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GLOBAL WAGE SCALING AND LEFT IDEOLOGY: A CRITIQUE OF CHARLES POST ON THE 'LABOUR ARISTOCRACY'☆

Zak Cope

ABSTRACT

This essay demonstrates that US economist Charles Post's attempted rebuttal of the 'labour aristocracy' thesis is both theoretically and empirically flawed. Defending the proposition that colonialism, capital export imperialism and the formation of oligopolies with global reach have, over the past century and more, worked to sustain the living standards of a privileged upper stratum of the international working class, it rejects Post's assertion that the existence of such cannot be proven. The essay concludes with a working definition of this 'labour aristocracy', setting the concept within the field of global political economy and reclaiming its relevance to the Marxist tradition.

Keywords: Labour aristocracy; imperialism; class consciousness; monopoly; competition; wage differentials

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Nowadays, given the enormous gap between the living conditions of people in the First World and people in the Third World, a statement such that the problems facing most workers in the former are significantly less daunting than those facing the majority of the world's workers residing in the latter may appear self-evident.[1] That the lack of any revolutionary movement aiming at the abolition of capitalism in the rich countries may have something to do with the affluence of the workers there might, at first blush, seem equally uncontroversial. After all, as English Radical William Cobbett famously challenged in the early nineteenth century, 'I defy you to agitate any fellow with a full stomach'. On the left, however, the idea that the global divide between the rich and poor nations has its reflection in the divide between rich and poor workers is very often anathema.

US economist Charles Post is today the leading left theorist concerned with refuting the Marxist concept of the 'labour aristocracy'.[2] This term has traditionally come to delineate that most well-off section of the workers of the world constituted through what I shall refer to herein as the global stratification of labour, that is, 'the scaling of radically different wages paid for the same labor in countries of the [global] North and the South' (Amin, 2011). More precisely, the labour aristocracy is that section of the global workforce that is afforded its prosperity in large part by the redistribution of surplus value extracted from non-aristocratic labour. The condition for this redistribution is the labour aristocracy's political rapprochement with capital engaged in the super-exploitation of subject labour in the (neo)colonial countries.

Post has challenged the idea that 'super-profits, derived from either imperialist investment in the global South or corporate monopoly, and shared with a segment of the working class, is the source of enduring working-class racism and conservatism in the United States and other industrialised capitalist societies' (Post, 2010, p. 5). The proposition central to Post's rejection of the labour aristocracy thesis is that the 'existence of a privileged layer of workers who share monopoly super-profits with the capitalist class cannot be empirically verified' (Post, 2010, p. 3). For Post, as opposed to those writers whom he criticises – Marx and Engels (1955, p. 132), Zinoviev (1984 [1916]), Lenin (1964, 1970, 1974), and Elbaum and Seltzer (1982, 2004) – 'wage-differentials among workers in the advanced capitalist countries [cannot] be explained either by Britain's dominance of key-branches of global production in the late-nineteenth century, by profits from investments in the global South, or by the degree of industrial concentration' (Post, 2010, p. 4). As we will see, however, not only is Post wide of the mark in his specific criticisms of the aforementioned authors, his narrow concern with wage differentials *inside* the imperialist countries misses the most significant economic and political repercussions of global labour stratification.

The following critique of Post's views on the labour aristocracy will proceed according to the order in which he himself has traced the intellectual evolution of the labour aristocracy thesis.[3] Beginning with a rebuttal of Post's critique of Marx and Engels, we will go on to take issue with Post's dismissal of the classical Marxist understanding of the concept and his repudiation of the role of oligopoly in determining wage differentials.

IN DEFENCE OF ENGELS ON THE LABOUR ARISTOCRACY

Engels famously argued that there is a material basis for metropolitan workers' social chauvinism, that is their patriotic attachment to a (neo-) colonialist government. In 1882, when asked in a letter by German Socialist Karl Kautsky what the English working class thought of colonialism, Engels replied:

> Exactly the same as they think about politics in general, the same as what the bourgeois think. There is no working class party here, there are only Conservatives and Liberal-Radicals, and the workers merrily devour with them the fruits of the British colonial monopoly and of the British monopoly of the world market. (Engels quoted in Lenin, 1969, p. 65)

For Engels, 'opportunism' in the British Labour movement was a result of and is conditioned by the preponderance of two major economic factors, namely, in Lenin's words, 'vast colonial possessions and a monopolist position in world markets' (Lenin, 1969, p. 65). As he wrote to Marx in 1858:

> The British working class is actually becoming more and more bourgeois, so that this most bourgeois of all nations is apparently aiming ultimately at the possession of a bourgeois aristocracy and a bourgeois proletariat as well as a bourgeoisie. Of course, this is to a certain extent justifiable for a nation which is exploiting the whole world. (Marx & Engels, 1955, p. 132)

Denying the existence of a Victorian-era labour aristocracy, Post (2010, p. 7) defines Marx and Engels' position thus:

> Marx and Engels [argued] that British capitalists accrued higher-than-average profits from their 'industrial monopoly' in the world-market of the mid-nineteenth century. These super-profits allowed British capitalists to recognise the skilled workers'

> craft-unions and accept their restrictive apprenticeship-practices, which, in turn, enabled the labour-aristocracy to secure a rôle in supervising less-skilled workers, higher-than-average wages, and more-secure employment.

Post rejects this picture of embourgeoisement – detached as it is from Marx and Engels's emphasis on the division of labour established by *colonialism* – by asserting, firstly, that the supervision of unskilled workers by skilled workers was not universal (there being only weak evidence for skilled workers in textiles and mining acting as task masters). Secondly, he claims that 'craft-unions were unable to secure stable, year-round employment for all of their members'. In the face of technological advancement and the parallel deskilling of labour, Post asserts, by the end of the nineteenth century it became increasingly difficult for the craft-based unions to maintain traditional restrictions over the training and supply of labour. Thirdly, Post underlines that the alleged ascendancy of the British labour aristocracy in the decades after 1870 actually coincides with the decline of Britain's domination of the world market and the rise of German and US competition. During this period, he argues, wages fell for the entire British working class. Finally, Post writes, '[the] profits earned through the export of British machinery divided by the number of skilled metal-workers "would not have amounted to the average weekly wage of an engineer in Manchester in 1871"'. Overall, Post argues that the flexibility provided to the capitalist class by its receipt of super-profits cannot provide an explanation for the growth of the labour aristocracy from the mid-to-late nineteenth century. Rather, he suggests that it was the high productivity and skill levels of workers in certain Victorian industries that accounts for their high wages (Post, 2010, p. 18).

We may deal with each of these criticisms in turn. Before doing so, however, an important point to note about Post's critique of Marx and Engels is 'that every contemporary political commentator on the phenomenon of the classic, late nineteenth century labour aristocracy not only recognised its existence, but usually predicated part of their political activity on either fostering it (The Liberal Party, Disraeli [with his "one nation" conservatism – ZC]), organising it (the New Model Trade Unions), or fighting its bankrupt political standpoint (the revolutionaries)' (Clough, 1993). Clough considers in this regard the example of the Reform League, a British lobby set up in 1865 under the primary auspices of the First Working Men's International to agitate for universal male suffrage and a secret ballot. Its central committee was made up of six middle class Liberals and six workers. However, despite the efforts of Marx and others, the workers in the organisation quickly gave in to the Liberals' pressure to qualify the demand for universal male suffrage to those men of a certain 'registered and residential' position. This property qualification quite explicitly excluded the mass of workers engaged in unskilled or casual labour from electoral representation. In fact, the new voting system agreed to by the Reform League was introduced in 1868 by Tory Prime Minister Benjamin Disraeli in the clear understanding that the one in five workers it enfranchised would use their votes 'moderately' (*ibid*). In the general election the same year, the Liberal Party attempted to garner the support of the enfranchised upper stratum of English workers by paying them £10 a head to canvass for the Liberals. In response to the blatant bribery nurturing reformism within England's labour elite, Marx wrote:

> The Trades Unions are an aristocratic minority – the poor workers cannot belong to them: the great mass of workers whom economic development is driving from the countryside into the towns every day has long been outside the trades unions – and the most wretched mass has never belonged; the same goes for the workers born in the East End in London; one in 10 belongs to Trades Unions – peasants, day labourers never belong to these societies… The Trades Unions can do nothing by themselves – they will remain a minority – they have no power over the mass of proletarians. (Marx & Engels, 1996, p. 614)

Moreover, Marx found to his chagrin that the leaders of the English working class were unwilling to lend the necessary political support to the Irish independence struggle being conducted by the Fenian movement of the time or even to the more distant Communards of Paris in 1871. It was the distinctly bourgeois politics of the burgeoning British labour aristocracy that finally convinced Marx (Marx & Engels, 1996a) that the overthrow of British capitalism depended, first and foremost, on the liberation of its colonies, in particular, its Irish one.

> For a long time, I believed that it would be possible to overthrow the Irish regime through English working class ascendancy …. Deeper study has convinced me of the opposite. The English working class will never accomplish anything before it has got rid of Ireland …. The lever must be applied in Ireland.

Not only does Post show complete disregard for the evident realities of British politics in the nineteenth century, but his attempt to define the Victorian labour aristocracy out of existence is similarly quixotic. Post is certainly correct that the position of the labour aristocracy was, and is, precarious and in flux. Indeed, as reflected in hidebound theory, it has been a recurrent weakness of the Marxian position on the labour aristocracy to assume that what Marx, Engels and Lenin sometimes suggested in their fragmentary and century-old analyses were its major characteristics, in particular, its being a thin upper stratum of highly skilled and organised male labour *in any given nation*, must remain unchanged. In fact, application of the Marxist method demonstrates how the evolution of the labour aristocracy is intrinsically bound up with the historical development of the class struggle as waged *internationally*, in particular, with the increasing incorporation of super-exploitation into the circuit of capital.

After the depression of 1873, the restructuring of capitalist production signalled the rise of trusts, cartels, syndicates and industrial oligopolies, first in Germany and the United States and then in 'free trade' England and other capitalist nations (Nabudere, 1979, p. 21). By 1880, Britain's unique position as the 'workshop of the world' was being effectively challenged. Thus, while world industrial production increased seven times between 1860 and 1913, British production increased only three times and French production four times as against Germany's seven times, and the United States' twelve times (Stavrianos, 1981, p. 259). Bolstered by the second industrial revolution, Fordist production techniques and state capitalist intervention in the economy, the core capitalist nations sought to use their unprecedented power for imperial expansion. Amin demonstrates that it was during this period that unequal exchange resulting from a global disparity between the rewards of labour (at equal productivity) began to assume increased importance to the capitalist cycle. Between 1880 and 1930, imperialist capital obtained a higher output in the colonised countries by establishing modern facilities and intensifying the exploitation of low-wage labour power there (Amin, 1976, p. 131).

In its own heartlands, as Post highlights, the expanded mechanisation of capitalist production displaced the traditional autonomy and organisational hegemony of the craft union-based early-to-mid-Victorian labour aristocracy. At this time, labour organisation became much broader and more anti-capitalist than it had been previously. However, Post obscures the extent to which capitalism has historically allowed for divisions within the working class to be reformed and recreated in new ways by those groups within it with the necessary sway to influence its development. As such, far from straightforwardly leading to the 'radical decline' of the traditional organisations of the labour aristocracy, the 'technological transformation of the labour-process' (Post, 2010, p. 16) in the mid-to-late nineteenth century established the basis for *new* forms of skilled labour and narrow craft organisation. Thus, Gray (1981, p. 32) writes:

> Attempts to rationalise production were limited by the strength of skilled labour, market conditions and the absence of managerial experience; the prospectuses of inventors and

> entrepreneurs might promise to eliminate independent and wilful skilled men, what actually happened as machinery was introduced is another matter. To accept areas of craft control over production could also appear a more viable strategy than grandiose schemes of rationalisation, especially with the limited character of managerial technique... Although skill is partly a question of bargaining power and cultural attitudes, there were few if any groups of skilled workers whose position did not involve control of some specialised technique indispensable to their employers – that control was indeed the basis of their bargaining power.

Similarly, Davis (1986, pp. 42–43) shows how, in the United States, a corporate assault on the power of skilled labour beginning at the end of the nineteenth century 'broke the power of craftsmen and diluted their skills' but 'carefully avoided "levelling" them into the ranks of the semiskilled' through according them significant economic benefits and cultivating new social norms.

As the number of organised craft workers acting as piece masters and subcontractors dwindled relative to the increasing size of the workforce, the coalition upon which what Hobsbawm (1951, p. 326) has called 'the Liberal-Radical phase of parliamentarism' also declined. Moreover, the extension of the franchise brought the looming prospect of the popular majority voting against the propertied interest. Thus, there began a concerted effort by the British rulers to kill the working class party with kindness, that is in the words of conservative British constitutionalist Sir Walter Bagehot, to 'willingly concede every claim which they can safely concede in order that they may not have to concede unwillingly some claim which would impair the safety of the country' (Bagehot, 2001 [1867], p. 202). With this imperative to the fore, between 1907 and 1911, the British government introduced a series of welfare reforms (most notably the Liberal government's 1909 Finance Bill, the so-called People's Budget, and the 1911 National Insurance Act) that delivered real benefits to the British working class, benefits decidedly denied the indigenous subjects of Britain's overseas Empire.

The periodic unemployment and short-range mobility of workers in the late nineteenth century, contrary to Post, do not make it impossible to identify a body of relatively privileged workers. For example, whilst painters were a low-paid and casualised trade, 'joiners, bricklayers and masons, despite vulnerability to seasonal unemployment, often appear in the better-paid and more secure section of the working class' (Gray, 1981, p. 23). Clough (1992, p. 19) notes that, on average, unemployment was three times higher for the unskilled than for the skilled worker. Although there were both continuities and discontinuities within the labour aristocracy – based on geography, ideology, gender and ethnicity – there is no doubt that British trade and industry in the mid-to-late nineteenth century was characterised by specific groups of workers having divergent levels of pay, economic security and measures of control in the immediate work situation (Gray, 1981). It was these better-off workers who furnished the support base and leadership of the British trade union movement of the time. In 1885, Engels (1977) wrote:

> [The] great Trade Unions [are] the organisations of those trades in which the labour of grown-up men predominates, or is alone applicable. Here the competition neither of women or children nor of machinery has so far weakened their organised strength. The engineers, the carpenters and joiners, the bricklayers are each of them a power to the extent that as in the case of the bricklayers and bricklayers' labourers, they can even successfully resist the introduction of machinery... They form an aristocracy among the working class; they have succeeded in enforcing for themselves a relatively comfortable position, and they accept it as final. They are the model workingmen of Messrs Leone Levi and Giffen, and they are very nice people nowadays to deal with, for any sensible capitalist in particular and for the whole capitalist class in general.

How was the economic welfare and conservative political conformity of this most 'aristocratic' section of the working class afforded? Quite straightforwardly, the economic and political benefits accruing to the skilled working class of Victorian England were directly attributable to their exceptional position in the international division of labour at the time, that is to British colonial imperialism.

> If we look at the sectors where skilled workers and their organisation were strongest, we find them to be closely connected to Empire: textiles, iron and steel, engineering, and coal. Textiles because of the cheap cotton from Egypt, and a captive market in India; iron and steel because of ship-building and railway exports, engineering because of the imperialist arms industry, and coal because of the demands of Britain's monopoly of world shipping. In a myriad of different ways, the conditions of the labour aristocracy were bound up with the maintenance of British imperialism. And this fact was bound to be reflected in their political standpoint. (Clough, 1993)

Post's apolitical and narrowly national explanation of the aristocratic traits of the leading craft-unions thus ignores their basis in Britain's *global* ascendancy. For it was not simply its skills, its productivity or the forms of its industrial organisations which afforded the upper stratum of British labour its middle class privileges, but its centripetal position in the labour markets and political apparatus established through imperialism.

Post's claim of increasing immiseration for British workers in the last quarter of the nineteenth century is also open to challenge. In fact, during this period, as a corollary to vastly improved transportation, increased primary goods exports and super-exploitative conditions in colonial markets, the wages of Britain's domestic working class improved. Thus, wages measured against prices rose by 26% in the 1870s, 21% in the 1880s, while slowing down to 11% in the 1890s (Clough, 1992, p. 19; Halevy, 1939, p. 133). Certainly, much of these improved circumstances disproportionately benefitted the skilled upper stratum of workers, the labour aristocracy of the time. This subset of the British workforce earned perhaps double that of its unskilled counterpart, a large proportion of which was barely able to feed its families. Indeed, a study by Liberal economic theorist Sir Leo Chiozza-Money in 1905, *Riches and Poverty*, found that out of a British population of 43 million, 33 million lived in poverty and 13 million in destitution (cited in Clough, 1992, p. 20). Yet even within the latter group, there were important gradations of income unconducive to working class unity. Halevy (1939, p. 133) highlights how the benefits of colonialism came not to be restricted only to a small section of British workers:

> [The fall in]… current prices [resulting from British monopoly capital's colonial trade] had enabled a very large body to come into existence among the British proletariat, able to keep up a standard of living almost identical with that of the middle class. The self-respecting workman in the North of England wanted to own his own cottage and garden, in Lancashire his piano. His life was insured. If he shared the common English failing and was a gambler, prone to bet too highly on horses… the rapid growth of savings banks proved that he was nevertheless learning the prudence of the middle class.

The phenomenon of falling prices bringing middle class living standards and, hence, middle class *aspirations* to metropolitan workers was noted as early as 1903 by US sociologist and economist Thorstein Veblen:

> The workers do not seek to displace their managers; they seek to emulate them. They themselves acquiesce in the general judgment that the work they do is somehow less 'dignified' than the work of their masters, and their goal is not to rid themselves of a superior class but to climb up to it. (cf. Heilbroner, 1980, pp. 230–231)

At the dawn of the imperialist era, super-profits generated by imperialism trickled down to the broad urban masses of the advanced countries, stimulating new needs therein, including

> soap, margarine, chocolate, cocoa and rubber tires for bicycles. All of these commodities required large-scale imports from tropical regions, which in turn necessitated local infrastructures of harbours, railways, steamers, trucks, warehouses, machinery and telegraph and postal systems. Such infrastructures required order and security to ensure adequate dividends to shareholders. Hence the clamour for annexation if local conflicts disrupted the flow of trade, or if a neighbouring colonial power threatened to expand. (Stavrianos, 1981, p. 262)

Clearly, as Stavrianos suggests, and given the very public promotion of social-imperialist doctrines and practices, if the economy provided jobs, rising living standards and a strong sense of national identity to the citizens of the colonial powers, these were not likely to passively accept rival countries affecting the flow of super-profits, hence the aforementioned 'clamour' for annexation. The clamour was, of course, amplified to a deafening din by the imperialist politicians and ideological state apparati, then as today (Cope, 2012, p. 105; Diamond, 2006; Mackenzie, 1987; Schneider, 1982).

Post's claim of falling wages for the entire British working class in the last quarter of the nineteenth century is fallacious. Although wages were a diminishing portion of national income, measured in real terms, they *improved* for the British working class, especially for its skilled, unionised members (Stavrianos, 1981, pp. 266–267).

> Whether the real wages of the British working class rose or fell during the early years of the Industrial Revolution in the late 18th and early 19th centuries remains a disputed issue. A definitive answer is difficult because the large-scale urbanisation accompanying industrialisation altered the structure of worker consumption, as, for example, by the introduction of rent for lodging. But there is no question about the steady rise of real wages in the second half of the 19th century. The following figures show that between 1850 and 1913 real wages in Britain and France almost doubled.[4]

It may be argued that the rising purchasing power of wages depicted here merely indicates that British workers were receiving some of the benefits from the increased productivity of *domestic* labour employed in those industries producing workers' consumption goods (Table 1). Rising British wages are in this regard perfectly consistent with an increased domestic rate

Table 1. Rising real wages in Northwestern Europe, 1850–1913 (1913 = 100).

Year	Great Britain	France	Germany	Russia
1850	57	59.5	–	–
1860	64	63	–	–
1870	70	69	51.8	–
1880	81	74.5	59	–
1890	90	89.5	71.8	53.5
1900	100	100	78	49.5

Sources: Stavrianos (1981, pp. 266–267); Sternberg (1951, p. 27); Broadberry and Burhop (2009); Allen (2003, p. 37).

of surplus value or exploitation (this being the ratio between the *necessary* labour time required to produce workers' consumption goods and the *surplus* labour time workers expend beyond that) (see below). Yet it must be understood that greater productivity in industries producing workers' consumption goods may come from two distinct sources. First, it may be the result of their more intensive exploitation, that is of their being paid less absolutely to activate the *same* materialised composition of capital. Second, it may result from their being paid proportionately less to activate a *greater* materialised composition of capital. Scientific and technical improvements lead to cheapened production costs for workers consumption goods and, hence, a decrease in necessary as opposed to surplus labour. Capitalists will introduce new technological advances to the production process if the amount of labour expended on producing labour-saving machinery is less than the amount of labour displaced by its introduction.

Mechanisation, however, involves substituting living (value-creating) labour for dead labour and, hence, constitutes a growing restriction on the rate of surplus value and the rate of profit. As such, capitalists must strive to increase productivity *without* proportionate wage increases. Nonetheless, if British workers were wholly responsible for producing their own consumption goods, it could properly be said that rising British wages in the Victorian era represented returns to British labour according to increased domestic exploitation, possibly as forced upon capitalists by working class militancy. This explanation for rising British wages, however, ignores the extent to which they were, in fact, afforded by an increase in the proportion of workers' consumption goods produced by *colonial* labour.

Between 1870 and 1913, merchandise imports to Britain increased from £279 million to £719 million, and with it the country's trade deficit from £33 million to £82 million (Clough, 1992, p. 18; Michell & Deane, 1962, pp. 828–829, 872–873). As Patnaik notes, the rising consumption of sugar, beverages, rice, cotton and wheat by West Europeans at this time depended heavily on unpaid import surpluses from colonial countries (Patnaik, 1999). Thus, although the outsourcing of the production of workers consumption goods to oppressed nations occurred on a much smaller scale during the last three decades of the nineteenth century than it has during recent times, the rising real wage of British workers at that time is in no small measure attributable to their receipt of colonial *loot*. A primary reason for nineteenth century British wages falling relative to gross domestic product (GDP) but rising in terms of purchasing power is that value was being transferred from colonial societies wherein the (then largely rural) workforce was on the losing side of the international class struggle.

Whilst most left theorists have for a long time fallen into the habit of gauging exploitation on a *national(ist)* basis, commonly examining wages in relation to profits in the rich countries (and thereby 'proving' that the most exploited workers in the world are those of the developed nations), in the context of global imperialism, value creation and distribution must be examined as an *international* process.

As Smith correctly argues, 'GDP, which claims to be a measure of the wealth produced in a nation, is in reality, a measure of the wealth captured by a nation' (Smith, 2010). As such, GDP is expanded by surplus value extracted from workers in low-wage countries and is not a valid measure of 'gross domestic product', since it may rise or decline independently of (domestic) labour's share of it. Commodities produced by low-wage workers in the labour-intensive export industries obtain correspondingly low prices internationally. However, as soon as these goods enter into imperialist-country markets, their prices are multiplied several fold, sometimes by as much as 1000%. As Chossudovsky notes, 'value added' is thus 'artificially created within the services economy of the rich countries without any material production taking place' (Chossudovsky, 2003, p. 80). Jedlicki (2007), meanwhile, observes that 'value added' already incorporates those wage and capital differentials which some Western socialists aim to justify in the name of superior First World 'productivity'. In doing so, 'a demonstration is carried out by using as proof what constitutes, precisely, the object of demonstration'.

Post (2010, p. 24) observes that '[i]n the United States today, real wages for both union and non-union workers have fallen, and are about 11% below their 1973 level, despite strong growth beginning in the mid 1980s'. By measuring wages against GDP figures and reported profits, Post intends to convince his readership that the living standards of the US working class have been declining and that a renewed offensive against capital would entitle them to a greater share of the wealth they ostensibly create. However, there are at least two problems with the idea that US wages have fallen.

Firstly, whilst wages in the United States have indeed fallen since 1973 as a proportionate share of GDP, in real terms the poor in that country were better off in 1999 than they were in 1975. For example, Cox and Alm (1999) show that whereas in 1971 31.8% of *all* US households had air-conditioners, in 1994 49.6% of households *below the poverty line* had air-conditioners. These authors also demonstrate that the United States poor in 1999 had more refrigerators, dishwashers, clothes dryers, microwaves, televisions, college educations and personal computers than they did in 1971. Wages decidedly did *not* shrink, then, relative to the purchasing power necessary to consume these items.

US economists Meyer and Sullivan (2011) have constructed a measure of consumption which challenges mainstream assessments of declining US living standards. They note that most income-based analyses of economic well-being in the United States do not reflect the full range of available household consumption resources such as, for example, food stamps, or lessened marginal tax rates. Second, they demonstrate that official statistics account for inflation using a price index which reflects a cumulative upward trend based on substitution bias, outlet bias, quality bias and new-product bias. Third, official government income measures fail to reflect important components of economic well-being such as consumed wealth, the ownership of durables such as houses and cars or the insurance value of government programs. Thus, a retired couple who own their own home and live off savings, for example, are income-poor but may still be materially well-off. Taking into account the flawed methodologies of official reports on declining US household income, the authors construct a very different picture of US living standards:

> Our results show evidence of considerable improvement in material well-being for both the middle class and the poor [in the US] over the past three decades. Median income and consumption both rose by more than 50 percent in real terms between 1980 and 2009. In addition, the middle 20 percent of the income distribution experienced noticeable improvements in housing characteristics: living units became bigger and much more likely to have air conditioning and other features. The quality of the cars these families own also improved considerably. Similarly, we find strong evidence of improvement in the material well-being of poor families. After incorporating taxes and noncash benefits and adjusting for bias in standard price indices, we show that the tenth percentile of the income distribution grew by 44 percent between 1980 and 2009. Even this measure, however, understates improvements at the bottom. The tenth percentile of the consumption distribution grew by 54 percent during this period. In addition, for those in the bottom income quintile, living units became bigger, and the fraction with any air conditioning doubled. The share of households with amenities such as a dishwasher or clothes dryer also rose noticeably.

Nor, indeed, did US incomes decline relative to the costs of those items necessary to the reproduction of the worker as such (the 'value of labour-power', in Marxist terms). Thus, between 1970 and 1997, the real price of a food basket containing one pound of ground beef, one dozen eggs, three pounds of tomatoes, one dozen oranges, one pound of coffee, one pound of beans, half a gallon of milk, five pounds of sugar, one pound of bacon, one pound of lettuce, one pound of onions and one pound of bread fell so that it took 26% less of the workers' time to buy it (*ibid*, pp. 40–41).

It may be argued that several of these items are almost exclusively produced within the United States and that, therefore, it is the increased productivity of US agriculture that accounts for the relative cheapness of these goods over time. Certainly, tomatoes, oranges, carrots, onions, milk, bread and other foodstuffs are produced in great quantities within US borders. However, it must be understood that US agricultural production is heavily subsidised by the government. Indeed, half of the value of all Organisation for Economic Co-Operation and Development (OECD) agriculture, according to OECD estimates, consists of government subsidies (Patnaik, 2007, p. 44). As she explains:

> Since these are rich industrial countries where the farm sector employs less than 5 percent of full time workers and correspondingly contributes 4 percent or less to GDP, they can easily afford to give budgetary support to the extent of 2–3 percent of GDP, which amounts to half or more of the total value of agricultural output. In India where agriculture employs two thirds of the workers and contributes over a quarter of GDP, a similar order of support would not be possible even if every single rupee of central government revenues went to agriculture alone. (*ibid*, p. 43)

Second, Patnaik (2007, p. 25) notes that as much as 60–70% of Northern food items have tropical or sub-tropical import content. Finally, the developed world's investment in agriculture, including in the fossil fuel, chemical and machine production which facilitates its great productivity, is in part made possible by the economic buoyancy guaranteed by the import of large quantities of surplus value from the underdeveloped world (Cope, 2012). More generally, it is the globalisation of production which plays the major role in cheapening the costs of the reproduction of labour power in the developed countries and, hence, the apparent surfeit of surplus labour performed by production workers therein.

According to the International Monetary Fund, although OECD labour's share of GDP decreased, the globalisation of labour in the last three decades 'as manifested in cheaper imports in advanced economies' has increased the 'size of the pie' to be shared amongst citizens there and thus a net gain in total workers' real compensation (IMF, 2007, p. 179). Smith (2008, pp. 10–11) notes that

> WEO 2007 estimates that between 1980 and 2003, real, terms-of-trade adjusted wages of unskilled workers (defined as those with less than university-level education) in the US increased by 14%, and that around half of this improvement resulted from falling prices of imported consumer goods… [Broda and Romalis (2008)] calculate that 4/5 of the total inflation-lowering effect of cheap imports is accounted for by cheap Chinese imports, these having risen during the decade [1994 to 2004] from 6% to 17% of all US imports, and that "the rise of Chinese trade ... alone can offset around a third of the rise in official inequality we have seen over this period".[5]

In the United Kingdom, declines in the cost of living during the past decade are similarly attributable to trade with China.[6] The important point to note here is that a fall in wages relative to GDP does not by itself account for the purchasing power of said wage, nor, crucially, need it compensate for the transferred surplus value (super-profits) inhering in the average OECD wage.

To return to Post's critique of Marx and Engels, the author goes awry in claiming that the United States and German challenge to Britain's monopolistic position on the world market could only have led to lower standards of living for British workers. It is true that British capital's pre-eminence was profoundly challenged by the rise of monopoly capitalism in Germany and the United States between the 1870s and World War I (WWI). Furthermore, as Hobsbawm notes, the effective end of Britain's industrial monopoly eroded those 'economic devices which created a satisfied ''aristocracy of labour'' … automatically (that is, without the deliberate adoption of reformist policies)' (Hobsbawm, 1951, p. 328). However, British capitalism's inherent need to expand remained undiminished. On the contrary, to better compete with its imperialist rivals, Britain escalated its extraction of surplus labour embodied in colonial foods and raw materials but, crucially, never paid for in colonial wages. In doing so, Britain was able to supplement the consumption of its own workforce, still at that time exploited in the main, at the expense of that in the colonised nations. By what means did British colonialism drain surplus from the colonial world?

State-guaranteed colonial investments made through qualified solicitors and bankers (largely self-financed in India where exports exceeded imports by some £4 million per year in the 1850s) had steadily increased throughout the 'classical' era of capitalism so that by 1870 36% of British overseas capital was in the Empire alongside half the annual flow (Barratt Brown, 1974, pp. 133–138). Later, Britain increased its level of foreign investment by an average £660 million every decade between 1870 and the outbreak of WWI (Nabudere, 1979, p. 64). Its net annual foreign investment between 1870 and 1914 was a then unprecedented one-third of its capital accumulation and 15% of the total wealth of its Empire (cf. Edelstein, 1981, pp. 70–72; Hehn, 2002, p. 135). According to Elsenhans, the percentage of total capital exported to the world economy's periphery up to 1914 was as follows: Britain, 37.9%; France, 34.5%; Germany, 31.1% and United States, 54% (Elsenhans, 1983; cf. Feis, 1930, pp. 23, 46, 70; Woodruff, 1975, p. 340). Later, in the highly protectionist interwar period when nearly half of Britain's trade was with its dominions and colonies and one-third of France's exports went to its colonies (Hehn, 2002, p. 145), the imperial powers (not including a Germany stripped of her colonies) could use super-profits to purchase social peace.

Overseas investment greatly facilitated Britain's capital exports. The £600 million invested in overseas railway building between 1907 and 1914, for example, created a captured market for iron, steel and rolling stock. It also worked to cheapen the (transportation) costs of food and raw materials (Clough, 1993, p. 17), thus reducing the costs of British constant *and* variable capital, and buoying profit rates.[7] Moreover, enforced bilateral 'trade' with the colonies financed much of this capital export. The core nations of Europe and North America increased their purchase of raw materials and foodstuffs from the oppressed nations in the decades before WWI, maintaining a constant excess of merchandise imports over exports (Frank, 1979, p. 190). By 1928, Europe had a net export deficit of US$2.9 billion which was offset by the colonial world's merchandise export surplus of US$1.5 billion.

> In [1913] the British government exported merchandises valued at £635 million and had imports totalling £769 million. In addition it imported gold worth £24 million and thus had an import surplus of £158 million in the movement of merchandise and gold. To offset this deficit, the British had items totalling £129 million (from earnings of the merchant marine £94, earnings of traders' commission £25, other earnings £10 million). The British thus would have a deficit of £29 million, except for interest and dividends from their investments abroad, which amounted to £210 million. Addition of this item to other 'invisible' exports reversed the balance of payments in favour of the United Kingdom, giving it a net surplus of £181 million. Theoretically, the British could take this balance in increased imports of merchandise and still have the balance of payments in equilibrium. Actually, they left the whole net balance abroad as new investment. In fact, in 1913, London advanced to colonial and foreign concerns long-term loans for £198 million – almost exactly the amount of the current profits from investments abroad. (Woytinsky & Woytinsky, 1955, p. 199)

Effectively, then, British imperialism's trade deficits with the colonies financed much of its overseas capital investment. British re-investment in foreign and colonial ventures of nearly £200 million in 1913 may thus be compared to its export deficit and import surplus of £158 million in the same year, representing pure profit of which India alone contributed two-fifths (Frank, 1979, pp. 192–193).

These sums may also be compared with the profit required to subvent the labour aristocracy. Let us assume that Britain's 1.5 million unionised workers in 1892, representing 11% of all British workers in trade and industry, constituted the core of the labour aristocracy of the time (with the very partial exception of the miners, unskilled unions were then negligible)

(Clough, 1992, p. 20). Skilled workers in 1900 could expect an average weekly wage of 40s (£104 annually). Since these earned almost double that of unskilled workers, we will take the 'excess' annual wage of the labour aristocracy to amount to £52 annually, a total wage bill for the group of £78 million per annum. At £59.2 million in 1913 (Frank, 1979, pp. 192–193), it is likely that at least three quarters of this total can be accounted for by Britain's trade deficit with India alone. Post errs, then, in examining profits from foreign investments and machinery exports as the sole measure of British parasitism. More crucially, his narrow focus on profit levels is indicative of his glaring indifference to the extraction of *surplus value*, that is, to exploitation *per se*.

According to Marx, during the time they are employed, production workers spend part of their day reproducing the value of the goods necessary to their own reproduction, that is, the cost of their own labour power (or *variable capital*). Marx calls this *necessary labour*. For the rest of the working day, these workers produce value exceeding that of their labour power, what Marx called *surplus value* (the combined value of gross domestic investment, the non-productive or service sector and profits). The *rate of surplus value* (or of exploitation) is the ratio of surplus labour to necessary labour or of surplus value to the value of variable capital. Fundamentally, however, capitalists are not interested in creating surplus value, but in generating *profit*. Profit, as the unpaid labour time of the worker appropriated by the capitalist as measured against total capital invested, must be properly distinguished from surplus value. In bourgeois accounting terms, profit is simply the excess of sales revenue over the cost of producing the goods sold.

Thus, the price of production of a commodity does not directly correspond to its value within a single industry or group of industries (Marx, 1977b, pp. 758–759). Rather, as capital is withdrawn from industries with low rates of profit and invested in those with higher rates, output and supply in the former declines and its prices rise above the actual sums of value and surplus value the industry produces, and conversely. As a result, competing capitals using different magnitudes of value-creating labour ultimately sell commodities at average prices. As a result, surplus value is distributed more or less uniformly across the branches of production. An *average rate of profit* is formed by competing capitals' continuous search for higher rates of profit and the flight of capital to and from those industrial sectors producing commodities in high or low demand. Overall, where one commodity sells for less than its value, there is a corresponding sale of another commodity for more than its value.

This equalisation of profit rates under capitalism ensures that surplus value does not necessarily adhere to the particular industry (or territory, given international restrictions on the mobility of capital and/or labour) in which it was created. Instead, surplus value is transferred *from* those industries (or territories) providing less socially necessary labour *to* those providing more. Thus, even branches of production which may enjoy the same rate of exploitation, that is, the same underpayment of the workforce for the value produced by its labour, will have different rates of profit depending upon the organic composition of capital involved in the production process.[8] Capitals equal in size yield profits equal in size, no matter where the investment is made or how the capital is shared between constant and variable capital (or, indeed, between capitalists and workers).

As Marx (1977a, p. 238) recognised, though purely at the level of divergent international 'productivity' levels, super-profits derived from foreign trade enter into the rate of profit as such:

> Capitals invested in foreign trade can yield a higher rate of profit, because, in the first place, there is competition with commodities produced in other countries with inferior production facilities, so that the more advanced country sells its goods above their value even though cheaper than the competing countries. *In so far as the labour of the more advanced country is here realised as labour of a higher specific weight, the rate of profit rises, because labour which has not been paid as being of a higher quality is sold as such*. The same may obtain in relation to the country, to which commodities are exported and to that from which commodities are imported; namely, the latter may offer more materialised labour in kind than it receives, and yet thereby receive commodities cheaper than it could produce them. Just as a manufacturer who employs a new invention before it becomes generally used, undersells his competitors and yet sells his commodity above its individual value, that is, realises the specifically higher productiveness of the labour he employs as surplus-labour. He thus secures a surplus-profit. As concerns capitals invested in colonies, etc., on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc. Why should not these higher rates of profit, realised by capitals invested in certain lines and sent home by them, enter into the equalisation of the general rate of profit and thus tend, *pro tanto*, to raise it, unless it is the monopolies that stand in the way. There is so much less reason for it, since these spheres of investment of capital are subject to the laws of free competition. (my emphasis)

My own definition of super-profits, accounting for global divergences in *the rate of exploitation at equivalent levels of productivity*, is the extra or above average surplus value the metropolitan capitalist countries extort from workers in colonial or neocolonial countries by means of capital export imperialism, debt servitude and unequal exchange (Cope, 2012).

IN DEFENCE OF LENIN ON THE LABOUR ARISTOCRACY

For Lenin, Zinoviev and the Bolsheviks, super-exploitation (the lower than average return to nationally oppressed wage labour, often at levels insufficient for their households to reproduce their labour power) generates super-profits which may be used to supplement the 'wages' of core-nation workers. According to Lenin (1970 [1916]), it is not only capitalists who benefit from imperialism:

> The export of capital, one of the most essential economic bases of imperialism, still more completely isolates the rentiers from production and sets the seal of parasitism *on the whole country* that lives by exploiting the labour of several overseas countries and colonies. (my emphasis)

Super-profits derived from imperialism allow the globally predominant bourgeoisie to pay inflated wages to sections of the proletariat, sections who thus derive a material stake in the preservation of the capitalist system.

> [In] all the civilised, advanced countries the bourgeoisie rob – either by colonial oppression or by financially extracting ''gain'' from formally independent weak countries – they rob a population many times larger than that of ''their own'' country. This is the economic factor that enables the imperialist bourgeoisie to obtain super-profits, part of which is used to bribe the top section of the proletariat and convert it into a reformist, opportunist petty bourgeoisie that fears revolution. (Lenin, 1963 [1918], p. 433)

Although not articulated as such by any of the writers Post criticises, there are several pressing reasons why the *haute-bourgeoisie* in command of the heights of the global capitalist economy engages in such 'bribery' (sic), even where it is not forced to by militant trade union struggle within the metropoles. *Economically*, the *embourgeoisement* of First World workers has provided oligopolies – that is those few giant firms dominating key industries – with the secure and thriving consumer markets necessary to capital's expanded reproduction. *Politically*, the stability of pro-imperialist polities with a working class majority is of paramount concern to cautious investors and their representatives in government. *Militarily*, a pliant and/or quiescent workforce furnishes both the national chauvinist personnel required to enforce global hegemony and a secure base from which to launch the subjugation of Third World territories. Finally, *ideologically*, the lifestyles and cultural mores enjoyed by most First World workers signify to the Third World not what benefits imperialism brings, but what capitalist industrial development and parliamentary democracy alone can achieve (Cope, 2012, p. 30).

In receiving a share of super-profits, a sometimes fraught alliance is forged between workers and capitalists in the world's core nations. As long ago as 1919, when global wage scaling was nowhere near so marked as today, the first congress of the Communist International (COMINTERN) adopted a resolution, agreed on by all of the major leaders of the world Communist movement of the time, which read:

> At the expense of the plundered colonial peoples capital corrupted its wage slaves, created a community of interest between the exploited and the exploiters as against the oppressed colonies – the yellow, black, and red colonial people – and chained the European and American working class to the imperialist 'fatherland'. (Degras, 1956, p. 18)

Post (2010, pp. 18–21) challenges this compelling interpretation of the roots of opportunism, reformism and national chauvinism amongst core-nation workers, suggesting that profits earned in the global South by US transnational corporations today are negligible compared to the total wage bill of the US working class.

> Imperialist investment, particularly in the global South, represents a tiny portion of global capitalist investment even today, in the era of globalisation. Foreign direct investment made up only 5% of total world-investment prior to 2000–95% of total capitalist investment took place within the boundaries of each industrialised country. Nearly three-quarters of total foreign direct investment flowed from one industrialised country – one part of the global North – to another. Less than 2% of total world-investment flowed from the global North to the global South. It is not surprising that the global South accounted for only 20% of global manufacturing output, mostly in labour-intensive industries such as clothing, shoes, automobile-parts, and simple electronics. The rapid growth of transnational corporate investment in China in the last decade has changed this picture, but only slightly. Foreign direct investment as a percentage of global gross fixed-capital formation jumped from 2.5% in 1982, to 4.1% in 1990 to 9.7% in 2005. The percentage of foreign direct investment flowing to the global North fell from 82.5% in 1990 to 59.4% in 2005. However, the global South still only accounts for less than 4% of global fixed-capital formation. While China has led the growth of transnational capital-accumulation, the bulk of the capital invested in China remains in labour-intensive manufacturing – the low and medium end of transnational corporate organised global-production chains.
>
> Even accepting [that as much as 50% of repatriated foreign profits of US companies emanate from the global South] profits earned from investment in the global South make up a tiny fraction of the total wages of workers in the global North... Total profits earned by US companies abroad exceeded 4% of total US wages only once before 1995 – in 1979. Foreign profits as a percentage of total US wages rose above 5% only in 1997, 2000 and 2002, and rose slightly over 6% in 2003. If we hold to our estimate that half of total foreign profits are earned from investment in the global South, only 1–2% of total

> US wages for most of the nearly 50 years prior to 1995 – and only 2–3% of total US wages in the 1990s – came from profits earned in Africa, Asia and Latin America. Such proportions are hardly sufficient to explain the 37% wage differential between secretaries in advertising agencies and machinists working on oil pipelines, or the 64% wage differential between janitors in restaurants and bars and automobile workers.

Post is here reiterating the familiar view amongst Western economists, socialist and otherwise, that the super-exploitation of Third World labour is today entirely marginal to capital accumulation on a world scale. Thus, economist Raphael Schaub writes: 'The data reveals that most of the FDI stock is owned by and is invested in developed countries… FDI stock and flows have increasingly been concentrating in the industrialized countries since the 1960s' (Schaub, 2004, pp. 26–27). British socialists Ashman and Callinicos concur that 'the transnational corporations that dominate global capitalism tends to concentrate their investment (and trade) in the advanced economies … Capital continues largely to shun the global South' (Ashman & Callinicos, 2006, p. 125). However, Smith (2007) provides the following reasons as to why this interpretation, based as it is 'on an uncritical regurgitation of deeply misleading headline statistics' is wrong and how 'far from "shunning" the global South, northern capital is embracing it and is becoming ever more dependent on the super-exploitation of southern low-wage labour'.

Firstly, nearly 50% of manufacturing foreign direct investment (FDI) is received by the developing economies (US$82.1 billion between 2003 and 2005 compared with US$83.7 billion to developed countries). Meanwhile, FDI within the developed world is hugely inflated by non-productive 'finance and business' activities (US$185 billion, or more than twice the inward flow of manufacturing in the period cited) (United Nations Conference on Trade and Development [UNCTAD], 2007, p. 227). Moreover, intra-OECD manufacturing (particularly in those Transnational Corporations (TNCs) which have offshored or outsourced much of their production processes to low-wage nations) is heavily dependent upon capital infusions from the Third World. Smith cites the example of the restructuring of Royal Dutch Shell having increased the United Kingdom's inward FDI by US$100 billion even though nearly all of Shell's oil (and, he adds, profit) production takes place in Latin America, Central Asia and the Middle East. Post's citation of the low level of global fixed capital formation that takes place in the global South, moreover, suggests a misunderstanding of the purpose of imperialism, namely, to siphon and extort surplus value from foreign territories (Grossman, 1992). That imperialism is moribund, that is that it holds back the full potential development of the productive forces, has long been noted by its critics. Thus, where oligopolies dominate Third World markets, there is not the same urgent imperative to replace cheap labour with expensive machinery.

Secondly, whilst the United States, Europe and Japan (the 'Triad' powers) invest in each other at roughly equivalent rates, there is no investment flow from the Third World to the developed world to match investment from the latter to the former. Whereas '[r]epatriated profits flow in both directions between the United States, Europe and Japan, between these ''Triad'' nations and the global South the flow is one-way' (Smith, 2007, p. 15). So much is this the case that profit repatriation from South to North now regularly exceeds new North–South FDI flows. Jalée (1968, p. 76) has earlier described this process of 'decapitalising' the Third World:

> [There] are many well-meaning people, both in the imperialist countries and the Third World, who still have illusions as to the usefulness of private investment in the underdeveloped countries. It is simple to make the following calculation. A foreign private enterprise sets up in a Third World country where it makes a regular, yearly profit of 10% on its investment. If the whole of these profits are transferred abroad, at the end of the tenth year an amount equal to the original investment will have been exported. From the eleventh year onwards, the receiving country will be exporting currency which it has not received; in twenty years it will have exported twice as much, etc. If the rate of profit is 20% instead of 10% the outflow will begin twice as early. If only half the profits are exported the process will be only half as rapid. This example is a somewhat oversimplified hypothesis, but reflects reality. There is no end to the loss [of Third World capital] through such outflows, except [through] nationalisation or socialisation of the enterprises.

Smith also makes the point that much supposed 'South–South' FDI is, in fact, 'North–South' FDI (Smith, 2007). Not only is it the case that United States and United Kingdom TNCs using profits earned in one Third World country to finance investments in another show the FDI as originating in the former (Lipsey, 2006, p. 3), but 10% of Southern FDI originates from the British Virgin Islands, the Cayman Islands and other offshore tax havens and, hence, likely originates from imperialist sources.

Thirdly, FDI flows are purely quantitative and say nothing about the type of economic activity they are connected to. As such, mergers and acquisitions, merely representing a change in ownership, should be distinguished from 'greenfield' FDI in new plant and machinery. Whilst intra-OECD FDI is dominated by mergers and acquisitions activity, between 2000 and 2006, 51% of all Greenfield FDI was North–South (UNCTAD, 2007, p. 206).

Fourthly, and perhaps most significantly for the present purposes, undue fixation on FDI flows as a means of calculating the value of imperialist super-exploitation to the capitalist system and the wealth of the developed nations ensures that obscured from view are the tens of thousands of Third World-owned factories whose hundreds of millions of workers supply inexpensive intermediate inputs and cheap consumer goods to the imperialist countries via the vertical integration of production (Smith, 2007, p. 18). Rather than FDI being the major means of securing this supply, outsourcing and subcontracting by TNCs has become a prevailing mode of monopolistic capital accumulation in recent decades.

Finally, data on FDI stocks and flows are given in dollars converted from national currencies at current exchange rates. However, a dollar invested in a Third World country typically buys much more resources than a dollar invested in the First World. Measuring the value of Southern FDI in Purchasing Power Parity (PPP) dollars, we find that UNCTAD totals must be multiplied by a factor of 2.6 (the weighted average PPP coefficient between the OECD and non-OECD countries). Furthermore, as Harvie and de Angelis highlight, whereas in the United States $20 commands one hour of labour time, *in India the same US$20 is sufficient to put ten people to work each for ten hours* (Harvie & de Angelis, 2004). Thus, between 1997 and 2002, some US$3.4 billion of intra-imperialist FDI flows commanded 190 billion labour hours at just under US$18 per hour. Meanwhile, some US$800 billion of FDI flowing into the Third World commanded 330 billion hours at US$2.4 per hour (an average labour cost ratio of 7.5:1). As such, the 19% of the global total of FDI that went from the North to the South in this period *comprised 63% of total 'labour commanded'* (*ibid*).

Post's acceptance of capitalist accounting figures at face value, that is, without critiquing their real world significance in terms of average socially necessary labour and surplus labour (Cope, 2012), can only lead him to the absurd positions that (a) the world's largest capitals have practically no interest in the Third World and (b) that the most exploited workers in the world (i.e. those whose higher productivity supposedly generates the biggest profits) are also the world's richest. Thus, in an article for the Trotskyist Fourth International, Post writes that 'global wage differentials are the result of the greater capital intensity (organic composition of capital) and higher productivity of labour (rate of surplus value) in the advanced capitalist social formations, not some sharing of "super profits" between capital and labour in the industrialized countries. Put simply, the better paid workers of the "north" are more exploited than the poorly paid workers of the "south"'.[9] Post shows complete disregard for the massive infusions of capital which result from global surplus value transfer and the all-too obvious facts of Northern working consumption goods being the product of super-exploited Third World labour. For Post, the North's purportedly greater 'capital intensity' and its workers higher 'productivity' may as well have dropped from the sky.

OLIGOPOLY AND GLOBAL WAGE DIFFERENTIALS

Post's third and final version of the labour aristocracy thesis is that presented by Elbaum and Seltzer. They argue that the severely limited competition faced by oligopolies and large-scale industrial concerns means that these can secure higher-than-average profits (the authors' singular definition of super-profits) which allow them to afford their unionised workers higher wages and benefits and more secure employment than their counterparts in the 'marginal' industries, in the retail and services sector, in agriculture and amongst the under- and un-employed.

In refuting this thesis, Post cites studies which demonstrate the absence of a strong correlation between industrial concentration and higher-than-average profits and wages. Instead, for Post, the lower wages of female and black and minority ethnic workers can be explained by capitalists' recruiting them into the more labour-intensive industries. The stratification of labour, then, is based on how 'competition and accumulation – not monopoly – continually differentiate in terms of technique, profitability, and wages and working conditions' (Post, 2010, pp. 27–28). As such, profit and wage differentials are rooted in differences in labour productivity. It is not, then, that workers in unionised capital-intensive industries share in their oligopolistic employers' super-profits, but that their higher-than-average wages may be accounted for by the lower unit costs of these industries and effective, militant union organisation.

Tellingly, Post is entirely oblivious to the lower unit costs of non-OECD manufacturing. Smith (2010, p. 215) tabulates data from the World Bank (2006) showing value added versus labour costs between 1995 and 1999 for 64 countries. This table demonstrates that unit labour costs (i.e. the average cost of labour per unit of output) are an average 1.6 times lower for non-OECD manufacturing workers than OECD manufacturing workers. Thus, if an OECD worker is paid \$1 for an hour's work and creates \$20 worth of output in that hour, a non-OECD worker paid at the same rate would create \$32 worth of output in that hour. Obviously, OECD wages are greatly in excess of non-OECD wages, by around 1000%, so one hour of OECD labour appears to generate much more value added than one hour of non-OECD labour. Nonetheless, in purely price-based terms, terms abstracted from the ratio between what Marxists call necessary and surplus labour, non-OECD manufacturing workers are 60% more exploited (more 'productive') than OECD workers.

Post is certainly correct, however, in highlighting as he does how the technical division of labour as organised according to the uneven development of the productive forces is crucial to the issue of labour stratification. The national, 'racial' and gender hierarchies upon which social chauvinism is predicated are de- and reconstructed in the age of globalisation (i.e. globalised imperialism). As Bhattacharyya, Gabriel, and Small (2002, p. 8) write:

> Overall, several global developments have helped to reconfigure old patterns of ethnic relations and create new forms of racial privilege and politics. These include: economic restructuring in the West, including the demise of heavy industries, the rise of the new technologies, and the expansion of old and new service industries; the growth in significance of transnational and multinational operations; the emergence of new global divisions of labour and, finally, the rise of international agencies and global economic blocs, all of which have served to transform 'national' production forms and processes and their corresponding social relations. These relations have been racialised in a number of ways; the role assigned to migrant labour in the new service economy; the shift of production sites from inner city areas, where migrant communities have traditionally resided, to greenfield (high-technology) sites, where they traditionally have not, and finally internal patterns of migration within the Third World and the use of female labour in the production of microchips and the manufacture of designer sportswear.

The facts of racist workers' and labour organisations' *responsibility* for the exclusion of black and minority ethnic workers from particular industries, occupations and countries are largely beyond the scope of the present essay. Suffice it to note that global wage differentials are politically grounded in such a way that the conservative political behaviour of the metropolitan working class must be taken into account.

Just as serious an issue is Post's dismissal of the role of oligopoly, alongside its political, military and cultural supports, in sustaining wage differentials on a *global* scale. By focusing on critiquing the possibility of super-profits derived from the uneven development of (1) *branches of industry*, Post misses the greater significance of super-profits generated via the uneven development of (2) *countries* and (3) *regions* in the world economy (Strauss, 2004). Amin (2000, pp. 4–5) cites five major sources of monopoly super-profits through which the imperialist countries constrain competitive production in the developing world and ensure that value is transferred *sui gratis* from the global South to the North.

- Technological monopolies sustained mainly by state control, military spending in particular. Metropolitan 'defence' systems, as afforded by taxing the affluent Western public, function as a massive fund for research and development in 'private' industry;

- Financial control of worldwide markets ensuring that national savings are subject to international banking interests based largely in the developed countries. The US trade deficit currently swallows fully 80% of all global savings in the form of foreign purchases of US municipal, state and government bonds;
- Monopolistic access to the planet's natural resources. 'Petrodollar warfare', for example, enables the transfer of surplus value from the global South to the global North, as the militarily secured denomination of oil sales in US dollars forces countries to maintain large dollar reserves, creating a consistent demand for dollars and upwards pressure on the dollar's value, *regardless of economic conditions in the United States*;
- Media and communication monopolies provide developed countries with a crucial means by which to manipulate political events. The corporate and government media monopolies, largely based in the metropolitan countries, present a picture of the world perfectly suited to their own anti-social agenda; and
- Monopolies of weapons of mass destruction, particularly by the United States, ensure that Third World states are literally *forced* to comply with imperialist diktat, upon pain of terrible war (Amin, 2000, pp. 4–5).

The dominance of OECD-based monopolies in non-OECD markets entail for the latter: (1) a constant drain on available capital, (2) deteriorating terms of trade and (3) massive surplus value transfer resulting from unequal exchange. To pay for the product of OECD-based oligopolies, non-OECD countries must send abroad a greater amount of socially necessary labour time than they would were their own industries free to develop according to the demand of their own peoples. Developing countries are compelled under capitalism to compete with one another for access to the capital, electronic and military goods monopolised by the OECD. This ensures that each must drive down wages to gain comparative advantage over the other, hence contributing additional surplus value than would result simply from unequal exchange based on divergent materialised compositions of capital.

POST ON LABOUR ARISTOCRATIC MILITANCY

Post (2010) misunderstands the significance of the labour aristocracy thesis when he ascribes to it the notion that bourgeois workers are politically quiescent, in his words, unable to 'play a leading rôle in radical and revolutionary working-class organisations and struggles'. He thus sets up a straw man version of the labour aristocracy thesis which he attempts to then refute by citing examples of the economic struggles of relatively well-paid, skilled and securely employed workers, both in the developed world and elsewhere, against their employers. Indeed, besides the examples cited by Post, it may be noted that the English trade union movement has always been strongest in those trades wherein workers were most independent, most in demand and best paid. The wool combers, for example, were the first group of English workers to organise against the common exploitation of their employers (Mantoux, 1970, p. 78). More generally, there is some sociological truth in the idea that it has been mostly skilled workers and intellectuals who have been members of Communist parties in Europe. That does not, however, change the reality that these have been small in numbers or that the main policy they have pursued has been narrowly economistic and at least tacitly social-imperialist.

Proponents of the labour aristocracy thesis do *not* assert that the interests of the *haute-bourgeoisie* and the labour aristocracy are identical or entirely congruous. There *is* a conflict of interest between rich workers and capitalists and this may at critical moments manifest itself in widespread strikes and social turmoil. In South Africa, for example, where the white working class *per se* constituted a labour aristocracy (Davies, 1973), there was frequent conflict between it and the state over the impact of the job colour-bar system on production costs, output and profits (Phakathi, 2012, p. 283). The labour aristocracy thesis affirms, however, that workers in the major imperialist countries cannot and will not overthrow the capitalist system so long as a system of super-exploitation exists to maintain lagging profit rates and guarantee them high living standards.

Post is distinctly disingenuous, therefore, in disregarding the pro-capitalist–imperialist tendencies of the metropolitan working class in the twentieth century and beyond. As Sassoon (1997) has amply demonstrated, the effective parties of the left in the imperialist countries have functioned as vehicles to enforce the partial regulation and socialisation of capitalism, as opposed to having posed any serious threat to its replacement. Indeed, those parties and organisations that the metropolitan working class has supported throughout the twentieth century and beyond have certainly been no less imperialist or militarist than their 'conservative' counterparts. It is demonstrably absurd to meekly attribute the reformism of the working bourgeoisie to 'false class consciousness', job insecurity ('precarity') or Stalinist or social democratic 'betrayal' as is typical amongst Western Marxists.

Yet whilst independent parties of the working class, distinct from the two or three main imperialist parties, have had practically zero electoral significance for the past century, that situation is changing today. That Western 'workers' are today *fascism's* major constituency has been shown by Oesch in his survey of literature showing an 'increasing proletarianization [sic] of right-wing populist parties' electorate' since the 1990s (Oesch, 2008, p. 350). In particular, studies show that workers have become the core electoral base of the Austrian Freedom Party, the Belgian Flemish Block, the French National Front, the Danish People's Party and the Norwegian Progress Party. At the same time, 'working class' votes for the Swiss People's Party and the Italian Lega Nord are only barely surpassed by those of small-business owners, shopkeepers, artisans and independents. It seems reasonable to suggest, then, that during the 1990s, right-wing populist parties constituted a new type of working-class party. Oesch queries why persons 'strongly exposed to labor market risks and possessing few socioeconomic resources', 'located at the bottom of the occupational hierarchy', might vote for right-wing populist parties and finds the answer in popular cultural protectionism and deep-seated discontent with the functioning of the 'democratic' system, as opposed to 'economic grievances' *per se* (Oesch, 2008). In fact, it is a mistake to postulate a rigid dichotomy between the racist authoritarian nationalism of metropolitan labour and its socioeconomic position. The degree of core-nation workers' exposure to labour market risks and their possession of socioeconomic resources are directly related to their location, not at the bottom of the occupational hierarchy but, at the level of the global economy, right at its top. As such, the political intent to oppress, disenfranchise and exclude 'non-white', non-Christian people from state boundaries is not only based on actual or potential competition over jobs. Rather, it is an expression of 'working class' support for an imperialist system that more and more openly subjects entire nations in order to monopolise their natural resources and capital. That global imperialism has found it necessary to admit persons from neocolonial states across its borders for economic, diplomatic, political and other reasons has consistently met with the disapproval of the metropolitan workforce. This has only intensified as Keynesian social democracy has been replaced with neoliberal economic restructuring and the accompanying growth of the racialised police state. The super-wages of metropolitan labour do not only depend upon militarised borders and job market discrimination but also on the degree to which workers can influence state policy in their own favour. In the absence of trade union vehicles (appropriate to an earlier, social democratic phase of labour organisation), First World democracy, based as it is upon the oppression of more than three quarters of the world's population, finds its *sine qua non* in racist national chauvinism. As such, it is not uncommon for brazenly national-chauvinist parties to gain support from groups of persons considering themselves politically left-wing. With 20% of its members considering themselves 'left', Jean-Marie Le Pen's fascist Front National, for example, did well in the 1995 French elections with the slogan 'neither right nor left, but French', garnering 30% of the working class vote and 25% of the unemployed vote (Weissmann, 1996). More recently, a 2011 poll found that while 48% of Britons would vote for a far-right anti-immigration party committed to opposing so-called Islamist extremism with 'non-violent' means, 52% agreed with the proposition that 'Muslims create problems in the UK' (Townsend, 2011).

None of the above testifies to the labour aristocracy constituting what Post refers to as 'the *revolutionary and internationalist* wing of the labour-movement' (his emphasis).

WHAT IS THE 'LABOUR ARISTOCRACY'?

Post castigates sections of the left for writing about a 'labour aristocracy' for which 'there is no single, coherent theory'. To clarify my position, I will attempt to outline the fundamentals of such a theory.

The labour aristocracy is that section of the international working class whose privileged position in the lucrative job markets opened up by imperialism secures for it wages approaching or exceeding the *per capita* value created by the working class as a whole. As such, the class interests of the labour aristocracy are bound up with those of the *haute-bourgeoisie* so that if the latter is unable to accumulate super-profits, then the *super-wages* (wages supplemented by super-profits) (Edwards, 1978, p. 20; Emmanuel, 1972, pp. 110–120) of the labour aristocracy must be reduced.

The labour aristocracy provides the major vehicle for bourgeois ideological and political influence within the working class. As highlighted above, for Lenin, these conditions allow for ever-greater sections of the metropolitan working class to be granted super-wages.

As it has developed over the course of the last century, the labour aristocracy was first transformed from being a minority of skilled workers in key imperial industries to a majority of core-nation workers dependent on imperialist state patronage. From WWI to the 1970s, social-democratic politicians and trade union bureaucrats were the reputable middlemen in the social partnership forged between globally ascendant oligopoly capital and metropolitan labour. Even as the Keynesian social contract was systematically dismantled under the ensuing neoliberalism, however, the massive proletarianisation and super-exploitation of Third World labour in the final decades of the last century provided that unprecedented standards of living and the widespread introduction of supervisory and circulatory occupations further insulated metropolitan labour from the intrinsic conflict between capital and labour.[10] Nineteenth century restrictions imposed by labour aristocratic unions on membership for the mass of workers have today been entirely substituted for restrictions on immigration from the Third World which are national in scope and allow the maintenance of profound global wage differentials.

Divergent global rates of exploitation have profound consequences in terms of the amount of wealth workers in different countries consume. Fig. 1 compares total contribution to global production to share of total working class and middle class household consumption for the world's population, ranked in order of income. In the Lorenz curve used to depict global income equality, where the *x*-axis is cumulative population and the *y*-axis is cumulative income, perfect income equality is expressed in a diagonal straight line. The reality of income distribution, however, shows a curve that is more or less flat for the first two-thirds of its trajectory, but rises ever more steeply towards the end. The definition of the 'Gini

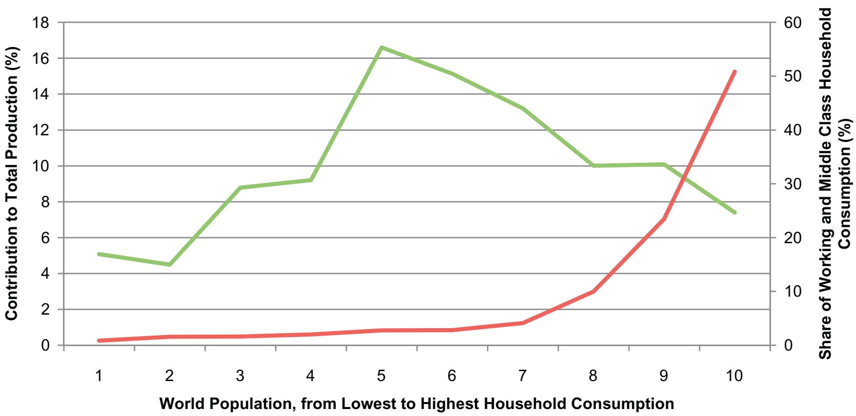

Fig. 1. Global Production versus Global Consumption. *Sources:* CIA World Factbook; ILO LABORSTA Database; Köhler (2005, p. 9); Piketty and Saez (2004, 'Figure 1: The Top Decile Income Share, 1917–2002', p. 48); United Nations.

Inequality Index' is the ratio between the area bounded by the curve and the straight diagonal, and the total area under the straight line. Plotted according to international income distribution, we refer to this as the 'world consumption curve'. Smith has suggested that generating a 'world production curve' by plotting each country's production of social wealth and superimposing this on said consumption curve can illustrate much in regard to global exploitation.[11] In a world without exploitation, the two curves would be identical, that is each person/household would produce what they consume. In fact, however, the global production curve diverges greatly from the consumption curve. In Fig. 1, the area bounded by the two curves to the left of their intersection ought to be the same as the bounded area to their right were the world's workers to consume what they themselves produce. The ratio between this area and the area under either of the two curves (by definition identical, since total production = total consumption) might be called the 'global exploitation index'. The countries closest to the point of intersection are those whose total contribution to global wealth is closest to their total consumption of it. All countries to the right are net exploiters, that is imperialists, and all countries to the left are net exploited.

According to mainstream economic doctrine, since markets equalise the income of workers, capitalists and nations with the value of their product, the production curve must be identical to the consumption curve; any deviation of one from the other being the result of the interruption of market forces. As the neo-classical marginalist economist John Bates Clark put it:

> [Where] natural laws have their way, the share of income that attaches to any productive function is gauged by the actual product of it. In other words, free competition tends to give labour what labour creates, to capital what capital creates, and to entrepreneurs what the coordinating function creates. (Clark quoted in Baran, 2012, p. 29)

As Smith notes, 'Marx pointed out the fundamental error in this view: workers are paid not for what they produce, but for what they consume'.[12] As such, the two curves described and depicted below directly juxtapose neoclassical and Marxist value theory. Moreover, by graphically illustrating the great disjuncture between contribution to global production and share of global consumption, Fig. 1 refutes the views of Post and others on the left who persist in denying the effects of global labour segmentation and stratification on the transformation of the global class structure.

For Post's non-Marxist, marginalist, view of income distribution, global wage differentials are the result of productivity differentials conditioned by differences in the level of the productive forces at different societies' disposal. However, as Marx argued, it is only living labour and not machinery or constant capital which adds value. According to Marx (1977a, p. 53), an hour of average socially necessary labour always yields an equal amount of value independently of variations in physical productivity, hence the tendency for labour-saving technological change to depress the rate of profit. Although increased productivity results in the creation of more use values per unit of time, only the intensified consumption of labour power can generate added (exchange) value. Since wages are not the price for the result of labour but the price for labour power, higher wages are not the consequence of (short-term) productivity gains accruing to capital. Rather, in a capitalist society, the product of machinery belongs to the capitalist, not the worker, just as in a feudal or tributary society part of the product of the soil belongs to the landlord, not the peasant. As Engels (1995, pp. 181–182) wrote:

> Marx demonstrates that machinery merely helps to lower the price of the products, and that it is competition which accentuates that effect; in other words, the gain consists in manufacturing a greater number of products in the same length of time, so that the amount of work involved in each is correspondingly less and the value of each proportionately lower. Mr. Beaulieu forgets to tell us in what respect the wage earner benefits from seeing his productivity increase when the product of that increased productivity does not belong to him, and when his wage is not determined by the productivity of the instrument [i.e. the machine—ZC].

In Fig. 1, the economically active population (EAP) is defined as all persons who furnish the supply of labour for the production of goods and services. As such, the EAP includes hundreds of millions of persons engaged in private, so-called subsistence farming in the Third World. We have favoured Eurocentric assumptions that subsistence farmers contribute nothing to global production (even though most contribute money to capitalist landlords and supply goods for sale on the market), and assumed that only wage labour capable of generating surplus value is considered productive. Total global production is defined as the working hours of full-time equivalent production sector wage employment in all countries.[13] The total production workforce was obtained by multiplying the EAP in each country by the rate of full employment for its corresponding global income quintile (Köhler, 2005, p. 9) and then by multiplying this total by the percentage of each country's workforce in industry and agriculture. The figure thus obtained was then multiplied by 133%, since I define 'underemployment' as being employed for only one-third of the hours of a full-time worker. To calculate capitalists' share of household income expenditure, Piketty and Saez's (2004) measure of the income share of the top echelons of the US income distribution has been used as a global benchmark. Capitalists typically earn more than they can possibly consume, and much of their household consumption is reinvested. Since accumulated wealth is almost entirely in the hands of capitalists, the share of wealth of the top 10% of the population has been subtracted from total household consumption expenditure figures for each country. Doing so allows a more focused comparison of relations between the world's working and middle classes, the major bone of contention between exponents and opponents of the labour aristocracy thesis. Rather than adjusting each country's figure by the ratio of its Gini index to that of the United States (so that for countries with more unequal income distributions like Brazil or Pakistan, a larger portion of its national income would be subtracted), I have assumed a flat rate of 42% for capitalist household income expenditure in all countries.

To suppose that these stark inequalities are purely the result of superior economic efficiency and skill levels on the part of the core capitalist nations, or that they are the reward of a section of the global working class for its exceptional militancy, is to stretch reality to breaking point (Cope, 2012, pp. 221–251).

CONCLUSION

The failure on the part of the left to rigorously examine the structuration of the international class structure by imperialism, as evidenced by the global contradiction between production and consumption highlighted above, has in no small measure added to the serious difficulties facing the socialist movement, both historically and today. Socialist movements in the metropolitan countries have tacitly accepted the global division between imperialist and exploited nations by obfuscating and divaricating from the issue of international surplus value transfer. Working class internationalism and the struggle against racism and colonialism within the imperialist countries are both sacrificed at the altar of narrow appeals to material self-interest on the part of the wealthiest sections of the ineluctably global workforce. Historically, such economism has its corollary in a deeply conservative reformism and chauvinist acceptance of the status quo ante, such that imperialist governments have been and are permitted to carry out virtually any act of aggression and penal repression against foreign countries and minority communities without fear of widespread national opposition.

Metropolitan labour's dependence upon imperialism for its existence as such – that is as labour whose affluence is predicated upon the maintenance of the core-periphery divide – clearly precludes the possibility that its conservatism is based purely on intellectual myopia. However, to paraphrase Noam Chomsky, intellectuals have the responsibility to expose untruth wherever they see it. This is all the more imperative when disclosing that the reality of vested interests can only assist conscious workers and their representatives, those really committed to socialism, to combat working class acquiescence in the creeping fascination of the body politic associated with the ascendancy of the neoliberal police state.

Understanding how the 'labour aristocracy' is formed means understanding imperialism, and conversely. Those socialist organisations which do not understand the embourgeoisement of labour typically play down the significance of imperialism, so that even those ostensibly opposed to imperialism very often miss their target. Thus, some socialist organisations prioritise peace work and opposition to militarism, equating imperialism with the exercise of brute force against one or more sovereign nations. Their foil may be a particular administration, its foreign policy or even the military–industrial complex *tout court*. Alternatively, imperialism might be opposed as benefitting only a handful of ultra-rich bankers and foreign investors (or even, at a stretch, a handful of very well-paid union bureaucrats and highly skilled professionals). In this case, only the richest 1–5% of society is seen as upholding the rule of monopoly capital.

The approach recommended here to readers, by contrast, is to treat imperialism as essentially involving the transfer of surplus value from one country to another and an imperialist country as a net importer of surplus value. This approach allows us to gauge the size and boundaries of the labour aristocracy and, hence, to work out the logistics of mounting really effective opposition to capitalism and its military, legal, financial and political bulwarks.

NOTES

1. The term First World refers to the developed countries of the United States and Canada, Europe (excluding Russia and parts of Eastern Europe), Japan, Israel, Australia and New Zealand. 'Third World' refers to the underdeveloped countries of Asia (excluding Japan and Israel), Africa, 'Latin' America, the Caribbean and Oceania (excluding Australia and New Zealand).

2. The term was originally coined in 1872 by Russian anarchist Mikhail Bakunin, who criticized the idea, which he attributed to Marxists, that organised workers are the most revolutionary social group (Post, 2006a, 2006b, 2010).

3. It is important to note that Post misses much of the important contributions made to the theory of global labour stratification by dependency, unequal exchange

and world systems theorists both inside and outside academia. See, for example, Emmanuel (1976); Amin (1976); Sau (1978); Stavrianos (1981); Edwards (1978); Communist Working Group (1986); Sakai (1989); Cope (2012).

4. *Ibid.* See 'Measuring Worth: Exchange Rates between the United States Dollar and Forty-one Currencies' online: http://www.measuringworth.org/datasets/exchangeglobal/, accessed 1 May, 2010, and http://en.wikipedia.org/wiki/Russian_Ruble, accessed 1 May, 2010). In 1900, the average real wage of Russian agricultural day workers, building, factory and railroad workers – the latter category paid almost twice as much as the previous two – was 251 rubles (Allen, 2003, pp. 38–42) or 49.5% of the average French real wage. Russian wages were very constant throughout the period of Russia's industrial capitalist boom (c.1861–1913) and Russian workers, unlike their British, French and German counterparts, 'did not receive rising incomes in step with the economic growth of the country' (*Ibid*, p. 37). Alongside miserable wages, another factor helping to explain the relatively militant ethos of Russian labour in the pre-war period is its higher socialization. In comparison to German workers, 70% of whom in 1895 were employed in industries employing 50 or less (Bernstein, 1961), nearly 50% of Russian workers worked in industries with over 1000 employees. Fully 83% of the Russian population was engaged in agriculture as compared to 23.8% of Germans in the immediate pre-war period (Kemp, 1985, p. 191).

5. The IMF calculation was made by deflating nominal wages by the rate of inflation as reported by the official consumer price index (CPI).

6. '"Made-in-China" helps make rich countries richer' in People's Daily, China, August 20, 2005.

7. By 1925, the Caribbean, South Africa, Asia and Oceania (furnishing about 73% of colonial produce), produced some 54–60% of all oil seeds, 50% of all textiles, 34–35% of all cereals and other foodstuffs, 100% of rubber, 24–28% of all fertilisers and chemicals, and 17% of all cereals alone (an average increase of 137% of 1913 levels of raw material production) (Krooth, 1980, pp. 84–85).

8. The term 'organic composition of capital' refers to the ratio between variable and constant capital, that is to the amount of value-creating labour power against technology and raw materials utilised in the labour process. A greater ratio between capital outlay and wages may result from the increased materialised composition of capital (i.e. fixed capital costs) or from the diminishing share of wages in total capital outlay. Whereas in the first case, the rate of profit is threatened by a diminution of the living labour involved in production, in the second case it may be buoyed by the diminution of necessary labour costs (rising surplus value). The latter is typically the result of the greater productivity of labour in those industries producing workers' subsistence goods. In the capitalist world system, reduced labour costs have always been associated with the extortion of subordinate peasantries and the (related) super-exploitation of dependent wage labour.

9. Charles Post, 'Ernest Mandel and the Marxian Theory of Bureaucracy', available at: http://www.internationalviewpoint.org/spip.php?article848.

10. Class struggle pivots around the exploited section of the working class' retention or otherwise of the surplus value it creates at the point of production. Since the fundamental class antagonism in capitalism is thus between the producers of surplus value and the capitalists who receive it in the first instance, unproductive

labourers receive what Resnick and Wolff (2006, pp. 206–220) call 'subsumed class income' from the distribution of already appropriated surplus value. As imperialism comes to form the central core of the capitalist system, the physical toil needed to produce surplus value is increasingly the sole preserve of super-exploited Third World labour.

11. The idea for Fig. 1, a graphical comparison between global consumption and global production, was suggested to me by Dr. John Smith in private correspondence. I am indebted to John Smith for the use of the idea herein.

12. Private correspondence from John Smith.

13. For a Marxist view of productive and unproductive labour, see Amin (1976, p. 244); Marx (1968, p. 157); Marx (1977a, pp. 518–519); Resnick and Wolff (2006, pp. 206–220); Shaikh and Tonak (1994, p. 25).

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