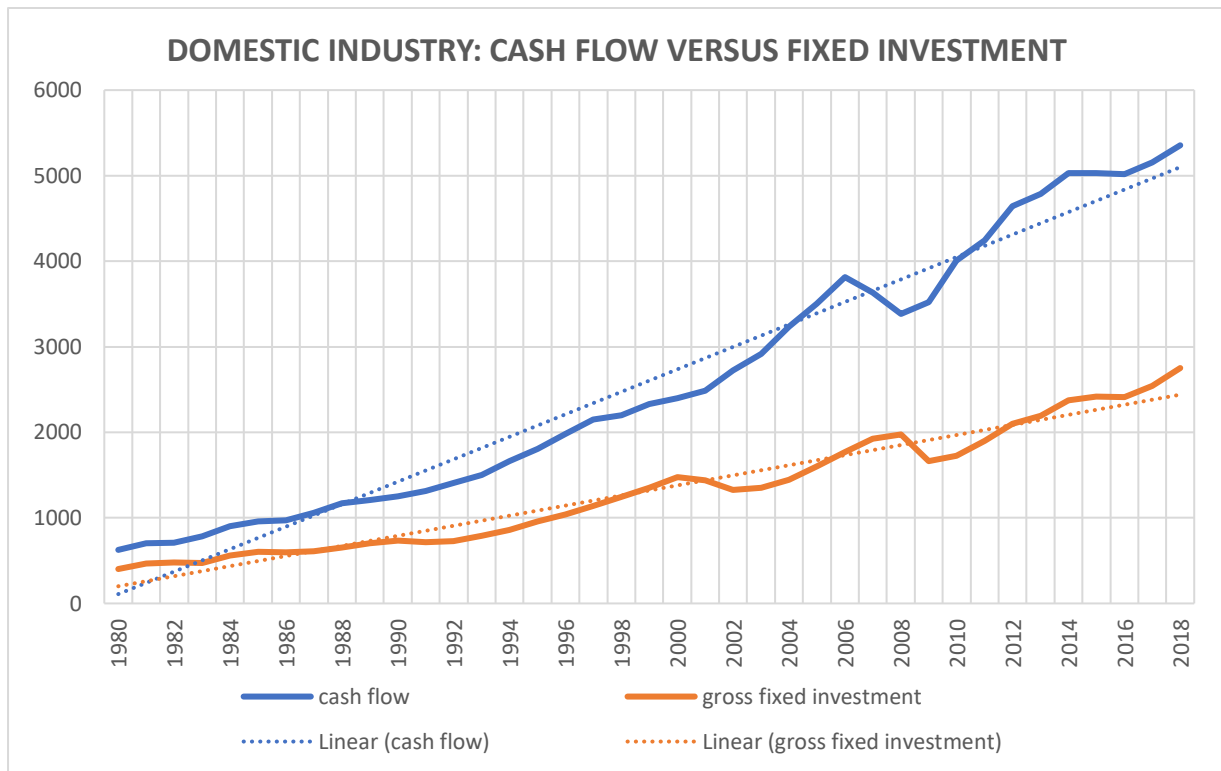
I consider the second phase of globalisation (the first pre-ceded World War 1) to have spanned 1996 to 2014. By 1996, all the elements for the abundance about to be monopolised by imperialism, was in place and in motion, with quantity turning into quality. This included the emergence of capitalism in China and the integration of its coastal regions into the world economy.

We note from Graph 3 that the red line represents the emergence of what was to become a fountain of surplus value being transferred to the imperialist countries particularly from China. It was this transfer that ushered in the “phase of prosperity” (Marx) for the multi-nationals. The internal funds now available to these giant corporations reduced their dependency of external funds (bank loans) ushering in the period of low interest rates. Not only that, but as the next two graphs show, the cash generated by these corporations exceeded their investment needs.

In the following two graphs, cash flow is for domestic industry, combining both corporate and non-corporate business. I do not like using non-corporate as there are many confounding issues within it, but because much of the new business with China took the form of the partnerships set up to source products, it had to be included. All data is pre-tax. With tax included the gap would be about a tenth smaller. The advantage of removing tax is that recurring changes to tax law since the 1980s would have distorted the figures.

Gross fixed investment for both corporate and non-corporate are taken from Fixed Assets Table 4.7, cash flow from NIPA Table 1.13 and depreciation from Fixed Assets Table 4.4. All the calculations can be found on the accompanying spreadsheet titled “DOMESTIC INDUSTRY cash flow vs investment + graph”.

Graph 4.



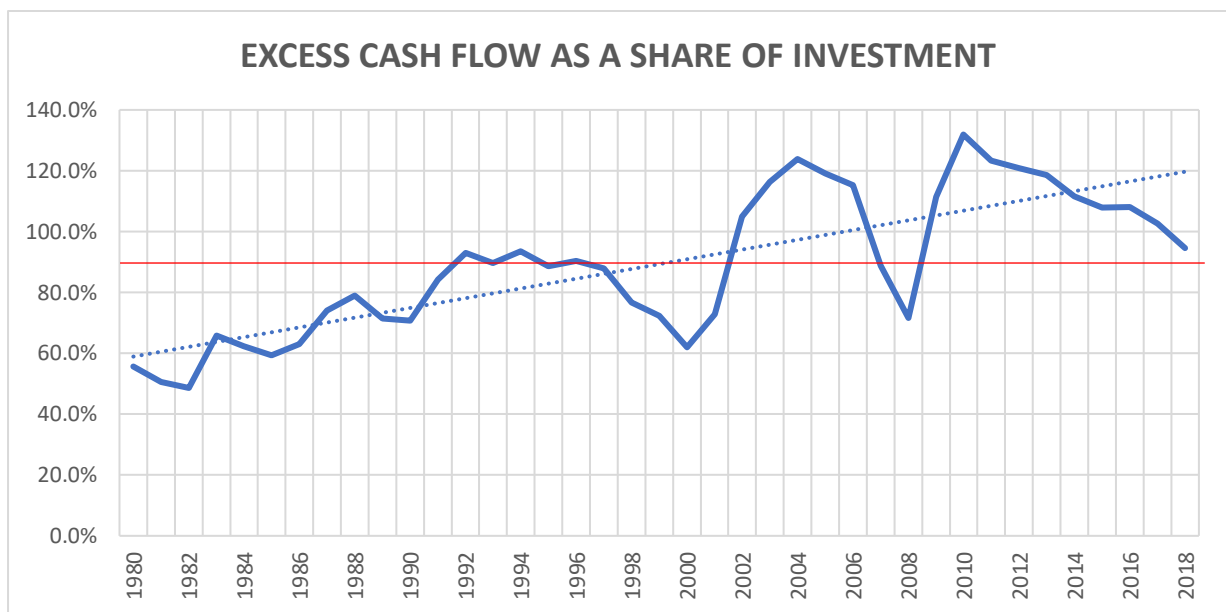
I have always portrayed this graph as representing the two arms embracing socialism. The top graph representing the **possibilities** lodged in socialism, and the bottom graph, because of its stagnant investment, the graph representing the **necessity** for socialism. The gap is somewhat overstated because it does not include the growth in circulating capital, nevertheless, the trends show it to be real and growing over time.

Graph 5 shows the relative motion between the two graphs. It is based on subtracting investment from cash flow and then dividing the result by investment itself. The red line shows the long term average difference of 89% (or 79% after tax). It shows that cash flow only exceeded this average in the first half of the 1990s and that it is currently trending and should fall below this average in 2019. In addition it should be noted that in 2014 it falls below trend and has stayed below trend since then.

The two troughs in 2000 and 2008 were caused by the dotcom crash and the financial crash both of which caused profits to collapse. Despite the crash in 2008, the average surplus this century, at least until the last few years has been over 100% meaning cash flow was double that fixed investment.

The profit investment nexus has led to much confusion. This came out in the next session at which Michael spoke at <https://wordpress.com/read/feeds/313842/posts/2486651960> Al did show this correlation, but it is meaningless. Unless depreciation is added to profits the relationship appears to be solid. But two considerations apply. The higher the organic composition of capital the greater the contribution of depreciation to cash flow. Secondly, since the 2012 revisions which capitalised Research & Development as well as in-house software by means of an imputed sale (fictitious sale) depreciation has been inflated at the expense of profits in the System of National Accounts. Thus my recording of cash flow and Al's recording of cash flow versus investment yields contradictory results. I leave it up to the reader to decide which methodology is correct.

Graph 5.



The final point on this issue concerns the disposition of this surplus. Both Al and Michael pointed to the growth in financial assets held by the multi-nationals. But this growth was not the result of a conscious redirection of investment from production to finance. Rather, this surplus arose because the opportunity to invest in production was itself constrained by rising inequality.

Thus what to do with these mountains of money concentrated in the top 100 or so corporations. Clearly building a giant safety deposit box in the basement of the head office to store sacks of dollars was not attractive. Better to find opportunities to earn a return. Instead the giant corporations created their own treasury departments, a division tasked with investing these surpluses in the most attractive financial instruments. This had the effect of driving up the price of these assets rather than affecting interest rates because these hoards were not directed towards production itself. This behaviour was not caused by a dearth of profits but by the glut that flowed from globalisation.²

China.

I am also concerned that Carchedi and Robert's book will be a case of closing the stable door after the horse has already bolted. That it is based on events no longer relevant. That it is backward looking rather than forward looking.

Instead of taking whole country data it would be more worthwhile to look at "GDP by Metropolitan Area". China is an uneven economy. But its most developed metropolitan areas are world class and substantial. As Figure 8 in the Brookings report cited below shows, the gap in China between these metropolitan areas and the hinterland was 485% compared to less than 50% in the USA.

These metropolitan areas are also growing faster than in other countries other than that tax haven metropolis, Dublin, Ireland. As the Brookings Institute concluded in its *2018 Global Metro Monitor*, the top 300 metropolitan areas were responsible for 50% of global production in 2016. In the space of just four years, between 2012 to 2016, the number of centres in China rose from 48 to 103. On the other hand the number of centres in North America declined from 88 to 57, or roughly half the number found in China. Although the dispersion of the largest areas still favours the USA the gap is being swiftly closed.

This must read report, available as a PDF can be found by following this link. <https://www.brookings.edu/research/global-metro-monitor-2018/> By using metropolitan areas we are looking into the future not the past, and, are therefore better placed to examine the balance between the US and China. It should be added, that not only are these areas growing faster in China, but they have much more advanced infrastructures creating possibilities not open to the USA.

The final issue to be addressed was a question addressed to Michael asking about the significance of the cash surpluses generated by China's trade balance and whether or not that confounded the theory that China was a dependent semi-colony. I felt that Michael's response to this question was inadequate, because contained in that question was the answer to how it was possible for China to transition from being a dependent economy tied to imperialism, into an independent economy capable of and needing to challenge US economic hegemony.

Following the privatisation of state property, a necessarily corrupt process, the economic strategy of the "Chinese Communist Party" could be summarised as follows. The state would invest in upstream facilities embracing infrastructure, power and communications. This would in turn fertilise downstream private activities primarily housing, manufacturing and later, tertiary industry. In order to make this possible a trade surplus needed to be generated earning hard currency. Exporters earning hard currency from their exports were obligated by The People's Bank of China to convert their Dollars, Euros and Yen into Yuan. This effectively created a centralised pool of hard currency available to the banks to loan out to SOEs for the purchase of means of production on the global market.

As China became the world's factory, and exports blossomed (tainted by the sweat of underpaid workers), China was able to accumulate capital at a rate never seen before in a capitalist country. Today, China's total industrial output represents in volume, around 40% of the global total, far exceeding that of the USA and comparable to the ratio between the USA and Japan on the eve of Pearl Harbour.

Conclusion.

In Britain we argue for a living wage across all industries and workplaces. In Europe we call for a unitary wage structure. Why then internationally do we abandon this call by declaring that the value of labour power is always determined locally, with wage rates following. In the case of the Chinese Auto workers whose wages are ten percent higher than the average, we could declare that they do not suffer "super" or elevated rates of exploitation. That they may even be paid above the national value of labour power. But if we accept instead, as we should, that the value of labour power of Chinese auto workers ought to be aligned to the international industry average in terms of purchasing parity, then they do suffer "super" or elevated rates of exploitation. We could even say they suffer a double exploitation by their employers and through value transfers by the imperialist nations as well.

Of course there are problems with this approach when we go specific. Most industries are international employing workers across the world, such as the hospitality industry. But a few, such as textiles are regionally based in South East Asia. In such an industry the internationally set value of labour power for that specific industry would be very low requiring a modification to the general rule.

Nevertheless, this approach is strategic and forward looking. By fighting for higher common wages across the world, two important tasks are fulfilled, firstly, to unite our 1.8 billion working class which is divided by nations, and secondly the transitional task, using it to build the stepping-stones to a future society. Without fighting for this unifying wage, an international revolution ushering in a society based on the principle: what workers contribute to production they will receive back after agreed deductions, will remain out of reach.

Examining the issue of transfers of value and the reasons behind it is a worthwhile academic task in its own right. It is not counter-posed to the question of determining the value of labour power. But as long as the authors of this new book hold the view that the value of labour power is locally determined and that therefore super-exploitation does not exist, their book will lack relevancy as a practical guide to action and will instead remain nothing more than an interesting, well-researched, and no doubt well-written, academic tract.

Brian Green, 18th November 2019.