

Imperialism and Its Class Structure in 1997

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A. Marxist-Leninist-Maoist definitions

1. Internationalism in the era of imperialist war

From the perspective of communists in the United States the class structure in the imperialist countries of Western Europe is important, because the conditions are similar. Many comrades have asked us if we have done a concrete analysis to show that the class structure in Europe is similar to the one in the United States. We exclude Greece, Portugal and Spain; although the latter in particular may be an imperialist country as gauged by the existence of monopoly capitalist corporations. We exclude these countries, because an analysis of their imperialist character is not so clear-cut. By covering just the four big imperialists--England, France, Germany and Italy, we cover a population approximating that in the United States. However, in this essay we also include other imperialist countries including Japan.

Of course, we have also taken the position that some countries of Europe such as Albania are not imperialist at all. In Albania and Russia there is in fact a white proletariat unlike the situation of the majority of Western Europeans.

A. Marxist-Leninist-Maoist Definitions

1. Internationalism in the era of imperialist world war

Engaging in a polemic amongst European communists, Lenin put forward the ideological orientation and tactics of internationalism in the imperialist countries. "I must argue, not from the point of view of 'my' country (for that is the argument of a wretched, stupid, petty-bourgeois nationalist who does not realize that he is only a plaything in the hands of the imperialist bourgeoisie), but from the point of view of *my share* in the preparation, in the propaganda, and in the acceleration of the world proletarian revolution. That is what internationalism means, and that is the duty of the internationalist, of the revolutionary worker, of the genuine Socialist." V. I. Lenin (1)

The opposite of internationalism when taken up by people calling themselves socialist is social-chauvinism.

“Social-chauvinism is advocacy of the idea of ‘defence of the fatherland’ in the present war. [World War I-ed.] This idea logically leads to the abandonment of the class struggle during the war, to voting for war credits, etc. In fact, the social-chauvinists are pursuing an anti-proletarian bourgeois policy, for they are actually championing, not ‘defence of the fatherland’ in the sense of combating foreign oppression, but the ‘right’ of one or other of the ‘Great’ Powers to plunder colonies and to oppress other nations. The social-chauvinists reiterate the bourgeois deception of the people that the war is being waged to protect the freedom and existence of nations, thereby taking sides with the bourgeoisie against the proletariat. Among the social-chauvinists are those who justify and varnish the government and bourgeoisie of one of the belligerent groups of powers, as well as those who, like Kautsky, argue that the socialists of all the belligerent powers are equally entitled to ‘defend the fatherland.’ Social-chauvinism, which is, in effect, defence of the privileges, the advantages, the right to pillage and plunder, of one’s ‘own’ (or any) imperialist bourgeoisie, is the utter betrayal of socialist convictions.”(2)

2. Imperialism

During World War I, Lenin may have hated no revisionist and chauvinist more than Kautsky. Kautsky Lenin said was a renegade from his own earlier correct positions. Kautsky was most dangerous because of his Marxist credentials and willingness to use Marxist rhetoric to the maximum extent only to yank the movement along with him into the bourgeois camp at the last possible moment. To counter Kautsky, Lenin published this concise definition of imperialism: “I gave my own definition of imperialism: ‘Imperialism is capitalism in that stage of development in which the dominance of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun; in which the division of all territories of the globe among the biggest capitalist powers has been completed.’”(3)

Contrary to modern-day Mensheviks and social-chauvinists seeking to carry on Kautsky’s legacy of 1) muddying the distinction between oppressor and oppressed nations 2) jumbling the definition of imperialism and turning it into a peaceful entity 3) gutting the dictatorship of the proletariat, Lenin started his attack on Kautsky with two lengthy quotes from works in which G. Zinoviev was the lead author. Today’s revisionists are busy at work trying to corner the market Kautsky sought in his day by straddling internationalism and national chauvinism. To do this, some spokespeople for

the bourgeoisie in the communist movement have pinpointed the place of attack-Lenin’s idea of “superprofits” and anything Zinoviev did that Lenin sanctioned or signed on to. In this way, these revisionists attack Lenin from page one of his preface to “The Proletarian Revolution and the Renegade Kautsky.”(4)

3. Proletariat vs. semi-proletariat

At the very best, the majority of workers in the imperialist countries are semi-proletarian. This is clear from the definition of the semi-proletariat that all the major communist leaders of the time knew so well, unlike our movement generations later so used to flattery and social-patriotism. The COMINTERN had a program for the European countries and it had a section called, “Our Attitude to the Semi-Proletarian Strata.”

“In Western Europe there is no class other than the proletariat which is capable of playing the significant role in the world revolution that, as a consequence of the war and the land hunger, the peasants did in Russia. But, even so, a section of the Western-European peasantry and a considerable part of the urban petty bourgeoisie and broad layers of the so-called middle class, of office workers etc., are facing deteriorating standards of living and, under the pressure of rising prices, the housing problems and insecurity are being shaken out of their political apathy and drawn into the struggle between revolution and counter-revolution.

“It is also important to win the sympathy of technicians, white-collar workers, the middle- and lower-ranking civil servants and the intelligentsia, who can assist the proletarian dictatorship in the period of transition from capitalism to Communism by helping with the problems of state and economic administration. If such layers identify with the revolution, the enemy will be demoralized and the popular view of the proletariat as an isolated group will be discredited.”(5)

We also point out three things about the above quote from the COMINTERN which requires being read several times. First is that it is significant as a use of definitions. It is not accurate for economic conditions in Europe today. Living standards are not generally deteriorating in the imperialist countries; there is no war there anymore and there is no revolution going on as was once the case in Russia and Eastern Europe. Secondly, it is important to notice that the COMINTERN regarded the peasantry of Russia as a better ally of revolution than the semi-proletariat. We can extend that notion to oppressed nations in particular, because

the bourgeois classes including the agrarian petty-bourgeoisie known as peasants have a progressive role to play while there is still an agrarian question, a question of feudalism or feudal remnants. In contrast, the COMINTERN regarded the urban semi-proletariat as less progressive than the agrarian petty-bourgeoisie.

In other mentions of “semi-proletarians,” Lenin speaks of agricultural workers who receive the wage-form of payment and some who are part-time peasants and part-time industrial workers. We also have the impression that semi-proletarians could especially in peace-time, be petty-bourgeoisie. Lenin mentions all these together in explaining the class background of donors to Bolshevik newspapers and liquidationist newspapers. First he explains the donations from workers. Then he goes to the next case of “non-workers.” “The contributions obviously came from lower-paid office workers, civil servants, etc., and from the petty-bourgeois elements of a semi-proletarian character.”(6) So in addition to signing on to COMINTERN statements, Lenin wrote his own that did not count office workers as proletarians. We ask our readers to re-read the above passages until these points are clear, because we in the imperialist countries have spent the last 50 years incorrectly altering the very definition of proletariat.

4. Productive vs. unproductive labor

Though we disagree with their agenda ignoring the national question, Anwar Shaikh and E. Ahmet Tonak have provided the best summary of the difference between productive and unproductive labor that we know of at the moment.(7) In particular, they argue that in the sectors of distribution (excluding some transportation), social maintenance and reproduction and personal consumption, any labor that occurs is not productive sector labor.(8)

On the INTERNET and on the streets, MIM encounters the common vulgar Marxist question, “if the labor aristocracy is not producing surplus-value, then why do the capitalists hire it?” According to these apologists for the bourgeoisified workers, the workers must be exploited (producing surplus-value) or they would not be hired. The reasoning is similar to saying, one capitalist won’t work with other capitalists or the petty-bourgeoisie if they are not producing surplus-value, which is obviously false in itself. Obviously individual capitalists can’t get everything they want or there’d only be one capitalist-him or her. The individual capitalists cannot manipulate the realities of the class structure at will either. For example, as Poulantzas has pointed out, not all capital is monopoly capital even in

imperialist societies and there continues to be a petty-bourgeoisie.

Shaikh and Tonak, as Marx before them, show that capitalists have to hire salespeople and guards. The government also hires workers. These occupations produce nothing, and cannot produce surplus-value. Within the capitalist system, they help the capitalists make or appropriate profit, but they do not produce surplus-value.

The military--a typical unproductive sector occupation

Number of people per 1,000 in the population in the armed forces, 1993(9)

Australia 1.9
Belgium 7.0
Canada 2.7
Finland 6.1
France 8.8
Germany 4.9
Israel 36.8
Italy 7.8
Japan 1.9
Netherlands 5.6
Norway 9.8
Russia 15.1
Spain 5.2
Sweden 5.0
Switzerland 4.4
“United Kingdom” 4.7
U\$A 7.0

Shaikh and Tonak argue against Baran and Sweezy that unproductive sector workers were not meant by Marx to mean “unnecessary” workers, but while we agree for a limited set of questions that they answer in connection to surplus-value, accumulation and profit, they are definitely wrong about Marx’s attitude toward these workers. Obviously, if everyone were a guard, soldier or lawyer, everyone would die of starvation and exposure. Life without any guards, soldiers or lawyers, however, is certainly possible. The key to understanding unproductive sector workers via surplus-value is that they can only preserve or appropriate it; they cannot expand it. Without salespeople,(10) capitalists can certainly blow their chance at obtaining surplus-value, but no matter how good or how many salespeople one

employs, there is a limit to the price of a good. Without the commodities produced by the productive sector, the sales staff have nothing, even in the most elementary conditions.

Following Shaikh and Tonak, we will make them one concession in logic and allow for the possibility of exploited non-productive sector workers, especially in the oppressed nations. We believe that Marx held that exploited non-productive sector workers were sometimes counted as proletarian and sometimes not. Marx intended to handle involved questions of economic growth and the transfer of value from the productive sector to the unproductive sector in Vol. 4 of Capital, but he did not live to do so. In the context of Western Europe, the COMINTERN including Lenin, Trotsky and Stalin all believed that unproductive workers should not be counted as proletarian. Hence, MIM uses the following categories and looks into greater detail how workers should be classified.

1. Proletarian vs. Semi-proletarian, the clean and easy approach of Lenin and the COMINTERN

We believe this approach has the advantage of handling several questions simultaneously and quickly. It delivers a quick blow to social-patriotism and should make clear why MIM's line is correct regarding the majority of oppressor nation workers.

2. Proletarian vs. Labor aristocracy,(11) involves MIM's more in-depth second and third lines of defense of Marxism-Leninism-Maoism possible only through the development of a MIM Thought in connection to concrete conditions.

a. The case of exploited production sector workers-what Paul Cockshott believes exist in England, but only a minority of workers. MIM disagrees with Cockshott, because we believe the transfer of value from oppressed nations makes these workers have no net surplus labor-time in the working day.

b. The case of exploited non-productive sector workers. We acknowledge the possibility of this case, but they do not exist in imperialist countries while they do exist in oppressed nations extensively.

c. The case of unexploited production sector workers-people in manufacturing, agriculture, mining, and much transport just happen not to be exploited in the imperialist countries because of the transfer of value

from oppressed nations to oppressor nation workers.

d. The case of unexploited non-productive sector workers-the majority of workers in the imperialist countries by themselves.

We believe the labor aristocracy roughly corresponds with "semi-proletarian," which has hardened into a peacetime petty-bourgeoisie. It also corresponds with categories c and d above. MIM would contend that case b of workers could be either labor aristocracy or proletarian, depending in particular on the balance of other workers in the country who are exerting a pull on this group. In the case of early English capitalism, there could be a few unproductive sector workers vastly outnumbered by exploited productive sector workers. Unless the unproductive sector workers have much higher standards of living, it is likely they will identify with the productive sector in that case. With the development of capitalism into imperialism, we started seeing fewer and fewer a and b case workers in the imperialist countries and more and more d type workers with the remaining a type of workers transformed into c type workers.

5. Fixed capital (c), surplus-labor (s) and variable capital (v) (12)

If we break down the working-day in the imperialist countries as Marx did, we can clarify MIM's position. In Marx's day, before capitalism in the advanced countries proceeded into its decadent phase, there were transfers of value from the pre-capitalist modes of production and oppressed nations generally to the home country of capitalism. One need only recall the existence of slavery and colonialism prior to imperialism of the later 1800s and since.

Those denying Lenin's theory of imperialism as capitalism's decadent phase also deny that a change occurred in capital accumulation. In the early stages of capitalism, the surplus-labor of slavery went to accumulation and luxury consumption of the ruling class for the simple reason that capitalism was still on the upswing. The transfer of value from oppressed nations and slavery went to expansion of the capitalist mode of production. More capital meant more workers were hired.

Under imperialism compared with earlier capitalism, the utilization of surplus-value including that gathered in connection to pre-capitalist modes of production changes. Capital as a social relation bumps up against its upper limit in the home country. Given political impetus by inter-imperialist war, what used to go to accumulation starts to show up in the wages of

imperialist country workers and exaggerated military spending. Instead of having more and more workers to hire locally, the imperialists bump up against the limits and see that their borders are closed through alliance with the labor aristocracy. The free market for labor-power in the imperialist country is eliminated. Hence, following Marx and Lenin, we distinguish between two things 1) a strict free market case spoken of by Marx to illustrate that exploitation does not depend on “unequal exchange” as the bourgeoisie calls it. 2) The case where there is super-exploitation and interaction with pre-capitalist modes of production.

a) Free market case, early capitalism

work-day = necessary labor time (v) + surplus labor time (s)
 necessary labor time (v) = wages

b) Imperialist case

i) oppressed nations

oppressed nation work-day = necessary labor time + surplus labor time (s)
 necessary labor time - wages = superprofit
 superprofit + profit + wages = work-day

ii) oppressor nations

wages = necessary labor time + superprofits
 work-day = necessary labor time + surplus labor time
 superprofits added to wages GREATER THAN surplus labor time(13)
 wages GREATER THAN work-day

There are other ways to express the above situation of imperialism. If a multinational corporation makes a deal with its Third World lackeys, then it can buy the pineapples cheap and give them to the oppressor nation workers at a price which amounts to a transfer of value to oppressor nation workers through the means of super-exploitation. This occurs through cheapening the necessities of life in the imperialist countries and thereby lowering necessary labor time and increasing “s” locally. However, not all the benefits have to go to the “s” of the bourgeoisie, if wages do not always go down when the commodities of life get cheaper--as is the usual case in the imperialist countries. Contrariwise, in the Third World, wages are held down by force and so those workers do not see the benefits of the cheapening of the necessities of life which are simply exported to the imperialist countries--

--especially in the many one-crop economies.

What is happening is a transfer of “s” from the oppressed nations to oppressor nation workers, who obtain wages beyond what is necessary for their reproduction. These workers take up luxury consumption with their wages. In the imperialist countries this happens to such an extent that many workers manage to buy their monopoly capitalist corporations, as some airlines, car-rental and grocery chain stores are in the United States.

The dogmatist chauvinists believe Marx only wrote about free market conditions in early capitalism and they reject our description of imperialism. They simply did not read Marx very carefully for the situation of no free market.

6. Super-profit

“The important thing is...that in the epoch of imperialism, owing to objective causes, the proletariat has been split into two international camps, one of which has been corrupted by the crumbs that fall from the table of the bourgeoisie of the dominant nations--obtained, among other things, from the double or triple exploitation of small nations....”(14)

“...in all the civilized, 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 superprofits, 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.”-- V. I. Lenin, 1919(15)

“...monopoly yields superprofits, i.e., a surplus of profits over and above the capitalist profits that are normal and customary all over the world. The capitalists can devote a part (and not a small one, at that!) of these superprofits to bribe their own workers, to create something like an alliance...between the workers of the given nation and their capitalists against the other countries....

...Superprofits have not disappeared; they still remain. The exploitation of all other countries by one privileged, financially wealthy country remains and has become more intense....

The bourgeoisie of an imperialist ‘Great’ Power can economically bribe

the upper strata of 'its' workers by spending on this (strata--Ed.) a hundred million or so francs a year, for its superprofits most likely amount to about a thousand million.”(16)

“Super-profits obtained by the imperialist state are accompanied by a rise in the wages of the respective strata of the working class, primarily the skilled workers.”(17)

Many chauvinists have read Marx in Capital vol. 1 to mean that being paid the value of one's labor-power for wages is the usual situation, when in fact, Marx was merely putting forward a certain case that was possible. The importance of the case was to show that even in a free market, there would be exploitation of workers. Marx himself spelled out that it was a matter of making an assumption to be able to follow the logic through. “But strange to say, the great majority of my bourgeois critics upbraid me as though I have wronged the capitalists by assuming, for instance in Book I of Capital, that the capitalist pays labour-power at its real value, a thing which he mostly does not do!”(18) In other words, Marx was saying that most of the world lived under conditions of super-exploitation, not just exploitation. If some readers consider that quote ambiguous for its sarcasm, the following is not: “II. DEPRESSION OF WAGES BELOW THE VALUE OF LABOUR-POWER This is mentioned here only empirically, since, like many other things which might be enumerated, it has nothing to do with the general analysis of capital, but belongs in an analysis of competition, which is not presented in this work. However, it is one of the most important factors checking the rate of profit to fall.”(19)

In 1885, Engels explained that in earlier work, they were inclined to downplay the prevalence of the situation or case in which super-profits arise. That was corrected later: “In Capital, Marx has both put the above thesis right (Section on the Buying and Selling of Labour Power) and also (Chapter 25: The General Law of Capitalist Accumulation) analysed the circumstances which permit capitalist production to depress the price of labour power more and more below its value.”(20)

On the other hand, Marx had already explained that whether or not wages were higher than the value of labor-power was a matter of class struggle. As production becomes more efficient, the workers may not give up the gains of efficiency: “If in consequence of the increased productiveness of labour, the value of labour-power falls from 4 shillings to 3, or the necessary labour-time from 8 hours to 6, the price of labour-power may possibly not fall below 3s. 3d., 3s. 6d., or 3s. 2d., and the surplus value consequently not

rise above 3s. 4d., 3s. 6d., or 3s. 10d. The amount of this fall, the lowest limit of which is 3 shillings (the new value of labour-power), depends on the relative weight, which the pressure of capital on the one side, and the resistance of the labourer on the other, throws into the scale.”(21) In the case above, where deflation makes it cheaper for workers to live, anything above 3 shillings is a wage above the value of labor-power.

Again his concern with the case where workers receive exactly the value of their labor-power was to demonstrate that exploitation is possible in a free market and to work through some of the consequences for accumulation. Later we shall see that there are those who assume that whatever wages are that is the value of labor-power. However, Marx and Engels had left very clear warnings that a portion of workers would be paid above the value of their labor-power and a portion would receive less than the value of their labor-power. Wages are not automatically the value of labor-power. In sum, wages vary by the intensity of class struggle, especially in the variation between situations of free markets as in the imperialist countries and extra-economic force used in the Third World.

B. The Application of Marxist-Leninist-Maoist Definitions to the Imperialist Class Structure of Their Day by Marx, Engels, Lenin, Stalin and Mao

1. Engels on England

According to Marx, the portion of society that is parasitic increases over time: “At the dawn of civilization the productiveness acquired by labour is small, but so too are the wants which develop with and by the means of satisfying them. Further, at that early period, the portion of society that lives on the labour of others is infinitely small compared with the mass of direct producers. Along with the progress in the productiveness of labour, that small portion of society increases both absolutely and relatively.”(22)

Despite the focus given to the labor aristocracy by Lenin, Marx and Engels were the first to speak of the labor aristocracy of the colonial countries. Even in Capital, Vol. 1, Marx speaks of “how industrial revolutions affect even the best-paid, the aristocracy, of the working-class.”(23)

Engels in particular is famous for some quotes on England. Here we only point to the quotes from Engels that Lenin also cited favorably in his book *Imperialism, the Highest Stage of Capitalism*. As we shall see, Lenin's

approval and careful attention to the quotes from Engels on the labor aristocracy are very important in his own thinking.

One of the clearest quotes from Engels as early as 1858 cited by Lenin is: “The English proletariat is 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. For a nation which exploits the whole world, this is, of course, to a certain extent justifiable.”(24) We should also point out that from Lenin’s point of view it was a matter of concern that this had been going on for over 50 years already. Just before expressing this concern, Lenin says, “Imperialism has the tendency to create privileged sections also among the workers, and to detach them from the broad masses of the proletariat.”(25) Writing to the same Kautsky who later betrayed everything, Engels said, “You ask me what the English workers think about colonial policy? Well exactly the same as they think about politics in general. There is no workers’ party here, there are only Conservatives and Liberal Radicals, and the workers merrily share the feast of England’s monopoly of the colonies and the world market.”(26) Spineless Mensheviks internationally regret this blanket statement by Engels. The more dangerous revisionists of Marxism are only too gutless to say Engels was wrong while contradicting him at every chance. The spineless flatterers of the oppressor nation working class fear the reaction of the oppressor nation workers to being told they are parasites. Likewise, these spineless social-chauvinists evade the task before the international proletariat--a historical stage of cleansing the oppressor nation workers of parasitism. This task cannot be wished away with clever tactics of niceness.

2. Lenin on the class structure of Europe

Overall, the largest confusion from reading Lenin on imperialist country class structure is failing to account for five simple things: 1) When Lenin was speaking of the international working class(27) and not a national section of the international working class 2) When Lenin was speaking of a working class in conditions of economic ruin and war, which were the only conditions which a parasite class could become re-proletarianized 3) When Lenin was speaking of a proletariat just starting to be corrupted and only relatively weakly so and in only a fragment of the class, relative to what would be possible in the long-run future 4) When Lenin was quoting someone else favorably or unfavorably and for what year his analysis applied, especially what year relative to when the imperialist process of buying out workers started, but also relative to Lenin’s own life 5) When

Lenin was speaking of the situation in his life of Russian semi-imperialism, and not Western imperialism.

If we look at Lenin’s life, it was really in the last 10 years that he came up with his statements on the labor aristocracy and the importance of the oppressed nations of the East (and their super-exploitation) come at the end of his life. If we keep these above distinctions in mind, we will not fail to answer the questions of our own day correctly, because we will discern in Lenin what questions are concrete questions and which are issues of internationalist principle. If we do not keep the context in mind with the five points above, and we seek to apply timeless metaphysics to Lenin, it will only appear that Lenin is contradicting himself, at one time writing off whole countries while at other points saying the bourgeoisified workers are only a minority while at still other times saying the question was open for the future.

What Lenin said about the imperialist country workers in general is the following: “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.”(28)

The problem with the above statement is that Lenin also clearly said that even in England the corrupted workers or ex-workers of his day were a small group compared with the uncorrupted workers who were still proletarians.(29) So the question arises, which is it--whole country or minority detached from the working-class? At the very least we must read statements like the one above and others like it as a statement of the quintessence of imperialism. Imperialism may not accomplish making everyone in the mother country a parasite overnight, but that is where it is headed without inter-imperialist war or revolution.

It is quite clear that in Lenin’s work, utmost attention is paid to context. In the Russian context of his day, Lenin believed the labor aristocracy was insignificant: “The proletariat is the only class in Russia that nobody has been able to infect with chauvinism. . . . In Russia we see a series of shades of opportunism and reformism among the intelligentsia, the petty-bourgeoisie, etc., but it has affected an insignificant minority among the politically active sections of the workers.”(30) In his “Preface to F. Sorge Correspondence,” in one of his earlier references to the labor aristocracy, Lenin made a point of saying that he would not apply what Marx and Engels said about Amerika and England in Russia.

In 1858 Engels notes the process going on in England, and by 1882 he completely dismisses the politics of the English workers, and he does his duty to stand outside and criticize them from the point of view of the international proletariat.

S/he in the imperialist countries who does not do this as Engels did is no internationalist scientist, just a tactician of social-chauvinism. Lenin took the liberty of saying, “it is clear as daylight that the twentieth-century imperialist monopolies in a number of other countries were bound to create the same phenomenon as in Britain.”(31)

Today’s dogmatists rip Lenin out of context and quote him on the re-proletarianization of workers in a revolutionary situation, namely one of world war on European soil. Even right after World War I, of course there was no way for Lenin to know that the imperialists wouldn’t go at it again for another 20 years. Quite the contrary, Lenin was busy fighting the imperialist intervention on his own soil. This ongoing war situation plus the fact that the workers were still smarting from World War I led Lenin to think that he was still in a revolutionary situation in all of Europe. Only toward the very end of his life did he start warning people that the revolutionary movement cannot always be on the upswing.(32)

It is also towards the end of his life where Lenin made the most systematic statements on the class structure of imperialism and the growing importance of national liberation struggles outside Europe. Yet many of our critics reply to us by talking about Lenin’s ideas on economism which he wrote in “What Is To Be Done?” in 1902, as if by doing so they excused themselves from talking about what Lenin was saying from World War I till the end of his life in 1924. Sitting down with the index to Lenin’s Collected Works is very useful. The reader will find that Lenin’s first reference to the labor aristocracy does not occur till 1905. At that time, Lenin was seeing it only as a matter of political representatives of a class. As late as 1913,(33) Lenin was even considering whether movements in the British Labor Party meant that the labor aristocracy was returning to the proletariat. Still, Lenin did not write much on the labor aristocracy until World War I got under way and we can say that with every passing year, Lenin’s pronouncements on the labor aristocracy became firmer and firmer.

At first references were to political leaders being bribed. Then he started speaking of a trend of opportunism that has taken up bourgeois ideology in the workers’ movement, namely Kautsky and others of the Second

International. He starts calling them agents of the bourgeoisie. The next step in Lenin’s work is to start talking about a strata of people that originates with the working-class but leaves it. Finally he talks about various strata of people who left the working-class and amalgamated with the imperialist bourgeoisie.(34) At first in 1915, he calls these people “near-proletarian” and “semi-petty-bourgeois.”(35) Next in the historical process of World War I which “reached its full development between 1915 and 1918,”(36) in 1919 and thereafter, Lenin proves willing to say on at least three occasions that the labor aristocracy is petit-bourgeois, not just in its thinking but as a class.(37) When it came to speaking with the German comrades during World War I, both Zinoviev and Lenin simply referred to the majority of Germany including its cities as bourgeois, which is why they want the war and why communists must hold out in opposition to the war on behalf of the proletarian minority. Thus, for Lenin, there is some issue as to how hardened the labor-aristocracy is--first as a stratum and then as a class.

In 1921, Lenin again came very close to saying that the majority is petty-bourgeois in the imperialist countries. “The petty-bourgeois democrats in the capitalist countries, whose foremost sections are represented by the second and Two-and-a-Half Internationals, serve today as the mainstay of capitalism, since they retain an influence over the majority, or a considerable section, of the industrial and commercial workers and office employees who are afraid that if revolution breaks out they will lose the relative petty-bourgeois prosperity created by the privileges of imperialism.”(38) He added that the crisis of the economy and imperialist war threatened to drive these petty-bourgeoisie back into the proletariat.

In terms of sheer quantity of work in the last few years of his life, Lenin’s interventions in Europe to form a COMINTERN took less time compared only with organizing change of direction toward the New Economic Policy. For the majority of members of the COMINTERN, the whole crux of the issue was not just dropping out of the Second International, because that was not good enough. The issue was understanding the labor aristocracy, the enemy class within the ranks of the proletarian movement. Lenin and his comrades in other countries simply would not allow anyone into the COMINTERN that did not break with the labor aristocracy.(39)

“Opportunism is our principal enemy. . . . It has been shown in practice that working-class activists who follow the opportunist trend are better defenders of the bourgeoisie than the bourgeoisie themselves. Without their leadership of the workers, the bourgeoisie could not remain in power. This has been proved, not only by the history of the Kerensky regime in Russia; it has

also been proved by the democratic republic in Germany under its Social-Democratic government, as well as by Albert Thomas's attitude toward his bourgeois government. It has been proved by similar experience in Britain and the United States. This is where our principal enemy is, an enemy we must overcome. We must leave this Congress firmly resolved to carry on this struggle to the very end, in all parties. That is our main task.”(40)

Lenin had raised the bar to join the COMINTERN. “They have given no sign of genuine revolutionary work or of assistance to the exploited and dependent nations in their revolt against the oppressor nations. This, I think, applies also to most of the parties that have withdrawn from the Second International and wish to join the Third International.”(41)

Lenin systematically insisted that parties chuck their old labor bureaucrat leaders and any comrades with illusions about the labor aristocracy before they were accepted into the COMINTERN.(42) He met ferocious resistance, most often in the form of statements that he was dividing “the working-class.” Europeans attempted to form an International without Kautsky on the right and Lenin on the left.

Here is an example of Lenin's fight in the formation of the COMINTERN. “The question of replacing experienced reformist or ‘Centrist’ leaders by novices is not a particular question, of concern to a single country in special circumstances. It is a general question which arises in every proletarian revolution, and as such it is formulated and quite specifically answered in the resolution of the Second Congress of the Communist International on “The Fundamental Tasks of the Communist International”. In point 8 we read: ‘Preparation for the dictatorship of the proletariat, not only entails explaining the bourgeois character of all reformism; . . . it also entails replacing the old leaders by Communists in proletarian organisations of absolutely every type--not only political, but also trade union, cooperative, educational, etc. . . . These representatives of the labour aristocracy, or the bourgeoisified workers, should be eliminated from all their posts a hundred times more boldly than hitherto, and replaced by workers, even if wholly inexperienced, as long as they are connected with the exploited masses and enjoy the latter's confidence in the struggle against the exploiters. The dictatorship of the proletariat will require the appointment of such inexperienced workers to the most responsible posts in the state.”(43)

The people who cover up the connection between scientific analysis of context and the revolutionary movement the most are the Trotskyists. The Trotskyists believed the European workers are extremely advanced

especially relative to the rest of the international proletariat, and they believed there was a perpetual revolutionary crisis, so they criticized Stalin for seeing even “relative stabilization” in the mid-1920s. For them in the last 70 years, there is no reason to undertake concrete analysis and so Trotskyism goes the way of most religions, in this case the religion worshipping the oppressor nation worker.

Since it is the end of the 20th century and socialist revolution has not prevailed and there has been no world war on European or North American soil for over 50 years, it is pretty clear that Lenin would expect us to draw some conclusions about the tendencies he spoke of. This becomes most clear when Lenin exposes the science in his thinking so as to make it accessible to anyone. Many times he makes it clear that an analysis is a matter of scientific conclusion and not simple ideological (religious) faith. To preserve the scientific method, Lenin speaks in a way to show how to arrive at different conclusions if necessary. In “Imperialism and the Split in Socialism,” Lenin said, “On the one hand, there is the tendency of the bourgeoisie and the opportunists to convert a handful of very rich and privileged nations into ‘eternal’ parasites on the body of the rest of mankind, to ‘rest on the laurels’ of the exploitation of Negroes, Indians, etc., keeping them in subjection with the aid of excellent weapons of extermination provided by modern militarism. On the other hand, there is the tendency of the *masses*, who are more oppressed than before and who bear the whole brunt of imperialist wars, to cast off this yoke and to overthrow the bourgeoisie. It is in the struggle between these tendencies that the history of the labour movement will now inevitably develop.”

Completely lacking in scientific integrity, the social-chauvinists cannot admit that Lenin was virtually handing out conclusions here for future generations that depended on 1)the success or failure of the class struggle for socialism 2) the question of who would “bear the whole brunt of imperialist wars.”

Clearly Lenin hoped for the victory of the latter tendency of the oppressed masses, but he was completely ready to acknowledge that the other tendency could win out in the history of the labor movement. Now it is our job to add to what Lenin said: “the tendency of the bourgeoisie and the opportunists has won the battle of the last six generations of socialists and workers in the imperialist countries. Entire countries have been bought-off in that time with some of the taint of parasitism even affecting internal semi-colonies and immigrant workers.

Increasingly the fault lines of class struggle correspond with geography. However, the exploiter classes are still the minority globally, and the entrenched parasitism of the old imperialist countries only dictates that special tasks will have to be carried out in the proletarian revolution, tasks taking into account the specific historical conditions of the imperialist countries. Moreover, the more imperialism appears stable because of the size of its petty-bourgeoisie, the more it undercuts its own production of surplus-value, and thus hastens its end.”

3. Stalin on oppressor nations

It should now be well-known to all claiming to be communist that Stalin personally intervened to see to the creation of a theory of a Black-Belt nation within U.S. borders. Unfortunately, many comrades internationally are not aware that it was also Stalin who instructed the CPUSA to speak of the “white working class” in order to clarify the question of “white chauvinism.” Some phony Maoists on the “Marxism List” on the INTERNET went so far as to mock MIM’s language adopted straight from Stalin. The teachings of Stalin are so dead to these phonies that like the Trotskyites they think MIM invented this concept in order to tail bourgeois nationalism as expressed by the likes of Farrakhan.

Long ago, Harry Haywood himself explained Lenin’s and Stalin’s idea that superprofits are a material basis for national contradiction.(44) Likewise, he refuted even then the idea that Blacks were not a nation because they did not have a distinct language. According to Stalin in his famous essay on the national question there had to be a common language, but the common language did not have to be unique.(45) Otherwise, England and Australia would be counted as the same nation.

Likewise, at the time, Haywood said there was not much of a Black industrial bourgeoisie to speak of, but Stalin had already refuted the idea that there had to be a progressive national bourgeoisie for there to be a stage of national liberation. In fact, in the Stalin article on the question, Stalin said it was the oppression of the “basic masses” that made for the national question and he even distinguished that from oppression of peasants which he did see as foremost in the national question at the time.

If there is no Black national question anymore, it is not for the reasons that the MIM critics give. It would be more along the lines that the Black Panthers put forward themselves from time to time: maybe the Black nation people are bought-off too. If the Black nation is getting too much

in superprofits, then it too is a parasite. For this reason, the Black Panthers wondered often, and Eldridge Cleaver in particular, if the lumpenproletariat were the only class with potential within U.S. borders.

Today, on the political level, we can see that the imperialists still use the national question to whip up the majority of oppressor nation workers into a pro-imperialist frenzy. Attacks on immigration, languages other than English (or other dominant nation native tongues in other imperialist countries), crime and welfare are all conceivable only as national oppression. Through these means the imperialists also hope to gain support for their agenda in the Third World. In this sense, even if the internal semi-colonies have become partners in exploitation of the Third World, they will continue to stand in as symbols of what the imperialists ally with the labor aristocracy against. Malcolm X drew the distinction between house slaves and field slaves, because house slaves are more loyal to the master.

The citizens of the imperialist countries such as the Blacks may be the modern-day equivalent of house-slaves. On the other hand, the Black Panthers proved it is still possible to mobilize a plurality of the Black nation for revolution.

In Stalin’s day, the official line of the communists was to excoriate those who believed in racial theories as opposed to national theories. In a subsection titled, “How the Communist ‘Theoreticians’ of Race Turn Lenin Into a Bourgeois Liberal,” Haywood said, “It is quite clear from the foregoing that the mistakes of the Communist exponents of ‘race theories’ are inseparably bound up with and arise out of an anti-Marxist and essentially liberal approach to the national question in general.”(46) Many of our lazy and extremely muddled critics(47) believe MIM is adopting racial theories, because we have adopted Stalin’s language to criticize the white working class. Nothing could be further from the truth. Race as a category though still important is not as important as nation. If we thought race were important, we wouldn’t have said that Albanian and Russian workers are exploited and super-exploited. Nor would we speak of the ongoing process to buy-out the Irish proletariat in the occupied Six Counties. It is in fact our critics who have adopted racial theories, because they are the ones who believe that socialism will entail integration, because previous oppression was not national oppression but racial oppression according to them. Those of us who principally see national oppression believe in national liberation whereas others see racial oppression and a struggle for integration.

While in general the words from Haywood read freshly today, there are two points we need to emphasize. One is that the role of the peasantry has obviously decreased to zero. There is no Black peasantry.(48) However, the bourgeoisified workers discussed at the time have increased their role and continue to actively deny oppressed nation people real civil rights and thus make a mockery of the idea of a truly amalgamated nation. At the time, while crediting Stalin and while undertaking correct work himself, Earl Browder said, “It is correct to speak of the labor aristocracy as the special bearers of white chauvinist influence among the workers, because this aristocracy finds a material interest in Negro subjection.”(49) Browder went on to explain that because of false consciousness even regular workers also took up white chauvinism. By today though, the role of the labor aristocracy has increased to the vast majority and hardened. Thus it is that superprofits and the labor aristocracy play a larger role in the national question than fifty years ago, and as we showed in MT10 there were those in the COMINTERN who believed like MIM today that the proletariat had already been bought-off in the majority even back then. Even fifty years ago, the scientific Marxists had already defined the question. MIM is only applying those definitions and theories for our time. If Harry Haywood and early Earl Browder applied their own definitions of their day to today, they would agree with MIM’s conclusions, because the method and definitions remain the same while the conditions change with time.

4. Mao on the oppressor nations

a. Mao on strategic confidence

Despite the situation of the oppressor nation working classes that created a “great obstacle to carrying through the revolution” according to Mao, Mao still had strategic confidence that revolution would happen. This was on account of the masses of Latin America, Africa and Asia who would resist U.\$ imperialism and eventually overthrow it.

b. Mao on the United States

When it comes to national oppression, Mao is most famous for the analysis and strategy that led to successful war against the Japanese imperialists and the overthrow of U.S. lackey Chiang Kai-shek. In his writings on that subject, he speaks of “annihilating the enemy one by one.” While Mao does seek to use the class contradiction in fighting the Chinese lackey troops, there was no such emphasis on the class background of Japanese troops. They were to be annihilated till they went home, and only within Japanese

society would Mao speak of the class contradiction as having importance. Most of his works are speaking of the Chinese and their class structure, not details on the Japanese troops’ class background. It is this example that the Black Panthers picked up, perhaps mechanically. Huey Newton instructed his followers to change the words Chinese to Black when reading Mao’s works. Newton also correctly referred to white cops as “occupation forces” in the Black community.

Anyone who has read Mao cannot dispute that there is some logic to what Huey Newton did. The only question is whether it was appropriate for his conditions. We believe that Newton was correct and the rest of this document is to show some of the reasoning being applied.

It appears that Mao himself signed off on statements that it was not appropriate to copy the anti-Japanese war in the United States, because among other things, the majority of whites were also exploited according to Mao. Quite frankly, the Communist Party of China under Mao was responsible for a more eclectic position than what Stalin had recommended for the United States. Martin Luther King, the Progressive Labor Party and the Black Panther Party each presented something distinct and important to the Communist Party of China in the 1960s. Because Mao was anti-COMINTERN few people realize the extent to which articles written by communists here were distributed in China and more or less signed off on by Mao. It was also this anti-COMINTERN reasoning that led Mao to speak simultaneously of both national and racial oppression of Blacks. His stress on the racial was in order to bend the Black nationalist movement into a firmly communist and internationalist direction. For that matter, the revolutionary nationalist intellectuals went to Mao with compromise ideas on integration versus nationalism and Mao signed off on them. One has the sense from a close reading of Mao that he could have gone either way--with national liberation or the racial integration strategy, but the key mistake swaying him toward the racial integration approach was the following: “The black masses and the masses of white working people in the United States share common interests and have common objectives to struggle for. Therefore, the Afro-American struggle is winning sympathy and support from increasing numbers of white working people and progressives in the United States.”(50) Mao’s line on whites in the United States was different than his line on Japanese invaders. At the time, the Chinese Communist Party believed that the global upsurge might mean a relatively short life for imperialism and that the U.\$ imperialists would unleash fascism on the oppressor nation workers. Today, we have to say that even if such a moment does come, we must not rush into integrationist strategies and suddenly treat

oppressor nation workers as if they were right there in the struggle all along. There will be a difference in outlook between proletarians and oppressor nation workers, even after a severe crisis or fascist crackdown on oppressor nation workers.

Even more indicative of the bad advice the Chinese comrades got from North America, the Chinese communists published a whole essay called “The National Struggle and Class Struggle” in 1966 and did not mention superprofits anywhere. Instead it drew some parallels between white chauvinism and Han chauvinism without answering in depth the question of parasitism.(51) Today the CIA takes advantage of such facile comparisons by working for the dismemberment of China along ethnic lines. Perhaps the Chinese felt they had to set their own house straight first before they could answer the question about the national question in the United States, but it was simply an error to address the national question without addressing superprofits and parasitism, so for this reason the comparison between the Han chauvinism of an oppressed nation and the white worker chauvinism of an imperialist country was mechanical. In addition, there is also the question of how Mao respected the contributions from the U.\$. comrades themselves. As Mao explained in his essay on why the COMINTERN abolished itself, he no longer believed there was any appropriate role for direction of various parties from the outside. Thus, the way Mao proceeded we in the imperialist countries and their internal semi-colonies bear responsibility for our own mistakes and should not try to lay them at the feet of a non-existent Mao-led COMINTERN.

In the late 1960s, the situation of the movement was if anything overconfident, even in the United States where the revolutionary movement thought U.\$. imperialism was coming to an end any day. Sectarianism and narrow nationalism were bigger threats than they are today. Today the errors of liquidationism and assimilationist chauvinism are much more dangerous than the errors of sectarianism and narrow nationalism respectively.

The stage of the revolution in the United States led Mao to stress repeatedly the peaceful nature of change necessary there, contrary to the line that the imperialists were an occupier military force in much of the territory within U.S. borders. Martin Luther King was no communist, but Mao credited him hugely. We must understand this or we will fail to understand Mao’s thinking about the United States at the time. Ever since that time the revolutionary movement has been in the throes of an argument between the Black Panthers and the Progressive Labor Party on the possibility of progressive integrationism by the white workers. J. Sakai did the most to

sum up that history of the 1960s correctly and now in the 1990s MIM is able to sum up the question with hindsight and systematic data unavailable to the people of the time. That summation is that the Black Panthers were correct up and down the line and Stalin’s original formulation of the problem has been vindicated. In the case of some First Nations, we must ignore Mao’s concerns about armed struggle here and on the other hand, we must acknowledge that he is still basically correct on the military situation. It is not yet the turn of the oppressed nations within the belly of the beast to start the armed struggle. Instead it is our task to take up the long, slow and detailed work of the rear area of the international proletariat’s army. This does not mean we need to take up Martin Luther King’s position or the Progressive Labor Party’s (PLP) variant of MLK integrationism. Our work should be peaceful and legal as Mao suggested, but with a correct analysis of the class structure and nationality, closer to what Stalin and the Black Panthers said than what Mao said under the influence of Black revolutionary nationalists like Robert Williams and the “revolutionary” integrationist PLP.

Likewise in Europe, the position of immigrant Third World workers is not such that they can be represented as simply a small section of the overall workers’ movement in the imperialist countries-- unless those immigrant workers are also bought-off. Even the bought-off immigrant worker knows that his/her position is more fragile than that of the oppressor nation workers. The immigrant worker must attack the imperialist countries’ military aid to fascist regimes and the closing of borders.

5. Today’s claimants to the mantle of Mao

Without the strategic confidence described by Mao, compromise with the house-slaves of U.\$. imperialism is one result. Here we cannot fail to mention RCP-USA leader Bob Avakian as the contemporary Kautsky. Like Kautsky, Avakian touts some important credentials, most significantly, the approval of his work by the Peruvian comrades including the truly great revolutionary Gonzalo.

Like Kautsky, a casual reading of Avakian would find Avakian using certain Marxist rhetoric. When it comes to parasitism and the labor aristocracy, Avakian is willing to make some noise. Yet, it is the fact that Avakian does talk about the labor aristocracy without going all the way into the issue and correctly resolving it that makes Avakian the contemporary Kautsky for our conditions.

To be sure, from his economist chauvinist right, there are those like the

Mensheviks that urged the COMINTERN to drop the labor aristocracy idea entirely who see Avakian's ideas as too dangerous. These imperialist-economists go so far as to tell MIM that Avakian actually agrees with MIM, but he is either constrained by the rank-and-file or just unable to spit it out as clearly as what MIM is saying. In essence, these social-democrats criticizing Avakian never accepted "What Is To Be Done?" and Avakian needs these Second International retreats to make him look good.

Just in case the imperialist-economists know something about the Co-RIM and RCP-USA that we do not, we urge Avakian to dump all the editors supposedly watering down his work into imperialist chauvinism and bring his true followers to MIM. Despite these speculations about Avakian by people close to or in the CoRIM, MIM can only go by his published writings on the assumption they are not altered and that Avakian is a Kautskyite on the question of the labor aristocracy.

Yet, as we have shown before, the Revolutionary Worker has condemned the MIM line on the white working class. Moreover, the RCP program holds that a majority of the oppressor nation is exploited.

Recently, the January 19, 1997 issue of the Revolutionary Worker put forward the same opportunism from Avakian as all the other Mensheviks when it comes to parasitism. Avakian's is the simply the clearest version of Kautskyism because of its explicitness, unless we count the Kautskyite interventions of Adolfo Olaechea with regard to party formation in the imperialist countries. For his part, on an INTERNET "Lenin List," Adolfo Olaechea found it fit to admit Khrushchevites and anarchists while purging MIM and echoing Kautsky's attacks on Lenin's supposed "sectarianism" during World War I.

The bottom line is that Avakian does not have strategic confidence in the oppressed nations. In this he shares with Kautsky a will to botch this issue at the last possible instance while sounding like Lenin as much as possible in order to smuggle labor aristocracy politics into the proletarian movement.

Avakian maintains that if we do not act like we are going to win the 90 percent within U.S. borders we are going to lose. We heard the same argument when we were arguing with now defunct RCP clones in England. In the end, the line is just opportunism no different than social-democracy on why we need a majority, even if it means putting forward parasitic demands. It flows from chauvinist use of dialectics that is really eclecticism. On the one hand, Avakian quotes Lenin on how a whole country can be

a parasite, but on the other hand, he says the Euro-American workers are proletarian. While it is possible for re-proletarianization to occur through crisis, at this time we do not believe that it is appropriate to call the workers here both proletarians and parasites at the same time. This is simply Avakian using smoke and mirrors. It would be different if the scale of parasitism were only small, such that superprofits distributed to the workers did not exceed the surplus-value they generate, but that is simply not the case.

While many in Europe criticize MIM and the RCP interchangeably, in actuality, the RCP shares the bottom-line position of more numerically popular revisionism and social-democracy in Europe. We urge these revisionist and social-democratic parties to recognize the RCP-USA as their brothers and sisters. Bought-off extensively by the European welfare state, the European claimants of "Marxism-Leninism" are mostly in denial with regard to parasitism, and they should join up with the RCP-USA in its plans for a COMINTERN or with Adolfo Olaechea in his plans. If we understand what is wrong with the RCP-USA line, it will be relatively easy to deal with the many more blatant versions of revisionism in the imperialist countries.

Instead of putting forward the warmed over social-democratic demands that have a shot at appealing to the 90 percent in the parasite countries--bomb Libya, support the Gulf War, create jobs by building weapons etc.-- MIM only puts forward those demands in line with the international proletariat. We don't care what share we get in the oppressor nations, if it's 5 percent or 50 percent, but we will not take up chauvinism and militarism, both because the world's majority and the independence of the small nations will conquer anyway and because we don't want to get in their way like Avakian does by unleashing parasitic movements in the imperialist countries.

At the same time, the truly oppressed will not trust the Avakian line and to the extent that Maoism is associated with Avakian, the revolution will be set back. MIM spells it out into the concrete details of the class structure and national oppression. Avakian is trying to hide something--namely that he is thinking of parasites as the revolutionary vehicle and he wants to sneak his labor aristocracy line into the proletarian movement to use it for another round of imperialist assimilationism.

C. General theoretical and empirical considerations on the development of the imperialist class structure

1. Intermeshing and contention of imperialist capitals: international integration of finance capital

Anyone who has traveled amongst the United States, Canada, England, France and Germany on the one hand and the Third World on the other hand understands broadly speaking that the imperialist countries are roughly similar. There are a number of historical reasons why the class structures of the major imperialist countries are roughly similar. In this first section of part “C” of the essay we hope to give readers an idea about the unity and conflict amongst the imperialists, particularly as that unity and conflict is rooted in dynamics of capital accumulation.

One reason for the similarities of the imperialist countries is the historical end of colonialism. Previously dominant imperialist powers could exclude other imperialist countries completely from dealings with their colonies. In this way, English imperialists sucked superprofits out of English colonies that they did not directly share with imperialists from other countries. When colonialists directly ruled the colonies it was possible to exclude competitors from territory. Competing colonialists had no choice but to go directly to war for colonies or be excluded entirely.

In 1914, the pattern of foreign direct investment was for the industrial countries to put their capital into the colonies. Hence, 62.8 percent of investment went to the Third World and only 37.2 percent went to other colonial countries. The situation reversed after World War II, and by 1985, 75 percent of investment occurred from one imperialist country into another and only 25 percent went to the Third World. As we might expect in such a situation, the agricultural and mining components of cross-imperialist investment are small, but financial services has seen a huge growth. If we combine financial with trading services, we have a pretty good idea of what business the imperialists are doing with each other. Such cross-border investment does not prove that the Third World is irrelevant. Since trade and finance do not produce physical wealth themselves, it only proves that the activities of the unproductive and parasitic sectors have been spread around, so that no one imperialist can enjoy parasitic advantages over another, as in the old days of colonialism. “As a percentage of the outward FDI [Foreign Direct Investment-ed.] stock [which means total quantity, not the increase per year-ed.] in services of 11 home countries, the share of finance-related services ranged from 27 to 84 per cent in the first half of the 1980s. That of trade related services for the same countries was, with three exceptions, between 22 and 42 per cent. Similarly, as a proportion of inward FDI stock in services, and both for developed and developing countries, finance-related services and trade-related services together typically account for 50 to 90 per cent.” (52)

Now no single imperialist entity can completely exclude other imperialists. As a result, the possible outlets for capital exported from the imperialist countries have become more similar. As late as 1970, cross-border movements of capital were relatively infrequent in the imperialist world. We could say that there was mobility of capital within the United States, but we could not say capital was mobile across imperialist country borders. With the collapse of colonialism, all that changed.

In 1970, the cross-border transactions of bonds and equities (shares of property) compared with the annual product of the United States, Germany and Japan were all less than a figure of 4 percent respectively. By 1990, the figure was 92.5 percent for the United States, 690.1 percent for the “United Kingdom,” 57.5 percent for Germany and 118.6 percent for Japan.(53) These figures are represented as a percentage just to give readers an idea of the size of capital movement relative to economies. According to Richard Marston, when we speak of the integration of finance capital, we had better be up-to-date, because it is one of those rare social statistics that changed extremely rapidly in recent years.

One might think that a few major banks of a country might be able to collude and set the interest rates in its country. However, this turns out not to be true. It is true that “five British banks controlled 45.6 percent of British bank assets in 1986, while six German banks controlled 37.9 percent of German bank assets in 1987. . . The largest five commercial banks in the United States controlled only 12.8 percent of total U.S. bank assets in 1985.”(54) Despite this concentration of capital, the interest rates offered on certificates of deposit are very highly correlated with each other across borders in the major imperialist countries. That means each major bank takes a substantial risk that its depositors will leave the country if competitive rates of interest are not offered. Given that a bank cannot set its interest rate in an imperialist country, it has an increased interest in arranging for collusion of finance capital on an international plane, and not nationally. Thus interest rates converge amongst the finance capitalists of various imperialist countries.

What is true of how banks have to attract deposits is also true about how banks have to attract borrowers. Quadrupling between 1980 and 1991 international bank loans reached \$3.6 trillion.(55) In statistic after statistic, Marston shows that the finance capitalists rush around the world to find any of the quickie profit differences they can. If it is cheaper to borrow British money in Paris than in London, the capitalists quickly take care of that

difference by raising demand in Paris. The only thing the finance capitalists cannot completely control yet is profits and losses caused by changes in the exchange rate between currencies. Finance capitalists who could really master this problem would make tremendous profits, but still the job is perpetually left undone, because huge losses are also possible. Even in this problem, however, the finance capitalists have found a way to remove the whole uncertainty of exchange rates: they swap promises with each other to trade currencies at a set rate some day in the future. Hence, if they want to, the finance capitalists can undertake their deals without worrying about how the exchange rate will change. All in all, we have to agree with Marston: "If the major financial markets were completely deregulated and international capital flows were liberalized, the only notable interest differentials to be found would be those between currencies. Those interest differentials would depend primarily on expected changes in exchange rates. Today deregulation and liberalization have progressed to the point that such an idealized world is close to reality, at least with respect to some financial instruments in each national market."(56) Indeed, the fact of international banking integration was made into a treaty of 10 imperialist countries in 1988 after England and the United States signed their own deal in 1987. Now the standards for what portion of reserves a bank can keep relative to its loans is the same in all of the "G-10" countries. That means each country put aside its own desire to obtain specific competitive advantages for its banks and agreed to play by common rules and regulatory theories. Had the other 8 industrialized countries not joined the United States and England in their treaty, the two would have cut them out of their banking markets.(57)

One of the backhanded admissions that the Marston study makes is important to communists. It turns out that an advanced industrial country can put effective controls on capital. This is seen now with the difference made by the removal of old capital controls. Capital cannot flow out of an advanced industrial country at no cost if the government decides to place capital controls.(58) Some capital will evade the law, but not all of it. This idea is also important to the social-democrats, who argue that capital will "go on strike" or AWOL if there is too radical a change of government. We would add that a government with a real People's Army would be even more difficult for former capitalists to evade under a dictatorship of the proletariat in an isolated advanced industrial country. Until there is a global communist system, some capitalists will be able to escape with some of their wealth when conditions arise that they do not like.

The exception to the integration of finance capital internationally is the case of the rising would-be imperialists not accepted by the existing gang of

imperialists--perhaps Chinese social-imperialism for instance. China is not yet included in the statistics on the advanced industrial countries, because it is still too different.

Besides the end of colonialism and the radical expansion of the flow of capital across borders, there are numerous historical factors contributing to the integration of the overwhelming majority of imperialist states. Western Europe, the United States and Japan also shared some history of alliance. The U.S.-led imperialist bloc was open within itself and relatively closed to Soviet social-imperialist operation. Likewise, the Soviet bloc was relatively impermeable to the the U.S.-led bloc; although there were always business exceptions made on both sides of the Berlin Wall. Soviet monopoly capitalists operated in the West and Western monopoly capitalists operated in the Soviet bloc. Things such as détente did pave the way for the Soviet social-imperialists to attempt to try a life as ordinary Western-style imperialists.

If capital is allowed free flow between places, as it is in the 1990s, we can expect the rate of profits and superprofits to become similar across those places. If the profit rises somewhere, the capital will flow to that place from all over the world, if there are no political obstacles. In fact, if there are political obstacles, if the profit differential is great enough, the capitalists wishing to invest where there are political obstacles will see to the removal of those obstacles through bribery or war. The long-standing freedom of movement for capital that has existed within the old Western imperialist bloc led by the United States against the old Soviet social-imperialists is the major reason that MIM believes it proved the nature of the Western European class structure in MIM Theory #1. U.S. imperialism is such a large share of imperialism overall that what is true for it is likely true in European imperialism as well.(59)

Even more important in this process than the openness of the neo-colonies is the openness of the imperialist countries. If American capital is heavily invested in Latin America, then French capital can share in the swag from Latin America simply by investing in the United States. Japanese banks can and do buy interest-bearing securities in the United States and collect a share of the loot wherever the U.S. monopoly capitalists got it. In the private sector, other imperialists can also integrate themselves with U.S. imperialism. By 1990, the Japanese owned 14 percent of U.S. banking assets and 30 percent of California's outstanding loans.(60) Then President Bush found it necessary to defend the interpenetration of capital: "Don't get so concerned over foreign ownership that you undermine the securities markets

in this country. We have horrendous deficits, and foreign capital joins domestic capital in financing these deficits.”(61)

Although the United States is the military power that could have pretensions to closing off entire regions of business operation to other powers, in fact, the limited extent to which this occurs is vitiated by the fact that imperialists are even more heavily invested in the United States than they are in the neo-colonies directly. Exceptions tend to be countries like Cuba, Libya, Iran and Iraq. In each of these countries the United States attempts to use military and political power to control the penetration by other imperialist countries. However, even in those rare cases, the other imperialist countries sometimes do stay out completely as they did in Iraq for a brief period of year or they go in and American investors can play the same game in reverse: whatever superprofits the other imperialists may obtain end up being shared through the American capitalists' investments in Europe. The idea that Canada and Europe will pick up on business in Cuba while the United States will miss out on opportunities to make profit is true only to a very limited degree, because of the high American penetration of the Canadian economy for instance. In Canada, the Walmart sells Cuban pajamas that its parent in the United States cannot sell thanks to special American anti-Cuba laws. Hence, capital with the same national identity can have different political faces.

At the most abstract level, the fact that each imperialist country's central bank buys securities or currencies from the others' central banks guarantees that no Cuba-style examples accrue too much to any one imperialist in the current period. If Canadian imperialists collect superprofits from their operations in Cuba, then the imperialists all over the world rush to buy the Canadian stocks and force up the price of the stock. That decreases the Canadian profit rate to normal for the imperialist bloc overall. If a Canadian bank does more business with profitable companies with operations in Cuba, capital rushes into that bank, perhaps changing its national composition. The interest rate that an imperialist government pays on its bonds is in some ways an indication of the profit rate nationally. Even in this most general form of profit-sharing, the imperialists conduct extensive and sophisticated trade. From time to time the New York Times will complain how difficult it is for European and American imperialists to operate in Japan, but that is a case we will handle later.

The imperialist chauvinist-economists and the imperialist media interpret the investment of imperialists in each others' economies as a matter of the vaunted productivity of European and American workers, always turning up somewhere and guaranteeing a new investment's success. What is really

happening instead is two things: 1) The imperialists find it convenient to win over the labor aristocracies of foreign imperialists by setting up operations in the foreign imperialist countries. For example, Japan sets up car factories in the United States in an effort to extend the U.S. imperialist labor aristocracy's alliance to imperialism in general and not just U.S. imperialism. It is harder for an American worker to go on a Japan-bashing craze when Japanese capital is putting the gravy in his/her trough. For example, Tennessee competes with other states in the United States to obtain Japanese investment. In 1987, Japan had 47 facilities and 10,000 workers there. Such investment is enough to attract a governor's attention. The governors then lobby in Congress for favors for foreign investors.(62) 2) The real opportunity for profit comes from buying cheap labor-power and other primary and semi-finished resources in the Third World and selling in the imperialist countries. This may appear to be the vaunted "productivity" of the sales and banking staffs of imperialist countries, but in reality it is just business as usual between the imperialist countries and the neo-colonies where the capitalists have increased mobility within the imperialist countries.

At this time, the major imperialists are characterized more by interpenetration than by unevenness of opportunity for superexploitation. Social-democrats and linear-minded economists have concluded that Lenin was wrong, because imperialism is not a NET exporter of capital to the Third World. From MIM's point of view, this is a misunderstanding of dialectics. To reach the stage where export of capital is necessary to preserve the profit rate is characteristic of imperialism. There is nothing in dialectics that says the imperialists succeed in exporting their crisis. For capital to come back in the form of profits and super-profits which contribute to further crisis is what we expect from a theory of disequilibrium. The social-democrats always expect stability and so they called Lenin wrong for saying imperialism exports capital, just because there is no net outflow!

The major threats to the interpenetration of imperialist capital on the horizon are NAFTA, the European Union (EU),(63) the general rise of capitalism in East Asia, any would-be imperialist excluded from existing trade treaties and possibly NATO depending on how Russian imperialism is handled. The GATT and now its World Trade Organization (WTO) is the one structure for creating treaties binding imperialists together in trade that is the largest continuing force for homogenization. A previous incarnation of the WTO called the ITO failed to be born after World War II, because the U.S. Congress would not ratify it. The stronger the WTO and other international organizations, the more we can say that there is

homogenization and a global conflict of the imperialists against the Third World. However, it is important to note that even with a GATT and WTO, the threat of imperialist government tariffs and quotas exist anyway, because the WTO will have no army to enforce its will. This fact colors the very “free trade” negotiations amongst the capitalists, because they would rather accept informal quotas or provide other perks than see a country exclude them completely by tossing aside the GATT. Hence, there are still power issues in trade beyond the preferences of consumers. If one small country gets out of line, there are many others to trade with, but the larger markets are difficult to replace.

The major political forces pushing toward a return to separate spheres of national influence for each imperialism are the labor aristocracies of each country and the bourgeoisie of each country unable to compete on an international plane. The more capital forms one interpenetrating whole complete with pretensions to world government, the more the spokespeople for the labor aristocracy protest--Le Pen, Jospin, fascists, AFL-CIO leaders etc. Likewise, those politicians representing profoundly local capital such as Senator Strom Thurmond, Jesse Helms or Ross Perot, they also complain more and more by asking for protective tariffs and the scotching of GATT, NAFTA etc.(64) Local capital stuck in its position of holding fixed assets--”c”--they cannot sell and labor aristocracies everywhere are the direct political pressure for inter-imperialist war. Such pressures for war internally and externally are inevitable under any class society. The bourgeois internationalists’ pipe dream of world government and trade without tariffs and taxes will be resisted by those with jobs and property threatened by such an arrangement. World self-government (internationalist harmony) and free trade are only possible under communism.

Meanwhile bourgeois internationalists such as Nelson Rockefeller, Jimmy Carter, George Bush, Bill Clinton, Bob Dole, Francois Mitterand, John Major, Tony Blair and Helmut Kohl--these imperialists share a vision of international imperialist cooperation to exploit first pioneered by arch-revisionist Karl Kautsky. They favor equal opportunity exploitation for people of all countries and they have the momentum in their creation of rudimentary forms of world government.

One of their major difficulties is maintaining their power while keeping the labor aristocracies of their home base countries happy. From the point of view of finance capital, it can jump ship anytime it is invested somewhere there is a loser. Likewise, the free-trade ideologues sponsored by finance capital correctly believe that war occurs when economic losers refuse to

compete strictly economically without war. Their only solution is to tell labor aristocracies and failed capitalists everywhere to stay the course and not give up economic competition. The Dean of the Massachusetts Institute of Technology (MIT) Sloan School of Management, Lester C. Thurow is one of those who like Lenin understands the interrelationship of trade and war. His book is titled, “Head to Head: The Coming Economic Battle Among Japan, Europe and America.” The first sentence of the book jacket is “The most decisive war of the century is being waged right now. . . and we may have already decided to lose.” Thurow tries to explain that it is better to stay in competition than go to war, by which he means inter-imperialist war: “The winner builds the world’s best products and enjoys the world’s highest standard of living. The loser gets to buy some of those best products--but not as many as the winner. Relative to the military confrontations of the past century, both the winners and the losers are winners in the economic game ahead. Being aggressively invaded by well-made Japanese or German products from firms that intend to conquer American markets is not at all equivalent to the threat of a military invasion.”(65) “Win or lose,” play the game the bourgeois internationalists say and show good sporting behavior.

While the labor aristocracies and uncompetitive national capitalists take up nationalism and lash out in all directions, the bourgeois internationalists focus their energies on holding the lid on those with little capital, which today means the Third World. They will be the ones wanting the UN to intervene in Somalia, Rwanda, Kampuchea and everywhere else the desperately poor resist imperialism. The intervention of the UN in places previously thought not to be appropriate places for intervention by the UN--Somalia, Bosnia, Iraq etc.--reflects the increased interweaving of imperialist capital and the dissolution of both the socialist bloc and its successor social-imperialist bloc. Whereas UN intervention in Korea was the exception of the time, in the future, the UN under bourgeois internationalist leadership will try to make Korea the rule and not the exception. In this agenda of war only on the oppressed nations, the bourgeois internationalists can be assured of a good degree of labor aristocracy support, compared with other aspects of world government opening the labor aristocracy up to competition.

In the same book and page proclaiming the globalization of economics and “economic interdependence among nations,” the ruling class think tank the Brookings Institution put forward that “increasing economic integration among nations will continue to erode differences among national economies and undermine the autonomy of national governments.”(66) Thus the world government and neo-colonial agenda are in the open.

The preponderance of the imperialists being in unity also helps them in imposing trading conditions on the Third World. After the Uruguay round of GATT discussions in 1994 which lowered average industrial tariffs from 6 percent to 4 percent, the imperialists managed to make countries sign all the agreements connected with services and intellectual property--GATS and TRIPS respectively--or they could not join GATT at all.(67) Those that do not join GATT face prohibitive tariffs or quotas that set a country at a distinct competitive disadvantage in international trade. In a poor capitalist country, that can mean serious suffering for the people immediately.

The speed at which the imperialists force world government down the labor aristocracy's throat is determined by the degree of class struggle waged in the Third World against imperialism. If there were no violent class struggle between the Third World and the imperialists and a free source of surplus-value from outer space appeared, the imperialists could afford to tread slowly and gently--waiting till the interpenetration of international capital is completely even in terms of national composition. Already it is difficult to know in which country a car in the United States was really made, especially when a decomposition into parts is done. In addition, as time passes, the older generations of more chauvinist workers resistant to imperialist homogenization die off and newer generations of workers realizing their dependence on world trade for their labor aristocracy position arise. Nonetheless, the imperialists feel the pressures inherent to capitalist relations of production--pressures which lead to international violence on behalf of international finance capital.

Compared with Lenin's day, 1997 shows one aspect of Kautsky's theory of super-imperialism has become less far-fetched. That aspect is the unification of imperialism and the amelioration of national conflict amongst the imperialist capitals. The end of strict colonialism in which imperialists were iced out of competitor colonies completely has ended. Not to mention trade, massive cross-national investment amongst imperialists has become a reality. For example, in a mere five years between 1988 and 1992, the other imperialists increased their direct investment in the United States by over \$100 billion or one-third.(68) Four bourgeois economists have summed this up nicely:

“Most multinational investment is also directed toward other wealthy countries: in 1985, three-quarters of this stock of foreign assets was located in the industrial countries. The only exception to this pattern is Japan, which held nearly half of its overseas assets in developing countries. Of the \$159 billion of private foreign assets located in developing countries, half was

in Latin America and close to a third in Asia.”(69) The economists go on to point out that in the early 1980s, the United States was the place to receive almost 40 percent of all the world's direct investment. The trend of U.S. openness to foreign investment continues and is the most central fact about this era of imperialist bloc dynamics compared with previous ones historically. Seeking to maintain its imperialist top dog position, the U.S. imperialists have essentially told the other would-be competitors that they can have a proportionate share of the super-profits by investing directly in the U.S. economy themselves. Already the profits other imperialists repatriate from the United States exceed the profits the U.S. repatriates (which is not to say the U.S. imperialists do not have other ways of transferring value to the United States). This is especially appropriate to the bourgeois internationalist way of thinking, because the U.S. is the leading military power. By opening to foreign capital, the United States is saying to the other imperialists not to worry about being cut out of business because of military power. In exchange, U.S. imperialism expects support for UN take-over and legitimation of previous U.S. functions against the Third World.

The trend of interweaving of imperialist capital goes along with an acceleration of the gap between the Third World and the imperialist countries, and for this reason, Kautsky's theories are invalid on a grander scale than in Lenin's day. The fact that most investment occurs in the imperialist countries speaks to the decadence of this stage of capitalism where the focus is increasingly on realizing surplus-value and not on production itself. Both the interweaving of imperialist capital and expansion of the labor aristocracy spell the doom of imperialism's viability all the faster, because neither activity generates surplus-value.

There are those who would claim to follow Marx and not Lenin that say that Lenin was wrong about finance capital being the dominant sector of imperialism. These anti-Leninists are wrong, because no industrial capitalist can avoid the competition engendered by banking capital's activities, and because as Poulantzas points out, it is wrong to separate industrial and banking capital. The only exceptions are those commodity-producing capitalists about to go out of business. For that matter, the CEOs and treasurers of industrial corporations have increasingly taken on direct functions of banking capital and not industrial capital. Marston shows how IBM actually pioneered the exchange rate swap future by which fluctuations in exchange rates are eliminated in cross-country operations. Other companies are known for buying companies not because they have anything to do with their own line of business, but simply because they

are profitable. Moreover, Marston has shown that industrial corporations internationally float their own bonds increasingly based on their future profit flows, so industrial capital is thus converted to liquid forms of finance capital. Bankers who refuse to assist with the creation of liquidity for industrial capital simply lose the business to other bankers. Bankers think like treasurers and treasurers think like bankers to such a degree it is meaningless to draw the distinction, except in Japan where the government has consciously empowered the industrial capital side of finance capital. This should be thought of as a faction of finance capital's thinking on competition. Other finance capitalists also compete for market share, just by less conscious design.

The United States is especially oriented toward finance capital, relative to industrial capital. Citing Dean Baker of the Economic Policy Institute, William Greider also shows that industrial capital in the United States has increasingly lost its power to finance capital. "The retained earnings that corporations traditionally held for future capital investments had declined drastically as a percentage of profits since the 1970s. Corporate profits were 34 percent of corporate debt in 1960; by 1990, profits were only 15 percent of debt. In that sense, the corporate managers had lost real power--the power to make capital decisions on their own, independent of the discipline from financial markets."(70) When in July, 1984 ITT announced "it was cutting its dividend by nearly two-thirds so that it could afford heavy investments in the U.S. telecommunications business, the stock price dropped by roughly a third in one day, making ITT a prime takeover target."(71) Numerous CEOs have been fired for similar reasons. The average return to bondholders is now in the 8 percent range, which is five times the average for the century according to Greider, and despite this in the last several years central bankers everywhere are doing what they can to make credit tight and expensive. In fact, if it were not for interest payments to bond-holders, the U.\$ government would be running a budget surplus of \$100 billion in 1996. This also means that central bankers are deliberately causing budget deficits as a political means of forcing savings, putting pressure on the welfare state and stimulating the spirits of bond-holders. (72) MIM agrees with Greider that we do not care about the budget deficits. Let the bondholders not be paid. That would be a redistribution of wealth. Cutting interest rates and taxing the return on bonds is an example of a progressive reform, but capitalism might not be able to sustain it, because there might not be enough reason within the system for saving or investment to occur. On the other hand, to continue to pay the bondholders is to choke the economy. The power of bond-holders today could be no greater vindication of Lenin's theory of imperialism as the highest stage of capitalism and dominated by

finance capital.

Other limitations with regard to Kautskyian and bourgeois globalization theory are numerous. Russian and Chinese imperialism are the most concrete manifestations of contradictions for the integration of finance capital. Most bourgeois economists will admit that labor is not free to cross borders, and hence is not a "mobile factor" in a global free market. Thus we say there is no globally integrated market for labor-power.(73) Moreover, it is true that imperialist capital can now penetrate pretty much every nook and cranny, but we would prefer to limit talk of finance capital integration to discussion of the imperialist countries. The meaning of counting the Third World as integrated into finance capitalism is clouded by the stunted development of a bourgeoisie in the Third World. While it is true that imperialists may be able to borrow money to use in a Third World country, and occasionally at the international going rate, it would be difficult to describe under what circumstances the national bourgeoisie of the Third World would be able to do the same thing.(74) We limit our conclusion to saying that the vast preponderance of imperialist capital is integrated and this is a new and important development fully conforming to Lenin's theses.

2. Dialectics of pre-capitalism and proletarian movements: new and massive sources of surplus-value

"We cannot say whether Asia will have time before the downfall of capitalism to become crystallized into a system of independent national states, like Europe; but it remains an undisputed fact that capitalism, having awakened Asia, has called forth national movements everywhere. . . . The example of the Balkans and the example of Asia prove that Kautsky's proposition is absolutely correct: the national state is the rule and the 'norm' of capitalism. . . . The best conditions for the development of capitalism are undoubtedly provided by the national state."—Lenin, 1914 (75)

Aiding the process of financial capital's international integration is a relatively favorable international situation with regard to the extraction of surplus-value. In a period where the total global or regional surplus-value is contracting, reactionary bourgeois nationalism arises and the designs of the bourgeois internationalists have to go on the back-burner. As it turns out, new sources of surplus-value have arisen since World War II and they have allowed the finance capitalists to go ahead with a relatively aggressive bourgeois internationalist agenda. This notion is contrary to that of some "general crisis" theorists who have been crying "wolf" since the Depression of 1929.(76) There are no statistics to back the idea that the global economy

is continually shrinking. The growth rate of the industrial countries of the OECD has fallen 50 percent since the 1970s, but there is still economic growth. However, it is true that without the new sources of surplus-value opened up in East Asia, it is unlikely capitalism would be growing at all in the OECD. Imperialism has no dynamism of its own and has to be bailed out by pre-imperialist capitalism.

Dialectically-speaking, the success of capitalism in accumulation gives rise to its own demise. As Lenin explained so clearly, imperialism is capitalism in its decadent phase. In some countries, the bourgeoisie does not get a chance to grow strong, and remnants of feudalism persist, because of the decadence of imperialism, which coexists alongside pre-capitalist formations. As Marx predicted, in such a situation, the proletariat would have to lead the bourgeois revolution against feudalism. According to Stalin the agrarian question was at the center of the national question, so it was that nationalism and smashing the landlords went together in Asia.

It turns out that communist-led movements are almost the only ones able to drag forward societies with significant pre-capitalist remnants in the era of imperialism.(77) The single largest injection of surplus-value into the capitalist system has been in China since the restoration of capitalism there in 1976. However, before that restoration occurred, China had to go through a socialist stage in which imperialist puppet regimes defending feudalism had to be swept away. If it had not been for the communist movement, China and the rest of East Asia would still be choking under landlord rule, the way the Philippines is. The countries experienced the most violent class struggles mid-way through the 20th century are now the ones experiencing the most economic growth and greatest gains in life expectancy.

The ruling class's own presses recognize the truth of the situation in the Philippines, which is all the more striking for being in East Asia but typical of the world as a whole, unlike the handful of East Asian countries and city-states that experienced serious land reform or did not need it: "The Philippines, although geographically in East Asia has not adopted shared growth as a principle of legitimation. No government, for example, has succeeded in implementing a wide-ranging land reform. . . . The reasons are laid out in various historical accounts. . . . The gist of these is that the United States traded military and financial support of the local elite, whose wealth had always been based on land (a legacy of Spanish colonialism), for continued long-term use of the two largest U.S. military bases outside the United States—Clark Air Force Base and Subic Bay Naval Base. This in turn attracted large inflows of U.S. investments, which were likely to be

lost in the event of a communist takeover. Consequently, Philippine regimes could count more reliably on the United States for support in combating communist insurgency.”(78) The above statement shows that the ruling class is conscious that the change of mode of production is what causes economic growth and that U.S. military politics have sided with local landed elites. The authors of the above statement are a World Bank economist and a member of the right-wing think tank the Hoover Institution. The book was published by the ruling class centrist to center-right Brookings Institute and was partly intended to appease the Japanese for making financial contributions to the World Bank while hearing too much free market rhetoric from their Anglo-Saxon partners. In a way, the book is a consensus position of imperialism.

There is also evidence that high-ranking government officials in both Japan and the United States know what the hold-up is in the Philippines. The Japanese parliament member and statespersyn Shintaro Ishihara said that U.S. Congresspersyn and chair of the House subcommittee on Asian and Pacific Affairs Stephen J. Solarz asked Japan to fund a confiscation of land in the Philippines. The money would go to buy-off the landed elite so it would not oppose the land reform.

Ishihara believed that it was not possible, because of where the money would end up and he was in favor of having the Filipinos “resolve their own social contradictions.” He added that “to help the Philippines, first the malefactors have to be identified: the landowners. This class, with its vast holdings and absurd privileges, plundered wealth from the people. I have no sympathy with this exploitative elite. Unless a far-reaching land reform like the one in Japan after World War II is carried out, rural desperation will spawn radical, violent agrarian movements. Without the stability of social justice and a middle class, the landlords, too, will be insecure. If the military take power and adopt leftist policies—confiscation, nationalization—that will be the end of the big landowners.”(79) Hence, we can see that even though both U.S. and Japanese imperialists know what the problem is, they cannot do anything about it. They thereby justify the communists, while hoping that the imperialist-backed military does the job instead of the communists, if only to retain their own influence in the Philippines. Thus far, they have pinned their hopes on Ramos, but those proved to be misplaced hopes.

Other than the “People’s Republic” of China, we should mention five other lifesavers or life-rafts afloat in the sea of capitalist failures in the world, totaling easily over 150 countries. Japan, Hong Kong, Singapore, Korea and

Taiwan are the life-rafts of capitalism that we speak of. Dialectically and ironically-speaking it was the communist-led movement that made these capitalist successes possible—directly in the cases of Taiwan, Korea and China and indirectly in the cases of Hong Kong, Singapore and Japan.

Japan was one of the world's earliest industrializers, but its real contribution to the dynamism of global capitalism occurred after World War II. The reason is simple—the mode of production. In Japan, U.S. troops sought to wipe out the power of militarists who pushed Japan into war against the United States. This meant wiping out the landed class.(80) For the reason of an historical accident of war, the United States carried out a revolution in Japan, a transformation of the mode of production. Since that time, Japan's productive forces have been unleashed and Japan has taken the lead of the capitalist world, not because of the Marshall Plan, but mainly because of the improvement in the mode of production. That is proved by the fact that other Asian countries are also “succeeding” without having had a Marshall Plan.

Hence, Japan changed its mode of production under the bayonet of U.S. occupation troops, who were watching Mao in China carry out land reform movements while fighting a corrupt and military KMT (Guomindang party). In Korea, communists did the same thing. They carried out a land reform before being driven back by U.S. troops, and again, the U.S. having just witnessed what Mao did in China, essentially sanctioned what the communists did in that one area—land reform. Once defeated, the KMT in Taiwan did the same thing: it gave up its landlord outlook and carried out land reform, but there is no way that the KMT or the United States would have learned anything if it were not for Mao's movement creating so much pressure in East Asia.

Subsequent to land reform, statistical measures of inequality show that southern Korea and Taiwan had the lowest inequality of all developing nations. Now along with Japan,(81) they continue with that status whereby they are much closer to Mao's China in economic inequality than they are to Mexico or Brazil.(82) Contrary to the bourgeois idea that increased inequality spurs higher production, by creating incentives not to be “lazy,” the truth is that when all the rewards for working go to the top, the bottom is less productive, and it is much more important to spur the many than to spur the elite few when it comes to developing an economy.

Of the remaining dynamos in East Asia, Hong Kong and Singapore are both cities, and did not need land reform, but they benefited from the pressure

Mao brought to bear on landlords across Asia. Neither Hong Kong nor Singapore could have prospered without being hubs of prospering areas. Thus, to understand what dynamism there has been within the capitalist system in the latter half of the 20th century we only need to know one thing: which country carried out land reforms and broke the back of the landlord class? We do not need complicated individual cultural theories for each economic success. For example, there are those who attribute the success of modernization in East Asia to “Confucianism.”(83) They neglect the countries where Confucianism did not bring modernization, but more importantly, they use a very inefficient theory with respect to time. Confucianism has been around for thousands of years, so we have to ask why it only succeeded in being associated with economic leadership in recent decades and at one point earlier in the millenium. In fact, in the countries involved, Confucianism had to be weakened before economic success occurred.

Capitalism gave rise to communist movements that in turn extended the life of capitalism by advancing the mode of production in a handful of important countries. It is time to acknowledge that the “Four Tigers” are indeed successes by capitalist standards. Certainly that success is tenuous, but regular imperialist countries have crises and problems too, so the doubts of many(84) concerning the East Asian exceptions of capitalist development should be put aside. There will not be any restoration of semi-feudalism in these countries and their success is genuine—thanks to the violent class struggles in those countries that occurred in the 20th century.

Yet, for every capitalist success there have been at least 20 failures,(85) with many more countries getting poorer than booming like the “Little Dragons.” If the species survives capitalist wars and environmental degradation, it is possible that communist movements will wipe out every last bit of pre-capitalism on the earth before capitalism itself also dies. That is in some ways a worst-case scenario of incremental change. We hope to speed up history a few hundred years, so that we do not reach the end of capitalism only after the invention of Star Trek replicators and the abolition of every last speck of pre-capitalism. For now, the finance capitalists have been aided in their World Government schemes by a huge injection of surplus-value from East Asian countries that changed their modes of production through war and revolution.

In the old days of colonialism, if a country changed its mode of production and started exporting industrial goods, other colonial countries would shut their markets by force. Conversely if a country like Japan did not want to

import goods, the navy of the colonialist country launched an attack and secured a trade treaty. In the imperialism that has developed since 1880, this changed very slowly, such that force used by one imperialist is almost always good enough reason for other imperialists to be involved in the plunder. In the dialectical process of struggle, it is not just the proletariat that learns. The bourgeoisie also learns to a lesser degree, for instance how to struggle within a society with a dictatorship of the proletariat.

The other major learning of the imperialists comes in connection to imperialist wars. Even bourgeois historians are often willing to admit that World War I was a matter of trade blocs and colonialism at root. The bourgeoisie also suffered its first losses, most especially in Russia with the revolution of 1917 in the midst of world war. By the end of World War II, the U.S. imperialists were determined to learn their lessons.(86) Not only did they occasionally back land reform when it was handed to them on a silver platter of war and revolution, but also the imperialists decided to push for the utopian ideas of “free trade” espoused by bourgeois economists of centuries.

“King Cotton” William Clayton was the first concrete embodiment of lessons learned by imperialism in the post-World War II era. Clayton was a bourgeois internationalist, because he had 123 warehouses scattered around the world with subsidiaries in Mexico, Peru, Argentina, Paraguay, Brazil and Egypt. He joined the Franklin D. Roosevelt administration during World War II. Truman asked him several times to become Secretary of State, but Clayton settled for organizing the ITO and the General Agreement on Tariffs and Trade (GATT), which started with 18 non-communist countries in 1947. According to him, World War I was about colonies and World War II--aside from being an extension of World War I--was brought about by trade barriers.(87) The Hawley-Smoot Tariff Act in the United States set the highest tariffs in U.S. history during the Depression. Already during World War II, King Cotton was arguing for the eradication of tariffs after the war. After the war, in November, 1947, Clayton had the Truman administration’s support and he set about colossal global negotiations. “‘If we are to bring about world peace . . . and prevent World War III’ the effort ‘must be based primarily on economic collaboration.’”(88) Thus right inside the ruling class we can see a clear and conscious advocacy of inter-imperialist collaboration that colored the post-World War II era. To be sure, this faction of the bourgeoisie had to beat back the protectionist faction, including its attempts to label Clayton’s negotiating team infiltrated by communists.(89)

The highest theoretical expression of what the imperialists have learned

from two world wars of inter-imperialist rivalry is game theory. A ruling-class author, Miles Kahler has mentioned game theory in respect to the establishment of trading blocs and tariffs.(90) The bottom line question for these bourgeois think tanks is: is there more to be gained by attacking my imperialist rivals or by collaborating with them? After World War II, the U.S. government tried to put forward an aggressive face of imperialist collusion once it achieved unquestioned dominance of England, France and Germany. In East Asia this is especially clear. After so many bourgeois and landlord governments fell, the penalty of communist revolution become too much for imperialism to bear, and it embarked on a cooperative relationship with Korea, Taiwan(91) and Japan that was not possible in the earlier years of imperialism. Instead of attacking capitalist rivals, the U.S. imperialists raised themselves to higher levels of cooperation in the name of the Cold War. Although he would have sought cooperation with Europe anyway, as time went on King Cotton’s deputy chief, the Quaker economics professor Clair Wilcox also had the Cold War to point to for inter-imperialist collaboration: “It certainly is not going to be in our interest. . . to have the non-Russian part of the world split up into a lot of small units that can be picked off and communized one by one.”(92)

This theme continued throughout the post-World War II era. In the Kennedy administration starting 1960, octogenerian King Cotton continued on with help from Christian Herter, who co-authored a paper with him saying the United States should unilaterally drop tariffs on imports from poor countries so that they do not go communist. In a similar, idea, since 1991, the United States supposedly has given the Andean countries a break on tariffs with the theory it would offer a substitute for cocaine exports. Another program in started in 1976 sets up a Generalized System of Preferences (GSP) that makes imports to the United States tariff-free. The main beneficiaries are Brazil, India, Indonesia, Malaysia, the Philippines and Thailand. One other program aimed at economic recovery favors imports from the Caribbean.(93)

In his day, Kennedy himself appears to have put forward the idea of cutting GATT tariffs 50 percent, starting with Europe, just to make sure Europe did not drift away. At the time, the head of the AFL-CIO George Meany so enjoyed the anti-communist message that he assured Kennedy and the State Department bourgeois internationalists “‘1,000 percent’” cooperation.(94) It is only recently with the demise of the Soviet Union that the labor union opposes free-trade.

Merchandise exports to the world in 1990 constant dollars, billions(95)(96)

| Country | 1950 | 1973 | 1992 |
|--|------|-------|-------|
| China except Taiwan, Hong Kong & Macau | 6.34 | 11.68 | 84.94 |
| Taiwan Province of China | 0.18 | 5.76 | 82.21 |
| U.\$.-occupied Korea | 0.11 | 7.89 | 77.80 |

By 1980 foreign trade amounted to 25 percent of the U.\$.. Gross National Product (GNP), which is quintuple the portion it was in 1960. On various occasions over the decades, the State Department, military intelligence, National Security Council or the President overruled trade war actions for the benefit of anti-Soviet political unity. (97) Despite some weakening in the Nixon and Reagan administrations,(98) the free trade ideas of King Cotton increasingly carried the day from 1947 to the administration of Bill Clinton today, which seeks free trade deals for slightly different reasons than in the past.(99)

Now with the Soviet Union gone, the question arises whether the U.\$.. imperialists and others will be able to maintain this cooperation and move to world government through the WTO, UN, World Bank and IMF. Fortunately for the imperialists, just as the political basis for their unity crumbles, they gain new injections from the old Soviet bloc and especially from China which came on strong in the 1980s and 1990s as an exporter of surplus-value. To get an idea of the potential surplus-value extracted from China alone, China has more than four times as many productive sector workers as the United States generating surplus-value, but China’s income is equal to that of New York, and less than that of California. Furthermore, “the Anglo-French investor James Goldsmith has calculated that the cost of one Frenchman was equivalent to forty-seven Vietnamese. If humanity was to be measured on that rude scale, one American machinist was worth about sixty Chinese machinists.” (100) Thus China alone is potentially injecting trillions in super-profits and profits into the system. It is getting paid what New Yorkers are getting paid, but it is producing more surplus-value than all of the imperialist countries put together, because it has more than twice the total manufacturing employment of the OECD nations combined and it has a higher exploitation rate. On that basis alone we could estimate realized and unrealized surplus-value at \$15 trillion a year from China. As we shall see later, the imperialists desperately needed that shot in the arm in the 1980s thanks to white-collar parasitism.

In summary, there is a strong basis for imperialist world government based

on the underlying integration of finance capital. The chances of bringing along the imperialist country labor-aristocracy for the ride hinged on capital’s ability to offer new parasitic jobs instead of old productive sector jobs. In that regard the dynamism of East Asia’s capitalism unleashed by land reform and new cooperative free trade policies based partly on the Cold War, hurt the oppressor nation industrial workers to some degree, but it also created the transfer of value that increased white-collar employment in the imperialist countries. The examples of the tiny “Four Tigers” of East Asia also gave capitalism a showcase for the rest of the developing world.

3. The competitive position of each imperialist and how it affects its view of inter-imperialist contention

In every imperialist country there are conditions that politicians can manipulate via nationalism. If conditions for nationalism exist, we can be sure politicians will arise to exploit it and voice it. The main voices of nationalism of specific imperialist countries as opposed to general “join the club” OECD chauvinism are the labor aristocracies of each country and the capitalists who are in immediate danger of being driven out of business, with their investments lost by competition. Before we turn to an examination of the possibilities of specific imperialist country implosions that would give rise to nationalism, we should point out that even small trade blocs such as NAFTA, APEC and the EU also get used by the finance capitalists to threaten other countries that they better get on-board with GATT or miss all the action. Hence, regional difficulties do not always spell doom for overarching imperialist arrangements, and may in some cases spur on tighter imperialist collaboration.

a. Japan’s competitive global position

Japan is called one part of the “triad” of imperialist powers, with Europe and the United States the other two legs. There is a plethora of books and articles written about how Japan goes along with free trade in rhetoric while destroying it in practice. Many of the authors are worried about the U.\$.. and European position competitively-speaking.

Toward the tail-end of the contention between the U.\$.. and Soviet blocs, trade tensions with the United States worsened. Had Gorbachev stayed in power and managed to contain domestic forces for open capitalism in the Soviet Union, he could have enjoyed an increasing alliance with Japan and eventually Germany. The United States had given Gorbachev’s new regime legitimacy and at least some in Japan’s ruling class were starting to

think that it was time to start threatening the United States with a switch of imperialist partners.

Out of just such fears the U.S. military translated a book by a Japanese parliament member named Shintaro Ishihara from Japanese into English. Stimulated by something Henry Kissinger said, Ishihara wrote that “Japan’s technological superiority gave it a decisive role no matter what space-based weapons systems Washington or Moscow created.”(101) The idea of Japanese technology linked to Soviet military power scared U.S. military intelligence. One trade between Japan and the Soviet Union in technology relevant to submarine technology was said to cost the United States \$30 billion, because that is how much it would cost to update the U.S. weaponry to meet the new Soviet threat of better submarines.(102)

On the other hand, the height of the ruling-class instigated Japan-bashing crescendo was at the same time in the United States--the late 1980s. Many believed that with Gorbachev in power, the next real Cold War would be with Japan. In October, 1989, Newsweek reported that most Americans viewed Japan as a greater threat than the Soviet Union.(103) An American author in 1990 said that the Japanese intelligence system in the United States rivals that of the KGB (the secret intelligence of the Soviet Union).(104) Ishihara says he was more or less threatened with a U.S.-Soviet alliance in a visit to Washington in April, 1987.(105) In contrast, he wanted a simple trade bloc, “the group of two,” which was the United States and Japan.(106)

One important reality behind the idea of such a bloc of two called the “G-2”(107) at the expense of the European powers is that the Japanese get around European tariffs by exporting from the United States. Political authorities in both Japan and the United States then rally behind the exports to Europe.

Without such a “G-2,” Ishihara predicts that the Japanese will ally with Russia over China. He wrongly predicted that Japanese funds would rush into Eastern Europe and make it “part of the global network of Japanese technology.” However, it is interesting to point out this line of thinking in Japan and its possible future relevance, because Ishihara predicted Japan would only start with investments in two East European countries, Czechoslovakia and Hungary.(108)

When confronted with global challenges, it is interesting how Ishihara casts his nationalism. It has a decided left-wing tinge, despite belonging to the supposedly more right-wing party of Japan, the Liberal Democratic

Party. While he is a “hawk” for wanting the Japanese to build their own military planes including the FSX, he says repeatedly that Japan could cut its military spending if the United States would only let it. When it comes to the class structure, he is proud of how Lech Walesa told him Japan is the perfect socialist society and he rails at U.S. executives for their disproportionate pay, even compared with other imperialist countries. He even includes the system of life-time employment as a recommendation for the United States.(109)

As for regional trade blocs, Japan is pushing for U.S. participation in APEC. Like other imperialists, Japan wants to be part of the best trade bloc and by itself Japan has doubts about APEC compared with either NAFTA or the EU. One reason often mentioned for Japanese reticence toward its own geographic area is that the Koreans and Chinese still hold lingering animosity toward Japan for historical reasons. One survey of Asians in 1992 shows that around 70 percent would like to see Japan take a bigger leadership role in the region, but that was not the opinion of the majority of Koreans and Chinese. With the Americans playing, others may be more willing to take up “free trade” in East Asia. If there is a threat to Japanese investment in U.S. bonds it comes from not just Japanese flirtation with Russia and Eastern Europe but investment in East Asia. In 1989, Japan already had 51 percent of all foreign investment in Korea, 24 percent in Thailand, 42 percent in Malaysia and 34 percent in Indonesia—all countries where the Japanese share was the largest of foreign investors.(110)

The Japanese call to the U.S. imperialists goes as follows: “It should be crystal clear to the United States that it is part of the Pacific community, a group of nations with far greater stability and potential than the rest of the Third World.”(111) This is pretty much a call to have NAFTA dumped in favor of Canadian and U.S. participation in APEC. The Japanese idea is to leave Central and Latin America behind, but if the United States leans away too far, Japan will make up for it with its moves via Russia and Eastern Europe. From Japan’s point of view, the United States might reject a Pacific trade bloc, but only because “persistent discrimination by the white power elite against Japan and other Asian countries will undermine U.S. leadership of the free world.”(112) The attractiveness of the Japanese call to the United States is bolstered by the fact that there were 33 million “affluent” customers in Asia in 1992 with incomes over \$30,000 annually. By the year 2000, they should number 50 million. Relative to the size of Asia’s population, it is less than 5 percent, and that should tell us something about the size of the traditional petty-bourgeoisie and labor aristocracy there, which is indeed a “thin stratum,” but relative to U.S. and European markets, 50 million

is nothing to sneeze at. By way of contrast, the top 500 multinational corporations of the world only employ 26 million people.(113) The response of the U.\$. ruling class has been to acknowledge that APEC is more than 50 percent of the world's income, but it also believes that after the loss of per capita income in the 1980s in capitalist Latin America, "the United States will benefit greatly from Latin America's resurgence."(114) Thus the United States plans to add Chile to NAFTA immediately and then expand it to the rest of Latin America by 2005.

There are many attractive aspects to Japanese ideology constructed for inter-imperialist rivalry and positioning for global leadership. It is decidedly anti-militarist and in this we should also give credit to the Japanese labor aristocracy for being a rare labor aristocracy to oppose militarism at least weakly in the imperialist countries. While attacking white racism, Ishihara also says Japan needs to become more cosmopolitan. Some intellectuals in Japan, including the president of Tokyo University are urging that Japan take the lead in global environmentalism and become known as the economic leader for environmentally sustainable production. Others say that compared with other advanced industrial powers, Japan should also be known for its construction aid to the Third World. No one is saying to challenge for military supremacy or other "hard" forms of political power. Rather the Japanese people were embarrassed by the Gulf War in Iraq, with the United States as the rent-a-cop and Japan as the automatic teller machine to fund it.(115)

Many chauvinists, including some harbored at the New York Times, believe that Japan will beat the United States at its own peaceful free trade game only because Japan cheats. The chauvinists receive some support from the figures of the 1980 to 1985 period that show that Japan only absorbed 0.3 billion dollars a year in direct investment from abroad.(116) On the other hand, one might also ask how many investors would be willing to put up with the low profit rates in Japan relative to those available abroad. Not the cost of using capital in Japan, but the profit rate in Japan is one snag to perfect integration of imperialism. That profit rate is low, because the Japanese capitalists are far above the average in re-investing in productive capacity. The main reason that there is no penetration of Japan by foreign capital is not cultural barriers put up by Japan. The main reason is simply that to compete foreign capital would have to invest at the Japanese rate and put up with the profit rate there.

"On average between 1976 and 1983, investment as a share of nominal GNP was 31 percent in Japan compared with 18 percent in the United

States, 20 percent in the United Kingdom, 22 percent in West Germany and 22 percent in France.' At the same time, however, operating profits as a percentage of sales in the manufacturing sector have declined steadily from some 9 percent in the early 1970s to a current level of around 3 percent. Indeed, one Japanese economist has argued that if 'proper valuation adjustments are fully applied [to capital assets]. . . Japanese rates of return may have been negative.'(117)

Some American capitalists have gone to Japan to buy stock in companies to force them to pursue a short-term profit orientation. It turns out that Japanese laws are nothing like American laws. Stockholders do not pick a board of directors that in turn hire managers of corporations. It's quite the other way around. The managers select the board of directors. In fact, shareholders do not even have much leverage over the dividend rate. They are lucky to receive small dividends.(118) Whereas 82 percent of after-tax profits went to shareholders in 1990 in the United States, the dividend yield in Japan was 0.43 percent.(119) Yet in a situation where there is so much capital and such a high savings rate, Japan's structure is appropriate. Even if Japan changed its laws, the underlying fact of life would be that Japanese capitalists would accumulate fixed capital faster and drive foreign capitalists out of business eventually anyway.

There is much hand-wringing over Japan's growth rate in recent decades, because it has gone beyond catching up with U.\$. imperialism to actually surpassing it at least in several areas. All kinds of complicated historical and cultural explanations are used, but from one point of view the reason for Japan's economic growth is very simple. It's accumulation rate has boosted its capital-labor ratio above that of the United States. One estimate puts half of Japan's labor productivity catch-up with the United States to its increased capital to labor ratio.(120) Some believe Japan will save less as it ages and face a labor shortage. Others believe the upcoming labor shortage will be an opportunity for Japanese wimmin to join the workforce and a chance for Japanese capitalism to shed some workers in some inefficient areas, like the distribution network.

Paid by Japanese Sanwa Bank to write his book on international finance capital integration, Richard C. Marston argues that one does not have to be in a country to buy all its financial instruments. Hence, capitalists operating in each advanced industrial country face the same costs for borrowing capital according to Marston, and other economists like Adrian Wood who assume such a fact for modeling convenience.(121)

From the perspective of the Japanese bourgeoisie, the international market does influence what goes on in Japan and it matters little that there is not much actual foreign capital there. The Japanese drive up the price of their stocks far above what they are in other countries already and their real estate prices are also much higher. When the yen is low, the exports increase, but when the yen is high, purchases of assets increase. Even when the Japanese government turns to direct internal stimulation of the Japanese economy, apparently there is some consumption stimulated, but most of the effect goes into purchases of assets within Japan. "The year 1987 is also known as the year of 'asset inflation'; the national average of land prices (as officially posted by the Land Agency) increased 25 percent during 1987, the largest increase in fifteen years. In particular, the land price in Tokyo increased 69 percent, the largest increase since the survey started in 1971." (122) It is common to hear that the cost of the Imperial Palace grounds is now more than all the real estate of Canada and all of Japan's real estate combined is equal to 60 percent of all real estate in the world by price. (123) A number of Japanese spokespeople and academics have tried to figure out how to increase the living standard of Japanese consumers by 20 to 40 percent, because that is what would seem necessary to bring those living standards into line with international prices; yet, so far, there is talk about reforms but only limited success in implementation. (124) Hence, on average foreign capital is not missing out on great deals in Japan at the moment. Now Japan is driving up U.S. and Australian real estate and stock prices and contributing as a main force behind the decline in the rate of profit.

Rather than think of the market in Japan itself, we should think of Japan as the dynamo of imperialist capital accumulation. In 1989, it held external assets of \$1.771 trillion and capital exports for that year were \$87.9 billion. More than any other imperialist country Japan invests in the Third World and its Third World investments are concentrated in manufacturing. Thus Japan is a true global force of accumulation and an important injector of surplus-value into the system through its profitable Third World operations. (125) As late as 1985, Japan was only third in foreign direct investment held in the world, with England second. (126) The \$1.771 trillion figure does not count liabilities, which is a measure of how tied up Japan is with the world it invests in. The figure known as "net assets" rose from a mere \$10.9 billion in 1981 to \$383 billion at the end of 1991, because external assets grew to surpass \$2 trillion that year. That made Japan number one in foreign investment. (127)

The race to direct investment in the imperialist world is most significant in the case of the United States, because the United States is the global

superpower that could have pretensions of cutting other imperialists out of the surplus-value by acts of force. Noteworthy in this regard is that Japan became the number one direct investor in the United States in 1992. (128)

More important is that Japanese money now plays a major role in the stock market and in the purchase of U.S. Government bonds. On June 23, 1997, Japanese Prime Minister Ryutaro Hashimoto caused a crash in the stock market indices by threatening to have the Japanese government sell its holdings of U.S. Treasury securities. The Japanese government owns \$500 billion in these Treasury notes, (129) which are bonds to cover the U.S. Government budget deficit. The sum of money is enough to cover two or three years of U.S. Government budget deficits. The Japanese insurance companies and banks own even more of the bonds that pay for the U.S. budget deficit. Just as the complaints about investment in Japan by the New York Times are mainly false, the likelihood of Japan's finding something more profitable and safe to put its money in is also low. Until East Asia is further along in development, Japan has its own economic interests tied up in propping up U.S. imperialism. When the Japanese Ministry of Finance saw how much trouble the Prime Minister's remarks caused, it went forward to take back the remarks. It assured the market that Japan would not be selling off U.S. Government bonds and causing a ruckus in the markets. (If the Japanese sold their \$500 billion in U.S. bonds, the interest rate would go up and the supply of dollars on the market would increase while the supply of yen decreases, which drives down the dollar. If the Japanese bought bonds elsewhere, the global interest rate would go back down and the net result would be higher interest rates paid to finance the U.S. deficit.)

Behind the Japanese imperialist outreach is the domestic accumulation of capital that long ago reached the breaking point. Each year, the Japanese save 15 percent of their income in what is called "holy poverty." On a per capita basis, the investment spending of Japan is twice that of the United States. (130) When Wall Street collapsed on October 19, 1987 to suffer its biggest ever one-day loss which was nearly 25 percent, the MOF had lunch with the four biggest Japanese banks. With a nod of the head from a MOF official, the Japanese stock market recovered its 15 percent loss, had its biggest trading day and rallied to start the boom of the rest of the 1980s. (131)

According to Marston, while the Japanese may have been last to lift certain capital controls amongst certain capitalist countries, they have been lifted. On one item of interest to communists, Marston shows that the industrial corporations are becoming more like bankers themselves.

Nothing more clearly demonstrates this than the growing role of corporate bonds, which are promises of corporations to pay debts with interest. The rate of such financing is now comparable in Japan to that of the level in France, while the United States is the furthest along in this partial morphing of industrial capital into bank capital.(132) Any industrial capitalist with long-term competitive position can morph into a banking capitalist without leaving his/her office. Only non-monopoly capital stuck in uncompetitive commodity-production cannot take up banking. So it is that even in industrial corporations, the executives may pay more attention to gaining profit streams from speculative financing than in anything related to their core business. Those capitalists who do worry about their core business can only face the music of over-capacity. Such is the decadence of imperialism today, such that a good CEO knows s/he cannot fight over-capacity, so s/he might as well be a coupon-clipper.

If there ever did come a time when the Japanese allowed the greatest profit-taking and if bond-holders internationally were excluded from buying bonds in Japan, then we might see a more bellicose attitude by national sections of finance capital toward Japan. Such would be a material basis for an inter-imperialist war against Japan. Otherwise, in general, the global bond-holding elite advises the rest of the world to bite the bullet of competition when it loses and be real free traders enough not to go to war just for losing the economic competition. Bond-holders have this confidence and willingness to advise countries on their integrity in competition as long as they themselves are allowed to switch to the winning side quickly, and currently they like their prospects of doing just that--of never losing the competition between nations, because they can always move their investments.

Partly the Japanese international role is driven by the parameters set by the finance sector: the interest rate available to banks in Japan has been below 1 percent for long periods of time. When this happened in the United States in the 1970s, it was a subsidy to banks by taxpayers, because real interest rates (adjusted for inflation) were negative. Related to this, many believe the cost of borrowing capital is lower in Japan than elsewhere and this is a peculiar advantage of Japanese corporations when competing abroad. Marston counters this line of reasoning by saying that there is a deflation going on in the Japanese manufacturing sector relative to the U.S. rate of price change. Readers can follow this logic by thinking about deflation. Paying one percent interest on capital is indeed exorbitant if deflation runs at 20 percent (which is negative inflation of 20 percent). Then the real interest rate is much higher than 1 percent. In addition, Marston says that American

companies also usually borrow below the so-called "prime" rate, so to be fair,(133) comparisons of the interest rate have to look at who is allowed to borrow at what rate with what frequency. This conclusion about the actual integration of capital to such an extent that Japanese companies face the same costs of borrowing as other countries' companies is probably the most famous of Marston's excellent book sponsored by Japanese banking capital.

In rebuttal, R. Taggart Murphy says that the Japanese only allowed the overseas market in Euroyen to give the whining Western bankers something to do, since they open up shop in Japan but can't make any profits. Allowing for overseas debt issue in yen gives the Western banks a piece of the action. Another piece of the action ends up being introductions to longer-term deals for Japanese banks. In any case, Murphy is criticizing Marston's choice of statistics to look at. According to Murphy, the overseas yen market is phony. Japanese companies use other companies abroad, especially in the secretive Cayman Islands to buy the Japanese securities overseas. Then eventually those securities come back to Japan. Fortunately for the MOF it has more control over the overseas bond market than it would have if Japan started an internal bond market, because an internal bond market would have Japanese political constituencies.(134)

From our perspective, Marston and Murphy probably both have their fingers on important facts, but overall the mass of capital in Japan and the profit rates are the real reason why foreign capital does not penetrate. In the past capital controls and bureaucratic control to protect Japan's domestic capitalists was the reason, but today it is simply the logic of capitalist accumulation that makes the Marston and Murphy debate interesting but moot.

In addition, the Japanese role is driven by the politics of realizing surplus-value. Since the United States more or less continuously threatens to close shop to Japanese business, it helps in relations between the two imperialists that the Japanese set up shop in the United States and build their autos there. Even Martin Carnoy who firmly believes that capital still has a predominantly national character also believes that auto is an industry that is losing its national character amongst the advanced industrial countries.(135)

One last point we would like to make about Japan is that it argues that the reason for trade deficits is the government deficits of other countries. If the people and the government go into debt in a country, they are consuming more per person than a country that is just as rich but saves its money. With this explanation, even if no country has economic nationalism, there will

still be trade deficits. The countries with large government deficits will consume more imports because they are consuming more of everything per person, but the country with no government deficit and high personal savings rates will not then suddenly import more, so there will be a trade deficit just because of the different propensities to consume, not because of different ideas about other countries' goods. Government deficits lead to trade deficits which lead to exchange-rate changes which lead to central banks of each country having to do something to stop exchange-rates from moving around too much. The Japanese government runs deficits, but no one cares, because the overall propensity to consume is low. One bourgeois economic view of this process is that the government and personal consumption of the workers must be clamped down on or a decline in competitiveness will result. Alternatively, some believe that if they let their currency exchange rate go down,(136) then imports will become more expensive and exports will become cheaper and the trade deficit will be eliminated. The imperialists actually do not allow exchange-rates to completely float without intervention, perhaps because it makes economic planning of the capitalists in each country too difficult and because currency speculation has a life of its own that can add to the confusion of capitalists trying to figure out if they can profitably import or export their goods. A company board of directors may have a competitive grasp of its core business, but wild exchange-rate variations can wipe out any capitalist engaged in world trade. This is something the ruling class itself does not appreciate. It is one reason the European Union has a chance of adopting one currency.

b. The United States' global competitive position

MIM writes mostly about the United States, but here we would like to add a few points in terms of the U.S. competitive position via the other imperialists. The overall picture once again is one of finance capital's international integration, but we should look at the peculiarities of each imperialist to see where future conflict might arise.

The self-image of the U.S. imperialists is that they are more competitive than the Europeans, because they are less social-democratic and have more flexible wages, by which they mean flexible downwards. In 1960, the 12 countries of the European Union averaged 31.8 percent for the government role in the economy as measured by Gross Domestic Product. By 1994 that figure was 51 percent. In contrast the same figures for Japan rose from 17.5 percent to 35.8 percent, with some analysts pointing out that the Japanese company plays a bigger welfare role than in other countries. In the United

States, the resistance to social-democracy is greatest, with the government having a 27.0 percent role in 1960 and a 33.5 percent role in 1994.(137) Karl Marx regarded all government activities as unproductive labor; hence, by not even including the commercial sector, the lawyers or the security guards, the majority of Europe's economy is unproductive sector as of 1994.

We should also look at the breakdown of the government expenditures. When we look at the expenditures for social protection, 22 percent of the 15 EU countries' budgets went to social protection versus 15 percent for the United States.(138) Adding to downward flexibility of wages in the United States is that 14 percent of the population is in poverty, compared with 7 percent in Canada, 5 percent in the "United Kingdom," 5 percent in France, 4 percent in Sweden, 3 percent in the Netherlands and 3 percent in West Germany based on figures ranging from 1984 to 1987.(139)

The U.S. imperialists also believe they are more competitive than the Japanese, for racial reasons given by Hitler(140) and bourgeois propagandists since. The mantra is that the Asians only copy and cannot lead research and development. This message can be said to be designed with the white oppressor nation workers in mind.

The virtually official line of the bourgeois pulp market is "As the society with the broadest personal freedom and the greatest freedom of immigration, the United States is the laboratory in which most of the new economic and social structures of the knowledge economy are being tested and developed. The open U.S. system has no rival in unlocking the creative capabilities of its people."(141)

The U.S. imperialists also have confidence in their abilities of global competition, because they believe they won the competitive battle against "totalitarianism," in the Cold War. Socialism is supposedly bad for innovation; even though one socialist country did so well in the 1930s by continuing to grow in the midst of global depression that Hitler felt compelled to invade it or be conquered. Despite the Nazi invasion, the technology of the Soviet Union advanced so fast that it became one of two military super-powers and started the research that put up Sputnik in 1957, one year after the capitalist restoration in the Soviet Union started. If it had not been for World War II, the statistical trends showed that the Soviet Union would have surpassed all the capitalist countries. Given one chance, one socialist society nearly beat all the capitalist ones combined. All that is forgotten and today the triumphalism of capitalism is heavily mixed and intertwined with the triumphalism of white-collar workers.

Despite the initial Soviet lead in rocket science which diminished and reversed with the restoration of capitalism, bourgeois authors today write that “the first political casualty of the information age is the communist state system, based on a 1920s-model hierarchical industrial organization and incapable of incorporating new, flexible management or rapidly changing technology. The inflexible communist state and the inflexible production system were so tied to one another that they collapsed together under the stress of world informatization.”(142)

A more reality-based part of the U.\$. imperialist self-image is that U.\$.-based multinationals do start with a home-base. Finance capitalists have integrated internationally to assure equalization of profit rates amongst imperialist countries, but at the level of commodity production things are still nationally-based for large countries. Since finance capital is integrated amongst imperialist countries with a few exceptions, commodity production and its export markets are of concern mostly to the labor aristocracy and a few scattered capitalists stuck with portfolios in certain sectors that are uncompetitive. The labor aristocracy of one country may suffer at the expense of another depending on who trades with whom, and the protectionist capitalists are the ones likely to suffer a loss of “c” (fixed capital), in the typical functioning of capitalism where some “c” is always being destroyed.

“Despite all the talk about the ‘globalization’ of world business, most multinationals’ performance is still closely tied to the competitiveness of its ‘home’ economy. In 1988, for example, U.S. parent operations accounted for 78 percent of the total assets, 70 percent of the total sales, and 74 percent of the total employment of U.S. multinationals. These shares were actually slightly higher than in 1977.”(143) When it comes to the home base, national capital based in the United States continues to hold an advantage over other capitals in commodity-production and sales. As such there is still a basis for Amerika-first Buchanan-style politicians to rally non-monopoly capital and the labor aristocracy while wooing Amerikan monopoly capital. In most cases, Amerikan monopoly capital bound up with commodity production will reject the Buchanan/CP-USA call, but it may be more open to it than monopoly capitalists of small imperialist countries.

The disadvantages in competition that the U.\$. have include some of the factors mentioned above as advantages. To “win” the Cold War, it got itself stuck in a pattern of high military spending which drains resources for competition in other areas. In addition, its beliefs in racial superiority may

lead it to discount competitive pressure from Japan.

According to Pat Choate, the main or one of the main weaknesses of the U.\$. competitive position is that the people engaged in trade negotiations here are so easily bribed, legally. In Japan there are very few corporate lawyers or accountants. In contrast, in the United States one lobbyist said, “What we lobbyists want is something complex, time-consuming, and abstract. Our goal is to bill hours rather than craft a rational national policy. That’s the job of government. We like the current structures and processes.”(144) Choate admits that the United States also has lobbyists and spies abroad; although he does not admit that the CIA and NSA have always spent more money than the peanuts Choate is complaining about spent by Japan on lobbyists. What Choate is miffed about is a relative lack of patriotism of U.\$. government officials which are more readily converted to the Japanese side. Supposedly trade negotiators were afraid to be tough with Japan, because they are protecting their chances of obtaining lucrative jobs later.

Another fact getting the Japan-bashing crowd going is the estimate that only 2 percent of foreign agents register with the government as they are supposed to.(145) To top it all off, the top officials selected by the president to negotiate trade deals for the United States turn out to have had jobs in the past lobbying for other countries. In fact, the top three trade officials named by President Bush--Carla Hills, Julius Katz and S. Linn Williams all had previous jobs lobbying for Japanese trade interests.(146)

As a result of such concerns, there has been a tightening of laws with regard to what jobs a trade negotiator can take after working for the U.\$. government. President Clinton does not allow senior trade officials to take jobs with foreign interests after leaving their jobs.(147) On the other hand, there is no way to stop presidents themselves from accepting a \$2 million gift from Japan after retirement as President Reagan did.(148) The image arises of a U.\$. government completely incapable of negotiating its own trade deals. Cabinet official Robert Reich has put forward that it is impossible to separate out national capitals in commodity production anyway, and that such production is now globalized.

Other books not bashing Japan hold a weaker version of the same thesis based on the idea that the United States runs trade deficits for political reasons, and not because its government is unaware of its negotiating difficulties. During the Cold War, the United States was unwilling to push Europe or Japan to the wall over trade issues for fear that the Soviet social-

imperialists would take advantage. It used to be leadership of the Cold War justifying trade deficits and now it's an ideological unwillingness to take up "managed trade" that is causing trade deficits by this line of reasoning.

Compared with Europe and Japan, the inordinate fear of socialism has led U.\$ imperialists to turn a blind eye to scientific studies on trade. So-called "managed trade" has arisen naturally in international and inter-government discussions of commodity production and services trade. One aspect of managed trade is using the government to target certain sectors of the economy for support, because those sectors supposedly generate the "good jobs" and make a country well-off. Obviously that smacks of socialist planning, so that is out in the land of Anglo-Saxon individualism; although there will continue to be those, especially in the Clinton administration who try to sneak it in. Lloyd Bentsen is a notable victory for the new thinking of Commerce Department trade representative Clyde Prestowitz on trade that says the United States should acknowledge Japanese and European preferences for managed trade and just play by their rules instead of pushing for free market individualism.(149)

Another aspect of managed trade concerns tariffs and quota-setting. When government officials argue with each other about trade deficits, one side is bound to say that the other has a closed market and that's why there is a trade deficit. The other country's officials are bound to say the goods produced by the other country are inferior. Hence, in discussions amongst government officials, nationalism quickly arises and adds an erroneous subjective element to discussions. To get around each side's nationalism, there are appropriate statistics to examine and trade negotiators in capitalist countries now know this: "If my country's commodity X is so inferior, how come it has 30 percent of the market share in countries other than yours but only 2 percent in yours?" would be a typical argument. When two countries are bound to be nationalistic toward each other in trade negotiations, the recourse is to argue about other countries. Another trick is to simply change the label or name on the product. If the product is the same, but now it is sold saying "made in country X" instead of "made in country Y" and suddenly sales radically leap up in country X, we know that the issue is just nationalism, not product deficiencies. All around the world nationalism and so-called "non-tariff barriers to trade" exist--which does not surprise MIM, because MIM has said all along that real free trade and individualism are only possible under advanced stages of communism, after the elimination of countries. For now free trade is a utopia pursued by the bourgeoisie for hundreds of years, with a longer record of failure than socialism supposedly has since starting in 1917.

In any case, the U.\$ government's extra anti-communist fear of economic planning places it at a disadvantage relative to Japan, Europe and state-capitalist China which are more willing to use planning for bourgeois ends. "In the economy that grew the fastest in Europe in the 1980s, that of Spain, government-owned firms produce at least half of the GDP. In France and Italy the state sector accounts for one-third of GNP." (150) Whether the United States can avoid taking up an "industrial policy" and "managed trade" if Europe and Japan decide to go forward is difficult to say. For ideological reasons, the United States may continue to put forward that the ownership of profits is what matters, not where the workers are employed. If foreign imperialists own a large share of the U.\$ economy, such a position may not even hurt the labor aristocracy. On the other hand, the pattern of not caring about history and statistics in trade allows the U.\$ administration the flexibility to change policy. U.\$ practice has been to bring in a succession of know-nothings to head trade policy, as if to underscore that there is no science of trade. When one official threatened government subsidies to match Airbus subsidies in Europe, no one believed him, because of U.\$ individualism.(151) However, a change of administration and faces could conceivably change that.

On the whole, MIT business professor Lester C. Thurow citing "too many vested interests" including the disproportionately high share of worthless "managers" or white-collar workers relative to other imperialists has correctly predicted it's unlikely for the United States to increase its savings rate, eliminate short-sightedness and its ideological fears and take up imperialist competitive challenges successfully. "There are few examples of nations rebuilding their economies and consciously accelerating their rate of growth of productivity without the sting of military defeat."(152)

Of particular concern to MIM in the United States is the possibility of a national socialist movement led wittingly or unwittingly by the likes of Pat Choate, the CP-USA and the social-democrats of the DSA ilk. Choate admits that the United States does all the things Japan does abroad and also admits that U.\$ politicians can be bought by anyone, not just the Japanese. For this reason, he spends 99 percent of his time bashing Japan, and 1 percent of his time admitting the flaws of capitalism and U.\$ imperialism in particular.(153) He claims to be in favor of removing all influence-peddling, not just Japan's. Under the pressure of Japanese competition, Choate even admits something we communists have been saying about imperialist investment for decades, except he applies it not to a colony but to the United States! "Of the 677,000 jobs that foreign investors claim to have created in

1988, only 34,000--a mere 5 percent--were created by the establishment of new foreign-owned operations in the United States. The other 95 percent were made up of existing jobs in U.S. companies that were taken over by foreign investors.”(154) We want to know where was Choate all these years when that needed to be said about U.\$ investment in the Third World.

As this is being written, there is a major furor in the press about Asian non-citizen contributions to the Clinton campaign of 1996. Much of the press coverage is so ignorant that it fails to distinguish between “Asian-Americans” and Asians living abroad. Sometimes the point seems to be that it was wrong for Clinton to take money not from whites. Other times, people realize once again the issue is one of foreign influence. The labor aristocracy is particularly jealous of its relationship with U.\$ imperialists and does not like competition from foreigners. For this reason, a movement for nationalization of Japanese assets, managed trade and against foreign influences could easily take a national socialist direction in the United States. For this reason it is very important not to inflame economic nationalism, because it will be the communists that get burned, unless we believe that another inter-imperialist war would be a good thing. Instead, we should orient those seeking economic reforms to go in other directions that we will discuss later.

In reality, U.\$ imperialism would have a crisis very quickly if it were not for the infusion of foreign capital. As explained above in “C 1,” industrial capital in the United States is integrated with bank capital now thanks to debt and the interlocking of boards of directors so that most CEOs and Treasurers think more like bankers. The extra degree of bank-think is also U.\$ imperialism’s Achilles Heel in terms of competition, because by 1990, over 70 percent of after-tax profits went to dividend pay-outs in the United States, up from 44 percent in the 1960s. As William Lazonick and others have pointed out, Japan’s industrial companies do not face that kind of pressure with regard to sources of funding for long-term investment.(155) Trade official Mike Smith of the Reagan era indicated his helplessness by saying the one thing he would want to boost competitiveness is to “abolish the quarterly stockholders’ report.”(156)

c. The European Union’s global competitive position

Japan’s emergence as the leader of accumulation aspects of imperialism is a major impetus to higher levels of cooperation amongst European imperialists. In the 1980s, Japan’s banks in the world’s top 50 surpassed Europe’s banks in the world top 50 in assets. They had already been ahead

of U.\$ banks before 1980.(157) In addition, “Europe’s largest companies surpassed America’s in number and sales volume during the last half of the 1980s. By 1991, Europe had 168 of the largest 500.”(158) Pushing for higher levels of European economic cooperation, Chancellor Helmut Kohl of West German said in February, 1990: “The 1990s will be the decade of the Europeans and not that of the Japanese.”(159) With some political momentum on his side and the speculative bubble bursts of the 1990s that cost Japan \$6 trillion in lost property value,(160) what Kohl was saying was not all empty talk.

The historic impetus to the European Union has been France and its partnership with Germany. Going back to 1950 and European coal and steel agreements, before the recent controversies over European monetary union, England has been the major European imperialist to seem to “go it alone,” as in the ideology of individualism it shares with the United States. As early as 1957, Continental Europe had an organization to direct taxes, spending and expansion in coal and steel. That same year, the Europeans signed the important Treaty of Rome that produced the EEC (European Economic Communities). The EEC was a common market for freer movement of capital and people across borders with fewer tariffs. Today the EEC is simply referred to as the EC (European Community). (161)

Some may be surprised to learn that the United States also encouraged not just trans-Atlantic unity but also unity within Western Europe. It was always a concern of the United States that French nationalism would disrupt Europe and allow the Soviet Union a chance to divide the front against it. Bourgeois internationalist, George W. Ball, who was eventually Kennedy’s undersecretary for economic affairs actually had a hidden office in French socialist headquarters. From 1945 on, he backed Jean Monnet who wanted European unity and not Charles de Gaulle’s French nationalism.(162) Ball took a strong role in repelling the Amerika-first faction of the bourgeoisie during the Kennedy administration and contributed to the overall image of the State Department as full of bourgeois internationalists always putting trade concerns of domestic capital behind global goals of anti-communism or free trade ideology of U.\$ monopoly capital.

In 1991, the countries of the European Communities (EC) adopted the Maastricht Treaty. In 1993, the treaty took effect. There are military and foreign policy aspects of the new European treaties, but the main aspect is economic. The treaties “provide for the creation of the European System of Central Banks (ESCB), with the European Central Bank (ECB) at its center, and the creation of a new currency, the ECU to replace the national

currencies of the EC countries.”(163) The ECU now exists, but it will not replace national currencies until 1999 at the earliest. There are two preparatory stages before the real fireworks begin, but the French with Italian prodding insured that at least some Europeans take the plunge together in 1999. The minimum number of countries affected would likely be Germany and one other, France and Denmark being likely candidates for preferred partners of Germany in 1999, unless Germany uses the statistical benchmarks it established as an excuse not to undertake monetary union. For example, members of the monetary union are not supposed to have a government budget deficit in excess of 3 percent of the country’s Gross Domestic Product, which is its production of goods and services in a year. Also, no country is supposed to have a total government debt equal to higher than 60 percent of its GDP. In 1996, only Germany and Luxembourg met these two criteria alone and there are more criteria in the treaty. (164)

One thing we can say is that the revisionists and social-democrats in Europe stirring up economic nationalism are correct that the governments are cracking down on social spending in order to appease Germany for monetary union.(165) At this time, since Germany’s central bank is the largest it also calls the shots in Europe to a greater degree than other banks, because each of these EC countries has decided to compete and not go it alone. Switzerland would be a case in point of not wanting to surrender sovereignty to Europe, partly for fear of losing competitiveness. The Swiss banks do not want to be regulated by the whims of other countries, because they attract business for their secrecy and tax policies.

European governments are now conducting intense propaganda for free trade and monetary union (EMU). Again and again the labor aristocracies are told that their success depends on international competitiveness. In particular, the concern of German and French capital is that if Europe does not unite or unites at the lowest common denominator of competitiveness it will still be unable to project itself internationally. For these same reasons the British capitalists are tempted into deepening economic relations with Amerikan capital instead of heading into European unity. On the other hand, in the vestigial reasoning of pre-integrated finance capital, the question arises as to what choices French and German capital have if not European unity. The French government has a web site in various languages listing the following advantages of EMU: 1) It’s easier to develop common European policies with an underlying unit of measure for agriculture, fisheries and trade. 2) The open borders for capital movement since 1990 have increased speculation against currencies. 3) Countries have incentives to devalue their currencies for competitive purposes. 4) Having one central bank makes it

easier to coordinate monetary policies. 5) Investors do not have to push up their interest rates to make up for potential currency exchange losses. 6) Europe will be able to continue to negotiate with Japan and the United States on trade and monetary issues by being a large enough unit impossible to ignore.(166) (See Japan’s jokes about “G-2” for instance.)

As it is, the imperialists are not guaranteed to be able to pull off the European Union with a united European currency. To form the greatest Mafia family of all time, the thieves maintain some illusions about each imperialist shouldering an equal burden of carrying the European unity. Hence, each imperialist is to crackdown on its labor aristocracy equally and have an equal share of a budget deficit and similar percentage of the economy in government expenditures as well as similar targets for inflation and currency values. Already many of the major countries targeted for the Euro currency are missing the targets. In fact, in 1995 not one country in Europe qualified by all the statistical measures set up in the treaty for monetary union.(167) Thus, Germany has adopted a tough bargaining position by appearing to be willing to do without the EMU. In 1998, the decisions about which countries will be invited to join the EMU will start.

No thief is going public about this yet, but as the deadlines roll around the question arises, will some of the bigger thieves subsidize the more troubled thief operations to form the European Union free trade organization with one currency? Will they water down their guidelines for EMU in 1999? Already there is development assistance within the European Union. It doubled in 1988 with the “Delors Package.” How far will the Germans and other lead imperialists be willing to go to finance the other European countries to catch-up and be strong contributors to a competitive bloc? Loukas Tsoukalis put German desire to get together a competitive machine this way: “The Community’s ‘paymaster’ was apparently ready to dig into the pockets of its taxpayers in order to pay for the necessary lubricant for the smooth functioning of the Community’s engine.”(168) So far they have succeeded in speeding up the growth of Ireland, Spain and Portugal.(169) The transfers from the EU to Greece and Portugal are 3 percent of their Gross National Product (GNP) and 2 percent of the GNPs for Ireland and Spain. The amount is even more significant as a fraction of the investment of those countries.(170)

Despite the initial weaknesses of its bloc, the Germans may also be pleased with one immediate result of monetary union: the new currency will strengthen relative to the dollar on its own, because more countries will accept it as a medium of international exchange and the public at-

large will be willing to hold ECU for international trade. This will result in a devaluation of the dollar. Already the German mark is seeing some of this effect since the Maastricht treaty was signed.(171) The result will be a decline in U\$. purchasing power but an improvement in the U\$. trade balance. We suspect that the United States at least under a Clinton administration would applaud this result as it believed its currency was overvalued.

Will the United States attempt speculation to sabotage the higher stages of integration of the EC? What about Japan? If Japan or the United States does sabotage the EC, will the EC retaliate by closing up formerly open economic borders? In other words, are the imperialists already sufficiently interweaved to allow the creation of an EC and maybe even allow U\$. entry into the EC? If the idea of an economically united Europe suffers crushing and decisive blows in the upcoming years, we can expect that to generate severe pressure for inter-imperialist war down the road, because there will be many recriminations if the EC blows up, and a change of strategy by some imperialists smarting from exclusion from superprofits. On the other hand, if the EC does form an even more united economy, we will see a huge push to world government and accelerated war against the Third World.

Having integrated the interests of the European ruling classes, it will be that much easier for them to deal with other imperialists and cut down on the cacophony when it comes to dealing with the Third World. For this reason, MIM takes the stand it does on opposing instigating inter-imperialist rivalry, but there needs to be conferences to see if there is a consensus in the international communist movement of the Third World that MIM needs to be heeding. We do not believe we will run out of possibilities for playing off imperialists if we “let” the European Union go through; however, we believe the preponderance of the world’s communists are in the Third World, and they should have a vote on how we try to shape inter-imperialist contention. We have the duty to also accurately represent that there are not many choices other than 1) struggling within the bourgeois internationalist framework and possibly playing off imperialists later 2) allying with reactionary non-monopoly capital and the labor aristocracy for economic nationalism as a tail on the dog.

In the contradictions that the major European imperialists face in forming a unified currency, one is that England gets to vote on major matters of the organization. Since England is dominated by multinational corporations more than other major imperialist countries, we can see an underlying material basis for England’s ambivalence toward the European Union. The

“United Kingdom” has 45 percent of the EU’s investments from countries outside the EU.(172) Thus, it is not as European-oriented as the other European countries. In 1987, only 33.2 percent of “United Kingdom” foreign direct investment assets were in Western Europe. 45.1 percent were in North America.(173) The United Kingdom would seem not to want to do anything that would jeopardize its access to other markets, especially in North America. The Tory backbenchers as they were called griped about moves toward European Union, and the basis is in a free market individualism that sees England in a totally global or totally national position, not a European position.

Despite the global position of England, Margaret Thatcher lost her job only for opposing the European Union too much for the taste of bourgeois internationalists. The Tory Party will have to be presented with a fait accompli by the rest of Europe and then England will have to decide whether or not to exercise its opt-out clause if it is invited to join the monetary union. The election losses of the Tories in 1997 may point to a greater ease of European monetary union.

When the French government criticized “Anglo-Saxon” speculators for devaluing the French currency, it had a good case to make. There was no reason for speculators to attack the French currency during the stages leading up to EMU, but they did anyway. France also has a gripe in that Britain and Luxembourg did not want their banks constrained by an EU tax on investment income. They were afraid of losing out in competition to Switzerland, which is not a member of the EC and does not even partake in very limited trading blocs. There are also Andorra, the Channel Islands and Liechtenstein to worry about as competitors.(174) These days banks set themselves up on small islands to avoid political regulations. Looking toward the future, France is the country that is styling a notion of European monopoly capital. A recent trend is for monopoly corporations of individual countries to ally with one or two other monopoly companies in other countries to fund research and development that is too expensive for any one country. Then the “alliance” of the companies has a competitive advantage over the other monopoly companies of the world. France wants to see the “alliances” form amongst European monopoly capitalists. A victory for European monopoly capitalism was the formation of “Airbus,” which was designed to compete with Boeing in aircraft production and created from scratch by the European governments. On the other hand, according to Loukas Tsoukalis, the French predilection for European alliances will not succeed, because the companies want Japanese investment and technology and the U\$. market. Thus, the EU will serve only as a stepping stone to

global competition.

The Germans appear most concerned that they may be dragged down to a lower level of competitiveness by the rest of Europe. They have made it clear that they want their policies to dominate and they are willing to pay to some extent for others to go along with a brisk posture toward global competition. Germany has been allowed to keep its policy ideas while being forced to cough up cash for development purposes by Spain for itself and the other poorer European countries--Portugal and Greece. The money used to catch up some countries with the rest of Europe is called a "cohesion fund."(175) Although the conditions of the imperialist countries have nothing to do with the assumptions of bourgeois neo-classical economics, sometimes the imperialists have no other ideology to use, and so the reasoning of Germany and Spain is that competition, free trade and monetary union should lead to efficiency gains, but some of those gains should be paid to the "losers" to maintain overall participation in the system.

Although Germany is not in a position to adopt England's quasi-international stance and has more reason to gravitate toward Europe, it still has a central bank that would prefer to run Europe on its terms.(176) To bring German central bankers to heel, the French pulled out one of their IOUs. After World War II, Germany was split into U.\$., French, British and Soviet occupation zones. The French thus had a veto over German unification. In exchange for letting W. Germany reunite with E. Germany, the Germans had to show appropriate contrition to the French and not appear as a threat of European war. In the end, Germans in the words of Chancellor Kohl made concessions for EMU "as a matter 'of war and peace in the 21st century.'"(177) For the younger readers, this statement may seem to be out of nowhere, but if we read Lenin's book "Imperialism: The Highest Stage of Capitalism" we will understand how the ruling class links its business circles to its war circles. The half-way intelligent bourgeois no longer attempts to deny the connection between trade blocs and war, with war as a means of conducting business by other means.

A hard look at Europe's trade position underscores the German concern about competitiveness. Many commentators on European foreign trade miss that most of it occurs within a region smaller than the United States. The foreign trade statistics make Europe seem more competitive than it is, because after all it is buying other countries' goods and selling to other countries as well. If we treat the European Union as if it were a giant United States, then Europe's share of global exports is still impressive at 20 percent,(178) but imports shrinks from 43 percent to 12 percent, because

most of its imports are from one European country to another. On a per-capita basis, Europe only imports one-quarter as much from Asia as the United States does.(179) Hence, it appears that Europe is not really ready for competition from imports and global trade the way the United States is and already the United States looks like a mess of government and trade deficits from the competition, so where does that leave Europe?

d. The other imperialists

The only other major imperialist to try to change the rules of the game to play by rules favorable to itself has also given up the game: we speak of the ex-Soviet social-imperialists. We can quite fairly say that the imperialists are vainly racing to make Kautsky's theory come true and they are taking full advantage of this lull period in which the Soviet bloc dissolved and ended the most severe national conflict amongst imperialisms.

Facts contrary to Kautsky's theory continue to be that national conflict continues unabated and hence bloody imperialist wars continue to take millions of lives around the globe. Furthermore, it is not a matter of super-imperialist policy so much as a process of class struggle ending colonialism and the breakdown of the social-imperialist bloc that gives the bourgeois internationalists a chance, a historical coincidence of events that makes super-imperialism appear more plausible to the bourgeoisie.

Concretely-speaking, Chinese social-imperialism and Russian imperialism are waiting in the wings, biding their time by focusing on their economies, largely by not antagonizing the other major imperialists to the point of endangering business. These two are the most obvious long-run threats to WTO/UN/IMF/World Bank super-imperialism. The Greek comrades have correctly pointed to India, Iraq and Iran as other material for an alliance of challenge to imperialism's New World Order. An imperialist bloc of Russia, Japan, China and India or some combination of these would be very threatening to Western imperialism. Currently, the disadvantages these countries have is that none is willing to serve as a market of last resort for the others. Thus, GATT will undercut their unity.

China in particular continues to fix its currency relative to others and so retains some independence of action.(180) It has integrated itself into the imperialist world economy, but more along the lines of the rules for imperialism earlier in the century where business deals are settled on a case-by-case basis with respect to overall imperialist plans. If China rises in economic strength it remains to be seen if it will join the imperialist world

government. So far the United States won't let China join the World Trade Organization. For now, China raises no strenuous objections and "lies low" as the politicians there say. The U.S. ruling class recognizes that "China and the United States together account for almost 16 percent of global trade and 30 percent of global output."(181) When it comes to politics and "human-rights," the U.S. ruling class plays bad cop, and Europe the good cop, but when it comes to trade, the roles are reversed. The carrots offered to China are considerably better than those offered to Russia these days.

The situation of Russian imperialism is embarrassing to its former competitors and it is another major impetus to the European Union's higher levels of cooperation. The collapse of Soviet social-imperialism left a vacuum in Eastern Europe and ancient ethnic rivalries asserted themselves again. Aside from having the nervous situation of war so close to home, the major European imperialist powers also would like to avoid allowing immigrants from war-torn societies. For this reason, North Africa and Eastern Europe are slated for long-run integration into the European Union, but it is a very controversial question of when and to what degree integration will occur.

As we are writing this in July 1997, the North Atlantic Treaty Organization (NATO) created to "protect" Western imperialism from Soviet social-imperialism has accepted new members from Eastern Europe. Immediately though, France sought to weaken the blow to Russian imperialism by saying it would not pay for new NATO memberships and the U.S. Government said it did not want to rush into letting in too many new members.

The Communist Party of Greece (Marxist-Leninist) has correctly pointed out a number of things about Russian imperialism, including its own desperate internal situation and the great possibility of change. Russian imperialism has lost its access to the Baltic Sea. It has also moved the front-line of potential battle much closer to Russia in Eastern Europe. "We think the fate of these countries (unless some other overturning happens) is to be squeezed between the West and Russia."

It is in Russian imperialism where we see the whole gamut of conditions. On the whole, the Russian workers are now super-exploited. Their life-expectancy was already falling under the state-capitalist Soviet regime, but since the restoration of free-market capitalism, life-expectancy for men has plunged another 8 years, so that men now only expect to live to 57. Such a life-expectancy is one of the surest signs of super-exploitation in which wages and work conditions are not enough to sustain healthful life.

In conclusion, Russian imperialism and Chinese social-imperialism are the greatest wildcards, but for now they are focussed on internal economics and do not seek to challenge the preponderance of the imperialist system. The U.S. imperialists alternate between polite public responses to China and dictation of terms. "Both China and Russia are currently negotiating accession to the WTO. Their successful integration into the multilateral trading system requires that they continue their market reforms, agree to provide mutually beneficial access to their markets, and abide by multilateral rules and obligations. Likewise, by keeping open our markets and those of our traditional allies to these new economic powers, we can increase the stake they have in maintaining the international rules-based economic system."(182)

4. A global calculation of surplus-value extracted from the Third World

"The culture of the advanced countries has been, and still is, the result of their being able to live at the expense of a thousand million oppressed people. It is because the capitalists of these countries obtain a great deal more in this way than they could obtain as profits from plundering the workers in their own countries." V. I. Lenin, "The Second Congress of the Communist International"(183)

If the United States receives on the order of \$500 billion a year--maybe 50 percent more, maybe 50 percent less--from its superexploitive relationship with the Third World, then we can safely say that the American oppressor nation contains no proletariat. We have explained this concept in MT#1 and subsequent issues. The profits of the U.S. economy not going to the oppressor nation labor aristocracy would be accounted for strictly by exploitation of oppressed nationalities. With regard to internal oppressed nationalities, we left open a question of their relationship to the global class structure, mainly because of difficulties in calculation. Everyone within imperialist country borders whether nationally oppressed or not, may be exploiter, not exploited if the transfer of surplus-value from the Third World is large enough.

The question arises as to how much profit would imperialist countries have if they had no internal semi-colonies or immigrants. Unfortunately, it is a very difficult question to ask, because the major imperialist countries all have these immigrant workers who do the most difficult work and all the imperialist countries invest in each other heavily. Hence, in some sectors of different imperialist economies we can see how immigrant labor has its

effect --cheaper food in the United States for instance--but we have no easy way of calculating the impact on the overall profit rate for an imperialist economy, especially after we consider that other imperialists are sharing in the profits. Empirically, the oppressed nationalities internal to Japan number less than 1 percent; in the European Union the legal immigrants number 10 out of 344 million people and as we showed in MT #1, in the United States, the oppressed nationalities perform over 20 percent of the labor. Allowing for the number of illegal immigrants, and the growth of legal immigration happening in the United States and anticipated in Japan, we might take a round figure of 10 percent as average oppressed nationality share of labor within imperialist country borders.

Those following the logic of MT#1 would next attempt to take this global estimate of the labor performed by internal semi-colonies of imperialism by averaging out Japanese, European Union and U.S. oppressed nationalities and then comparing that with profits and GNP. About half the profits go to the “middle classes” and half to the capitalist class. The estimate that one percent is the capitalist class in the imperialist countries turns out to be fairly general for the imperialist countries.(184) From our perspective, anyone with a sense of perspective knows from reading MT#1 that the possibility of oppressor nation working-class exploitation is non-existent.

One of the better members of the Communist Party USA, Victor Perlo has admitted that parasitism has surged and he has performed some further calculations similar to those we conducted in MT #1. He admits that “less than half of all employees are now providing the revenue not only for all forms of capitalist profit and for taxes paid to governments, but also for the wages and salaries of the majority of employees who are not themselves producing surplus-value.”(185) The only problem with that statement is that it does not count international transfers of value to imperialism. If we count productive sector workers abroad supporting unproductive sector workers in the imperialist countries, we get a much better picture.

Later in the book Perlo does try to account for superprofits from abroad. We credit him greatly for coming to an estimate of \$150 billion in profits a year from discrimination and \$96 billion a year from abroad. This he believes represents only one-third of property income,(186) so he maintains that oppressor nation workers are exploited for the other two-thirds. However, his own work is highly contradictory, and those who read it with proletarian determination will see that it is possible to conclude otherwise.

In agriculture, Perlo shows that in 1986, developing countries received five

cents a pound for sugar and seven cents a pound for bananas. Meanwhile, sugar would sell for about 40 cents a pound retail and bananas would sell for 45 cents a pound. If transportation is another five cents a pound then, the value transferred to the imperialist countries’ retail sector workers and capitalists is 30 cents a pound for sugar and 33 cents a pound for bananas. Later we shall see that Shaikh and Tonak are good at imagining transfers of value from the U.S. productive sector workers to unproductive sector workers, but not so good at imagining transfers from other countries’ productive sector workers to unproductive workers in the imperialist countries. Perlo himself is a precursor of our line of argument when he admits that the Third World ends up paying two hours of its labor for one hour “of equivalent labor”(187) from the imperialist countries. He does not enter calculations similar to his ones on sugar and bananas into the transfers of value to the imperialist countries.

Next we should point out that Perlo himself notes that the capitalist class has 50 percent of the wealth, so the percent of that property income going to them is probably 50 percent just as a first approximation. The rest of the property incomes go to the traditional petty-bourgeoisie and the labor aristocracy. The principle of earning dividends or interest for owning things is a principle of capitalism, but capitalists are not the exclusive beneficiaries of such income under the capitalist system. Perlo did not account for that fact.

If we make the earnest effort of breaking down where the property incomes go that Perlo does not, those making less than \$50,000 a year are 94 percent of the population as individuals; they receive over 80 percent of the income of which about 9 percent is capitalist income from dividends, interest, capital gains etc.(188) Hence, over 7 percent of the U.S. income goes to the bottom 94 percent in the form of capitalist income. That leaves just under 7 percent to go to the top 6 percent for a total of 14 percent capitalist income in the economy. In other words, half the capitalist income a year goes to the top 6 percent and half to the bottom 94 percent. By Perlo’s own view of the class structure as 1 percent capitalist, 9 percent petty-bourgeois and 90 percent workers, that means the capitalists and upper half of the petty-bourgeoisie split the property income with the workers and bottom half of the petty-bourgeoisie. Hence, the capitalist share of the property income is much less than half, because it is sharing its half with the petty-bourgeoisie. To understand exactly how much capitalist income the capitalist class is getting as opposed to the petty-bourgeoisie we break it down further. For the capitalist class defined as the top 1 percent in 1985 to receive no income at all from property or from working, it would have to be

deprived of less than \$400 billion in income a year. Of that, property income is about \$175 billion. (189) If we believe that 30 percent of profits stay with corporations and that they do not go to households, we can scrounge up a few more billion to account for, split again with other classes, but the total could not be more than \$235 billion of relevant property income. By Perlo's own calculations, adjusted by the fact he left out that the top one percent does not get all the property income, racism and foreign profits account for more than the property income of the capitalist class. He admits racism and foreign profits account for a third of property income, but he just did not realize that capitalists receive less than a third of property income. This means the capitalist class does not exploit oppressor nation workers, if Perlo sticks to his 1 percent is capitalist class definition and his own calculations of discrimination and profits from abroad.

Updating Perlo's calculations for 1995, we will keep his estimate of \$150 billion in discrimination profits, but foreign profits increased to \$181.3 billion. (190) Since we have already proved our point, we are going to look at the picture more generally applicable for the OECD.

We are going to drop the GNP-and-oppressed-nationalities approach except as something to keep in mind when we talk about the rate of exploitation of unproductive sector workers later. When our critics calculate the rate of exploitation, we should all know that if it is low from looking at just the workers in isolation of transfers of value from other nations, then the critics risk having their arguments overturned once we consider those flows of value from the oppressed nations.

In MT#1, we made simplifying assumptions to give readers a quick sense of proportion. Now we break it down further. In the United States, the relevant figure of oppressed nationality labor is not 20 percent but much higher, because the oppressed nationalities are disproportionately located in what Marx called the productive sector. Of course it is well-known that illegal immigrants do the hard work in agriculture, but the oppressed nationalities are also highly represented in manufacturing. Thus when it comes to figuring out which workers are producing surplus-value for the capitalists, the oppressed nationalities play a role much higher than 20 percent. The white workers are disproportionately represented in sectors realizing and appropriating surplus-value and we did not account for that in MT#1, just in order to keep it simple and to throw our critics another generous assumption.

We do not have figures on First Nations or Asian-descended peoples,

but we have Black and "Hispanic" (Latino) for 1995. Farm operators and managers are over 97 percent white, but farm workers are 40.3 percent Latino and 4.3 percent Black. Of course, we question to what degree official statistics captured undocumented workers. If we count farm operators and managers, then still 22.3 percent of all agriculture is Black and Latino workers, so at least 22.3 percent of surplus-value there is generated by them. In reality, the surplus-value added by oppressed nationalities is probably greater than 50 percent in agriculture, once we consider discriminatory and sub-minimum wage wages.

Employing almost 10 times more people than agriculture is manufacturing, mining, transport and construction. In these productive sector occupations, there were 3,779,000 Black workers and 3,891,000 Latino workers. Out of 31,592,000 productive sector workers, Blacks were 12 percent and Latinos another 12 percent. (191) Combined with the wild-card of agriculture, 24 percent would be a conservative estimate of Black and Latino labor in the whole U.S. productive sector. If the discrimination rate is such that oppressed nationalities in industry get 85 percent the pay of white workers and if Asian-descended and First Nation workers account for another 2 percent of productive sector employment, then it seems safe to say that over 30 percent of surplus-value that originates within U.S. borders is from internal semi-colonies of U.S. imperialism.

Looking at the same question from the perspective of each nation, over 80 percent of the oppressor nation is in the unproductive sector. The productive sector exceptions amongst whites are well-paid and tend to be white-collar if not outright farm-owners. When this minority of the Euro-American people looks around, it has relatives and family that are not in the productive sector and who are also well-paid. Any scattered poor whites would have family members who are rich. Meanwhile, at least 42 percent of the Latino workers as of 1995 are in the productive sector. (192) From the point of view of this nation, there is still a battle. There is the whole range of a Latino bourgeoisie, Latino labor aristocracy and Latino workers being exploited and Latino workers being super-exploited. Within this oppressed nationality group, there is a "split in the working class." Blacks are somewhere between whites and Latinos on the continuum and thanks to unemployment the Black nation may too have a "split in the working class" instead of just one parasitic working-class.

The other assumption we made in MT#1 just to show how ridiculous our critics are is that there is no imperialist exploitation. Hence, we used GNP figures as if everything were produced entirely by the workers inside U.S.

borders, when in fact it is our task to figure out what portion of that GNP is a result of a transfer of value from the Third World just as agricultural and industrial workers within the imperialist countries transfer value to other sectors of the economy. Even excluding Third World value transfers to imperialism, it was impossible to conclude that oppressor nation workers were exploited, at least in the United States. Now we are going to open the question to international transfers of value across borders.

To perform the necessary calculations in reverse, we can monetize the surplus product delivered to the imperialists from the Third World. If we use methods similar to those of Samir Amin, we might conclude the surplus product extracted each year from the Third World amounts to 20 percent of Third World production. As we shall see, if such an estimate is correct, that would mean sweeping implications for the parasitism of the entire class structure of the imperialist countries.

To move away from commodity fetishism, we drag our reader into some exercises on the labor theory of value. Let us start from rough estimates of the Third World labor force in accordance with the labor theory of value. If there are 4 billion Third World people and we assume that 2.5 billion are toilers, then 20 percent of their product is the labor of 500 million people each year. (193) In Marxist language, those 500 million workers produce 500 million worker-years of “surplus-labor” every year. “Surplus-labor” is a term we use interchangeably with “surplus-value” depending on the context. Actually, surplus-labor is only potential surplus-value, because if the capitalists organize production and generate the surplus-labor, but then they do not sell anything, they do not get surplus-value, which is a general term for profits of various kinds. If the capitalists manage to sell all their products, we Marxists say they “realized surplus-value from their surplus-labor.”

If 20 percent of Third World toilers are doing surplus-labor being appropriated by the First World, that would mean that approximately for every worker in the imperialist countries there is at least one Third World worker standing next to him or her working for free but invisible. That is how we Marxists think, starting from production, with labor and then working our way over to less important matters such as exchange.

If it is true that the First World appropriates the labor of 500 million toilers a year for nothing, then the entirety of profits in the imperialist countries is due to the Third World and the workers of no oppressor nations or internal semi-colonies are being exploited. We can say that off the top of our heads

if we know that those 500 million should be getting half the income of the OECD countries, but they are not, and in fact, wages and salaries of oppressor nation workers are at least triple profits, so even if we took all the profits and gave them to pay the 500 million invisible workers, we would still need more money from somewhere else to pay them equally to the imperialist country workers. That “somewhere else” would have to be the superprofits paid to the oppressor nation workers of imperialism.

The reason profits would not exceed wages and salaries paid out in the imperialist countries would be that the imperialist country labor aristocracy eats into the superprofits generated by the 500 million Third World workers. These bourgeoisified workers receive some fraction greater than 100 percent of their own labor back in the form of pay. On account of these workers and the other bourgeois classes, Third World workers have to do unpaid labor.

The 500 million invisible workers work under military regimes or death-squad governments or in the best of circumstances, they work in newly minted political regimes with good intentions that nonetheless come with a history of low wages. We do not mean that there is a particular set of 500 million workers who work for free. We only mean that 20 percent of the work of 2.5 billion Third World workers and peasants is done for free for the imperialist countries, because they are forced to by military regimes or regimes that compete with military regimes.

Even in those regimes where the rulers do not use military force, the threat of political/military force remains and unless they mobilize their peoples for people’s war against imperialism, even the best-intentioned rulers must set up their countries to compete with countries that do keep down wages by using death-squads often furnished with American weapons and training. “Sony’s Kiriwara observed: ‘We should not think only of Japan but Korea and Taiwan, If we compare Korea with China, nobody can compete. Even Malaysia or Singapore is weaker than China or India because of wages.’”(194) So if you are a poor country emerging from semi-feudalism and you have many people seeking employment, whether you like it or not, you are competing with countries where they do use repression against union organizers to keep down wages.

These political/military facts of life will make the labor of 500 million appear in monetary form to the imperialist eye to be the labor of 50 million, if we assume that wages are 10 times as high in the imperialist countries as in the Third World and if we assume the capital used in production also originates in the Third World despite being owned by the First World. If

we were to take a weighted average of the Third World--China, India, Bangladesh and Ceylon would drag down the average, because they are the countries where the most workers are and where wages are lowest. The Financial Times in 1994 reported that average manufacturing wages in China per hour were 50 cents, which meant U.\$ wages of \$16.40 an hour were nearly 33 times higher.(195) Adrian Wood has put together a detailed global estimate for 1985 to which our only objection is that he counted Greece as Third World; although it is such a small portion of the total employment and wages that it will not matter much. Greece averaged \$3.45 an hour in compensation, which is on the borderline there between the Third World and the imperialist countries anyway. It turns out if we weight the average the way it should be weighted, so that each worker counts equally in the total of wages, then China and India drag down the average to 48 cents an hour for the whole Third World. A different average gives weight to each country's share in the Third World's exports. Taiwan (\$1.38 an hour) and Korea (\$1.28 an hour) are much more important in this regard, so the average wage in Third World exports is \$1.24 an hour.(196) For this reason, MIM recommends using a multiplier parameter of 10 whenever some production in the Third World comes up in discussion. If they say the product is worth \$1 million, then we at MIM think it's likely worth \$10 million, with \$9 million going to unproductive sector workers and the bourgeoisie of the imperialist countries. We could use a parameter of 33 or 15, but we choose 10 to account for the minority of inputs in Third World exports originating from imperialist countries and the mark-up or transfer of value from Third World workers to the Third World bourgeoisie and the unproductive sector.

Just to break down the case of China further, as of 1992 it exceeds \$80 billion a year in merchandise exports, almost all of which go to the imperialist countries. At 2000 hours a year for 50 cents an hour, that is the work of 80 million workers. Fortunately, China's bourgeoisie marks up the price of its merchandise and keeps a large share of value-added for reinvestment. We do not know how much China's state-capitalist class marks up the price from labor costs in the export sector, but the export sector is over one-third of the industrial sector and we do have figures for that. In 1994, the state-capitalist class in China gave workers one-sixth of value-added in manufacturing. That would mean the \$80 billion in exports represents the work of over 13 million industrial workers. By now we can say China's exports alone involve more industrial workers than the total of all industrial workers in France, Germany and the "United Kingdom" combined. Given the higher rate of exploitation of Chinese workers, when we look at the economies of the OECD nations, we should attribute more

surplus-value and share of the profits to the labor of Chinese workers than all the industrial workers of France, Germany and England combined. Moreover, such calculations tend to show that when we are said and done, industrial workers in the OECD produce surplus-value, but no net surplus-value. Merchandise exports embody a transfer of value of 15 million industrial workers to the rest of the world each year. About half end up in the United States and almost all of the rest of the value ends up in the EU and Japan. Yet, this is not the only means of transfer of value out of China to the imperialist countries. We should not forget that a portion of China's domestic production goes to the imperialist countries as repatriated profits and interest payments.

Using slightly older data, in a similar vein of thought, bourgeois economist Adrian Wood calculates that the Third World added 20 million manufacturing workers between 1950 and 1990 just to handle exports to the North.(197) That is two million more industrial workers than the United States has. Thus, by his calculation, we Marxists can account for a huge transfer of value to the non-productive sectors of the imperialist countries.

Just to give an example of how transfer of value to the unproductive sector works, the cheapest genuine Swiss army knife sells for \$10 at U.\$ military surplus stores when they are in stock. If the Swiss made it and shipped it for \$8, the transfer of value to the unproductive sector in the United States would be \$2, the mark-up for the retailer in the United States.

Walking about rural New Hampshire in the United States is a salesperson who has switched jobs to sell Chinese merchandise. He has no particular plan of approach and carries his goods for sale in his station-wagon. Approaching random passers-by, he offers not stolen property, but 3 Chinese replica Swiss Army knives for \$5. These knives have all the functions that kids and have ever seen on a Swiss Army knife. After success with Swiss Army knives, he offers his customers a \$10 deal on roadside emergency kits including a flashing yellow light for the road and a flash-light. This merchant says he has hugely increased his income, and is typical of the unproductive sector's appropriation of surplus-value from China. The salesperson added no value to the products, but he benefitted from a transfer of value from China.

Some people may wonder, "but what about the OECD exports transferring value to China?" The United States runs a deficit with China, which was three-quarters of merchandise imports from China at \$33.79 billion in 1995,(198) but if it did export \$80 billion in manufactured goods back to

China, it would represent the work of 2.4 million manufacturing workers. Once we account for the fact that industrial workers receive around half of value-added in the imperialist countries, we would end up talking about 1.2 million workers, less in the case of the United States which has lower wages to value-added ratios and higher retail and white-collar employment.(199) After counting repatriation of profits, interest payments and royalty payments for “intellectual property,” we can see that the net transfer of value to the imperialist countries will exceed 15 million Chinese industrial worker-years per year(200)--for free. Unpaid labor is another term for capital. Rather than accumulate the capital equivalent to the industrial work of Germany, France and England done for free, that unpaid labor goes in the form of super-profits into OECD wages. We can prove that by proving that the net capitalist accumulation in a year is less than total surplus-value extracted by discrimination. If we account for net capital accumulation in this way, then transfers from China and other developing countries go straight into the pockets of unproductive and productive sector workers of the imperialist countries. Alternatively we could take a portion of Third World transfers of value and use it to account for capital accumulation, and put the rest as playing its role in First World wages.

One might ask, come to think of it, why do Third World countries trade with the First World when they get such a bad deal? The problem is that the trade is not really trade the way we think of it in the imperialist countries. It is a situation where people work or starve under the rule of death-squads backing up capital. It is not the people making this choice, just a lackey clique running the Third World puppet regime. A proletarian-led government armed with the labor theory of value would never undertake the kind of trade we see today.

Let us return to our elementary labor theory of value thinking. If we are wrong and the figure for annual exploitation only amounts to 10 percent of annual Third World production, then the labor of 250 million will appear in the imperialist countries to be the labor of 25 million people, because it will be measured in monetary terms and not the labor units that went into it. As Arghiri Emmanuel pointed out, it is the phony monetization of the Third World's labor that makes it seem so insignificant to the imperialist country economists who only know how to reason when free trade conditions are assumed. To understand the average value of Third World products transferred to the First World, we recommend using a multiplier parameter of 10. If we do so, suddenly 30 percent of the GNP of the imperialist countries is accounted for by a transfer of value from the neo-colonies and we have an explanation for why there is an unproductive sector generally

three times the size of the productive sector in the imperialist countries.

When governments actually use force to set wage-rates and union organizers are killed for attempting negotiations, the imperialist country economists and labor bureaucrat chauvinists pay no notice. They could in their own language conclude that Third World regimes, bureaucrat capitalists known as compradors or puppets are collecting a “rent” (which is a different idea than paying for an apartment per month) from their monopoly power over the resource of labor-power in their country. The imperialist country capitalists share in this rent with the U.\$. puppets, who are after all set up with military aid courtesy of U.\$. taxpayers. The economists have a language to deal with all of this, but they don't. Professor Ozay Mehmet in Ottawa, Canada is an exception. He says that in Indonesia for instance, there are “gatekeepers,” which MIM calls compradors. The bribes that have to be paid to the “gatekeepers” are about three to eight percent of overhead and is referred to as “corruption” by the academics. The bottom-line of why Indonesia can do this is that the compradors have decided to let their workers starve to death. Since they pay them only 70 percent of the amount of money it takes to buy daily physical requirements of life,(201) the compradors are overseeing super-exploitation. With such a huge super-exploitation, the foreign capitalists and internal capitalists do not mind paying the corruption charges to the gatekeepers, because they are still paying less for labor-power than they would in a merely free-market exploitation situation. The strategy relies on a huge reserve army of unemployed to re-supply the workforce that dies at a premature age. In many countries, that means the workers come from the pre-capitalist sectors. Of course, since 1960 it was necessary to kill a half million communists, East Timor people and others with U.\$. weapons and training to achieve the military situation behind super-exploitation in Indonesia--which is again nothing compared with the portion being starved and otherwise put to death prematurely from conditions of poverty.

A similar situation exists everywhere in the Third World. In 1987, Ford fired 3,400 Mexican workers during a strike; even though workers made one-tenth what they do in the United States. Ford also cut wages by 45 percent, but to back up Ford the government-run union hired hitmen to shoot workers at the Ford factory.(202) In Colombia, British Petroleum “is accused of collaborating with military death squads in Columbia, but the new Labour government just made the chair of British Petroleum a minister and secured him a lifetime civic honor.” (203) There is much more systematic information available in U.\$. Congressional records and in the works of Noam Chomsky, who details U.\$. military aid to Third World

lackeys. Without understanding these basic facts, economists are living in a fantasy-world and hurting real-world people.

Professor Mehmet has shown that it is possible to raise wages in Indonesia and similar countries, perhaps as much as 100 percent without any effect on profit rates if the comprador corruption were eliminated. Later in the section “C 6” we will talk about how thoroughgoing internationalism allows for the potential of eliminating or at least weakening the comprador class. Although not in recent textbooks, in the economics textbook of Paul Samuelson, which openly responds to and rebuts the rebellion of students in the 1960s, students learn that it is possible for unions to raise both wages and employment when there is a situation of monopsony, and of all shocking things in a Euro-centered profession, the book actually mentions “tin mines of Bolivia” as a case where monopsony applies.(204) What this little snippet in a bourgeois economics textbook represents is the slight tension between imperialists and their puppets known as compradors. This textbook case should be generalized to the Third World and we internationalist communists should make use of it.

These days the only academic attention to monopoly of labor-power occurs in the context of First World unions. Robert Z. Lawrence shows that those unions obtain monopoly rents for their workers. He does not consider what would happen if he did the same analysis in the developing countries substituting the word “comprador” for union and a different set of beneficiaries. For the academicians, this is partly just a matter of laziness, partly national chauvinism and partly a matter of finding simple models more beautiful for their own sake. Many of them don’t claim to be studying anything of relevance.(205)

The question of surplus-labor is additionally difficult, because it is likely that if there were a free market in labor-power in the Third World, the capitalist system still would not be able to realize surplus-value and hence would not accept the contributions of the 250 or 500 million workers, instead preferring that a large fraction be unemployed for the short-run. In the long-run, however, through the creation of demand as is done by OECD governments, it is possible for capitalism to employ the 250 or 500 million workers and all others as well. Later in our discussion of “Star Trek capitalism” where we also make the bizarre assumption that political consciousness does not stir the exploited, we look at what happens under full employment in capitalism.

The labor theory of value is most enlightening, because it reminds us to

make these comparisons. We do not approve of the simplifications for beauty’s sake that the bourgeois economists employ in their thinking. They leave out the role of military force and closed borders in their thinking. There is as yet no free-market for labor-power as most economists admit but do not incorporate in their theories.

When the imperialist economists do undertake cross-national analysis, they often focus on labor productivity statistics that start with the assumption of the existing distribution of property.(206) They purport to show that Third World workers have lower productivity by starting with the assumption that the capital imperialist country workers work with is really properly owned by those workers or their capitalists to begin with! In the case of Robert Z. Lawrence of the Brooking Institute, the propaganda goes even a level deeper than that. According to Lawrence, based on an examination of U.\$ multinational corporations, in 1989 developed country workers were 2.5 times more productive than developing country workers. He concludes that “the fact that output per worker is not similar worldwide indicates that not all sources of international competitive advantage are readily mobile.”(207) (Hint: read this as a typical crypto-racist mention of genetics.) He then proceeds to conclude Third World workers are less productive, without first adjusting for the effect of different amounts of capital per worker! So from Lawrence’s own data, there is no way of knowing that those developing country workers are less “productive,” because of what should be readily mobile sources of international competitive advantage, namely capital. Beyond that, Lawrence, also did the usual in taking seriously the dollar figures given for developing countries’ production per worker, when it is really a matter of monopsony power and unequal exchange. Marx called this commodity fetishism, where sales prices are taken seriously to the extent of having a life of their own in the minds of Lawrence and other economists. They do not stop to consider that maybe wages are held down by military means in some countries. What matters is not product per worker but product unit per dollar of wages given a fixed level of capital per worker. The bourgeois economists are such a contradictory lot that though they all condemn Deng Xiaoping’s China as repressive, they don’t bother to integrate that observation into their theories. The fact is that even oppressed capitalist countries with no military regime must compete with those that have military regimes, if they have surplus labor-power available for hire.

In response, Lawrence says, “If output per worker is actually the same throughout the world economy, while wages per worker are much lower, profits and rents per worker in the developing world should be enormous; in fact, total national income per worker should be the same in developed and

developing countries. But that is not the case.”(208) We thank Lawrence for noticing something absolutely important many chauvinist phony Marxists have not noticed, but the reason that national income per worker is not the same is that value is transferred to the First World workers and capitalists by political-military means well described in Noam Chomsky’s books on the Third World. Lower income per worker is not caused by lower output per worker. Countries that transfer too much value to imperialism have nothing left to fund their own growth through investment. The chauvinists conclude that Third World workers just aren’t very productive, and that U.\$ workers are 33 times more productive than Chinese workers. In contrast, we at MIM say there is something going on and Lawrence put his finger on it. There is something huge going on if as he says, “total national income per worker is not the same in developed and developing countries.” That wealth is going to unproductive sector workers in the First World and some of it is the hidden wealth of ruling classes. What is called \$100 million in goods gets shipped to the First World. Then the First World dedicates a percentage of GNP to guarding those goods against arson/vandalism (because it does not matter in country or class calculations if one capitalist steals the goods from another). Another percentage goes to accounting, advertising and customizing with a little extra labor. Soon the goods are “worth” over \$1 billion; even though it would seem that the capitalists added a lot of overhead in security guards, accountants, lawyers and advertising for the products created.

Lawrence like most bourgeois social-scientists has no explanation for why rich countries get richer and poor countries get poorer. He does not care, but we have explained the pattern of facts by a transfer of value from the Third World to the First World. In 1820, the largest gap between any two countries in per capita GNP was over 3:1, but by 1992 it had steadily increased to 72:1. The same is true if we group countries together into regions. The spread between regions increased from less than 3:1 in 1820 to 16:1 in 1992.(209) If we take the top 20 percent of the world’s population by income and compare it with the bottom 20 percent of the population by income, we have a ratio of 11.1 in 1960 and 17.1:1 in 1989.(210) Some countries have grown more slowly than others because of slavery, war and transfers of value through more ordinary means that resemble trade.

Adrian Wood, who along with Lawrence are the top Anglo-Saxon bourgeois experts on international trade’s impact on workers in the North and the Third World, runs up against an anomaly similar to the one Lawrence does. Wood starts out with the obligatory paeans to chauvinism--putting forward that differences in intelligence are innate.(211) Pandering to the peanut-

gallery, Wood introduces a parameter that values all Third World labor hours at one-half the value of First World labor hours. We will call it the chauvinism parameter, but we should recall that in Wood’s particular case, he assumes capital intensity to be equal in industries all around the world, so this parameter can also stand in for a difference in capital-labor ratios that Woods left out. In any case, because Third World labor produces so much more output per wage dollar even in Adrian Wood’s model with the chauvinism parameter, Wood is forced into an anomaly that Wood and his profession will never successfully face. As the title of his book says, Wood would like to attribute the important facts of life to skill differences between the North and South. Yet, in his own model, he is forced to conclude that “if skill-intensive manufactures were produced in the South, their price would apparently be only about one-half of what it costs to import them from the North. This result is not believable: it suggests that the South could produce both goods more cheaply than the North.”(212) Wood says thereafter that the chauvinism parameter was not enough to account for this and that there must be a big difference in productivity created from having so many skilled workers so close together in the imperialist countries.

So Wood wants to talk about skilled workers being clumped together in the First World as an explanation for why goods are not cheaper by half to build in the Third World, even in the most skill-intensive categories of goods. Yet there is no reason, skilled workers in Beijing or Delhi could not be clumped together too. Furthermore, as Wood is no doubt aware, given the unemployment situation in the South and the politics behind protectionism, Wood has hit on a sensitive point. Hence, we will explain it for Wood where Wood was likely to allow various extreme chauvinist assumptions enter the calculations. Setting the chauvinism parameter at .20 instead of .50 would have solved Wood’s problem, nicely but of course, there is no data to back such a view, only the emotional thoughts of the oppressor nation labor aristocracy. We say to Wood that he has hit on the truth: both sets of goods can be produced more cheaply in the South. There is huge unemployment for political and historical reasons, namely a lack of political success by theorists upholding the labor theory of value. The ruling class in the South does not believe in nor care about the fact that labor creates all wealth and that the Third World could be wealthy if it stopped transferring value to the North. All the puppet cliques in the South understand is that the imperialists pay good money for an easy job that requires no background in wealth production. The compradors can ape the imperialist lifestyle by arranging production for the market where the “skilled” workers are clumped together, namely the imperialist countries. Yes, that is where demand for products is because of the existing distribution of property and power. It has nothing to

do with the vaunted skill of the imperialist country workers and everything to do with their purchasing power achieved by centuries of pillage and plunder of Third World wealth.

To the credit of Adrian Wood, he rejected the idea of capital including infrastructure as making the difference between Third World and First World conditions, but at least he considered it. He admits 40 percent of non-residential capital is infrastructure, and it is thought to be less extensive in the Third World.(213)

Returning to the subject of the capital available per worker in the calculation of labor productivity, we can point to an in-depth study of Mexico. At first glance, labor productivity of multinational corporations in Mexico of 1970 was more than twice as high than the labor productivity in Mexican corporations in the same industries. However, it turns out that capital per employee was also more than twice as high in multinational corporations operating in Mexico than in Mexican companies operating in Mexico. When this is taken into account in one method of calculation that bourgeois economists thought appropriate, the gap in labor productivity almost disappears and in some industries, Mexican companies appear to have higher labor productivity than multinational corporations.

Compared with the United States, in 1970, Mexicans working in multinational corporations had 93 percent of the productivity of U.\$ workers in industry averaged as a whole. Productivity in Mexican companies was much lower, but as we explained already, that was mostly because of the capital to labor ratio in those companies. The bourgeois authors of the Mexico study believe the multinational corporations do a little better than other companies and bring a “technology spillover.” Regardless, viewing the 93 percent figure, the racists and crypto-racists have no leg to stand on for why Mexican wages should be one-tenth U.\$ wages.

Between 1970 and 1984, Mexican “labor productivity” caught up further with U.\$ “labor productivity,” again as measured without an adjustment for the capital per worker. Out of 13 industrial sectors for which there is data, food products stayed the same and chemicals fell further behind the same sectors in the United States, but all the other sectors gained ground even further. In rubber and plastics, data shows Mexican workers are 1.85 times more productive than U.\$ workers and 1.11 times more productive in lumber and wood. We do not have an average for manufacturing available to compare with the United States in 1984.(214) In fact, the most interesting thing about the academic work on the subject is the lack of concern with

regard to capital-labor ratios(215) or units of product per dollar in wages in the discussion of so-called labor productivity by bourgeois economists. The next most remarkable thing is that in these cross-national studies of labor productivity of which there are few of profound depth, none are addressing “transfer pricing” or monopsony.

On the one hand it is an error to attribute any reason to reward capital-holders for owning capital. All capital is unpaid labor, and most of the world’s unpaid labor comes from the Third World. For this reason, Marxists might be fooled into accepting the bourgeois method of calculating labor productivity, which is dividing output or national income by the number of workers in a particular country. They believe they have deducted the consumption of fixed capital before they calculated labor productivity. But they didn’t account for which workers were really the source of that unpaid labor known as capital and which workers were the source of the value expressed in monetary terms in the national income. In reality, income should be divided by the number of workers in the country plus the invisible ones from the Third World working for free discussed earlier.

On the other hand, it is also an error to pretend that the unpaid labor or “dead labor” as we Marxists say has no effect on production. When we seek to compare the labor productivity of living oppressed nation workers with living oppressor nation workers, there is no way out of this question of capital-labor ratios. We doubt the arguments and thin evidence of economists that despite higher profit rates in the Third World, capital flows there to such a degree as to equalize profit rates globally or increase capital intensity to match the higher rates of exploitation. For instance, while four bourgeois economists admit there is not even long-term capital mobility yet and that 72 percent of countries belonging to the IMF have capital controls, they say that after-tax returns converge toward 7.5 percent.(216) We believe that is as yet a futurologist fantasy--an important fantasy, but still a fantasy. Such returns converge within the imperialist world, because of capital mobility there, but profits remain much higher in the Third World. Lenin gave us the explanation for this: we live in an era of “coupon-clippers,” or to translate into bourgeois economics language, the imperialists exact a huge “risk premium” for investment(217) in the Third World and would generally much “prefer” bonds over fixed investment in the Third World, all other things being equal. The other reason for the low capital to labor ratios and high profit rates is that there is still a huge reserve army of unemployed in the Third World. Hence, we at MIM are not interested in capital-labor ratios, because capital deserves some mythical return, but because it is a matter of reparations to the Third World which is the source of capital accumulation

in the first place.

So with these imperialist country economists, their analysis always boils down to the primordial free market economy at the origin of everything, where the existing distribution of property is freely arrived at and not a matter of dispute. In contrast, we have two lines of attack on this question: 1) Was the capital (unpaid labor) that the higher-productivity workers use directly produced in the Third World or the result of congealed surplus-labor extracted from the Third World? 2) Under communism, the right to distribution according to work is one aspect of bourgeois right that will be eliminated, but before that we will see to the opposite, namely that work is rewarded for what it is worth, and not what some military-bureaucrat says, and not with a skimming off the top to reward people for owning things. The skimming off the top will be for savings and investment under socialism.

The foolishness surrounding labor productivity and any monetized calculations is another reason it is better just to start with the quantity of laborers and the quantity of physical production. For example, multinational corporations take up a huge share of the manufacturing sector in the Third World. The percentage of Third World manufacturing workers working for multinational corporations, “ranges from 10 to 23 percent in Argentina, Bolivia, Brazil, and Colombia to over 50 percent in Singapore and Senegal.”(218) The total price of Third World manufactured goods exported to the industrial countries in 1986 reached a dramatic high of \$269.4 billion.(219) If the prices of those manufactured goods should have been so much higher, because of artificially depressed Third World wages and the use of locally produced and consumed capital goods in production, say ten times higher, then the price of those manufactured goods would have been 2.694 trillion dollars. Thus, the imperialist countries can make over \$2 trillion in superprofits and profits by dealing with the Third World countries’ export manufactured goods trade. Then on top of the \$2 trillion in super-profits are the normal profits associated with such merchandise in the First World, the profits that allow a margin for retail chains to pay their workers and make a profit. Even in 1986, \$269.4 billion in manufactured goods could have explained a lot about the First World economy. However, the phenomenal growth of exports from the Third World did not stop in the 1990s. By 1992, the figure was up to \$363.8 billion in exports of manufactured goods to the imperialist countries.(220)

By 1994, the manufactured exports from just the “Four Tigers” exceeded the manufacturing exports of the whole Third World in 1986. Growing as much as 35 percent a year, China’s exports reached \$119.8 billion in 1994,

of which only about \$8 billion were raw materials and fuels. Korea exported \$95.4 billion; Taiwan exported \$106.9 billion and Singapore \$93.5 billion. The numbers for China are even bigger, because this particular means of counting does not include exports to Hong Kong re-exported from Hong Kong. The exports of just the Four Tigers to the United States were over \$123 billion in 1994.(221)

Aside from being out-of-date, the potential for super-profits even in 1986 was higher than mentioned, because we should also not forget that many cross-border transfers of value will not appear in any statistical table, because they are transfers within multinational corporations that are faked. “Transfer pricing” is another fancy phrase for smuggling. In some cases, it probably is outright smuggling to hide the exports from the puppet regimes bribed to look the other way. Even the major imperialist countries are upset with Switzerland, the Cayman Islands, Andorra and Liechtenstein for their willingness to hide wealth to such an extent that the IMF admits its statistics on financial flows have to be inaccurate.

In addition to legitimate smuggling of Third World value into the First World, known as transfer pricing, and illegitimate smuggling through outright bribery, there is also the power-play where a multinational corporation simply threatens to leave unless given appropriate tax breaks that effectively hide production. On occasion, multinational corporations have also been known to escape taxation in two imperialist countries at once, by playing the two countries off against each other, through complex legal entanglements and agreements.(222) What this all means is that a certain pile of goods may be worth \$1 trillion, but it may go on the books as \$100 billion. Once they arrive at their destination in the imperialist countries, they will sell to consumers for way more than \$100 billion, but that gets called profit or salaries for parasites. It gives the parasites the illusion of working for a living and having a real reason to look down on Third World workers who only seem to produce goods worth \$100 billion, when the tremendous legal, guarding and sales prowess of the oppressor nation workers sold the same goods for over \$1 trillion. To answer Lawrence’s question why there is no huge wealth in the Third World, if the multinational corporate capitalists and other capitalists hired enough lawyers, accountants, security guards and sales and bank staff in the Third World, we would suddenly find “total income per worker” the same in the Third World as the First World, but because of the existing distribution of property and power, the Third World people do not have the money to buy their own goods.

By the early 1980s, 20 Third World governments were receiving at least 10 percent of their total tax revenue from export taxes--which are illegal in the United States.(223) So we can imagine that in those countries the exporters including multinational corporations would rather bribe a few officials to keep their products off the books than pay taxes. That just means again we underestimate the superexploitation going on by going by published statistics, because as the bourgeoisie always says, whenever there are taxes, there is smuggling. (224) This could be a worst case scenario, because then the multinational corporation could name any price it wanted for the value of its goods it is shipping back to the imperialist country in question. The agricultural, mining and semi-finished goods then go back at low cost and with a little touching up in the imperialist countries, they sell for huge sums.

Grazia Ietto-Gillies explains the administrative motivations of multinational corporations that result in hidden transfers of value across borders. "Differences in corporate taxation between countries will make it profitable to shift recorded profits to the low tax-rate country. Similarly, expected changes in currency values may prompt shifts of funds towards the country where the currency is expected to appreciate. . . . similarly, under-pricing a commodity may lead to payment of a lower ad valorem tariff. Obstacles to the repatriation of profits may be removed by appropriate internal pricing. A company may also have political reasons for wanting to have low declared profits in a particular country; for example, such a strategy might allow the company to avoid pressure for wage increases or pressure for more competition in the market and hence for tighter competition policies."(225) As an example, all of Latin America was scandalized to learn how U.\$ copper companies had repatriated profits several times the value of the initial investments in Chile. Likewise, today, China still puts up a pretense of caring about the issue by claiming at least in public that there is a limit to profit repatriation that the government will allow. The natural response in Latin America is to pass laws or apply informal political pressure on a multinational corporation to keep it from repatriating profits to the First World. By the use of transfer pricing, the multinational corporation escapes all such pressures. According to one estimate, by shifting around numbers from country to country, 200 U.S. corporations only pay 51.6 percent the taxes they would usually have to pay.(226)

Under the best of conditions of monopsony, which is monopoly power in buying as opposed to monopoly power in production, the purchase of Third World labor-power through the intermediaries of Third World puppets or comprador capitalists, who are often on the payrolls of the CIA or the multinational corporation in question, we would question how much value is

lost by the Third World proletariat. When we stop to realize that a growing share of foreign trade by imperialists occurs through transfer pricing within one multinational corporation sending goods from a subsidiary to an imperialist country,(227) we should toss bourgeois economic theory completely and pay closer attention to politics. While the bourgeois propagandists used to attack socialism for administrative pricing, today the greatest practice of administrative pricing and planning of production occurs within multinational corporations. One estimate puts 50 percent of U.\$ imports and 40 percent of exports as transfers within companies.(228)

While MIM believes the transfer of value from the Third World is in the trillions of dollars each year, it would only take an explanation of \$70 billion to wipe out the profits of the top fifty industrial companies of the world, which combined had \$2.1 trillion in sales in 1990 and were equivalent to 39 percent of the U.\$ GNP (Gross National Product) in 1989.(229) Knock off a mere \$70 billion in profits a year for a few years and global capitalism gets thrown into a loop and maybe collapses if the collapse of the 50 companies has a domino effect on the rest of capitalism, especially through its banks. Starting from the Marxist side of the analysis, we have our difficulties also. We can toss aside commodity fetishism and pay attention to the number of workers as is part of our tradition of political economy. Still, we must translate how the labor of hundreds of millions will work its way into the imperialist country economies in order to understand the class structures of those countries. When we achieve state power we can set about improving statistical measurements of all sort and set up institutes for the study of the question, but for now we have to use very imperfect information. The difficulties of the capitalist-class in selling its products become our difficulties of analysis when we attempt to find out to what degree the capitalists succeed in realizing surplus-value as profit. Shaikh and Tonak calculate that the U.\$ imperialists only realize 60 percent of the profit possible from surplus-value appropriated.(230) The imperialist country economists are not even interested in any of these questions, which is apparent above all because their analysis assumes the non-existence of classes. Hence, it is a big mistake for Marxists to swallow uncritically bourgeois statistics on labor productivity and international economics to conclude anything about class structure. The bourgeois economists and statisticians never intended their data to be used for that purpose. It is imperative that we make a Marxist synthesis for our own use. One source of data that we have accessible is the profits that multinational corporations report they repatriated from developing countries. This data tends to be available even if badly faked, because of the need to report income for taxes and stockholders. Repatriated profits from the fixed investments in the Third

World are no small matter: “The official figures for the export of profits reveal a wide ‘scatter’ of the underdeveloped countries from this standpoint: exported profits represent from 2 to 25 percent of the gross domestic product, and from 8 to 70 percent of exports.”(231) As an example, Samir Amin details the economy of Africa: “For nine countries of West Africa, during the ten years 1960-1970, the outflow of profits (92 billion CFA francs, or 10 percent of the gross domestic product) was greater than the inflow of private capital together with public aid.”(232) The impact of profits from abroad more than doubled between 1950 and 1962 in the United States. By 1964, the Third World accounted for 64 percent of profits coming from abroad in the United States. “It may be estimated that the revenue which private capital derived from Third World countries came to some 14 percent of the profits made by United States companies (excluding finance companies) after taxes. Harry Magdoff explains that the data available to him tend to undervalue profits derived from abroad.”(233)

Since the bourgeois economists and government agencies do not hand over ready-made statistics on the rate of exploitation or the total surplus-value potentially extracted at the point-of-production in the Third World, we must make use of other approaches to approximate an answer to the calculation of the total surplus-value and its impact on the class structure of imperialist countries. Unfortunately, the imperialist country phony Marxists would attack MIM for calculating the unrealized surplus-value embodied in the manufacturing goods trade. They would say we were wrong to focus on trade as the source of surplus-value instead of the mode of production. However, we are not saying that trade is the source of surplus-value and profits. No, we are saying it originates with death-squad governments’ intervention in the work process that creates super-profits, where there should be negotiations between labor spokespeople and multiple buyers. The reason we have to talk about trade statistics at all is that the bourgeoisie keeps statistics on that and not on surplus-value at the point-of-production. We talk about trade to measure surplus-value, not to point to its source. We should all know its source just from looking at the comparative wages statistics in manufacturing that show among other things that Chinese workers make 50 cents an hour.

Samir Amin has already forcefully rebutted the chauvinist nonsense surrounding “unequal exchange.” “All those who, rejecting unequal exchange, rush to raise the cheap argument that this is a matter of circulation, not production, either are not acquainted with the thesis in question (the root of the matter lies in the different conditions under which labor is exploited), or prefer to evade the thorny question of imperialist

exploitation.”(234)

Back in 1966, Samir Amin was already pointing to the Third World’s losing 3 percent of its product to the First World, just in connection to the measurements he made in unequal exchange and leaving out other possible areas of transfer of surplus-value to the First World, such as repatriation of profits.

“Altogether, then, if exports from the periphery amount to about \$35 billion, their value, if the rewards of labor were equivalent to what they are at the center, with the same productivity, would be about \$57 billion. The hidden transfers of value from the periphery to the center, due to the mechanism of unequal exchange, are of the order of \$22 billion, that is to say, twice the amount of the ‘aid’ and the private capital that the periphery receives. . . .

“The imports that the advanced countries of the West receive from the Third World represent, it is true, only 2 or 3 percent of their gross internal product. . . . But these exports from the underdeveloped countries represent 20 percent of their product, which was about \$150 billion. The hidden transfer of value due to unequal exchange is thus of the order of 15 percent of this product, which is far from being negligible in relative terms, and is alone sufficient to account for the blocking of the growth of the periphery, and the increasing gap between it and the center. . . . It comes to about 1.5 percent of the center’s product. But this transfer is especially important for the giant firms that are its direct beneficiaries.”(235)

In 1994, the imports from the Third World into the European Union were 29.7 percent of all imports and about 3 percent of the European Union’s economy.(236) Using the proper monetization multiplier parameter of 10, we would attribute 30 percent of the European Union’s economy to imports from the Third World, and we would have enough surplus-value accounted for to explain the huge growth of the unproductive sectors. The increased importance of Third World manufacturing also explains the timing of that growth of the unproductive sectors.

A new means of superexploitation: Third World explosion of manufacturing Composition of merchandise exports of Third World to industrialized countries(237)

| Year | Primary and processed primary | Fuel | Manufactured |
|------|-------------------------------|-------|--------------|
| 1955 | 74.4% | 20.4% | 5.0% |
| 1970 | 51.0% | 33.1% | 15.6% |
| 1980 | 17.7% | 66.4% | 15.2% |
| 1989 | 20.5% | 24.8% | 53.3% |

To look at the same imports from the Third World another way, we can use a different parameter in line with the accounting approach of Shaikh and Tonak. While Third World exports to the First World are around 3 percent of GNP, they are a much higher portion of manufactured goods. In 1990, in the United States the ratio of imports from developing countries to value-added in industry within the United States was 11.2%. The figure is slightly higher for European imperialism and slightly lower for Japan.(238) In the European Union, according to Lawrence, Third World imports were 5.2 percent of the manufactured goods sold in the unproductive sector in 1992; even though, 40 or 50 percent of those goods were priced by transfer pricing and all the goods were produced by labor under highly coerced conditions.

These sorts of figures help us to separate an unequal exchange argument from an argument about the transfer of value from the productive sector to the unproductive sector. Such a transfer of surplus-value is completely distinct logically-speaking from repatriation of profits and discrimination profits. If Third World goods are 10 percent of the goods sold in the imperialist countries, then 10 percent of the surplus-value realized in the unproductive sector should be attributed to a transfer of value from the Third World productive sector to the First World unproductive sector. If we go by goods prices, we will have a number starting at 5 percent and growing each year. If we start as a ratio to value-added like Lawrence, we will start at 10 percent and increase each year after 1990 as Third World manufactured exports expand.(239)

If we assume that those 10 percent of goods were produced under conditions of the same rate of exploitation as goods in the First World (including the same ratio of wages to value-added), then we can see how much value was transferred to the unproductive sector and capitalists by Third World manufactured goods. This method presumes nothing like an

“unequal exchange” argument and simply treats Third World manufactured goods the same way Shaikh and Tonak treat First World manufactured goods--as if the Third World manufactured goods really trade on a free market with no transfer pricing, monopsony, state intervention or corruption conditions. Shaikh and Tonak argue that value transferred to unproductive sector workers can be viewed as a “trading margin” and similar insurance, legal etc. margins added in after production of goods. The final purchase price of a good reflects all the activities of the unproductive sector added in as cost. By this measure, the U\$. surplus-value accounted for by the Third World manufactured goods treated as if they were on a free market is over \$233 billion in 1989.(240) Such a sum added to surplus-value accounted for from the internal nation productive sector workers (\$699 billion) easily accounts for the net capital formation in a year and the entire consumption of the top 1 percent that most refer to as the capitalist class.

That leaves a tiny portion of white workers who may be “exploited” by other workers with their surplus-value transferred to other white workers. The meaning of such an argument if it were made would be that it is a mistake to talk about one working-class in the imperialist countries and instead we should talk about a tiny exploited class and a majority oppressor nation petty-bourgeoisie and the transfers of value from the Third World. MIM considers that a friendly position. Alternatively we could stay within a one-working-class view and simply hold that its average exploitation rate is negative, which is MIM’s preferred solution. In the first case of a small exploited oppressor nation working-class, the problem becomes that the larger majority petty-bourgeoisie enjoys essentially the same living standard and social conditions, so it will be very difficult for it to exist as a distinct class, not just because of its small relative size.

The reason the above argument is difficult for dogmatists to swallow is that they never conceived that surplus-value ever went to anyone but capitalists. The problem is that even in Marx’s day, he believed that the unproductive sector appropriated surplus-value for itself, and not just capitalists, and that sector has grown tremendously in the imperialist countries in particular where it is not only large but rich. Appropriating surplus-value is the quintessence of the capitalist-class, but it is not empirically true that it appropriates all of it, so we have to revise our image of the class structure.

As a whole class and on average, just using this very conservative calculation, there is no net surplus-value extraction of the oppressor nation working-class by the oppressor nation capitalist-class. Of course, a corrected calculation would show that the Third World goods are marked up much

more in the retail sectors than the other goods, because they start from lower relative prices, because the labor is exploited at a rate several times (maybe infinitely if the reader agrees with MIM that the oppressor nation worker exploitation rate is 0 or negative) higher than the First World labor. We will have to return to that point again later, because of the results that Shaikh and Tonak achieve without accounting for international transfers of value.

We can even go a step further in defending some naive proponents of “unequal exchange,” who refer to the terms of trade.(241) According to some, the argument about the “terms of trade” in which 100 tons of Third World goods exchange for fewer and fewer dollars or fewer First World goods each year is an especially bourgeois argument, representing the interests of the oppressed nations’ bourgeoisie. Yet, even in a terms of trade argument, it is a question of measurement and not qualitative description of the underlying social relationships. When the terms of trade decline, it could be due to an increase in the rate of exploitation in the Third World or it could be a redivision of monopsony advantages between the comprador capitalist of the Third World and the imperialists of the First World. As an example, the restoration of capitalism in China weakened the prospects of the comprador bourgeoisie of all Third World countries to extract rents from their monopoly of administration of the labor-power resources in their countries. So while the political administration of the monopoly of labor-power within each Third World country may stay the same, the share of the rents going to compradors can decline with an increase in the share going to imperialist capital. That same restoration of capitalism in China strengthened the prospects of the imperialists to threaten their partners globally with relocation to China. Despite this underlying class structure explanation and the possibility of terms of trade shifting because relative rates of exploitation shifted and despite the fact that even Perlo mentions this method of exploitation, we will not use it in any of our calculations, again as a generous concession to our chauvinist critics.

Subsequent to the time the author of the Marxist version of “unequal exchange” wrote, the transfer of value started to occur not just through exotic agricultural goods and raw materials but through a vastly expanded set of manufactured exports from Korea, China, Taiwan and other places with exploited workers. The expansion of the transfer of value to the First World has made it possible for the creation of huge parasitic sectors of employment in those advanced industrial countries. In the next section we shall examine this issue more closely, once again to prove the impossibility of the views of our various critics.

From this discussion we expect our reader to draw out some questions for further study. 1) What is the wage differential between oppressor nation workers and oppressed nation work and what causes that differential? How much of the differential is politics, military oppression and plundered resources and how much comes from oppressed nation workers being lazier like the bourgeois economists and pseudo-Marxists opposed to MIM say? 2)How many industrial and market-sector agricultural workers in the Third World are there and how much are they losing to imperialist superexploitation? 3) How is it possible for capitalists to hire so many imperialist country workers to be in banking, retail and government sectors and still show a profit? The clinching question for the class structure will be given what one knows about how much surplus-labor is extracted from the Third World, how is it possible for profits to be the size they are relative to salaries and wages of oppressor nation workers, unless those oppressor nation workers are absorbing a part of that surplus-labor in their salaries? We hope to have put some flesh on these questions for our readers, but it is more important to remember the questions than the numbers, because if one keeps the questions clear in one’s mind, it is always possible to look up the numbers later.

We shall see at the end of this essay that as in the United States a majority of European imperialist country workers can be dismissed as the source of surplus-value just from an elementary occupational and labor force statistics breakdown. Then the question arises, does the surplus-value arise from the small and highly paid industrial, transport, mining and agricultural sectors of the oppressor nations or is it not completely explained by the extraction of surplus-value from the Third World and perhaps discrimination against internal semi-colony workers?

5. The class structure, labor productivity and the calculation of the profit rate

“We must carry statistics to the people and make them popular so that the working people themselves may gradually learn to understand and see how long and in what way it is necessary to work, how much time and in what way one may rest, so that the comparison of the business results of the various communes may become a matter of general interest and study, and that the most outstanding communes may be rewarded immediately (by reducing the working day, raising remuneration, placing a larger amount of cultural or aesthetic facilities or values at their disposal, etc.).”(242)

Marx based his idea of “v” on a free market for labor-power case. To

accurately measure “s,” we have to know how much income goes to paying for workers’ necessities of life. Thus the question arises, should we use the “s” and “v” referring to just imperialist country workers or should we include the “s” and “v” hired by those same imperialists in other countries.

Even if we try to restrict “s” and “v” to imperialist countries, we have to calculate the living standard of workers based on the food, clothes and minerals they obtain from Third World countries at cheapened rates. Thus “v” can go down in the imperialist countries because of superexploitation of the Third World that makes food, clothing, cars and gas cheaper than it would be otherwise. When the “v” goes down because of this effect, the new “s” should be attributed to the Third World, not the worker who had his means of life cheapened and provided for by Third World workers. That new “s” is not the result of the speed-up of First World workers.

It also follows that “s” can be inflated if we naively accept the GNP of imperialist countries as produced by imperialist country workers and then subtract “v” from the GNP to arrive at “s.” Ultimately, because of this problem, MIM no longer refers to a rising inorganic composition of capital restricted to the imperialist countries. If we were ignorant of super-exploitation, we should have predicted the collapse of imperialist capitalism long ago, strictly based on the rising inorganic composition of capital. Instead, we have to follow the transfers of value very carefully. 1) In the productive sector, the first step is to pay oppressed nation workers 10 times less per unit of output. 2) Next is to administratively transfer that value to the imperialist countries through transfer prices, outright smuggling or price-fixing by imperialist-puppet regimes. Once that value arrives in the imperialist countries, then retail margin, insurance, guarding, legal--all the various unproductive sector mark-ups occur to appropriate the value. 3) The final step is that the bourgeois classes and their own purchasing-power reaches such a level that they pull along the productive sector workers of the oppressor nation with them. In a vicious cycle of loss of value to the imperialist countries, (which leads to those imperialist countries being richer and having better markets leading to more exports), imperialist countries are considered the “best market.” Value reaches the oppressor nation productive sector workers that way and one other way. By using Third World agricultural, mining and manufactured goods as inputs in industrial production established with their phony transfer, monopsony or government/death-squad-set prices, oppressor nation workers can appear to be the source of value in a product that actually originated in the Third World.

Even when the imperialist invests in the Third World “instead” of in the

imperialist countries it is still possible for the imperialist country worker to appear to have increased labor productivity when in fact it was merely an increase in the extensiveness of superexploitation in the Third World. The reason this happens is simple--political realities including borders with military enforcement. If there were a true free market, we would see a flow of capital to the Third World and a corresponding rise in Third World wages. That does not happen so clearly, because the imperialists close their own borders to immigration and thus eliminate a free market in labor-power while they also back any regime of lackeys with military training and weapons so that puppets keep down the wage-rate--often in the name of attracting further investment. As long as puppet regimes like that of Marcos in the Philippines, Park in Korea or Somoza in Nicaragua were and are in place, capital could and does flow to a Third World country with no rise in wages. The “Brazilian miracle” is a perfect case in point where export trade did increase as well as internal luxury consumption, but the income of the bottom three-quarters in Brazil actually fell in that boom. Meanwhile, if the capitalists don’t have enough operations in the imperialist countries themselves to create phony jobs, the workers go on pensions or welfare and still live better than superexploited workers of the Third World. In European social-democracy, workers who would be receiving low-wages relative to imperialist standards receive social benefits instead. Since the real game is superexploitation of the Third World, the Amerikan capitalists do not care about that difference and they offer integration with European imperialists. Even without working at all, the imperialist country workers can see their living standard increase, thanks to super-profits.

Hence, political realities prevent the Third World proletariat from getting its due. All it gets is death-squad government. Additionally the imperialist country labor aristocracy gets the false impression that its hard work results in a gradual increase in its living standard, maybe 2 or 3 percent a year.

If we leave aside the issue of whether capital per worker is the same in the imperialist countries and the Third World and whether that capital--unpaid labor--originated in the Third World or the imperialist countries, it is still evident even to bourgeois economists now that the alleged productivity gap is small compared with the wage gap. According to William Greider, Mexican auto workers are 50 percent to 70 percent as efficient as U.\$ workers (leaving aside capital per worker). Yet, the wages are not 50 to 70 percent as much. The wages are only 12 percent to 16 percent as much. Thus the Mexican auto workers receive only one quarter or one fifth as much per unit of output, if we leave aside issues such as monetization and capital per worker and just accept the bourgeois economists at face-value.

In Bangladesh, the gap is even larger. Bangladesh workers are better than 50 percent as efficient as U.S. shirt-workers, but they receive 3 percent of the pay. That means U.S. workers get paid 17 times more per unit output in shirts.

Again if we leave aside capital per worker and look at what it takes to produce a ton of steel, the Brazilian worker is 59 percent as efficient as a U.S. worker, but s/he only receives 10 percent of the pay. Thus, U.S. workers get paid 6 times more per unit output in steel.(243)

To reinforce the point we made earlier about commodity fetishism and the problem of monetization, this means that if we had two countries, and one country had Brazilian steel workers that produced 100 tons of steel and the other country had U.S. workers that produced 100 tons of steel, the GNP of the first country would be one-sixth that of the second country even though both countries produced 100 tons of steel. To be precise using Greider's productivity and wage figures, the Brazilian steel-worker country would have a GNP of \$742.40 and the U.S. steel-worker country would have a GNP of \$4420. (But as international cost-of-living and inflation indices show, this does not result in much lower prices in one country and much higher prices in the other country.) What happens is the rich country buys the 100 tons of steel from the poor country with the help of a lackey regime. The apologists of exploitation known as economists have to write libraries full of material overlooking this elementary fact, but we scientists have no intention of going along with their nonsense. We use a monetization parameter of 10 that assumes that purchases occur as they do in the First World, with multiple buyers, and not with death-squads setting wages. We derive this parameter not from trade figures but from looking at the above figures on comparative wages and productivities.

Next MIM would like to develop at greater length one of the consequences of ignoring the existence of the labor aristocracy in the imperialist countries. Trotsky accused Stalin of overestimating the possibility for stabilization in the imperialist countries as MIM explained in MT10. Later, Stalin accused Bukharin, the German comrades and the U.S. comrades of the same thing. The revisionists see the labor aristocracy thesis as both an "ultraleft" and "right opportunist" thesis. To the extent that the labor aristocracy thesis means that we believe a smaller portion of the population can get the job of revolution done (leaving out the question of outside intervention), the thesis is seen as "ultraleft." On the other hand, to the extent that claims of a broad labor aristocracy mean political stability for imperialism, the thesis is seen

as "right opportunist" for underestimating the possibility of crisis.

In actuality, the labor aristocracy thesis forms one dialectical and interconnected whole. In the first place, we at MIM believe that the Third World proletariat is the main force of revolution, even in the case of the United States and other imperialist countries. It is not that we see only a small force necessary for revolution, the way some ultraleftists talk.

The key is that the expansion of the labor aristocracy is geographically limited in its ability to bring stability to imperialism and furthermore, the more the labor aristocracy expands, the more the imperialists are slitting their own throats. The labor aristocracy as it exists in the imperialist countries produces no net surplus-value, and most of it produces no surplus-value at all.

Hence, a key Leninist proposition is that the expansion of the labor aristocracy must reach a limit set by the surplus-value that can be extracted from genuinely exploited and super-exploited workers in the global productive sector. For example, commercial workers cannot keep expanding their employment forever, because if everyone works in sales, there is no one to produce cheap products enticing to the market. How far along we are in the process of exhausting the possibilities for unproductive sector growth is indicated crudely in one statistic. An expansion of manufacturing employment by 100 results in the creation of 422 other jobs, because those 100 newly hired people spend money and generate products that end up resulting in the hiring of 422 more people. Expanding personal and business services by 100 jobs increases other employment by 147 and 100 new retail jobs only result in 94 more jobs.(244) While predicting that "Hispanic" employment alone would be 10 percent of all employment in the year 2000, the U.S. Government also said that the occupation with the single largest growth in total numbers for all workers would be sales. The prediction was an increase of 4.5 million sales workers in the last 12 years of the century. From MIM's perspective, such is only possible, because the workers outside the United States are increasing their contributions of surplus-value into the U.S. capitalist system.

The top occupations in terms of percentage growth are health services with the top four categories, followed by banking and travel agents, followed by three categories of computers and engineering, two categories of government including jailers and one category for receptionists. Of these, only the engineers are likely to be productive sector workers. The rest are personal consumption services, marketing, administration or security.(245)

It turns out that two radical economists—Anwar M. Shaikh and E. Ahment Tonak—now understand a major aspect of the dialectical relationship between stability and crisis. These two economists make no attempt to understand the national question in relation to surplus-value, because like bourgeois economists taken up with commodity fetishism, they believe it is relatively unimportant to the United States,(246) but they grasp the difference between productive and unproductive labor. They have shown that the expansion of the proportion of unproductive laborers in the United States coincides with a decline in the rate of profit.

Failure to make the distinction between productive and unproductive labor weakens or eliminates Marx's theory of crisis. If all workers are treated as productive sector workers, they all produce surplus-value and the basis for imperialism to continue without crisis is radically expanded.

According to Shaikh and Tonak, there is one exception in which the unproductive sector can produce profits without underlying help of surplus-value from the productive sector. Capitalist merchants who trade with pre-capitalist societies enjoy what they call “profits of alienation.” These profits are not connected with the idea of super-profits. These profits occur only because the pre-capitalist society is not part of the same market and mode of production as the capitalist merchant, and hence production in the pre-capitalist society is not governed by the law of value as explained by Marx for capitalism. In such a situation, a trader can barter goods with the pre-capitalist society and return to the capitalist country to sell exotic goods obtained for more money than it cost to buy the goods given to the pre-capitalist society.(247) Of course, such profits of alienation raise the question of how long will such a situation last. Once the other capitalist merchants find out about this pre-capitalist society, they might go to it and offer better terms than the last merchant. It is not hard to imagine a capitalist trade sector developing in a pre-capitalist society when there was none before. That trade sector would be in the set of goods that are produced by the pre-capitalist society that have potential for creating profits of alienation. Such profits should be seen as originating in the surplus-value produced by the export sector of the foreign country. Then the question arises as to whether it is meaningful to speak of pre-capitalist modes of production anymore or whether there is one global capitalist system. From MIM's point of view, while trade may influence a society decisively, as long as there is a landlord or other such pre-capitalist class in power, the mode of production will not become fully capitalist and so we should continue to speak of various modes of production, and not one world system. The export sector

may develop from one fitting “profits of alienation” into one governed by the law of value.

Returning to the topic at hand, MIM would say that “profits of alienation” are proof of MIM's position. To whatever extent profits can be attributed to international transfers from Third World countries with semi-feudalism, MIM has proved its point. The Third World is also contributing surplus-value through the more conventional means of capitalist exploitation and super-exploitation, as in China today.

MIM not only distinguishes between productive and unproductive labor, but also it distinguishes between exploited and non-exploited productive sector workers. According to Shaikh and Tonak, we should say that workers that do not produce surplus-value can nonetheless be exploited, and this is something MIM has seen in Marx's writings on occasion; hence we will give Shaikh and Tonak the benefit of the doubt on that question. The exploitation rate in the unproductive sector case is the profits realized divided by the wages paid. The thesis makes sense when one considers that a worker facing the market for labor-power would surrender unpaid labor to the capitalist whether in a productive sector or unproductive sector job, in the classic case of early and middle-stage capitalism. It has been shown that the productive and unproductive sectors influence each other in terms of wages which are highly correlated and close together.(248) When the majority is unproductive sector and there is no pre-capitalist mode of production to offer up a huge reserve army of unemployed and when the borders are closed, however, MIM warns that it is necessary to make an additional calculation in connection to the superprofits that enter wages.

In imperialist countries, production sector workers are beneficiaries of a transfer of value from the oppressed countries and produce no net surplus-value once their wages are considered. For this reason, we recognize the possibility for a case of workers that Shaikh and Tonak speak of, but this case of exploited unproductive labor does not actually occur in the empirical world of the oppressor nations of imperialism. Using the definitions of Shaikh and Tonak, there is no surplus labor in the day of imperialist country workers, who are petty-bourgeoisie receiving the wage-form of pay. Hence, they are not exploited. All of this calculation is only possible by a careful examination of the national question and international flows of surplus-value.

Before we go further into these questions, we would like to point out that the failure to distinguish a labor aristocracy from the proletariat

and the productive and unproductive sector workers results in a further disarming against the onslaught of imperialist propaganda. According to the latest bourgeois propaganda, “industrial society is more affluent than an agricultural society, and a knowledge society is the most affluent of all.”(249) Since the oppressor nation workers have increasingly left agriculture and industry, it was inevitable that bourgeois propagandists in the oppressor nations would attribute wealth not to parasitism but to being “smarter.” Such sugar-coated bullets go over well with the oppressor nation workers who need some way to understand the increasing role of the Third World in manufacturing, which white-collar propagandist Richard Crawford admits is going to be 30 percent of all manufacturing by 2000.(250) We will add that with the Third World doing 30 percent of all manufacturing, much more than 30 percent of all surplus-value will come from the Third World, probably more than 75 percent. In addition to the fact that the rate of exploitation is higher, the sectors of industry that the Third World is dominating are the labor-intensive ones like textiles and apparel.(251)

To back the message of competitiveness materially-speaking, the imperialists conduct cross-country investment. Such investment contributes to the illusion that imperialist country labor productivity is rising, when in fact, the only thing rising is the possibility of sharing more superprofits extracted from the Third World worker in the guise of “productivity gains” of imperialist country workers. The possibility for super-profit sharing increases as the imperialists allot a larger quantity of capital per imperialist labor aristocracy worker. According to Socialist Action in Montreal and other supposed Maoist organizations and most organizations calling themselves “Marxist-Leninist,” MIM is wrong. Oppressor nation wages are higher they say, because oppressor nation workers work harder and are better educated.(252) A corollary of this argument is that the Third World is relatively unimportant to the First World, which could do without it.(253) In its most aggressive form, the “post-industrial” or “information age” thesis says that not even low wages can save a country and make it competitive internationally. According to some economists cited by the proponents of the “Information Age” thesis, there is no correlation between low wages and competitiveness anymore, because of the role of the white-collar worker in production.(254) Meanwhile, with MIM’s focus of attack on the low wages in the Third World, Socialist Action finds us guilty of an “unequal exchange” argument.

In this, Socialist Action echoes the oppressor nation bourgeoisie on labor productivity. Indeed, this belief is fully congruent with the current mania about the “information society” and “human capital”— how supposedly

global competition in high-technology makes industrialism irrelevant and breathes endless, crisis-free life into capitalism. The contrast could not be more clear—those who believe in the relative permanence of capitalism revived by high-technology and those who believe the high-technology white-collar workers are parasites bringing medium-run political stability at the cost of producing no surplus-value and a hastening of profit rate crises.

One of the typical bourgeois pulp so-called non-fiction books is titled, “In the Era of Human Capital: The Emergency of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors.” The capitalist class is busy hiding behind the chauvinism of the oppressor nation petty-bourgeoisie. The capitalist class does not mind to the extent that it considers itself “talented” and “intelligent.” The white-collar class has an increasing array of ideological weapons at its disposal in the mass media.

Placing itself right at the center of the forward march of history, the white-collar class or knowledge class has numerous spokespeople, which can be found claiming: “Knowledge is substitutable. It can and does replace land, labor, and capital.”(255) In fact, it is difficult to get at or nationalize “human capital,” which is supposedly responsible for two-thirds of the inequalities in wages and salaries within the United States.(256)

In the first place, we should de-mystify education’s economic role in production. Often it is merely a justification for letting some people rule others. In cases where education did result in actual improvement of brain-power needed for production, we can still assess who paid for that education. The more education a person receives, the more production society foregoes while the student is studying. A student may work-study, but then that student is still just working or studying that much less. What it takes to get a college education is a source of capital. A society with no savings of food, clothing and shelter, a society with no surplus, cannot have people go to college. Someone has to shelter, feed and clothe the students. In China, since Liberation, the government has believed it could not afford to take care of more than 1 percent of the people to give them college education. On the other hand, the revisionist regime has proved willing to transfer tens of millions of worker-years of value to the imperialist countries. So it is fitting to ask, when a country is rich enough to send its children to college, where did the capital come from? Why are the oppressor nation people rich enough to be able to do so? Imperialist countries are rich enough to send a large fraction to college, because they have pillaged the Third World and First Nations. The Third World provides

the cheap food, raw materials and manufactured goods that allow capital accumulation in the imperialist countries which is then applied to college education. With that college education, some people patent things and come up with “intellectual property,” which the Third World has to pay for to use. Unfortunately, sometimes education under capitalism serves no real purpose except to justify white-collar consumption.

In this regard we point to a very interesting analysis by Robert Z. Lawrence. According to Lawrence, the the fall of prices in the goods of industrial sectors coincided with their faster growths of the unproductive portion of the labor force. The official thinking of this particular OECD and Brooking Institute bourgeois propagandist is that this proves that better-educated workers are more productive and efficient thanks to their creative use of technology, which is the all-powerful dynamo in the economy.

Lawrence interprets the fall of prices as proof of competitiveness in this study of U.S. industry between 1960 and 1990.(257) However, looking at the same facts, MIM concluded that prices fell because with a higher portion of unproductive sector workers, there was a fall in the transfer of value to commodities by imperialist country workers and an increase from oppressed nation workers. The critics of MIM would have to side with Lawrence—who holds there is no danger to capitalism. According to the Lawrence-type of view, the imperialist country workers just have to see to it that they obtain college education, as Clinton also says, even if that means obtaining political concessions from the government or ruling class to do so.

Price competition in connection to technology only sustains the life of the capitalist system if it results in the increased production of surplus-labor by the increased hiring of productive sector workers—if not in the United States, then in the Third World. Alternatively, if price competition lowers the price of the necessities of life, then wages may decline and surplus-labor may increase. As we have pointed out in section “C 2” above, the evidence is that the imperialist countries are placing no emphasis on smashing pre-capitalist modes of production and drawing more workers into productive labor, but that did not stop the communist-led movements from achieving that effect. The restoration of capitalism in China does mean a huge new source of surplus-value added into the imperialist system. According to Marxism, even if it occurs only after full employment of the whole world,(258) there is a limit to surplus-value extraction under capitalism thanks to intra-capitalist competition and class struggle. For this same reason, the hiring of labor aristocrats cannot go on forever, contrary to the revisionists and imperialists.

Sidebar “Star Trek Capitalism” and taking chances with life

Marx taught us to pay attention to the following ratio: $s/(c+v)$. Here we would like to exaggerate and push the limits of this ratio to understand dynamics of capitalism and the propaganda claims of the “information age.” Suppose we accept the capitalists and imperialist-economists in our own movement at face-value. Suppose that technology allows for continuous advance and that capitalists are able to create the equivalent of the “replicators” in Star Trek, in which a person goes to the machine, asks for any food or commodity item and the machine produces it immediately. The only resource necessary is energy which of course involves a little mining, but nothing compared with today. Star Trek is premised on what Marx called “superabundance,” and even in Star Trek II with Captain Picard replacing Kirk, we receive monologues on how civilization long ago left behind conflicts over food and property. Indeed, the Ferengi are viewed as a crude species of another era in their pursuit of profit. Nonetheless, imagine that somehow the system of capitalism continued after the invention of replicators and virtually free energy.

In the situation where there is a replicator that creates all food and commodities like guitars that one could ask for, “v” declines to virtually zero. The capitalists and their propagandists would say there is an increase in productivity. With “v” at zero or virtually zero, the capitalists can handle workers’ wants at zero cost or wages. There is no higher “productivity” possible. Meanwhile, “s” becomes the entirety of the working day. Whatever the worker produces goes to surplus, surplus-value in the situation of capitalism with Star Trek replicators. The limit on “s” is simply the number of people and the hours in the day. It is important to note, however, that “s” does have an upper limit and can only grow with the growth in the population or the speed at which it works.(259)

Meanwhile, “c” is the problem for the capitalist. “C” is fixed capital and there is no limit to how much it can accumulate within the bounds of this infinite universe. Hence, $s/(c + v)$ tends to approach zero, because s is finite, v is zero and c continues to grow. This indicates a profit rate crisis. The only possible way out is for annual accumulation to be less than or equal to the population growth rate (of laborers). All available evidence for the advanced industrial countries since 1820 shows that the accumulation of fixed nonresidential capital stock or “c” has always progressed at a pace faster than the growth of population. As examples, the per capita growth rate of “c” in France, Germany, Japan, the Netherlands, the United Kingdom

and the United States was 3.9%, 3.3%, 6.0%, 2.2%, 3.0% and 2.2% respectively.(260) Without considering the possibility of superexploiting workers abroad, Angus Maddison has concluded that the United States risks its profit rate by future accumulation. That means capital can only grow 2 or 3 percent a year or less if that is the population growth rate or if there is no population growth,(261) then capitalism faces the worst crisis imaginable for it in a total or full-employment situation: “c” is in effect given away or lost. (In practice, the central banks will use taxpayer money to subsidize private banks before they allow this to occur. In 1949, 1971, 1975, 1976 and 1977(262) in the United States and in recent years in Japan, the central banks gave out loans at negative interest rates to get the economy going again. Other radical steps historically have meant war.)

“C” keeps growing: Total stock of Gross Non-Residential Fixed Capital 1990 constant dollars (which means adjusted for inflation), trillions of dollars(263)

| YEAR | USA | Japan | “UK” |
|------|-------|-------|------|
| 1913 | 1.70 | 0.06 | 0.19 |
| 1950 | 3.55 | 0.28 | 0.28 |
| 1973 | 7.44 | 2.09 | 0.89 |
| 1992 | 13.38 | 7.30 | 1.65 |

As environmentalists, we need to understand Marx’s insight here, because what it means is that one way capitalism can restore the profit rate is by destroying individual capitalists’ “c,” which concretely means driving them out of business and thereby reducing the world stock of “c.” This of course is what happens, and no where in the world more clearly than in Japan which has the most advanced technology in many areas of manufacturing. To stay in business some capitalists must cause other capitalists to take a loss. That means those capitalists must suddenly find themselves owning a worthless plant, worthless because there is no way to produce commodities at a competitive price using that plant. From an environmental perspective, this means wasted efforts are intrinsic to capitalism. Industrial plants and other fixed capital will be built with all the environmental costs that entails, and then they will be rendered useless, sometimes the day they are finished being built.

When a number of capitalists are more or less in the same boat, they have another means of knocking the “c” out of competitors’ hands and driving up the profit rate. They can go to war and destroy the “c” of other countries’ capitalists. This will also have the effect of restoring the profit rate.

The other alternative is for capitalists to give away their “c” if that is possible, which in the case of industrial plants, often makes no sense. Of course, when we have reached that stage where capitalists have to give their things away, even they realize that the logic of capitalism has destroyed capitalism itself.

Whether through war or driving people out of business, capitalism will necessarily produce environmental degradation until that day when fixed capital can be produced with no negative environmental consequences, which seems unlikely in the foreseeable future, especially under capitalism. Knowing what pollution is and what causes it requires science, and that is not the same thing as “consumer is King.”

It is important to keep in mind the exaggerated case above in looking at $s/(c + v)$, as an example of a full-employment crisis. Should capitalism survive to its very last moment of logically possible life, the whole planet will have full employment, contrary to the usual scenario of crisis. In addition, if the humyn species continues to be befuddled by bourgeois ideology, there will be only one capitalist left who owns all the means of production. At such a time, the system is necessarily state capitalism. We find it unlikely that the population would find it necessary to have a capitalist anymore, once the capitalist class gets whittled down to such a degree. Even in such a situation, the workers may realize they do not need the capitalists anymore, but they might also decide to let some of their lot divide the loot of the one capitalist and start the process of class formation all over again in a war involving the destruction of “c.” If enough “c” is destroyed, it will again be possible to start various businesses running a profit. Unfortunately, strictly logically-speaking, this nightmare system of destruction can go on forever, if the proletariat never makes the leap to communist consciousness.

On the other hand, as dialectics would have it, the odds of the species having the time to go on forever in this system that periodically destroys “c” while weapons of mass destruction are conceivable, are not good. If the disharmonies of capitalism permit a one percent chance annually of mass destruction through war or environmental disaster, we can say that the species will be doomed in rather short order. After 50 years of playing one bullet in one hundred chambers Russian Roulette, the probability of survival is only (.99) to the 50th power or .605, a little over 60 percent. There is only a 36.6 percent chance of surviving such Russian Roulette after 100 years. After 200 years, there is only a 13.4 percent chance of surviving 1 bullet out of 100 chambers Russian Roulette. Of course, if the actual probability

of total nuclear/environmental disaster in a year is five percent annually, then after 50 years, there is only a 7.7 percent chance of survival. For these reasons, we must be absolutely sure of eliminating the causes of militarism and environmental degradation. We must study these questions with utmost scientific urgency. MIM believes that the most harmonious humyn societies yet seen are those of the “primitive communists” also known as indigenous peoples or First Nations. These societies have in many cases sustained life without war or murder.

If we look at the classes in imperialist society, we see that in everyday life the lumpenproletariat is willing to chance being arrested, usually over petty theft or smoking pot. Yet, even worse is the petty-bourgeoisie and bourgeoisie that will spend a lifetime’s savings and spend hours commuting each week to move to the suburbs to decrease the likelihood of crime. One in ten thousand die from street crime each year. Meanwhile, ask the same classes of people to put in an equal effort to building a harmonious society and they reply it is “impossible” or they “don’t have time.”

In all of the above, we have assumed that with the advent of replicators, all workers somehow stayed in “productive sector” employment. Yet the question arises, why would they be productive sector workers? Why would not everyone become an artist or space explorer or pursue some other dream if the daily needs are taken care of by replicators and virtually free energy? Would there be a class of people with military force able to force people to work under those conditions? If not, we have asked the question of classless society, and we must remember that in classless society, there is also no proletariat. The proletariat will have to dominate until that time, if we are to survive as a species, but when classless society arises, it will be a qualitatively new thing, neither proletarian nor parasitic.

While the imperialists can ratchet up the class struggle with the proletariat, they have no chance of eliminating all the consequences of intra-capitalist competition, even as the finance capitalists have eliminated borders amongst themselves. The ratio of fixed capital to productive sector employment continues to rise. Once all the workers of the Third World are brought on-line, capitalism will have no wriggle room, because “s” and “v” won’t be able to increase anymore without speed-up.

In fact, in bourgeois economics, there is a crude measure called the capital to output ratio. The bourgeois measure of “output” counts all kinds of garbage like soldier, private security guard and financial trader services. Nonetheless, even this statistic much revered by bourgeois economists

shows that the rise of the fraction of workers in nonproductive employment or white-collar work has coincided with a rise of the capital/output ratio in the imperialist countries. It is about the closest thing to a declining rate of profit that the bourgeois economists will consider systematically.

Although Lawrence is one of those rare bourgeois social scientists who can contribute to scientific discussion, even he tends to assume that capitalists are always right, and at a system-wide level. “The fact that manufacturers are using more skilled labor *despite* its relatively higher price strongly supports the hypothesis that technological change in manufacturing played a role in the wage change.”(264) In contrast, MIM sees the manufacturers as political hostages of their own parasitic system. All the miraculous claims for white-collar employment and capitalism’s vitality are belied by the capital-output ratio data of these same bourgeois social scientists.

“Ratio of Gross Nonresidential Fixed Capital Stock to GDP” “(at 1985 U.S. relative prices)”(265)

| Country | 1950 | 1973 | 1989 |
|----------------|------|------|------|
| France | 1.64 | 1.73 | 2.38 |
| Germany | 2.24 | 2.44 | 3.01 |
| Japan | 1.85 | 1.82 | 2.87 |
| Netherlands | 2.44 | 2.36 | 2.70 |
| United Kingdom | 1.06 | 1.69 | 2.01 |
| United States | 2.26 | 2.06 | 2.24 |

If it were true that technological skills could be the key to the ongoing victory of capitalism, then we should expect to see that as more white-collar workers are hired, the capital/output ratio should decline, because white-collar workers or skilled workers will make better or “smarter” use of capital than the old-fashioned productive sector workers of a previous industrial era. In point of fact, the capital-output ratio in the imperialist countries reveals what MIM has been saying: there is a tremendous growth of parasitic strata accompanied by pressure on the profit rate. The only thing keeping capitalism afloat is the injection of surplus-value into the system, especially from East Asia. At this time, while still less than 5 percent, thanks to improper monetization, the share of the Third World’s manufactured goods in First World consumption is rising.(266) The question is how much longer will the capitalist system hang on thanks to the momentum it received from the communist movement’s attack on pre-capitalist formations. By renting out Chinese workers to capitalism, Hua Guofeng and Deng Xiaoping may have bought the capitalist system 100 years of

breathing room.

The idea that science will save capitalism was already around in the 1960s. Reviewing the data of the first half of the century, Third World economist Samir Amin showed that the capital-output ratio declined in the “United Kingdom” and the United States.(267) He attributed the decline to science, and added that by way of contrast “in the underdeveloped countries, where industrial accumulation of the classical type is still going on, the capital-output ratio tends to get heavier, whereas in the advanced countries it is getting lighter.”(268) The fact that since that time the trend Amin saw has reversed shows that there is a limit to what the information society can achieve with “human capital.”

Once we recall Marx’s distinction between productive and unproductive labor, we are forced to make some choices. In the simplest breakdown of the employment of the OECD countries, 25 percent of workers were in agriculture and 36 percent in industry in 1950, but by 1987, 64 percent were in services, with 6 percent in agriculture and 30 percent in industry.(269) In 1994, in the United States 34.9 percent of workers in manufacturing were not production workers,(270) which means they were white-collar. Since the same is likely true in the rest of the OECD at least to some degree, the ratio of productive sector workers to unproductive workers is over-stated in the table below.

The trend to parasitic occupations in imperialism continues up to present: Employment by sector in 1980 and 1993(271)

| | | | | | Services | |
|-------------|------|-----|------|-----|----------|-----|
| Country | 1980 | ‘93 | 1980 | ‘93 | 1980 | ‘93 |
| U\$A | 4% | 3% | 29% | 23% | 67% | 74% |
| Australia | 6% | 5% | 29% | 22% | 65% | 72% |
| Canada | 5% | 4% | 27% | 21% | 67% | 75% |
| France | 9% | 5% | 35% | 27% | 56% | 68% |
| Germany | 5% | 3% | 43% | 36% | 52% | 61% |
| Italy | 14% | 8% | 38% | 33% | 48% | 59% |
| Japan | 10% | 6% | 35% | 34% | 55% | 60% |
| Netherlands | 5% | 4% | 30% | 24% | 65% | 72% |
| Sweden | 6% | 4% | 32% | 25% | 63% | 72% |
| UK | 3% | 2% | 36% | 26% | 61% | 72% |

*1980 figures for Germany are only for West Germany.

Somehow we must explain the radical growth of unproductive labor sectors in the oppressor nations so that they are now about 75 percent of the workers and more than 80 percent of the oppressor nation workers, while the combined agriculture and industry employment in Asia remains at 75 percent. One answer is that a new form of the transfer of value occurred through manufactured exports from the South to the North. 70 percent of the growth in the 1960 to 1990 exports of the Third World occurred in the 1980s.(272) Another answer is Lawrence’s argument above which we have rebutted by the statistics concerning the capital/output ratio. Lawrence’s argument like that of the bourgeoisie generally is to toss Marx’s theory of surplus-value, because the whole idea is wrong as well as the purported relationship between the productive and unproductive sectors. If we reject Lawrence’s argument and we reject MIM’s thesis (and Lenin’s) that the surplus-value mainly comes from the Third World and it has grown over time, then we must put forward that the manufacturing sector in the advanced industrial countries is exploited to such a degree as to make possible the employment of a larger and larger unproductive sector. It is to this argument over the comparison of the rates of exploitation in the Third World and First World and the two sectors within the First World that we now must turn.

The MIM headlock on its chauvinist critics

MIM’s whole analysis can be questioned at several points, but if we seriously entertain our critics’ arguments, we find that they are contradictory and impossible. MIM holds two related theses, 1) a tremendous transfer of surplus-value from the Third World 2) no net surplus-value from the productive sector of the advanced industrial countries.

There are only two possible answers our critics can give: 1) Drop Marx’s theory of surplus-value, with the attendant consequences of dropping Marx’s theory of crisis and join up with the likes of Lawrence. 2) The surplus-value comes from the productive sector in the United States, Japan, England etc., but we have to make some adjustments in our argument.

If our critics drop Marxism, we are pleased and have no more to say beyond what we have said to the open bourgeois critics in this essay. They can go back and refute the capital-output ratio statistics. If our critics argue as Paul Cockshott does that productive sector workers in the advanced industrial countries produce surplus-value sufficient to support the more numerous

unproductive workers and bourgeoisie, our answer is more complicated.

If our critics reject our arguments measuring the huge transfer of surplus-value from the Third World, they are left with a question: How did the unproductive sector of the advanced industrial countries grow to 75 percent of all employees? The bottom line is that if we assume as Shaikh and Tonak do that unproductive and productive sector workers have the same rate of exploitation and use the same capital per worker, then it is not possible for the unproductive sector to be larger than the productive sector. The profits generated by the unproductive sector have to come from surplus-value in the productive sector. That means the productive sector must generate surplus-value for profits in its own sector and whatever surplus-value is left-over can be pursued by workers in the unproductive sector. Thus, the unproductive sector has to be smaller than the productive sector. However, let us drop this particular theoretical argument and see where the facts lead us anyway.

To support the contention that productive sector workers are creating the surplus-value for the unproductive sectors, which also receive wages and income equal to or higher than that of the productive sector workers, we must presume a rate of exploitation (s/v) large enough to support that. We must recall at the turn of the century this was not a difficult problem, because in the imperialist countries, the majority of people were farmers, manufacturing sector or other productive sector workers. With the almost complete elimination of the farming sector and some shrinkage in the proportion (not absolute size) of the population in industry, this question arises--where does the surplus-value come from for this vastly expanded unproductive sector? Numerous authors argue that the rate of surplus-value extraction or rate of exploitation (s/v) of productive sector workers in the United States has gone up and up, now to exceed 2 or even 3 in Perlo's argument.(273)

Below would be some typical statistics used by those who believe the productive sector is increasingly exploited within imperialist countries. The same story could be told in all the imperialist countries. However, one reason output seems to rise could be that more value is being transferred through the use of inputs from the Third World and just not realized until after the value-added stage in the imperialist countries, because of phony pricing of the inputs.

How miraculous are the productive sector workers? Value-added in U.\$ manufacturing(274)

| Year | Per production worker hour | Per dollar of workers' wages |
|------|----------------------------|------------------------------|
| 1972 | \$13.26 | \$3.34 |
| 1982 | \$35.06 | \$4.02 |
| 1992 | \$60.56 | \$5.07 |
| 1994 | \$65.14 | \$5.25 |

We find it humorous that in the camp denying a decisive international transfer of value to imperialism, there are those fulminating against Bowles, Gordon and Weisskopf for talking about a labor productivity slow-down and wage squeeze on profits. The social-democrats are simply counting the unproductive sector workers as regular working-class, so if we do that, it is impossible to deny a slow-down in labor productivity. In contrast, Perlo, Shaikh and Tonak use the productive versus unproductive distinction to make a fairly meaningless criticism, unless their intention is to advocate that the capitalists hire more productive sector workers to reduce the profit crisis and wage squeeze! Though our methods are closer to those of Perlo,(275) Shaikh and Tonak, it is a matter of what questions are to be asked and answered. Those who always speak of the unity of the working class including all the supposedly exploited unproductive sector workers have no right to criticize Weisskopf, who went the furthest in saying workers squeezed the capitalists too hard. He is only speaking of the working-class as a whole! Poulantzas tried to tell all these folks that unproductive sector workers were a new kind of petty-bourgeoisie, but they consciously rejected that argument, so they are stuck arguing there is one united working-class, so how Perlo, Shaikh and Tonak can be criticizing Bowles, Gordon and Weisskopf is beyond us. We at MIM believe the workers they treat equally with productive sector workers are obvious parasites. Furthermore, we believe the productive sector workers are net parasites too, but those who do not make this distinction cannot criticize Weisskopf, who is merely the most extreme of the bunch holding the one-working-class view.

We will point to two more difficulties for the view heroizing First World productive sector workers. 1) If the rate of exploitation is 2.5 in the imperialist countries, it might be 25 in the Third World. Since the critics we are dealing with in this particular case deny the value is transferred to the imperialist countries, we have to find signs of this wealth in the Third World. This leaves us with the problem of explaining where all the wealth from all this exploitation is as Lawrence already pointed out above. The

capitalist class of the Third World would have to dwarf the capitalist class of the imperialist countries. We have to explain both the surplus-value coming from imperialist country and Third World workers and that surplus-value has to be monumental if imperialist country workers are really exploited. 2) Even excluding the Third World completely as the chauvinist critics of MIM are apt to do, the critics are in another bind. If the rate of exploitation is 2.5, then the workers in the unproductive sector are assisting the capitalists in realizing profits 2.5 times their salaries. Where the hell are all these profits? Where is the data showing profits 2.5 times compensation of oppressor nation unproductive sector employees?

At this point, we apologize to our readers for following through a calculation flawed from its inception but parallel to something like what our critics think. In essence, we can logically explain how the productive workers produce the commodities for a population three times its size, but we cannot explain how that is possible at the same time that unproductive sector workers generate profits 2.5 times their compensation. Thus we must drop the assumption that the rate of exploitation is the same in the two sectors. Since the wages and necessary means of subsistence have been shown to be about the same in the two sectors under imperialism, for this to be a consistent argument, we must assume that capital per worker in the unproductive sector is less. In this way, the exploitation rate can be lower in the unproductive sector and the capitalists in that sector can still make the same rate of profit as the capitalists in the productive sector.

When there is a large unproductive sector, we can drop the assumption that Shaikh and Tonak make that the rate of exploitation is the same in both the productive and unproductive sectors.(276) But how much flexibility does this buy us? After all the market for labor-power allows for an unproductive sector worker one day to be a productive sector worker another day. For this reason, there has always been a high correlation of the incomes of unproductive and productive sector workers. For the relaxation of this assumption to really buy us anything, we have to presume a permanent difference in the intensity of capital utilization in the productive and unproductive sectors. If workers in the two sectors both use the same quantity of capital on average, the rate of exploitation has to be the same in the two sectors or one set of capitalists would be enjoying a higher profit rate than the other. For unproductive sector workers to be exploited at a much lower rate than productive sector workers, they must use much less capital per worker or profit rates would be unequal.

According to radical economist Daniel Fusfeld and others like him, the

service sector is not conducive to capital-intensive investment. Large capital investments will not bring about great leaps in labor productivity. The growth of productivity in the good-producing sector has made it possible for three-quarters to be employed in services while still having goods enough for all. According to Fusfeld, the percentage of goods in total sales in the United States has not changed while the percentage of services employment exceeded 75 percent.(277) 55.3 percent of sales were in goods in 1985 compared with 44.7 percent in services.(278)

Share of goods production in Gross Domestic Product in 1980 unless otherwise indicated

| | | |
|-----------------------|------|-----|
| Denmark | 1977 | 37% |
| Sweden | | 41% |
| Canada | | 42% |
| Netherlands | 1978 | 43% |
| United Kingdom | | 44% |
| United States | 1979 | 46% |
| Belgium | | 48% |
| Australia | | 50% |
| Austria | | 50% |
| Greece | | 50% |
| Spain | 1978 | 50% |
| Japan | | 54% |
| Italy | | 55% |
| West Germany | | 56% |

(279)

In 1995, if we include building structures with goods, then goods were still 46 percent of the gross domestic product in the United States.(280) Somehow service employment is increasing while the overall economy remains anchored in goods sales. This idea is compatible with either a larger transfer of value from the Third World or an increase in exploitation of productive sector workers in the United States. Fusfeld's observation points to different capital intensities in the productive and unproductive sectors.

One observer has suggested that white-collar workers use one-tenth as much capital per worker as factory workers do. The trend may be toward more investment in office-workers; although, it is a contradictory trend

as the price of computers continues to go down. Between 1970 and 1985, the share of business investment that went to computers went from two percent to 19 percent.(281) This would tend to say that the 10 to 1 ratio if it is true, will not be true much longer. The reason is that computers in the 1980s would attract investment, especially as they increased in their efficiency. Perhaps, for this reason, the average incremental capital-output ratio improved in Japan and the United States between the years 1970-1981 compared with 1978 to 1987.(282) The incremental capital-output ratio shows how much output a new investment generates per dollar. Later we will point to evidence that it is not computers causing this incremental capital-output ratio.

We believe we should attach more weight to the combined data of the U.S. Government and Angus Maddison which implies a different story of capital at each worker’s disposal. 1992 figures show \$1.12 trillion in assets for use by 18.2 million manufacturing workers. That comes to \$66,600 in assets per employee, of which over 79 percent is machinery.(283) However, if this is true, and the figures from Angus Maddison are also true, in 1992, that still leaves us with \$3.83 trillion in machinery(284) to spread out over the other 100 million workers, roughly \$38,000 in machinery per worker compared with \$48,000 per worker in manufacturing. However, in manufacturing, the capitalist also has to arrange for another \$86,300 per worker in materials to use for inputs in production. How long capitalists get stuck hanging onto the inputs of production before they are sold in the form of products is a difficult question, but there is no way to justify seeing a capital intensity more than 4 times higher in industry compared with the rest of the economy. In fact, once we have accounted for non-residential structures that capitalists have to invest in, that ratio could be back to 1:1 and then we would be back to Shaikh and Tonak’s thesis that the rate of exploitation has to be the same in the productive and unproductive sectors.

The reason that the unproductive sector workers may actually use more capital per worker than productive sector workers is strictly that their buildings cost more. Lawyers, retail, health services, banks--all these have to work in buildings more impressive than factories. If we think of the nicest downtown buildings, they are not usually factories.

The figures we used above to rebut the idea that skills, information or white-collar work would save capitalism showed that the United States was the only imperialist to stay even in the capital-output ratio, while the other imperialists saw an increasing capital-output ratio which suggests an ever lower profit rate on an ever larger mass of capital. It turns out robots,

computers and other automation does not save any imperialist country. A breakdown of fixed capital investment for machinery and equipment as opposed to other fixed capital investments such as buildings, shows that in every imperialist country for which there is data, the capital-output ratio even for machinery and equipment increases over time, even more rapidly than other forms of investment.

Ratio of machinery and equipment to Gross Domestic Product(285)

| Country | 1950 | 1973 | 1992 |
|-------------|------|------|------|
| U\$A | .64 | .65 | .86 |
| France | .21 | .50 | .74 |
| Germany | .39 | .62 | .70 |
| Netherlands | .27 | .61 | .78 |
| “UK” | .31 | .52 | .65 |
| Japan | .74 | .58 | 1.07 |

Thus the above figures completely rule out the possibility that computers, robots and other machines are saving the day for productivity. The United States saw its capital-output since 1950 remain flat, only because for some reason the building of non-residential structures is still more profitable than it was in 1950. The same is true in the Netherlands, but not the other imperialist countries. However, the latest figures for 1992 show that even that advantage is drying up. The trend in non-residential structures since 1973 is an increase in the capital-output ratio for every imperialist country.(286)

If we have to think of a reason why investing in building non-residential structures is profitable or used to be more profitable and investing in machines is not profitable, then we can think of how it pays to build nicer retail stores. If there is untapped surplus-value to realize, then building more impressive shop windows may do the trick. If goods sell for more, because Third World workers are transferring more value to the First World and because more commercial workers are realizing a higher percentage of surplus-value in brand new malls, then that would explain the pattern of capital-output ratios since the 1950s in the Netherlands and the United States.

Very much doubting the office work revolution, MIT Business School Dean Lester C. Thurow, points out that from 1977 to 1982, banking productivity fell 2 percent a year. That was considered indicative at the time, because

banks were increasing use of computers and automatic teller machines. Meanwhile, employment in accounting also went up 41 percent between 1977 and 1984. Overall, he believed the unproductive sector was dragging down the whole economy. “Between 1977 and 1982 real output rose 8 percent, yet at the same time clerical employment rose 15 percent and total white-collar employment 18 percent. In contrast blue-collar employment fell 2 percent. The net result was a sharp decline in white-collar productivity that completely offset substantial gains in blue-collar productivity.”(287) The trend continued at least to the end of the 1980s where our data ends with the period 1980 to 1990: “Blue-collar productivity rose 28 percent, while white collar productivity was falling 3 percent.”(288) This is what we Marxists would expect when the job of realizing surplus-value has reached its outer limits and there are no further international injections of surplus-value to be had. It’s also exactly opposite of the post-industrial hoopla and the “whatever consumers want” cant of neo-classical economists. Fortunately for imperialism, Chinese manufacturing came on strong in the 1980s to transfer huge quantities of value to the imperialist countries in order to make those white-collar workers appear “productive” again.

When we consider the global picture, the capital per worker picture gets cloudier. As MIM has suggested, it is necessary to take this into account when measuring Third World worker productivity. “Assets per employee in the parent manufacturing operations of U.S. multinationals were about 20 percent higher than in affiliate operations in developed countries and almost 200 percent higher than in affiliate operations in the developing countries. Similarly compensation per employee in parent operations was about 17 percent higher than in affiliate operations in developed countries and about 360 percent higher than in the developing countries.”(289) Yet if capital intensity is lighter in the Third World and if unlike Shaikh and Tonak, we believe that First World manufacturing is more white-collar, then we are seeing a case where blue-collar work has lighter capital intensity than white-collar work.

In reality the rate of exploitation in the unproductive sector has to be much closer to zero than 1 or the critics would have impossibly large profits to account for. John Gurley has correctly estimated that the total surplus-value in any year is about 20 percent of production in the United States, largely by excluding most of the transfers of surplus-value to unproductive sector employee compensation. What it shows is the impossibility of conceiving of profits as twice or three times unproductive sector employee compensation, because unproductive sector workers are getting 75 percent of the compensation. In fact, the inverse is closer to the truth. Unproductive sector

compensation is several times realized profits. The (s/v) (realized profits/unproductive sector compensation) of the unproductive sector is the Achilles Heal of the argument of our critics. (290)

Gurley’s figure still is too high for the purpose we need which is to see what part is received by the capitalists. Nonetheless, Gurley’s figure implies an average rate of exploitation (not an average rate of surplus-value) of 0.25. Yet, the closer the average rate of exploitation gets to zero, the lighter the capital intensity must be in this scenario, if we assume as our critics do that there is no transfer of value from the Third World. The more transfer of value from the Third World occurs, the more we can explain higher capital intensities in the unproductive sector.

On the other hand, the closer we see the rate of exploitation approach zero in the unproductive sector, the closer we get to taking up MIM’s line at least for the unproductive sector workers. The critics also open themselves to the attack that even a relatively small transfer of value from the Third World would tip the balance and result in negative exploitation rates for unproductive sector workers. Hence, once the critics realize that profits are not a multiple of compensation, but in fact compensation is a multiple of profits, they will be forced into taking a position much friendlier to MIM’s line, something akin to Cockshott’s line.

Those who continue to believe that the total transfer of value from the Third World is minor and who continue to use statistics based on the workers of each country’s producing all the surplus-value with no international value transfers have one more anomaly to explain away. Shaikh and Tonak were so good as to admit that using methods very similar to their own, one of the better Japanese economists had calculated that the U.\$.-occupied Korean rate of exploitation was about half the rate of exploitation in the United States in 1970-2 and lower than the exploitation in Japan.(291) This was contrary to Lenin’s view that exploitation was 2 or 3 times higher outside the imperialist countries and contradicts the simple facts examined at the point-of-production. In fact, they have things exactly upside-down. These economists have ultimately succumbed to commodity-fetishism, by underestimating the surplus-value generated by the Korean workers by accepting literally transfer prices and administratively set prices undertaken by a U.\$ puppet regime complete with a currency fixed to the dollar as true indicators of ultimate value and by not counting the share of surplus-value and purchasing power in the First World accounted for by a transfer of value to the First World.

Those who do not take up MIM’s method have a sad fate ahead of them. They must explain why in all Third World countries the production per wage dollar is higher but the rate of exploitation is lower than in the imperialist countries. How did MIM’s critics get so far away from the facts about the point-of-production? We will give them a hint: their numbers reflect what is happening AFTER a massive transfer of value out of the Third World. That’s why it seems like there is so much surplus in the United States relative to Korea in their statistics. That surplus was not produced by U\$. workers, but it looks that way if you do not count the international transfers of value.

Now suppose our critics surrender and say, OK, there is a huge transfer of surplus-value from the Third World requiring the methods of calculation MIM has proposed, because we agree that the Third World bourgeoisie does not dwarf the imperialist country bourgeoisie. The next line of attack of our critics is to argue that surplus-value is not creating a massive oppressor nation petty-bourgeoisie, because the surplus-value is going to the capitalist class.

As MIM said in MT#1 and MT#10 the capitalist class can be estimated at one percent of the population in the imperialist countries. So the job for our critics becomes proving that this one percent has absorbed the surplus-value of both the Third World and the productive sectors of the advanced industrial countries without giving that surplus-value over to its allies in the petty-bourgeoisie including the labor aristocracy—advertisers, military weapons producers, insurance salespeople, lawyers and the like. Our critics except for Cockshott need to show that the surplus-value goes to the capitalists and stays with them. Cockshott takes a different tack and admits it ends up in hands other than the capitalists’, so we have a huge unproductive sector that serves as the bedrock of political stabilization.

To show that the surplus-value mostly goes to the capitalists and stays with them it becomes necessary to come up with accumulation statistics. In the next section of this essay, we prove that the capitalists are wealthy, but they are not wealthy enough to account for the surplus-value and more importantly, their wealth does not grow fast enough to account for the transfer of surplus-value we would be talking about to support our critics’ contentions.

The Achilles Heal of the MIM critics

Here we produce two last tables. The first is a trade table that is easy to

understand.

1994 imports from the Third World by OECD countries in billions of dollars(292)

| Country | S. America | China (incl Hong Kong) | US -puppet Korea | Taiwan | Singapore | Third World total |
|--------------------|------------|------------------------|------------------|--------|-----------|-------------------|
| U\$.A. | 93.7 | 57.2 | 20.6 | 27.9 | 17.5 | 229 |
| Isitreal | 0.2 | 0.4 | 0.3 | 0.3 | 0.2 | ?>1.4 |
| Japan | 7.7 | 30.0 | 13.4 | 10.8 | 6.5 | 142.0 |
| Belgium-Luxembourg | 2.3 | 1.7 | 0.3 | 0.4 | 0.4 | 14.6 |
| Denmark | 0.5 | 0.8 | 0.4 | 0.2 | 0.3 | ?>2.2 |
| France | 4.5 | 4.0 | 1.2 | 1.8 | 1.7 | 41.7 |
| Germany | 7.8 | 12.3 | 4.4 | 4.4 | 3.9 | 67.1 |
| Italy | 4.1 | 3.3 | 0.8 | 0.9 | 0.6 | 36.1 |
| Netherlands | 4.7 | 4.0 | 0.8 | 1.4 | 1.6 | 24.6 |
| “UK” | 4.7 | 7.4 | 1.8 | 2.4 | 2.8 | 37.6 |
| Norway | 0.6 | 0.6 | 0.2 | 0.2 | 0.2 | ?>1.8 |
| Sweden | 0.8 | 1.4 | 0.4 | 0.6 | 0.2 | 6.2 |
| Switzerland | 0.8 | 1.2 | 0.2 | 0.4 | 0.5 | 5.8 |
| New Zealand | 0.1 | 0.5 | 0.2 | 0.3 | 0.3 | ?>1.4 |
| Australia | 0.5 | 3.6 | 1.2 | 1.8 | 2.1 | 13.4 |

We recommend to our readers that a rough idea of transfer of value to each country achieved by higher exploitation rates in the Third World would occur by multiplying the last column by 10. We will come back to the table

Honing in on the dominant-nation capitalist-class and dominant-nation workers: quick and dirty with all workers treated as productive sector

| Country | Surplus-v. (% of GDP) | Foreign profits | Foreigners % of workforce | Minorities % | Internal oppressed total % of s-v | Capitalist share of s-v % | Net from dominant- nation workers |
|----------------------------------|--------------------------|--------------------|------------------------------|-----------------|---|---------------------------------|---|
| U.S.A., 1993 | 998.0 (13.8%) | 135.4 | 9.3 | 30 | 30 | 30 | -\$135.4 billion |
| Japan, 1993 | 78.1 (16.8%) | 16.9 | 0.9 | 3 | 5 | 22 | -3.6 trillion Y |
| Germany, 1993 | 633.5 (22.1%) | 117.5 | 8.9 | | 5 | 22 | -9.8 billion m. |
| England, 1993 | 132.0 (21.0%) | 64.6 | 3.3 | 5.5 | 8 | 22 | -46.1 billion pds |
| France, 1993 | 772.9 (10.9%) | 374.3 | 6.2 | | 8 | 30 | -204.3 billion fr. |
| Italy, 1993 | 290.1 (18.6%) | 40.7 | NA(2) | | 3 | 22 | +14.4 trillion lira |
| Canada, 1993 | 130.0 (18.4%) | 6.1 | 18.5 | 1.5 | 10 | 27 | +16 billion dol. |
| Sweden, 1993 | 224.7 (15.6%) | 60.1 | 5.5 | | 7 | 22 | -26.4 Billion kr. |
| Australia, 1992 | 53.2 (13.2%) | 3.0 | 24.8 | 5 | 10? | 30 | +7.6 Bill. Doll. |
| New Zealand, 1990 | 12.8 (17.5%) | 0.4 | NA | 12 | 15? | 30 | +1.9 Billion NZS |
| Netherlands, 1992 | 141.7 (24.7%) | 52.2 | 3.9 | 4 | 6 | 22 | -37.9 Billion Guilders |
| Switzerland, 1993 | 65.1 (19.0%) | 27.9 | 20.1 | ? | 50+ | 30 | -35.3 Billion fr. |
| Belgium | 2652.0 (36.4%) | 1,565.7 | 7.4 | | 0 | 30 | -770.1 Billion fr. |
| Luxembourg, 1991 | 31.1 (11.7%) | 131.9 net | 33.3 | | 0 | 30 | -122.6 Billion fr. |
| Denmark, 1993 | 66.3 (7.6%) | 150.4 | 2.5 | | 3 | 22 | -137.8 million kr. |
| Finland | 31.6? (6.6%) | 13.1 | | | 3? | 22 | + OECD exploited |
| Israel, 1993 | 38.2 (19.5%) | 2.9 | | 17 | 20? | 30 | +0.9 Billion sh |

above later.

In the table above, we humor our social-democratic critics by not raising Marx's theory of productive versus unproductive workers; thus we throw away his theory of crisis. However, it still largely turns out that imperialist country working-classes are not exploited. The reality is so strong, we do not have to be very precise and it will still shine through.

The first number in the quickie guide to oppressor nation working-class non-exploitation is the number estimated to be capitalist-style income from consumed dividends, interest and increase in equity through re-investment of profits.(293) At the end of the table in the second-to-last column is the percentage of capitalist-style income and increased equity actually going to the capitalist class of the oppressor nation with the rest going to other non-capitalist households.(294)

We deduct the surplus-value of "minorities" and foreigners(295) in each imperialist country, and a conservative estimate of their combined responsibility for surplus-value is in the third-to-last column labeled "internal," but we make two offsetting errors. We do not count other OECD nationals as "foreigners," so we do not deduct as much surplus-value as we could by just adding foreigners to oppressed nationals considered citizens. On the other hand, we deduct all foreign profits. Such profits from property abroad(296) are not the same thing as the profits the multinational corporations make through importing the Third World's goods. We also do not count compensation of employees abroad as profit to be remitted home.

The last column shows the amount of surplus-value attributed to the oppressor nation working-class. If the number is negative, it means that the capitalist-class was not getting anything from the oppressor nation workers, but the petty-bourgeoisie or workers were getting some super-profits from foreign operations and oppression of internal oppressed nations. Based on this method, Finland would be a good case of a country that seems to be exploited by the non-Finland OECD bourgeoisie. 5 percent of Finland's GDP goes to net property income outside Finland and internal oppressed nationalities appear to be responsible for less than 5 percent of the surplus-value. Like Sweden, the government in Finland gets more property income than households do. Although taxes and services diminish the surplus-value to be had, we can speak of a Finnish working class that is slightly exploited by the above model counting all workers as productive sector.(297) An even worse case of Finlandism is New Zealand, turning over 1 in 12 units of its GDP to foreigners as property income and getting almost nothing

How much super-profit enters non-capitalist, dominant-nation incomes?

| Country | Unproductive to productive sector transfer from Third World & internal oppressed, extension of Shaikh & Tonak | Adjusted subtotal (% of unproductive sector compensation) | Unequal exchange, differential exploitation, parameter=8 | Total superprofits (% of unproductive sector compensation) |
|------------------|---|---|--|--|
| U.S.A. | \$932 billion (40% of s-v) | \$767 billion (25.6%) 1994 | \$1832 billion | \$2.6 trillion (86.6%) 1994 |
| Japan | 37.7 trillion yen (10% of 377 tr. Y) | 37.4 trillion yen (19%) 1993 | \$1136 billion | \$1.45 trillion (95%) |
| Germany | 225 billion marks (10% of 2.25 tr. marks) | 202 billion marks (18%) 1993 | \$537 billion | \$0.65 trillion (95%) |
| France | 0.9 trillion fr. (14% of 6.4 trillion fr.) | 1.14 trillion fr. (42%) | \$334 billion | \$0.55 trillion (107%) |
| "United Kingdom" | 75 billion pounds (15% of 500 billion pounds) | 110.6 billion pds. (41%) | \$301 billion | \$0.47 trillion (116%) |
| Italy | 0.165 trillion lira (11% of 1.5 trillion lira) | 0.142 trillion lira (~12% counting unincorporated enterprises as unprod. workers) | \$289 billion | \$0.4 trillion (~44%) |
| Netherlands | 114 billion guilders. (22% of 520 billion guilders) | \$135 billion guilders. (60%) | \$197 billion | \$0.27 trillion (80% of GDP) |
| Australia | 52.3 billion dollars (19% of 275 billion dollars) | 39.3 billion dollars (26%) | \$107 billion | \$0.14 trillion (45% of 1992 GDP) |
| Sweden | 163 billion kr. (13% of 1.25 trillion kr.) | 174 billion kr. (27%) | \$50 billion | \$0.08 trillion (72%) |
| Switzerland | 148.4(53% of 280 billion Swiss fr.) | 157 billion fr. (98%) | \$46 billion | \$0.16 trillion (65% of GDP) |

back. There are similar stories for Australia and Canada. On the other hand, Luxembourg is so parasitic that its property income from abroad is four times its GDP. Net international property income (counting outflows) of Luxembourg is still half of GDP. That is to say nothing of the internal labor of immigrants; hence, we will drop Luxembourg as a case, because it is obviously one oppressor-nation petty-bourgeoisie allied to globalized monopoly capital. In a very small imperialist country, it may be wise to forget nationality issues completely and see the country as a speck of global capital. In the larger countries we test for antagonism between the oppressor-nation capitalist-class and its oppressor-nation working-class.

Now we turn to arguments concerning the differential rate of exploitation and transfers between productive labor sectors and unproductive labor sectors. We follow up the last table for a few of the main countries.

In the above table the first column redefines surplus-value to be all but roughly 25% of employee compensation, which is an estimate of how much goes to the productive sector workers. Everything else is unproductive sector surplus-value. The exception in the first column is the United States, for which we have just used the numbers in Shaikh and Tonak's book. In parentheses below the first figure is the combined percentage of goods that internal oppressed nations and external Third World countries manufacture in the productive sector next to the figure for the total surplus-value. The surplus-value numbers are all rough estimates from looking at household income in 1993. With the exception for the calculation attached to the United States, the percentage attributed to the productive sector in the Third World is a percentage of gross manufacturing output in 1994, and not just the much smaller value-added figure.

The second column makes some adjustments by making sure enough surplus-value has been taken out to ensure that the dominant-nation bourgeoisie has been taken care of for its estimated share of property income. The second column also makes the adjustment for foreign profits. Below it in parentheses is the adjusted subtotal of surplus-value that can be thought of as going to unproductive worker wages, and not the capitalist-class. That number is expressed as a percentage of unproductive worker wages.

The third column of the above table is not the parameter 10 that we have discussed in the essay above, but it is 8 instead, because we were afraid that the Shaikh and Tonak extension and the foreign profits would each be contributing some double-counting of surplus-value. For instance our

extension of Shaikh and Tonak for Third World imports accounts for \$233 in surplus-value in the United States, which is about the size of the Third World imports. On that account we bring the parameter at the end down to 9. To make sure we haven't double-counted through foreign profits or other means, we take the parameter down to 8. Hence, we multiply Third World trade by 8 to come up with one last estimate of superprofits. Of course, the parameter being set to 8 has a counterfactual nature to it, because we do not know would happen to imperialism if it suddenly started valuing Third World labor the same way it values First World labor.

Finally, the last column is a grand total with a calculation for what percentage of unproductive sector compensation is accounted for by superprofits, after we make deductions for the oppressor-nation capitalist-class to receive its share of profits and superprofits just from the Third World and internal semi-colonies. The grand total is several times higher than the capitalist-class could be imagined to consume by any accounting, which is why we have gone on to examine how much of the unproductive sectors' existence is owed to the Third World. There is also no reason the number cannot exceed 100 percent of unproductive sector income. It only should not exceed the total income of the imaginary society generated for itself and other societies and there should be some left over to account for the surplus-value created by the productive sector of the oppressor-nation working class, which is not to say that the oppressor-nation productive sector working-class produces any net surplus-value. If the percentage of the last column is 100 percent, then the productive sector workers of the dominant-nation are certainly not transferring any surplus-value to either the capitalist-class or the unproductive sector. In reality, the unproductive sector would not receive 100 percent of its surplus-value from the Third World while the productive sector receives 0 percent, because the distribution of surplus-value between the sectors is regulated by the rate of profit having to be similar. Thus, the capitalists have to put down some "v" in the unproductive sector and we cannot count all "v" as contributed by the Third World for the purposes of understanding the exploitation or non-exploitation of the productive sector workers of the dominant-nation. Regardless, we have shown that there is no way to conceive of the dominant-nation capitalist-class as extracting surplus-value from the dominant-nation working-class. A close examination of column two's subtotal shows that we do not have to assume a different rate of exploitation of Third World workers or account for death-squads, monopsony, government price-setting or transfer prices: it is already obvious by the subtotal in column two that the dominant-nation capitalist-class is taken care of several times over by Third World and internal immigrant/oppressed nationality labor.

6. Unleashing the revolutionary movement

“It is obligatory for a Marxist to count on European revolution if a *revolutionary situation* exists. It is the ABC of Marxism that the tactics of the socialist proletariat cannot be the same both when there is a revolutionary situation and when there is no revolutionary situation.” V.I. Lenin (298)

In the last section, we examined the dialectical relationship between the expansion of labor aristocracy employment and the profit crisis to come. We showed that the revisionists without MIM’s labor aristocracy thesis are on-board with the imperialists on the possibilities of “post-industrial capitalism,” mainly because they fail to recognize that parasitism brings limited geographical political stability at the cost of the reduction of surplus-value extraction.

Again and again the CPUSA and others bash the foreign workers and back up Thurmond and Perot and then wonder why there is no communist movement in the United States. The flatterers tell the workers here how advanced they are and hide the truth of parasitism so as not to be unpopular. In contrast, we at MIM tell the bitter truth about the economy in the imperialist countries at the cost of our feel-good nationalist credentials with oppressor nation people. We have strategic confidence in main force for revolution in the Third World and do not require an imperialist country majority on our side for that confidence.

As we have shown already, the only thing that the CPUSA and other social-democrats can reap is the Buchananite movement. This is a consequence of a wrong scientific analysis of the class structure, which itself is a product of the class structure and its representatives called the labor bureaucracy. The same strategy and tactics applied where the class structure is one thing results in one kind of communist movement. In another situation with a different class structure, the same strategy and tactics unleash fascism.

The bottom-line for us in both our party work and united front work is no support for inter-imperialist rivalry and protectionism. This may be easy for our party members, but how do we tell those with more limited unity that we no longer foment inter-imperialist rivalry through protectionism, because it is dangerous and leads to fascist populist movements?

While Lenin thought the Amerikan and English communists had fairly

accurate views of their societies’ class structures, Lenin believed that the communists of Amerika and England are inclined to sectarianism. “In countries where there are NO Social-Democratic workers’ parties, NO Social-Democratic members of parliament, and NO systematic and steadfast Social-Democratic policy either at elections or in the press, etc.--in such countries, Marx and Engels taught the socialists to rid themselves AT ALL COST of narrow sectarianism, and TO JOIN with the working-class movement so as TO SHAKE UP the proletariat POLITICALLY.”(299)

As MIM has emphasized in its propagation of materialism, it is no good to find fault and never find or unleash anything worth supporting. “We can (and must) begin to build socialism, not with abstract human material, or with human material specially prepared by us, but with the human material bequeathed to us by capitalism. True, it is not easy matter, but no other approach to this task is serious enough to warrant discussion.”(300)

After decrying the “narrow-minded, selfish, case-hardened, covetous, and petty-bourgeois ‘labour aristocracy’ imperialist-minded, and imperialist-corrupted” in all italics and admitting it is much worse in the imperialist countries than in semi-imperialist Russia, Lenin still insists communists “work wherever the masses are to be found,”(301) including their reactionary trade unions. Almost as a maneuver to test discipline of the COMINTERN and against sectarianism, Lenin forced this on the English and U.S. comrades against the wishes of what he admitted was the majority of his fine revolutionary friends in those societies. Some think that MIM must disagree with this idea that comrades must work everywhere, but it has always been MIM’s practice. If we could win a Congress seat, we would fight for it. If we find a comrade has a particular idea of a particular reactionary organization or movement to infiltrate, we do not oppose it. We only oppose those who go to the labor-aristocracy and recycle the demands of the petty-bourgeoisie. No, we can and must go everywhere to prepare the all-round dictatorship of the proletariat over the bourgeoisie, but we must maintain proletarian internationalist aims and principles. In Lenin’s own estimate at the time, the anarchist people expressing repulsion at the labor aristocracy in the IWW and similar U.S. organizations are making errors that “will be a thousand times easier”(302) to fight than those still tied up with the labor aristocracy. For MIM, this is a reminder of how we have more in common with J. Sakai and similar anarchists than the various so-called communists not breaking with the labor aristocracy.

Lenin never says in his critique of ultra-leftism that we must pander to the labor aristocracy, only that we must struggle with the backward workers in

order to avoid sectarianism.

“Crispien went on to speak of high wages. The position in Germany, he said, is that the workers are quite well off compared with the workers in Russia or in general, in the East of Europe. A revolution, as he sees it, can be made only if it does not worsen the workers’ conditions ‘too much’. Is it permissible, in a Communist Party, to speak in a tone like this, I ask? This is the language of counter-revolution. . . . The workers’ victory cannot be achieved without sacrifices, without a temporary deterioration of their conditions. We must tell the workers the very opposite of what Crispian has said. If, in desiring to prepare the workers for the dictatorship, one tells them that their conditions will not be worsened ‘too much’, one is losing sight of the main thing, namely, that it was by helping their ‘own’ bourgeoisie to conquer and strangle the whole world by imperialist methods, with the aim of thereby ensuring better pay for themselves, that the labor aristocracy developed. If the German workers now want to work for the revolution they must make sacrifices, and not be afraid to do so. . . .

“To tell the workers in the handful of rich countries where life is easier, thanks to imperialist pillage, that they must be afraid of ‘too great’ impoverishment, is counter-revolutionary. It is the reverse that they should be told. The labour aristocracy that is afraid of sacrifices, afraid of ‘too great’ impoverishment during the revolutionary struggle, cannot belong to the Party. Otherwise, the dictatorship is impossible, especially in West-European countries.”(303)

Hence, we must imagine what we would do at a meeting of a reactionary union discussing NAFTA or GATT. Many of our critics would go and fly the flag. We would go and put forward internationalist demands. In particular, what does a positive reform look like at this historical moment of imperialism? Some said for example that the United States should not join NAFTA, because free trade means the abolition or non-enforcement of laws protecting the environment. In 1991, under GATT, Mexico fought the United States and won the right to sell tuna to the United States that Mexican fishers obtained while killing dolphins in their nets. The U.S. Marine Mammal Protection Act had banned tuna fishing that could endanger dolphins. For reasons of this sort, MIM was told we should oppose GATT and NAFTA and take up economic nationalism.(304) The reasoning is that it is easier to fight for progressive laws inside one country.

MIM believes that kind of reasoning leads to more wars. If Mexico or other Third World countries can go to socialism and protect their nascent

industries, that is one thing, and we should do everything possible to support whatever economic relationship they want to the imperialist countries. Asking an imperialist country to take up economic nationalism is another thing. Instead, we should aim our economic demands to be sure they have an internationalist spin.

In the European Union, Loukas Tsoukalis says that the membership of some countries has meant a rising of environmental regulation in order to be part of the club.(305) Thus, we see no reason to take a fatalistic approach to struggle in multi-lateral situations.

MIM does not want Mexico to shoulder the burden of losing its tuna fishing business. We want the imperialist countries to hand over the nets and technology to make it possible to fish without killing the dolphins. That is the general formula for environmental demands when they concern the Third World. If the imperialist countries want higher environmental standards, and they should, let them pay for it. Already they do this within the European Union where some countries pay for the use of less-polluting production techniques by poorer countries. If the whole world lived U.\$. living standards, the species would probably die instantly from pollution, so it is clear the U.\$. people owe the world for their system. “It is epic hypocrisy for Americans to scold the poor for destroying nature while U.S. companies are still free to dump toxic wastes from American consumption in poor countries. If they intend to reform the world, America and other advanced nations have to take care of their own mess first.”(306) The bourgeois economists think their free trade is more efficient? Well, let them use those efficiency gains to improve the environment and inequality between the Third World and imperialist countries.

It is no longer progressive to fight for “30 for 40” in the imperialist countries, because those workers are not exploited. However, the demand for a global minimum wage is still entirely progressive and does not increase the existing world war by encouraging imperialist country nationalism. It is the only way to keep imperialists from playing one country off against another into ever lower wages. Professor Voradvidh of Thailand has it right: “We need a GATT on labor conditions and on the minimum wage, we need a standard on the minimum conditions for work and a higher standard for children.”(307)

We communists and our allies in the united front should push for it and ask for WTO enforcement. Unions seeking to obtain wages higher than minimum wage should get to go before the WTO. Countries that use death

squads against union organizers would be kicked out of GATT. In order to make sure these reforms do not result in a decrease in developing country employment, we should also push for currency reform.

Third World currencies are all radically undervalued, because of the politics of comprador government. To remove the influence of politics and speculation, we like the suggestion of one economist from India--Arjun Makhijani--who says we should peg currencies to a basket of goods needed for daily living in each country. That basket of goods should be the same price in each country no matter what currency it is purchased in.

Such a currency reform combined with a minimum wage boost carried out globally would do much to spur the most possible out of capitalism. Third World purchasing power would increase drastically. That would spur Third World industry and make possible cheaper imports of whatever equipment was necessary. The labor aristocracy would suffer higher prices of its Third World imports, but it is already under the impression that the imports from the Third World do not matter to them anyway, so let them prove it by going along. The other benefits to the labor aristocracy is that the combined currency reform and minimum wage would hugely boost global employment. The unused capacity of imperialist countries would be quickly taken up with the orders from the Third World. As a result, the "middle classes" of imperialism would see a decrease in living standard from higher import prices, but they would see an elimination of unemployment and overcapacity. The imperialists should be happy to see increased demand and a disappearance of over-capacity, perhaps for a few decades.

The major loser in a WTO-enforced minimum wage, a WTO-enforced union negotiating regulation, a WTO-enforced environmentalism, a WTO-enforced tax on financial asset income and a WTO/IMF-enforced currency reform would be the comprador elites of the Third World. Their power would be sidestepped in one fell swoop by the imperialists who would take away their power to set currency rates and wages. On the other hand, the comprador elites would receive a major windfall themselves in exchange: their holdings of local currency would suddenly be worth much more in goods from the imperialist countries. This would also undercut the value of shipping capital out of the country to deposit in Swiss bank accounts. The compradors would be able to enjoy their bourgeois lifestyles without sending their money out of the country. We suspect that at least a portion of the elite would go over to becoming a regular and strong national bourgeoisie involved in expanding production.

The imperialist countries through the use of GATT have the power to impose global conditions. It also means they can be targeted as enemy simultaneously. This is not something we communists should fear. It means we can take down the system in one fell swoop. In the past, Lenin derided economism for talking about economic concessions from individual capitalists only and never rising to the political level and making demands of the capitalist class a whole. In the imperialist countries, Lenin called it "imperialist economism," and today we still see that most so-called communists would prefer to fight it out at the individual company and individual country level.

Meanwhile, the Clinton administration is already trying to fool the international proletariat that it is doing something about the real goals of the international proletariat. "The Administration has sought establish a framework for multilateral discussion on how best to promote core labor standards: freedom of association, the right to organize and bargain collectively, nondiscrimination in the workplace, prohibition of forced labor, and elimination of exploitative child labor."(308)

The GATT is building the muscle of our proletarian internationalist movement and we should thank the imperialists for this chance to exercise our muscles as proletarian internationalists. As of now, the influence of parties like MIM is weak, so our movement is so weak that it wants to go back to economic nationalism. That is the mistake we face, one leading to fascism and inter-imperialist war. Instigating inter-imperialist war should be a last resort, as a threat when the WTO or the like imposes more government control on oppressed nations in a new form of outright colonialism. There is a need for international conferences on just this subject to discuss subjects like picking off one imperialist country or another to form a bloc with in order to undercut new global colonial arrangements. MIM has its own opinions on the subject, but questions of blocs and alliances should be decided by the Maoist majority of the Third World and we imperialist country comrades should be careful to collect information and not boast overly about our possibilities of overthrowing the governments and thereby leading Third World comrades to count on something not real.

The damage of the wrong analysis of the class structure is also evident when we look at the movements of the most oppressed, because nationalism of oppressed nations is applied internationalism as Mao said. The Black Panthers proved that the correct analysis of the labor aristocracy does the most to advance the movement here in the imperialist countries. The difference between the pro-labor aristocracy line and imperialist

assimilationism is non-existent at this time. Movements to stir up imperialist country economic nationalism have the disadvantage of dragging along a portion of the internal semi-colonies. This brings us to the next question--the future of the communist movement.

7. Tasks and stages of the revolution

“In the various nations of the West there is a great obstacle to carrying through any revolution and construction movement; i.e., the poisons of the bourgeoisie are so powerful that they have penetrated each and every corner. While our bourgeoisie has had, after all, only three generations, those in England and France have had a 250-300 year history of development, and their ideology and *modus operandi* have influenced all aspects and strata of their societies. Thus the English working class follows the Labour Party, not the Communist Party. Lenin says, ‘The transition from capitalism to socialism will be more difficult for a country the more backward it is.’ This would seem incorrect today.”--Mao Zedong(309)

The correct scientific analysis of class structure and crisis in the imperialist countries is not only critical from the point of view of unleashing whatever movement is possible and appropriate right now. It is also important in terms of the future under the dictatorship of the proletariat. The COMINTERN of 1920 said, “Without exposing this evil, without fighting not only against the trade union bureaucracy but also against all petty-bourgeois manifestations of the craft and labour aristocracy, without the ruthless expulsion of the representatives of this attitude from the revolutionary party, without calling in the lower strata, the broad masses, the real majority of the exploited, there can be no talk of the dictatorship of the proletariat.”(310)

The task of the Cultural Revolution after the initial socialist revolution is to consolidate the all-round dictatorship of the proletariat over the bourgeoisie. That is how a country stays on the socialist road and advances toward communism if international conditions are ripe enough.

The masses are correct not to support any party that claims that the land of the Rodney King and Vincent Chin verdicts is ready for integration. The masses are correct to hate and distrust any party that puts forward such nonsense as how the white worker is going to suddenly wake up and become peaceful and full of brotherly internationalist love. When the white worker does wake up, s/he may fight for reaction first, but even in the best of circumstances, s/he will have to go through a long period of thought reform before peaceful internationalist integration is even thinkable,

and not just a sham foisted on the masses by the imperialists interested in assimilation and stability. Even some of the oppressed nation workers infected with white nation chauvinism or parallel ideas will demonstrate great difficulties in waking up.

One cannot fight for the dictatorship of the proletariat, if one does not know what the proletariat is. For this reason alone, the many who suggest to MIM that its differences with others calling themselves Maoist in the imperialist countries are merely tactical are incorrect. Without MIM's cardinal principle on the oppressor nation working class, dictatorship of the proletariat is impossible.

Even when the Third World proletariat makes its weight felt and U.S. imperialism is overthrown, it is still possible for the proletariat to make disastrous errors without an understanding of the tasks and stages of revolution in the imperialist countries. Such errors surely have the potential of leading to a restoration not just of capitalism in the ex-imperialist countries but of imperialism. A restoration of imperialism threatens all the world's people, because for example, the United States is the principal enemy of the world's peoples. In many ways, the initial overthrow of U.S. imperialism will be an act of defense by the world's oppressed peoples, self-defense with regard to the right to live without imperialist militarism, starvation, inadequate health care and pollution. Yet, if the revolution starts and ends with defensive goals, there will be no transformation, and hence there will be an increased risk of imperialist restoration. For this reason, it is impermissible to speak of the class structure as a merely abstract issue that can be sidestepped with the tactics of flattery. Just as in every other country, the class structure of the United States will determine what the tasks of the revolution are. When imperialist country opportunists sidestep a concrete understanding of the class structure of parasitism, they are sidestepping the future tasks of the dictatorship of the proletariat.

Did not Mao say feudalism and colonialism were like mountains that had to be removed from the backs of the Chinese people? In order to remove the weight of imperialism from the backs of the world's peoples, the revolution must now go through its own special stage in the imperialist countries. We will refer to this stage as the re-civilization stage. It will complete some tasks parallel to the new democratic revolution but in the oppressor nations and with no capitalist ownership of the means of production. In particular the oppressor nations will have to come to grips with why it was that the oppressed nations needed a new democratic stage and what things like the civil rights movement were, including how they were twisted by the

oppressor nations into assimilationist movements. During the re-civilization stage, the ex-oppressor nation will live without the power to oppress oppressed nations and come to understand why independent national courts and police among other things were necessary for the oppressed nations. In the re-civilization stage, the ex-oppressor nation will come to respect the military and political might of the world's majority. Instead of sending UN troops to Iraq, Somalia and Kampuchea, the proletarian dictatorship will send troops from Somalia, Iraq and Kampuchea to patrol the imperialist countries held in receivership during the re-civilization stage. As Mao said, these tasks alone would make the socialist transition more difficult in the advanced countries than in the backward countries. Yet even this does not describe in full all the difficulties of socialist transition in imperialist countries that are already apparent.

When Lenin originally wrote about the labor aristocracy's returning to the proletariat, he believed that world war would bring about European revolution in his lifetime. On the other hand, he was prepared to admit the possibility that it might not happen in his lifetime if militarism and super-exploitation managed to convert the workers of certain imperialist countries into a petty-bourgeoisie.

The consolidation of the labor aristocracy in the imperialist countries has several implications for the socialist stage of revolution in imperialist countries: 1) No where will racial integration be the direct goal, because the oppressor nation people will not be ready for integration until after some generations have passed. For a strategic length of time the oppressor nation people will undergo thought reform to prepare for re-entry into humyn relations with other peoples. 2) Oppressor nation people will generally not hold the predominant roles in the administration of oppressed nation affairs even in the event of transitional Soviet forms of government. 3) There is a high likelihood that the labor aristocracy will never be re-proletarianized before communism is achieved. 4) Reparations will be necessary to undercut Titoism in which people who happen to live on top of gold mines, oil wells or other sources of wealth do not have their wealth re-distributed in the name of "local control." 5) Reparations will be necessary not just as justice to the Third World but to undercut the material basis for oppressor nation chauvinism including the mythology of oppressor nation "productivity." Just as children raised only seeing Blacks as slaves can not be expected to have a well-rounded perspective of the Black people, a child raised in a society where ex-oppressor nation workers work with several times more capital at their disposal than oppressed nation workers cannot be expected to understand the real reason for a difference in "productivity"

between nations. The question of reparations is one central item to the necessity of an historical stage in which the oppressor nation peoples are cleansed of parasitism. Thought reform by itself will be futile for the oppressor nation if the economic basis of parasitic thinking is not destroyed.

8. Preventing the restoration of imperialism

Preventing the restoration of imperialism in the ex-United States and other imperialist countries will differ from the Cultural Revolution in China above all in one regard--the question of parasitism economically and ideologically. The dictatorship of the proletariat in the ex-United States will necessarily acquire its main basis from outside the current borders of the United States. Those countries freed from u.s. imperialism may look in many ways like China did under Mao with the pressure of a peasantry seeking private plots of land for farming and the pressure of a national bourgeoisie arising in the vanguard parties of the oppressed nations that hold socialist state power and access to the means of production. In those questions, China's experience will be directly applicable.

However, even if there is a lengthy ground war amongst imperialist countries, Russia's experience will not light the road forward for the formerly entrenched parasitic classes of the imperialist countries. In Russia, a merely semi-imperialist country when Lenin led the revolution there, the labor aristocracy had not settled in and caused a hardening of the arteries the way it has in the advanced imperialist countries today.

The model for the imperialist countries in terms of the question of parasitism is more likely to be found in the U.S. Civil War that ended with the freeing of slaves. After the U.S. Civil War, former slave-holding classes did not surrender their political agenda, and they continued to have widespread influence amongst the oppressor nation as a whole. In particular, the gains of the Civil War were tempered by the embitterment of the white people in the South. However, unlike some authors, MIM does not believe the Civil War "nourished rather than canceled the hatreds and intolerance that persisted for decades."(311) We believe there was a net gain in that certain aspects of oppression became unthinkable. As in any other struggle, it was a case of two steps forward, one step back.

Likewise, in the future, decisive acts of force will settle the question of parasitism in the main as slavery had been finished by force before it. After the revolution, those who continue to put forward opposition to reparations in the name of nationalism will have to be put down by force and deprived

of their political rights just as slave-owners once were in the United States when those slave-owners were not allowed to run for public office after the Civil War. Opposition to the re-distribution of resources including the unpaid labor of the Third World must become unthinkable.

Many Americans and other oppressor nation people falsely believe that they have lived under a democracy of majority rule instead of minority rule of Americans over the world majority. The period of Reconstruction after the U.S. Civil War is very useful to understand. None of the Confederate states had governments recognized by President Lincoln at first. He offered pardons to most Confederates, but at least one-tenth of a state (as measured by the number of the total vote in the presidential election of 1860) had to swear allegiance to the Union and then organize a government dedicated to abolition of slavery. Lincoln semi-succeeded in four states, but the Congress did not recognize their representatives, because the Congress was more radical than Lincoln, when Lincoln died.

The new president Andrew Johnson started out more radical than Lincoln by disenfranchising (a word that means taking away citizen rights such as the vote and ability to run for office) military and civil officers of the Confederacy and anyone with property in excess of \$20,000 at the time. Estates were made liable to confiscation.

When the South elected some of the disenfranchised supremacists anyway, President Johnson backed down, but the Congress became more radical and nearly impeached him. The upsurge of the struggle led to the verbal recognition of the Black right to vote in the Constitution and the ratification of the Fourteenth and Fifteenth Amendments by the South. A few years later though, the KKK carried the day and the radical Republicans were undercut and removed from power in the South. The “solid South” for the Democratic Party started,(312) because of white resentment toward the progressive dictatorship exercised over them.

With every passing year after the Civil War the possibility of a restoration of slavery receded. Likewise, in a future socialist revolution re-civilization stage, for every year that ex-oppressor nation children experience a world of reparations and internationalist economics, the possibility for a return to parasitism will recede.

Many peaceful peoples of the world will be tempted to show a sentimental attitude toward the peoples of the imperialist countries. Indeed, the national bourgeoisie of the ex-neo-colonies may seek to cut a deal with the ex-labor

aristocracy: “stay out of my country and I will let you resume your living standard of before.” We may expect this national bourgeoisie to arise in the vanguard parties of the ex-oppressed nations. It will be similar to the comprador bourgeoisie of the past, but it will have much better leverage over the imperialist countries and it will have the possibility of striking a deal with the old labor aristocracies directly for the first time in history, once the imperialist countries are put into receivership by a proletarian United Nations.

Thus far in our discussions with peoples around the globe, the people with the greatest difficulty understanding the oppressor nation people of the imperialist countries are the First Nations. The difficulty lies in that the so-called “primitive communists” can look back 100, 200, 300 or 400 years to know what their own lives were like without the white man. For the white man to look back to a period without rigid classes and war--that would require thousands of years. For this reason we can say that the white culture and many other cultures effectively have no cultural reference points for living a peaceful life in economic harmony.

To the First Nations, the U.S. Civil War is a mystery. We must say to the First Nations, the U.S. Civil War brought a big advance in the white man’s thinking. Yes, he suffered massive violence setting records for up to that time. That’s the way the people of these hardened class societies are: they are better off after a hugely violent experience. In this way, some kinds of violence--those linked to slavery--become unthinkable to the vast majority of white people. To achieve the kind of harmonious society that existed in some First Nations not long ago or may even still exist in some places, the imperialist oppressor nations would have to go through a traumatic change involving tremendous violence. Even some First Nation peoples have been infected by class society and will undergo some violence in the process of self-transformation.

Some Black leaders have also misunderstood the lesson of the U.S. Civil War. Martin Luther King saw the bitterness of the Southern white man and opted for Christian pacifism. Nelson Mandela is adopting the same idea to a large extent in avoiding recriminations in post-apartheid society.

After the imperialist countries are put into receivership, the temptation is going to be to grant the ex-oppressor nation people an act of internationalist generosity. Why not forget about the reparations the reasoning will go--perhaps for the benefit of peaceful harmony. The labor aristocracy will have some basis for resisting reparations and even the would-be comprador

bourgeoisie will have some basis for denying reparations. After all if the government can appropriate the means of production internationally for the benefit of socialism, it follows that the peoples of the old oppressed nations can expropriate the national bourgeoisie even more easily. To have its own sphere of operations for exploitation, the national bourgeoisie of the oppressed nations will have to pay lip-service to the revolution against imperialism while gutting its economic content and withdrawing from joint operations over the imperialist bourgeoisie as soon as possible.

There will also be much sentimental thinking about the oppressor nation that will only hold back the scientific development of the oppressor nation. The dictatorship of the proletariat will first teach the oppressor nation to respect other nations' military and political achievements. Perhaps there will already be some appreciation of various cultural achievements. However, to complete the process of thought reform, the oppressor nation will need to be confronted with economic achievements and the oppressor nation will have to be taught a whole new language of economic statistics hitherto lost in the haze of commodity fetishism and nationalism. In essence, the oppressor nation persyn will need to understand comparative socialist labor productivity coefficients with the effects of differential levels of capital, raw materials and schooling removed.

Without a simple way of understanding concretely the productivity of the Third World peoples, the oppressor nation is liable to believe that imperialism was a just order. The white man and womyn is capable of thought reform and revolutionary transformation, because dialectics applies everywhere. It is a mistake to believe the white oppressor nation people is simply revenge-driven, and hence pacifism is necessary. For reasons of the history of the oppressor nation, it does respect military force and can receive an important lesson in conjunction with overwhelming military force. A decisive act of force combined with a seizure of assets and a well-publicized burst of publicity for an increase in global productivity, environmental progress, and a burst in economic growth will work well. A generous combination of half-measures that leaves the oppressor nation believing it is vastly economically superior is likely to backfire and embolden opposition to the dictatorship of the proletariat. An expansion of global productivity can fire the imagination of the ex-oppressor nations, because that is something embedded in the oppressor nations' history.

The political organization administering the ex-imperialist countries will have a new bourgeoisie within. The difficulty of socialist transition in the advanced countries will be the ally of the new bourgeoisie. If reparations

are not undertaken in a serious fashion, there will be a continued material basis for the formation of a labor aristocracy under socialism. The political grousing of the labor aristocracy will serve as a favorable political climate for the restoration of capitalism outright, possibly in some new combination of neo-colonial deals.

In the struggle to eliminate the material basis for the labor aristocracy, we must make maximum use of modern transport to ship off resources to the Third World from the imperialist countries, but there is another convenient weapon in the hands of the international proletariat, the power to force open borders. If it is too difficult for thorough reparations to occur such that ex-capital departs for the former neo-colonies, then the Third World workers must migrate to take over the means of production in the ex-imperialist countries.

In addition to shipping resources and opening borders, there are two on-paper means of settling the reparations question that will be at the disposal of the proletarian dictatorship. One is that a tax or interest rate on capital may be established in those countries or regions using historically stolen capital. A second method will be to use political mechanisms to set the exchange-rate between oppressor nations and oppressed nations so that no gains are seen in the oppressor nations from using capital representing dead-labor of Third World workers. That last method is the least desirable politically, because it will be the least clear politically and because having different currencies for the purpose of controlling consumption may not be compatible with removing borders.

As the early 21st century progresses one demographic fact of life will favor reparations in the imperialist countries. It is the fact that the white oppressor nations are aging in such a way that an increasing portion of white and Japanese workers will be retired. While ex-oppressor nation workers are retiring the political conditions for letting someone else use the means of production that the worker thought of as "his" or "hers" becomes more favorable. If there is a sentimental deal to be made, a sop thrown to the dying labor aristocracy to win it over to proletarian dictatorship, it should be the golden parachute of retirement. The moral standing of the Third World worker will rise in the eyes of the ex-oppressor nation when it is pointed out that the oppressor nation workers are disproportionately retired workers dependent on socialist pensions. Already in the ex-Soviet Union we see a basis for this as retirees are a political basis for the restoration of socialism. In 99 percent of cases of retirement, the ex-oppressor nation workers should not be allowed to take the means of production with them into retirement. If

need be, there should be violence to prevent them from absconding with the means of production.

As long as the dictatorship of the proletariat does not allow an accumulation of property in the hands of the ex-exploiter classes or control of the means of production in the hands of a few in the vanguard party guiding the dictatorship of the proletariat, the transition should go well. In the case of former exploiter class people, particularly scientists and technicians, to the extent that they make great contributions to the ease of proletarian administration, they can be rewarded with higher living standards, including for their families or friends. The inventor of the computer menu called an operating system that eliminated the need for much programming and made it possible for the ordinary person to use a computer is an example of something that should receive an award under socialism as well, perhaps \$2 million and much notoriety. In the thinking of individualists, lotteries motivate gambling behavior, and such will be the effect of giving out large awards for invention and innovation conducive to eliminating classes. If we think of the effort some people in the oppressor nations put into getting on professional sports teams, we can think of how to tap this sort of illusion on behalf of the proletariat.

In this way we can pay the old exploiter classes to eliminate their own class roles. A small number of people living luxurious lives is a small price to pay to eliminate the need for millions of bourgeois experts and to make the process of production fully accessible to the proletariat both technically and administratively. As long as it is illegal to use the \$2 million for bourgeois political propaganda or trade in the means of production, it will go into conspicuous but relatively harmless luxury consumption. Even with such awards from the socialist dictatorship, the conspicuous consumption of the luxury classes will decrease considerably compared with previous capitalist life until that time when socialism has unleashed production to be environmentally sound and sustainable all across the planet.

Giving select material incentives to the bourgeois experts to eliminate the need for bourgeois experts is a phenomenon fully in-line with our expectation of materialist dialectics. It is materialist in that we must build socialism with the humyn materials at hand, not from some miracle delivered from God. It is dialectical in the same way that Lenin said the capitalist class would have to bid on the rope contract for the hanging of the capitalist class. In the imperialist countries, this should be our message to the dying exploiter classes. If they want their living standards, they can still have them by “working hard” as the psychology of this class goes, but

not for building weapons of mass destruction or whatever else the capitalist needs for profit. Under socialism, the dying exploiter classes will have to contribute the technical and administrative advances that eliminate classes if they are to receive a material reward.

In this sense, we communists have the competition of class struggle to lead us to communism. Either the socialist system will conquer or the species will die. “Among the absurdities which the bourgeoisie are fond of spreading about socialism is the allegation that socialists deny the importance of competition. In fact, it is only socialism which, by abolishing classes, and, consequently, by abolishing the enslavement of the people, for the first time opens the way for competition on a really mass scale. And it is precisely the Soviet form of organisation, by ensuring transition from the formal democracy of the bourgeois republic to real participation of the mass of working people in ADMINISTRATION, that for the first time puts competition on a broad basis.”(313) Communist equality in education alone will be sufficient to prove Lenin right.

Under capitalism, technical progress is held back because technology is private property. In contrast, we will seek to reward specialists for their innovations, but we will pay one-time rewards and then hand out the software or other technological knowledge free. This will also contribute to streamlining of innovation, which is currently faced with fragmentation caused by confidentiality concerns of property-holders. The spokespeople of humyn capital getting their paperback books published by the millions put forward their bromides like, “The catalyst for innovation is profit. An entrepreneur will benefit from profits generated through innovation, and an existing business will benefit if innovation causes profits to increase.”(314)

The socialist transition in the imperialist countries will be very difficult, full of twists and turns. I have not touched on the subject of how the world’s peoples will be represented in the dictatorship of the proletariat existing in the ex-imperialist countries. While the oppressed masses are correct not to trust the imperialist country workers, the oppressed nations are going to need some experience in internationalist cooperation amongst themselves before imperialism can be destroyed properly. This is a whole different subject that I will not elaborate on here, except to point out the danger in the future of a direct alliance of the national bourgeoisie of the oppressed nations with the labor aristocracy of the imperialist countries. To sum up the theoretical argument so far, the existence of a labor aristocracy that replaced the proletariat of the imperialist countries has ramifications for the movement now and under socialism. The special historical problems

that have arisen in the imperialist countries will require that we socialists see to a whole stage of socialist history in which the ex-exploiting classes of the oppressor nations are cleansed of the many various parasitic habits and thoughts. In that stage, reparations to the Third World are not just a matter of justice; they are essential to eradicating the material basis for the labor aristocracy and a key to preventing the restoration of imperialism. On this question there can be no compromise without prolonging the agony of class war between the rising proletariat and the representatives of the dying exploiter system. Thus the dictatorship of the proletariat must act ruthlessly and quickly in this regard while it can offer ex-oppressor nation workers retirement generally and material incentives for doing select work that specifically undermines class formation.

Now I turn to a factual examination of the class structure applying the definitions, historical traditions and theories discussed above. We shall see that the theories of Lenin on imperialism are still vindicated, even by the publication of government statistics in the imperialist countries.

Letter responding to MIM from Australia, January 2006

“Nowhere, hardly excepting even the Irish domestic industries, are such infamously low wages paid as in the German domestic industries. Competition permits the capitalist to deduct from the price of labour power that which the family earns from its own little garden or field; the workers are compelled to accept any piece wages offered to them, because otherwise they would get nothing at all, and they could not live from the products of their small-scale agriculture alone, and because, on the other hand, it is just this agriculture and landownership which chains them to the spot and prevents them from looking around for other employment. This is the basis which upholds Germany’s capacity to compete on the world market in a whole series of small articles. The whole capital profit is derived from a deduction from normal wages and the whole surplus value can be presented to the purchaser. That is the secret of the extraordinary cheapness of most of the German export articles.”

--”1887 Preface to the Second Edition of the Housing Question” by Engels

[MIM adds:

Today, German workers receiving the minimum wage are in the top 10% of the world, so we have to say the conditions changed. However, the principles or theory involved here is still the same for the Third World.

We received the following letter from Australia on this subject.

Dear MIM:

Allow me to draw your attention to Engels’s preface to “On Housing,” as I think it may be relevant to extracting surplus-value in China (and other Third World countries) since the land was privatised, of course as always under capitalism. The peasants are being forced into the cities as proletariat, but a lot of small and medium industries were started on the backs of the old collective commune and village enterprises in the countryside. This small local industry is of great importance. Engels speaks of the peasants in Germany with their “own little garden” compelled to accept any piece wages offered etc “The whole profit is derived from a deduction from normal wages and the WHOLE (my emphasis) surplus value is PRESENTED to the purchaser.”

This may be the case in China today--the land ownership itself being a main cause keeping the wages of Chinese labour down. Hundreds of millions of them.

This, if so demonstrates that apart from a quick gain for some in the early ‘80s when Deng made some subsidies, the privatisation of land rather than being good for the people and lifting their income, is the main reason they are so easily being so cheaply exploited now for export for the benefit of imperialism of course.

They cannot mechanise the tiny plots so they are tied down to a miserable income subsistence incomes and no hopes of improvement until capitalism takes its course and they are turned off the land for capitalist farming.

Deng hooked them up on Hollywood dreams of all getting rich under capitalism. Of course, it’s not working. Most development they have is factories for the imperialists and fancy looking land destroying infrastructure. Everything produced in factories is mostly exported.

An important point to remember about China is that WE tend to see competition on the world scale affecting “our” jobs. But that competition, a central part of capitalism’s drive for profits is NOW INTERNAL in China too.

The enterprises and regions, that is the capitalists are competing against each other internally: “one capitalist kills many” and this in already

desperately poor conditions for the poor workers and peasantry as above. No unions, no effective factories acts as in early capitalist England, no self-imposed policing of competition by the capitalists etc.--lots of small industry in the country--it could easily develop into the kind of labour conditions Rewi Laly the New Zealander wrote about in Shanghai in the 1920s.

So I don't believe wages will get better in China. In fact, they will get much worse. HOLLYWOOD DOESN'T DELIVER.

So as Mao would say, "one divides into two and the situation is excellent for class struggle." We have a lot of people in China with experience of revolution and socialism and the Great Proletarian Cultural Revolution and their conditions are worsening as their already low wages will be driven lower.

The compradors attempted to build up a labour aristocracy in China too, based on the old working class city residents' rights and Soweto-style temporary work permits for the peasantry coming to the cities.

That residence permit system is apparently being worn down now. The peasants are now in the cities in their tens of millions and are probably able to sell their labour cheaper than the city workers who don't have farms. The countryside is being sucked dry of able-bodied peasantry men and women, leaving the old and the young to manage their farms. Country workers are living in barrack like conditions in the city.

Internal contradictions between the workers and capitalism must be sharpening in China. A lot of these new workers are the old poor peasantry.

The Chinese rulers are raking it in. See their foreign reserves in hundreds of billions fast approaching a trillion in reserves. I suspect a lot of the Hong Kong reserves are Chinese owned too.

These reserves are the profits the savings of surplus value of the compradors who are too FRIGHTENED to invest it in China for fear of revolutionary confiscation, so it is invested in the United States especially. And all they need is their aeroplane tickets to Taiwan or the United States. If that happened would the United States rescue them as in the old days and take them to Taiwan again?

They are trying to keep the wages low in China, because that is the main

selling point, their main game as comprador-managers of labour for the imperialists, for a cut in the surplus-value without re-investing much of their own capital. They want the imperialists to invest their money and save their own for the bolthole.

The compradors don't sell so many products themselves. The imperialists do that. The compradors' main business is labour management and percentages in ownership as partners--Mafia gatekeepers, for a cut in the surplus-value from exports.

They themselves do not want to create a modern CHINESE industry and commodity market or certainly not improves wages in China. That is their reason for existence. Their whole business depends on keeping low wages not just for, but in addition to the usual capitalist profit making reasons. If they do not keep them the lowest the imperialist will move to India or Indonesia. So the military will play an increasing role as the workers demand better wages and conditions. The ruling class is scared. The foreign reserves prove that. It is their bolthole money. They are scared. If they were not scared, they would reinvest capital they have seized in Chinese industry. Instead, they invest in imperialism.

They know the actual conditions, so we should be confident if they are too frightened to invest--not on faith alone, but because the material conditions of the class contradictions are developing.

Now wouldn't that be something! Hollywood discredited because it didn't deliver and the biggest proletariat in the world inheriting a modern industrial base!

It could happen very soon.

As Mao advised, have faith in the workers and peasants of China. They have the rich experience and not much inheritance of generations as labour aristocrats.

--Australian reader

January 2006 ["US" is not used in MIM style for the noun, so we changed it to "United States" in the text above.]

[MC5 responds to letter writer:

This expands on what MIM has been saying. The comrade points out that we need not rely on an argument of extra-economic coercion in China to

see wages as low. One good bourgeois coup followed by the privatization of land then makes all workers and peasants think they are voluntarily agreeing to wages that happen to be much lower than what would be normal without the privatization of land.

The quote from Engels should also help with all the thick-headed people who keep saying surplus-value arises in production not exchange, as if that is an answer to Arghiri Emmanuel or as if surplus-value is not then redistributed in a variety of bourgeois partnerships and forms. Here the surplus-value goes to the purchaser as Engels pointed out--mainly the Western labor aristocracy today.]

Appendix. Notes on the specific imperialist countries' class structure today

Canada

Canada has a population of 1.5 million oppressed nationalities and about 750,000 First Nations peoples.(315)

England

We are a long way from the original proletarian dominance of the class structure that Marx saw in his day. Yet even in his day in England he spoke of a “worker-aristocracy.” Here was an example of his class analysis of England in 1844.

“The distinction between skilled and unskilled labour rests in part on pure illusion, or, to say the least, on distinctions that have long since ceased to be real, and that survive only by virtue of a traditional convention; in part on the helpless condition of some groups of the working-class a condition that prevents them from exacting equally with the rest the value of their labor-power. Accidental circumstances here play so great a part, that these two forms of labour sometimes change place. . . . The lower forms of labour, which demand great expenditure of muscle, are in general considered as skilled, compared with much more delicate forms of labour; the latter sink down to the level of unskilled labour. . . . Laing estimates that in England (and Wales) the livelihood of 11,300,000 people depends on unskilled labour. If from the total population of 18,000,000 living at the time when he wrote, we deduct 1,000,000 for the ‘genteel population,’ and 1,500,000 for paupers, vagrants, criminals, prostitutes &c., and 4,650,000 who compose the middle-class there remain the above mentioned 11,000,000. But in his

middle-class . . . he also includes in these 4,650,000 the better paid portion of the factory operatives! The bricklayers, too figure amongst them.”(316) Thanks to “accidents” of history, Marx was willing to consider bricklayers, who are productive sector workers, to be in the middle-classes. Later, inter-imperialist wars, and wars against oppressed nations would result in the creation of middle-classes out of people formerly considered proletarian.

With regard to the Census 17 years later in England, Marx said,

“If we deduct from this population all who are too old or too young for work, all unproductive women, young persons and children, the ‘ideological’ classes, such as government officials, priests, lawyers, soldiers, &c.; further, all who have no occupation but to consume the labour of others in the form of rent, interest, &c.; and, lastly, paupers, vagabonds, and criminals, there remain in round numbers eight millions of the two sexes of every age, including in that number every capitalist.”(317) Marx notes with irony the expansion and exploitation of the productive sector allows for the creation of a sector of “modern domestic slaves” which numbers more than large portions of the productive sector. He calls them “modern,” but he makes it quite clear these are just luxury expenditures of the ruling class, “the ancient domestic slaves under the name of a servant class.” Hence, contrary to Shaikh and Tonak, Marx was suspicious of the service sector as bearing luxury consumption of the ruling class.

By 1948, in England, only 37.2 percent of workers were in the service sector. The rest were in the productive sector; although to what degree they were white-collar we do not know. As the government in England itself admits, “In the 1950s, ‘60s and ‘70s most men--certainly skilled manual workers and white collar workers--believed they had a right to a job for life.” Hence, the split in the working class continued through this century and by the 1930s there were already those in the COMINTERN who thought the majority was bought off. By 1994, 73.4 percent of English workers were in services. Retail and banking jobs were typical.(318)

Today, about 5 percent of the population comes from oppressed nationalities, mostly Indo-Pakistani or West Indian.(319) Rapid growth in acceptances for settlement 1983-1993 from low numbers has occurred for Nigerians (663.9%), Sri Lankans (110.9%), Japanese (79.2%), Hong Kong Chinese (43.8%), Ghanians (141.1%), Jamaicans (309.7%) and Filipinos (76.5%).(320) Overall England is probably 6 percent oppressed nationalities as we write this.

Despite exaggerated claims by those who see a “general crisis,” 70 percent of all adults in England have a job. Of that, 24 percent of employment is part-time employment. (321) MIM believes anyone who wants a job should have one, and the threat to one’s integrity of not having a job should be removed. However, the communists should not make themselves out to be highly removed from reality. Considering that a certain portion of adults should be in school, retirement or recuperation, we do not necessarily want to push for higher than 70 percent employment.

Looking at figures for 1982, Paul Cockshott and Allin Cottrell conclude that the exploitation rate (s/v) of English workers averages 0.86. However, they made no deductions for discrimination, foreign profits or transfers of value from the productive sector in the Third World to the unproductive sector of England. Hence, profits that originated in extraction of surplus-value in the Third World are attributed to English workers.

We also disagree with Cockshott and Cottrell for putting in a graphic on the energy industry which shows that workers in that industry work 16 minutes for themselves and 44 minutes for their employers.(322) If they had done this to point to discrimination or undocumented workers, we would have agreed, but this is a different sort of issue within the working-class. After World War II, according to Yugoslavia’s revisionist leader Tito, there should be “local” and “decentralized” socialism. The Titoite revisionism consists in introducing bourgeois pluralism and “market socialism.” We internationalists object to the slogan “think globally and act locally,” which is essentially Titoite and anarchist pablum. According to this reasoning, workers who happen to be in a neighborhood with a productive gold mine should be richer than workers who live on barren land far from industrial life. If a worker has an oil well in his or her backyard, then s/he should control it in the name of wresting control from bureaucratic, central authorities say the Titoites. We believe it is obvious this is an excuse for sweeping class polarization in society. The person with the oil-well is going to become bourgeoisie, while those born in backward areas will be exploited.

When we get to socialism, some areas of industry will have to be more capital-intensive than others. That does not mean we are going to transfer the value of the machinery in those sectors to the workers of those sectors.

Cockshott and Cottrell provide us some other important information as well. “330,000 people owned 55 per cent of all shares and 58 percent of all land.” In addition, the bottom 80 percent only owns 4 percent of the

property shares. Partly making up for this concentration of the wealth, the British labor aristocracy waged class struggle for the pie and depressed the share of output going to profits from 23.4 percent in 1950 to 12.1 percent in 1970. (323) Hence, Cockshott and Cottrell would not be among those making the mistake of seeing profits realized in a year as two or three times unproductive sector employee compensation, the fantasy implied in the work of Shaikh and Tonak. In 1993, compensation (about three-quarters of which goes to the unproductive sector) was five times profit income.(324)

Finland

The 1988 breakdown of Finland was 33.1% services, 22.9% mining and manufacturing, 13.8% commerce, 10.3% agriculture and 3.4% unemployed. Thus we are inclined to say that Finland is relatively closer to the boundary line between having an exploited working-class and not.(325)

Germany

Even in Lenin’s day, it was recognized that Germany is somewhat less inclined to parasitism than the other imperialist countries. However, it was only a question of degree and timing, not a qualitative difference. Lenin quotes a German of 1911 with approval: “People in Germany are ready to sneer at the yearning to become rentiers that is observed among the people in France. But they forget that as far as the bourgeoisie is concerned the situation in Germany is becoming more and more like that in France.”(326)

Lenin quoted Census figures from Germany just as we at MIM do today on all the countries we analyze. By 1925, the percentage of the population that was agricultural in Germany fell to 25 percent. Despite this fact that he could not be referring to petty-bourgeois farmers, Lenin was of the opinion that bourgeois classes in Germany were already a majority of the class structure. When Lenin sent Zinoviev to make speeches on the German class structure, Zinoviev spelled it out in further detail that the overwhelming majority of German cities were bourgeois, not the capitalist class proper, but one form of bourgeois or another. Contrary to the Mensheviks who seek to Menshevize Lenin by selective omission, Lenin already had said the same thing, so Zinoviev was only reflecting Lenin’s position and doing the work that Lenin wanted to combat the Second International and the social-patriotism of the ordinary workers of imperialist Europe. Lenin like Mao later had supreme strategic confidence that all the phony communists should learn.

“The conduct of the leaders of the German Social Democratic party, the strongest and most influential party belonging to the Second International (1889-1914), which voted for the military appropriations and which repeated the bourgeois chauvinist phrases of the Prussian Junkers and the bourgeoisie, is a direct betrayal of socialism. Under no circumstances, even assuming the absolute weakness of the party and the necessity of its submitting to the will of the bourgeois majority of the nation, can the conduct of the German Social Democratic party be justified. This party has in fact adopted a national-liberal policy.”(327)

It goes without saying that if Lenin thought that the majority of Germany was bourgeois, even though it had no colonies and had lost World War I, the seal of parasitism had to be at least that great in France, England and perhaps some smaller imperialist countries as well. In contrast, if the unscientific Menshevik flatterers of the bourgeoisified classes look at the same situation, they do so only from the point of view of their own country and they conclude that they must alter the very definition of proletarian in order to avoid the fate of having to conclude that a majority of Germany is bourgeois one way or another. In recent times, some academic enemies of Leninism have become so desperate that they abandon the class perspective completely to take up post-Modernist anti-science which holds a multiplicity of equally relevant social groups none of which are viewed as any more progressive than the other.

Germany is also an important example to get a hold of the issue of what happens when an imperialist country is cut off from colonies and not allowed a piece of the action by the other imperialists. Countless bourgeois economists and slick propagandists of the capitalist system believe the Third World could drop off the face of the earth and imperialist economies would quickly adjust to only a slight inconvenience to their own economies. These economists do not understand that the huge layers of unproductive labor in the imperialist countries can only be sustained with the labor of others.

Yet when we look at Germany, the masses of the labor aristocracy decided last time around that rather than give up the hope of empire, they must redouble their efforts. In the three years prior to Hitler’s seizing power (1931-4), the profit rate was actually negative.(328) Whereas the Depression hit all the capitalist countries, it drove the Germans to the most desperate outlook, because it lacked colonial exploitation to fall back on.

Initially, in Hitler’s own work, the first priority was to straighten out the people of Germany and its own national question. The next priority was

Austria and then Eastern Europe. In *Mein Kampf* Hitler claimed not to be interested in colonies. Instead, he pushed the arrogance of the German people to new heights claiming they just needed some living space to outdo all the other peoples of the world. According to Hitler, the contributions other peoples could make were so minimal that they should just be exterminated to save space. On this basis, the labor aristocracy gladly paid the taxes that boosted military production profits and restored German capitalism to a state where the capitalist class was resuscitated. However, we need to be clear that the labor aristocracy rejected the communist way out and willingly took up a strategy that depended on long-run military victory to be economically sustainable. The resuscitation of the German economy under Hitler was not proof that the German economy could do without colonies. Even while they claimed they were retreating from colonies and relying on the greatness of their own people, the German Nazis and chauvinist labor leaders had no way to make that happen. That will be the case until the imperialist country workers confront their own parasitism in the de-parasitization stage of the socialist revolution. Without such profound thought reform, the imperialist country workers could hardly have any knowledge of how to create a sustainable autarkic economy, the likes of which Hitler and Buchanan seemed to be promising.

Some may look at Germany in the early 1930s and say MIM should try to recreate that historical juncture but win this time. In contrast, we say that some decisive victories in the Third World could force us into that juncture again, but we would rather not organize to get into a situation like that where we will have the lower hand. Today, the parasitic classes in Germany have an even stronger hold on the society than in Hitler’s day. In comparison with Hitler’s day, the proletariat is virtually non-existent except in immigrant communities.

It may be unlikely that MIM will be able to explain to the workers in the imperialist countries their interrelationship with Third World workers. The most favorable context for teaching the imperialist country workers will be revolution in the Third World that cuts off the imperialist countries. On this score it is also interesting that the real industrial capitalists and bankers already know what the fantasy-prone academics and labor chauvinists don’t know--that without political dominance of the Third World (access and stability), the advanced Western capitalist economies would quickly go into a tailspin. Absent such lessons of real life, it is unlikely MIM will get its point across, but that is no reason to abandon the course in order to unleash a movement that does more harm than good. Imperialist nationalism and war are ways out of capitalist crisis, because after the war if anyone

survives, the means of production have been destroyed and there are new re-divisions of markets. The combination of the destruction of the means of production and the opening of markets even at their pre-war levels restores the profit rate. Such is the vicious cycle of capitalism, so whenever Buchanan, Le Pen and the neo-Nazis come to us and say they don't care about the Third World and will happily withdraw, we have to translate: "we are going to inter-imperialist war within the decade based on fanning the arrogance of the labor aristocracy and when those chauvinist workers realize they need the colonies they will support us in all-out war for control of the world."

As late as 1980, Germany was still the country with the largest productive labor sector of the rentier-states that the World Bank calls "High Income" countries. As we saw in the table earlier in this essay, in 1980 Germany had 43 percent of its employment in industry, five points more than the next closest country and about ten percentage points higher than the usual rentier states which were in the low 30 percent range. Still, it was a matter of degree and not a matter of overall difference in the class structures of the imperialist countries. We should not create a separate category for Germany. Even the bourgeoisie owns roughly the same proportion of wealth in Germany as the United States. The top one percent of families own 54 percent of "productive assets" in Germany.(329) By 1993, Germany was down to 36 percent industrial workers.

In Germany today, the government's official propaganda puts forward the usual capitalist nonsense about how to create jobs and move forward. For this reason, we understand how our German comrades are tempted to respond directly to the propaganda. However, it is a mistake to take on the German government on its turf of unemployment. Herein, we attempt to explain why.

Unemployment

According to the economic report of the German government of 1996, the first goal is to create jobs. Along these lines a partnership exists--according to the tiny percentage of revolutionaries, a false one, but in actual fact, a widely accepted unity of workers, government and employers.

"Since the 1950s Germany has developed into a society of consensus, a society which endeavors to overcome crises not with strikes, but with consensus. This is why there is such close and excellent contact maintained between employers and unions. Germans are deeply averse to strikes; rather,

they place great value on social tranquility."(330)

The government documents tempt the revolutionaries to engage in a direct battle for jobs. In the same document that the government says its main goal is to find 5 million new jobs, it says it is going to end early retirements, approve longer work hours for Sundays, attack sick day absences and see to a general speed-up of work. Although each of these latter steps would seem to worsen the unemployment problem by making more work get done by fewer people, worsening overproduction or by adding to the available workforce, the government seems to believe these measures will stimulate the capitalists to faster hiring to make up for these losses. The stimulus purely and simply is profits. No doubt this sort of direct rhetoric of alliance for capitalism incenses those used to fighting for the welfare state.

From the German government point of view, playing along in global capitalist competition means speed-up and cut-back or lose more jobs. "From 1995 to 1996 the aggregate contributions to social insurance institutions (pensions, health, long-term care, unemployment) rose again by nearly two percentage points to 41%." Such is an example of a serious cost cutting into profitability and weakening the incentive employers feel to increase employment according to the German government's thinking. In essence, if the workers offer employers enough incentive, there is no reason employers would not hire everyone or so the German ruling class says.

Avoiding temptation

The government argument is so clear-cut and stupid, that it is hard to avoid arguing back. Yet, we can do so if we take a look at the bigger picture. "Recent debates in the Bundestag have made it quite clear that nobody in Germany, no matter which political party they belong to, wants to see the social security net undone. On the contrary, it was proven once again that Germany still functions according to the principle of a society based on consensus. In difficult times Germans always look for a common denominator which they can use to solve their problems together. The 'Alliance for Jobs' is just such a common denominator."(331)

The government only claims to want to shave a few percentage points here and there while increasing jobs and maintaining social security. The unspoken incentive for capitalists is a unified home front with which to go into global competition. Among other plans, the German government seeks Germany to be the biotechnology leader by 2000.

Recent class structure

One key figure emerged in the German government's complaints in the 1996 annual report. The government share of the economy exceeds 46 percent. That is a sure marker of a huge unproductive labor sector--parasitism. In 1960, 2.67 million worked in the civil service. By 1995 it was 4.33 million.

That figure excludes soldiers, which went from 150,000 to 213,000 in the same years. In his book *Crises and Class Struggle*, Willi Dickhut tried to show that an increase of taxation of the workers represented an increased exploitation of German workers. The problem is that he did not show where these increased taxes went. Now we see it went to hiring civil servants and soldiers from the oppressor nation workers and thus expanding their parasitic ranks, not necessarily oppressor nation capitalist profit.

One place we can be sure the money did not go was to an increase in Third World wages. Quite the contrary, the imperialist countries spend more money each year keeping the Third World under military control than they do updating business operations in the Third World. Partly this reflects that a relatively small investment of capital still brings a huge superprofit thanks to labor-intensive industry in the Third World.

Befuddled social-democrats argue that war and repression are too expensive relative to the profit obtained from the Third World, which they naturally underestimate in the fashion of all imperialist economists by treating the transfer of labor from the Third World to the imperialist countries as happening under conditions of free exchange instead of the reality involving force used to keep wages down in the Third World. These social-democrats try to reason with the capitalists to end militarism. What they don't understand is that militarism is a business too, a chance to make profits by sales to governments. If the labor aristocracy pays the taxes to buy the weapons, then the military sector capitalists are all for it. For that matter, if the labor aristocracy increases its own employability by paying taxes for military spending, then the labor aristocracy does not mind this either. For this reason some social-democrats have attempted to rally the peaceful sectors of the economy against the military sectors partly by claiming that there would be even more increased employment if the taxes went to non-military industries. Politically, we know that this argument is not working with the labor aristocracy, which follows the thinking of the bourgeois internationalists on these matters, whether consciously or unconsciously. If it didn't matter to the imperialists, the labor aristocracy would not care

either and would opt for all butter over guns, but since the imperialists do care and want a chance to make profits in the armament sector, the labor aristocracy also cares. The better social-democratic line is also a bit much to swallow for the finance capitalists, who given a choice would prefer a diversified capitalist class to lend money to. The finance capitalists do not reason based on where the most jobs would be created but where the most profit can be made. The finance capitalist has no clear analysis that says workers should have more jobs or less. Sometimes they believe "demand" is the problem and sometimes they believe "supply" is the problem. They do not follow the issues anymore deeply than that.

The increased taxation of German workers is actually a barometer of parasitism. It is not an indication of exploitation of German workers, because while the taxes have gone up, government-sector employment has also gone up, thus decreasing unemployment and increasing demand relative to supply for oppressor nation workers. The people getting the jobs from government sector work are by definition German workers. Imperialist governments are the last employers to pack up shop and head for Singapore. Instead, what is interesting about the increase in taxation is that the German economy can sustain it. The only reason the economy can sustain such parasitism is that German capital accrues its share of superprofits extracted from the Third World. For this reason German workers increasingly work in the unproductive sectors, despite their historic reputation for being the most industry-oriented workers.

If taxation of Germans increased and government spending all went to to appeasing other imperialists, there might be some evidence of exploitation that would have to be tallied up. Shaikh and Tonak have shown that there are years in the United States when benefits to workers of government, strictly construed as commodities and services, exceed taxes. On the whole Shaikh and Tonak conclude that most of the time, the workers lose a little bit on the taxes versus government benefits trade-off,(332) but they do so by only the most economic logic excluding the overall class position of workers. For workers to take a tiny hit in consumption to fund a radical expansion of its employment puts the workers in a better class position to bargain with employers. Unfortunately, it also put them in a better position against working-classes outside the imperialist countries too. So while the workers may lose out in consumption in the production of military weapons, they are gaining in employment relative to oppressed nation workers and they are gaining in super-profit appropriation when those weapons are aimed at the Third World. In some ways, the government sector is the ultimate expression of the imperialists' loyalty to the oppressor nation working class,

since it is difficult to ship government service jobs overseas.

Another possible avenue of exploitation would be that the German capitalist class raids the treasury directly and then ships the money abroad as in the case of some family-run comprador regimes like Marcos's or Somoza's. Neither of these possibilities of exploitation of the German workers actually occurs to a significant extent affecting the class structure. The German government is intensely involved in directly providing parasitic employment, which cements the alliance of the labor aristocracy with the imperialists and assists in the realization of surplus-value.

The mere fact of taxation ripped out of its class structure context--particularly the international structure of class relations--means nothing. In the German context, taxation represents the social-democratic version of imperialist alliance with the labor aristocracy. Far from indicating an antagonism between the German workers and German capitalists, it is notable for proving what level of parasitism is possible in the current global context. In 1960, the government was 32.4 percent of the Gross Domestic Product in Germany, but by 1974 it was 44.6 percent and it reached 49 percent in 1994.(333)

Percentage-wise, Germany is the most industrially-minded country of the advanced imperialist economies. For this reason if we prove that Germany fits the MIM thesis, we have proved that it fits the rest of European imperialism as well.

Germany exports 56 percent of its cars, and 20 percent of world machinery. Overall, the Germans export a third of their economic output.(334) However, even in Germany, what used to be the productive sector has declined while what Marx, Lenin, Dutt and analysts since have called unproductive labor in private services has increased: "Industry's importance has declined considerably as a result of structural change; its share of the gross value added by all economic sectors fell from 51.7 percent in 1970 (old federal states) to 34.6 percent in 1995 (Germany as a whole). In the same period the public and private service sectors increased their share considerably. In 1995 private services accounted for 36.1 percent of the gross value added." There are only 6.8 million Germans in all of industry.

Almost 5 million people work in commerce alone and another 600,000 work in the usual petty-bourgeois professions, 3.62 million if we count everyone who is "self-employed." Add the total 14.9 million in employment unconnected to production, commerce, farming, forestry, transport or

VALUE ADDED AT FACTOR COST BY SECTOR AND BRANCH (%)

| SECTORS AND BRANCHES | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Agriculture, Forestry and fishing | 4,1 | 4,0 | 3,7 | 3,9 | 3,6 | 3,6 | 3,4 |
| Industry | 32,5 | 32,4 | 31,5 | 30,5 | 29,9 | 29,2 | 29,6 |
| Industry(a) | 26,6 | 26,5 | 25,4 | 24,4 | 23,8 | 23,4 | 24,1 |
| Market Services | 49,9 | 50,2 | 50,5 | 51,2 | 52,1 | 52,8 | 53,0 |
| Market Services(b) | 19,6 | 19,3 | 19,0 | 19,3 | 19,1 | 19,1 | 19,2 |
| Non Market Services | 13,5 | 13,4 | 14,3 | 14,5 | 14,4 | 14,4 | 14,0 |
| TOTAL (billion lire at current price) | 1052222 | 1150071 | 1261025 | 1367242 | 1444209 | 1477259 | 1555991 |

(a) industry less construction
(b) trade, lodging and catering services

Source: Italian Embassy in the United States, <http://www.italyemb.nw.dc.us/italy/econom3.htm>

communications--such as government teachers and soldiers (335) and we have explained over 4 out of 7 German jobs as unproductive before we have broken down the industrial sectors into paper-shuffling versus actual productive work. In terms of MIM's thesis regarding the imperialist countries we could stop here and rest our case on this fact.

Moreover, out of the 31.2 million German workers who are not self-employed, 15.7 million are salaried. This is another indication of unproductive labor from the standpoint of the COMINTERN's class analysis of the imperialist countries. If Germany is anything like the united states, then one-third of industry is actually unproductive labor as well. Hence, we estimate overall that two-thirds of German workers are in the unproductive sectors, parasites before any consideration of surplus-value and its appropriation and re-distribution is considered.

To understand the above table from the Italian imperialists, we have to understand that they do not look at things in the Marxist light. Essentially this table explains some other tables the Italians put out that show that neither industry nor agriculture is the predominant sector. Both combined are dwarfed by services. If we break it down further, the money in the Italian economy turns out to be in the market services sector.

What is convenient about this table for Marxists is that it shows where the action is in the Italian economy before any complex breakdown by sector or productive versus unproductive labor. If we recall that Marx said that workers in the commercial sector do not produce surplus-value, we will see from the above table that the Italian economy is bound up with realizing surplus-value, not producing it. It again supports MIM's contention that the job of the imperialist country working class in the system is not production of surplus-value but the realization of surplus-value.

In a country where only a small percentage of the people are engaged in this sort of work, retail sector or banking sector workers can be dragged into the revolutionary spirit by the more predominant proletariat. In countries where banking or retail are the guiding stars, we cannot expect the workers to share the outlook of oppressed toilers in other countries. So when we look at the figures above, we might as well be looking at the election outcomes in Italy too, where neo-fascist candidates have won Italian elections in the 1990s.

Japan

Given Japan's accumulation rate and operating surplus, if there is one imperialist country other than Russia or China where workers are exploited, it is Japan.

About 1 percent of the population is the usual oppressed nationalities such as Koreans and Ainu along the pattern understood in the West. In addition, there are another 3 percent or 3 million burakumin, who endure family incomes 60 percent of average. The burakumin are actually Japanese who 400 years ago were forced into definite neighborhoods to serve outcaste labor functions. Traditionally this group did all work with the dead and animals and today they are manual laborers.(336)

It is also recognized that living standards in Japan are lower than in other imperialist countries, with estimates as high as 40 percent lower. One Japanese professor says the cost of living is 16 or 17 percent higher in Japan than the United States or Germany. Yet, he says the Japanese have not figured out how to eliminate that difference without reducing employment.(337)

Against seeing an antagonism between the top and the bottom is the well-known fact that Japanese CEO's are no-where near as rapacious as their American or European counterparts. It also true of Japanese inequality generally. "In Japan, the incomes received by the highest 20 percent of the population total a little more than four times the incomes of the lowest 20 percent. In Germany, the ratio is a bit less than six times. In America, the top group earns nine times more than the bottom."(338)

The form of the labor-aristocracy/imperialist alliance has two peculiarities in Japan. One is that one third of the workforce has permanent or lifetime employment. The other is that 97 percent of firms have employee stock-ownership programs and in 21 percent of firms, workers rank in the top ten shareholders.(339) This is similar to the situation in the United States, but in less spectacular form than the labor aristocracy's ownership of airlines, grocery chains and rental car companies in the United States.

In recent years, "asset inflation" is one means by which Japan balances its book. Capital lying around gets poured into purchases of stocks and real estate. As a result in three years between 1986 and 1988, individual real estate owners saw the value of their assets increase by the amount equivalent to one year of Japan's GNP. "62 percent of Japan's total housing stock consists of owner-occupied homes."(340)

Switzerland

The majority of manual workers in Switzerland are immigrants.(341)

United States

Percent of the whole population with a job(342)

| | |
|-------------|------|
| 1950 | 56.1 |
| 1960 | 56.1 |
| 1970 | 57.4 |
| 1980 | 59.2 |
| 1990 | 62.8 |
| 1995 | 62.9 |

There were 11.1 million “Hispanic” workers in 1995. 42.0% were in manufacturing or farming.(343)

Endnotes

1. V. I. Lenin, “What Is Internationalism?” *The Proletarian Revolution and the Renegade Kautsky* (Peking: Foreign Language Press, 1965), p. 80.

2. V. I. Lenin, “Socialism and War,” in Robert Tucker ed. *The Lenin Anthology* (New York: W.W. Norton & Company, 1975), p. 190.

3. V. I. Lenin, “Preface” *The Proletarian Revolution and the Renegade Kautsky* (Peking: Foreign Language Press, 1965), p. 3.

4. Peruvian exile Adolfo Olaechea in London is the most accurate representative of this attack on Leninism, but even more wide-scatter enemies of Leninism in the imperialist countries can be found on the “Marxism List” now called the “Marxism Space” run by the Spoons Collective on the INTERNET. Listening to them, one would have thought Zinoviev kept Lenin on a short leash using some kind of opiate.

In 1965, Mao had Lenin’s work “The Proletarian Revolution and the Renegade Kautsky” republished, still with no indication that Zinoviev’s name should be blotted out from history; even though Zinoviev became a counterrevolutionary in later life and even though Peruvian exile Adolfo Olaechea cites Comrade Gonzalo on the 1930s to attack what Lenin

defended in Zinoviev in the teens and early 1920s.

Lenin quoted extensively from his work with Zinoviev despite the fact that Zinoviev had just betrayed the October Revolution in its most critical moments by announcing the plans of the Bolsheviks for armed insurrection to the enemy. Contrary to today’s post-modernists and other idealists who don’t believe there is such a thing as science, only political posturing and ideological wishful thinking, Lenin believed in science. Just because Zinoviev betrayed October, 1917 does not mean there is anything wrong with Zinoviev’s prior work. “2 + 2 = 4” whether Zinoviev said it or not. Today’s Mensheviks attack the MIM line calling it “Zinovievite,” but in reality they are attacking Lenin and all Marxist science by striking at a perceived weak link which is also that link most unpalatable to the small section of the international working-class bought-off by imperialism and turned into another exploiting class, a variety of bourgeoisie. Anyone who starts with the definitions of Marx and Lenin, and defends their application by Zinoviev and Lenin (as Stalin later had to when a hue and cry was raised against everything Zinoviev ever said), and recognizes the method also applied by Dutt in the analysis of the situation leading to World War II - anyone who does these things will see that MIM has simply applied the definitions that the great fighters against the Second International and social-patriotism used and MIM has reached the unavoidable conclusions for our day, many of which are unchanged from Lenin’s day. None of this in any way negates the contributions of comrade Dimitrov, who came up with the correct strategy and tactics for a number of European country communist movements in the 1930s. There are those who seek to use Dimitrov as proof that Lenin and Zinoviev were wrong in their fight against social-patriotism. Adolfo Olaechea is the most precise in this regard, as he represents a kind of weathervane pointing to Bolshevik history and pointing — “turn this way!” Most revisionists long ago turned down the road Adolfo Olaechea is on, but Adolfo Olaechea’s particular contribution is to gather youth to send down this road and to back hopeless organizations in England that must self-destruct. Already three organizations in England claiming to be Maoist have set themselves up to follow the RIM or Co-RIM and hail the Sendero Luminoso and already all three are defunct. Adolfo Olaechea is now working on his fourth failure for the 1990s, but the fourth organization has yet to call itself one.

5. Alan Adler, ed., “On Tactics,” *Theses, Resolutions and Manifestos of the First Four Congresses of the Third International* (London: Ink Links, 1980), pp. 293-4.

6. V. I. Lenin, “The Working Class and Its Press,” 1914, *Collected Works*, Vol. 20, p. 368.

7. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), pp. 20-37.

Another discussion of productive and unproductive labor is in Chapter 19 of Harry Braverman’s *Labor and Monopoly Capital* (NY: Monthly Review Press, 1974). We agree with Braverman that as a class the workers both unproductive and productive share much in common in the imperialist countries, particularly in wages and interchangeability. However, when it comes to a theory of crisis or calculations of exploitation and international value transfers, productive versus unproductive remains a fundamental distinction. Unfortunately, the questions of imperialist oppression and super-exploitation are the ones most often left out of discussions of the conditions of working classes.

The academic discussion of the unproductive sector that we most agree with is by Nicos Poulantzas, in part III of his book *Classes in Contemporary Capitalism* (London: New Left Books, 1975). History has treated the first two parts of the book harshly, but part III includes correct references to the Cultural Revolution and the problem of the mental versus manual distinction in labor.

8. “The sphere of productive activity provides society with material products in the places where they are to be consumed. It can be subdivided into two sectors: the primary, in which landed property has played, historically at least, the dominant role (agriculture), and the secondary, in which it is capital that plays this historical role (industries in the strict sense, together with mining and transport). In contrast to this, unproductive activity extracts nothing from nature—which does not mean that it is useless. . . . Productive means here productive of profit, which is functionally destined to accumulation, that is, to the widening and deepening of the field of action of the capitalist mode of production. As Adam Smith observed, one become poorer by employing servants, but richer by employing workers.” Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.244.

9. Statistical Abstract of the United States, 1996, p. 859.

10. “Commercial labour is the labour generally necessary for a capital to

operate as merchant’s capital, to help convert commodities into money and money into commodities. It is labour which realises, but does not create, values. . . . The commercial worker produces no surplus-value directly. But the price of his labour is determined by the value of his labour-power, hence by its costs of production, while the application of this labour-power. . . is as in the case of every other wage-labourer by no means limited by its value. . . . What he costs the capitalist and what he brings in for him, are two different things.” Karl Marx, *Capital*, Vol. III, (Moscow: Progress Publishers, 1959), pp. 297-300.

11. In some contexts, the “skilled” workers are counted as labor aristocracy. Here is another context for the definition of labor aristocracy as “straw bosses.”

“Economic statistics show that here a larger percentage of the workers become ‘straw bosses’ than is the case in the oppressed nations, a larger percentage rise to the labour aristocracy. That is a fact. To a certain degree the workers of the oppressor nations are partners of their own bourgeoisie in plundering the workers (and the mass of the population) of the oppressed nations. (2) Politically, the difference is that, compared with the workers of the oppressed nations, they occupy a privileged position in many spheres of political life. (3) Ideologically,...the difference is that they are taught, at school and in life, disdain and contempt for the workers of the oppressed nations.” Lenin, “A Caricature of Marxism and Imperialist Economism,” *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 23, pages 55-56.

We thank Dennis McKinsey for collecting up selected quotes from the *Collected Works* of Lenin and Stalin in a book titled, “The Relevance of Marxism.” Placed on the INTERNET, the quotes are easily spliced into documents and here we do so throughout.

12. “c” is for fixed capital. “s” represents surplus-labor. “v” is variable capital, often thought of as the total wages that go into the phase of production where new labor and materials are combined with fixed capital to create products.

13. Recalling Lenin’s definition of imperialism above, countries starting to gather super-profits will not be “characterized” by export of capital or the dominance of super-profit. Hence, although Korea and China have some multinational corporations, they may not be imperialist yet. Although Mao believed that China would become “social-imperialist” under capitalism and

that is the usage we use here in this paper, there is some question whether China has actually reached that stage yet or is just on the way.

If China and Korea like Spain are imperialist, then their workers are still in the case where superprofits LESS THAN surplus labor time. Cockshott draws this line differently and believes that even in England in the productive sector superprofits in the wages LESS THAN surplus labor time. MIM regards this dispute with Cockshott to be a friendly one, while maintaining there is more evidence for our view.

14. Lenin, "Questions of National Policy and Proletarian Internationalism," Moscow, Progress Publishers page 168.

15. Lenin, "Letter to Workers of Europe and America," *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 28, p. 433.

16. Lenin, "Imperialism and the Split in Socialism," *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 23, page 115.

17. Nikolai Bukharin of 1917 quoted in Grazia Ietto-Gillies, *International Production: Trends, Theories, Effects* (Cambridge, ENGLAND: 1992), p. 55. Till a few years after Lenin's death, Bukharin stoutly defended Lenin's theses on this question. At about the same time that Stalin started accusing him of rightist deviations and seeing too much capitalist stabilization, Bukharin started to buy into bourgeois productivity arguments.

18. Karl Marx, *Capital*, Vol. II, (Moscow: Progress Publishers, 1959), p. 513.

19. Karl Marx, *Capital*, Vol. III, (Moscow: Progress Publishers, 1959), p. 235.

20. Frederick Engels intro., Karl Marx, *The Poverty of Philosophy* (NY: International Publishers, 1963), pp. 51-2. The addition is in the 1885 edition in German.

21. Karl Marx, *Capital*, Vol. I, (Moscow: Progress Publishers, 1959), p. 489.

22. Karl Marx, *Capital*, Vol. I, (Moscow: Progress Publishers, 1959), pp. 479-80.

23. Karl Marx, *Capital*, Vol. I, (Moscow: Progress Publishers, 1959), p. 625. Despite this statement right in *Capital*, Vol. 1, on the street, MIM hears, especially from Trotskyists, that the labor aristocracy is only union officials or a few other paid-off spokespeople for the bourgeoisie in the working-class. Yet Trotsky himself signed off on the most famous COMINTERN quotes MIM uses and while he was still barely under party discipline in 1926, he wrote a book that repeatedly distinguished between labor aristocrats and labor bureaucrats in England. L. Trotsky, *Where Is Britain Going?* (London: Communist Party of Great Britain, 1926), pp. 158, 161. Also interesting in the same book by Trotsky is the belief shared by Stalin at the time that "the fundamental antagonism of the world is that between Britain and America, and all other antagonisms, severer at a given moment and more immediately threatening, can be understood and evaluated only on the basis of the antagonism between Britain and America." (p. 4) Of course, the one people wonder about most is "A great deal less time will be necessary to turn the Labour Party into a revolutionary party than was needed for its creation." (p. 45) This was an ultraleft thesis shared by Lenin and Stalin.

24. V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (Peking: Foreign Language Press, 1973), p. 128-9. To see another review by Lenin of the works of Marx on this point, see his encyclopedia entry called "Karl Marx" in his *Collected Works*.

25. V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (Peking: Foreign Language Press, 1973), p. 128.

26. V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (Peking: Foreign Language Press, 1973), p. 129.

One common difficulty we have here is that without examining concrete conditions of today, dogmatist-revisionist critics rip Lenin out of context to say that Lenin meant a minority of a working-class within an imperialist country is bourgeoisified. In actuality, most of Lenin's statements about a "minority" of the proletariat being bought-off refer to a minority of the global proletariat. He was quite prepared to admit that entire countries would be parasites and put forward predictions of the possibility of MIM's line.

"An insignificant minority of imperialist countries is growing rich and a large number of other countries are actually on the point of ruin." Lenin, *On Peaceful Coexistence*, Moscow, Foreign Languages Publishing House, page

“It must be remembered that the West lives at the expense of the East; the imperialist powers of Europe grow rich chiefly at the expense of the eastern colonies, but at the same time they are arming their colonies and teaching them to fight and by so doing the West is digging its own grave in the East.” Lenin, 1920, *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 42, page 196.

Against MIM, there will be those who quote earlier Lenin work on the labor aristocracy being a minority, when Lenin was clearly referring to the history of the question in the imperialist countries and how even then it had expanded (with Lenin actually revising estimates of super-profits upwards from edition to edition of his pamphlets!) Here is an example of a quote from Lenin that the revisionists throw at us. It runs counter to the later material quoted above about entire countries being parasites.

“One of the chief causes hampering the revolutionary working-class movement in the developed capitalist countries is the fact that because of their colonial possessions and the super-profits gained by finance capital, etc., the capitalists of these countries have been able to create a relatively larger and more stable labour aristocracy, a section which comprises a small minority of the working class. This minority enjoys better terms of employment and is most imbued with a narrow-minded craft spirit and with petty-bourgeois and imperialist prejudices.” Lenin, *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 31, page 193.

However, Lenin was very clear on the trend of the situation. Here is a quote on the trend Lenin saw that MIM has yet to quote in published literature. We ask the reader to note the word “increasingly.” “...the exploitation of oppressed nations....and especially the exploitation of colonies by a handful of ‘Great’ Powers, increasingly transforms the ‘civilized’ world into a parasite on the body of hundreds of millions in the uncivilized nations.” V. I. Lenin, “Imperialism and the Split in Socialism,” *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 23, page 106.

As MIM pointed out before in MT#10, Lenin had to fight to include his material on superprofits and the labor aristocracy in the party’s literature and statements. Here is an example of how he would like to strengthen the emphasis as MIM would:

“The exploitation of worse paid labour from backward countries is

particularly characteristic of imperialism. On this exploitation rests, to a certain degree, the parasitism of rich imperialist countries which bribe a part of their workers with higher wages while shamelessly and unrestrainedly exploiting the labour of ‘cheap’ foreign workers. The words ‘worse paid’ should be added and also the words ‘and frequently deprived of rights’; for the exploiters in ‘civilized’ countries always take advantage of the fact that the imported foreign workers have no rights....

It would be expedient, perhaps, to emphasize more strongly and to express more vividly in our programme the prominence of the handful of the richest imperialist countries which prosper parasitically by robbing colonies and weaker nations. This is an extremely important feature of imperialism. To a certain extent it facilitates the rise of powerful revolutionary movements in countries that are subjected to imperialist plunder, and are in danger of being crushed and partitioned by the giant imperialists...and on the other hand, tends to a certain extent to prevent the rise of profound revolutionary movements in the countries that plunder, by imperialist methods, many colonies and foreign lands, and thus make a very large (comparatively) portion of their population participants in the division of the imperialist loot.”

Lenin, *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 26, pages 168-169.

28. V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (Peking: Foreign Language Press, 1973), p. 120. We would point out that this quote from Lenin occurs in the essay before later quotes from Engels and so Lenin should no way be seen as paying mere lip-service to Engels on this question. It was no idle review of Engels by Lenin.

Other quotes about parasitism of “rich imperialist countries,” and the “citizens” not just the bourgeoisie of the imperialist countries can be found in Lenin’s fight to revise the party program. “Revision of the Party Programme,” *Collected Works*, Vol. 26, pp. 168-9.

29. See for example, “The Second Congress of the Communist International,” *Collected Works*, Vol. 31, (Moscow: Progress Publishers, 1960), p. 261.

30. V. I. Lenin, “Socialism and War,” *Collected Works*, Vol 21, p. 319.

31. See “How the Bourgeoisie Utilises Renegades,” 1919, *Collected Works*,

Vol. 30, p. 34. The same article talks about “workers in Britain BECOMING INCREASINGLY BOURGEOIS.” (capitals instead of italics.)

32. “We have given scarcely any thought to possible retreat, and to preparations for it. Yet that is a question which. . . absolutely requires our attention. We must not only know how to act when we pass directly to the offensive and are victorious.” V. I. Lenin, “The Fourth Congress of the Communist International,” *Collected Works*, Vol. 33, p. 420-1.

33. V. I. Lenin, “Debates in Britain on Liberal Labour Policy,” published in 1913, *Collected Works*, Vol. 10, pp. 60-1.

34. V. I. Lenin, “The Collapse of the Second International,” *Collected Works*, Vol. 21, p. 250.

In the same essay, he refers to “the semi-petty-bourgeois aristocracy of the working class.” Another interesting point is how what used to be called a “legitimate shade” within the party or movement has turned into outright traitors during World War I. Lenin was referring to people he had broken with earlier on other subjects unconnected with World War I. On a related note, he said, “In the past, before the war, opportunism was often looked upon as a legitimate, though ‘deviationist’ and ‘extremist’, component of the Social-Democratic Party. The war has shown the impossibility of this in the future. Opportunism has ‘matured’, and is now playing to the full its role as emissary of the bourgeoisie in the working-class movement. Unity with the opportunists has become sheer hypocrisy.” “Socialism and War,” *Collected Works*, Vol. 21, p. 311.

35. See V.I. Lenin, “Opportunism and the Collapse of the Second International” and “The Collapse of the Second International,” *Collected Works*, Vol. 21, pp. 257, 444. Note that this issue of a stratum of the working-class being converted to petty-bourgeoisie is different than the issue of the party and movement having people of petty-bourgeois origins. That Lenin said in 1915 had been going on for a long time. See “What Next?” *Collected Works*, Vol 21, p. 109.

36. See “How the Bourgeoisie Utilises Renegades,” 1919, *Collected Works*, Vol. 30, p. 34.

37. “This is the economic factor that enables the imperialist bourgeoisie to obtain superprofits, 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.”-- V. I. Lenin, 1919 “Letter to Workers of Europe and America,” *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1960, 1963-1970, Vol. 28, p. 433.

“The industrial workers cannot accomplish their epoch-making mission. . . if they. . . smugly restrict themselves to attaining an improvement in their own conditions, which may sometimes be tolerable in the petty-bourgeois sense. This is exactly what happens to the ‘labor aristocracy’ of many advanced countries, who constitute the core of the so-called socialist parties of the Second International; they are actually the bitter enemies and betrayers of socialism, petty-bourgeois chauvinists and agents of the bourgeoisie within the working-class movement.” V. I. Lenin, “Preliminary Draft Theses on the Agrarian Question,” *Collected Works*, Vol. 31, (Moscow: Progress Publishers, 1960), pp. 152-3.

“The bourgeoisie, by plundering the colonial and weak nations, has been able to bribe the upper stratum of the proletariat with crumbs from the super-profits, to ensure them in peace-time a tolerable, petty-bourgeois existence.” V. I. Lenin, “Draft Program of the R.C.P.(B.),” published 1930, *Collected Works*, Vol. 29, p. 104.

In the “Marxism Space” on the INTERNET, MIM encountered “Gina” and others who thought it ridiculous that the petty-bourgeoisie or labor aristocracy would try to smuggle itself into the proletarian movement, contrary to what Lenin said, and what various signers of the “Basle Manifesto” also said.

38. V. I. Lenin, “Third Congress of the Communist International, June 22-July 12, 1921,” Vol. 32, *Collected Works* (Moscow, Progress Publishers, 1965), p. 454.

39. “One trend is that of the revolutionary workers who have just joined us and are opposed to the labour aristocracy; the other is that of the labour aristocracy, which in all civilised countries is headed by the old leaders. Does Crispien belong to the trend of the old leaders and the labour aristocracy, or to that of the new revolutionary masses of workers, who are opposed to the labour aristocracy?” V. I. Lenin, “Speech on the Terms of Admission into the Communist International July 30,” *Collected Works*, Vol. 31, (Moscow: Progress Publishers, 1960), p. 247. Lenin refers to Crispien as a Kautskian and we find this speech of Lenin’s on the terms of admission to the COMINTERN the most useful in his demarcation efforts.

Similar remarks on the two trends, “Letter to the German and the French Workers,” *Collected Works*, Vol. 31, p. 281.

40. V. I. Lenin, “The Second Congress of the Communist International,” *Collected Works*, Vol. 31, p. 231. The preceding paragraph was about the labor aristocracy of “America, Britain and France. . . The purging of the workers’ parties, the revolutionary parties of the proletariat all over the world, of bourgeois influences, of the opportunists in their ranks, is very far from complete.”

41. V. I. Lenin, “The Second Congress of the Communist International,” *Collected Works*, Vol. 31, p. 245.

42. In contrast, what Adolfo Olaechea is doing today is hiding in Dimitrov’s theses on the united front and substituting those for what Lenin, Stalin and Dimitrov believed about parties as opposed to the united front.

43. Lenin added he was not happy with the verbal acceptance of this fact by the Italians, because it was not true in practice. “On Struggle Within the Italian Socialist Party,” *Collected Works*, Vol. 31, p. 388.

Similar references occur in “Theses on the COMINTERN’s Fundamental Tasks,” *Collected Works*, Vol. 31, pp. 191, 193.

44. Lenin had previously tied super-exploitation to the national question.

“The important thing is not whether one-fiftieth or one-hundredth of the small nations are liberated before the socialist revolution, but the fact that in the epoch of imperialism, owing to objective causes, the proletariat has been split into two international camps, one of which has been corrupted by the crumbs that fall from the table of the dominant-nation bourgeoisie--obtained, among other things, from the double or triple exploitation of small nations.” Lenin, “The Discussion on Self-Determination Summed Up,” *Collected Works* (Moscow: Progress Publishers, 1965), p. 343.

45. Harry Haywood, “Against Bourgeois-Liberal Distortions of Leninism on the Negro Question in the United States,” in Philip Foner & Robert Shapiro, eds., *American Communism and Black Americans* (Philadelphia: Temple University Press, 1991), pp. 29-33. This book is in general an excellent source and historical background to MIM’s own concepts and language. The major difference between the Stalin-era CP-USA and MIM now is that MIM believes that since that time it has become no longer

questionable that a majority of white workers have become parasites and hence the basis for white national chauvinism exists in the majority.

46. Harry Haywood, “Against Bourgeois-Liberal Distortions of Leninism on the Negro Question in the United States,” in Philip Foner & Robert Shapiro, eds., *American Communism and Black Americans* (Philadelphia: Temple University Press, 1991), pp. 29-33.

47. We speak here of a number of people on the now defunct Marxism List, including “Gina,” the defender of the CoRIM, but also the Detroit Peru Support Committee, egged on by Adolfo Olaechea and the “MPP-USA.” The list is still stored and available by Spoons at jefferson.village.virginia.edu.

48. In the USA, “The number of black farmers around the country has plummeted from almost one million 1920 to fewer than 20,000 today. . . . In 1910 African-Americans owned some 15 million acres of agricultural land; today that figure stands at about 4 million acres. Over the last two decades, black-owned farms in Arkansas went out of business 10 times faster than white-owned farms.” (Boston Globe, 8June97, p. D1.)

49. Earl Browder, “For National Liberation of the Negroes! War Against White Chauvinism!” in Foner & Shapiro eds., *American Communism and Black Americans* (Philadelphia: Temple University Press, 1991), p. 196. Browder later led the dissolution of the Communist Party USA with the idea of lending to the peace effort between the Soviet Union and the United States. Despite Browder’s turn to revisionism, at the time of his intervention on the Black nation, he was following Stalin’s line.

50. Mao Tse-Tung, “Statement by Comrade Mao Tse-Tung, Chairman of the Central Committee of the Communist Party of China, in Support of the Afro-American Struggle against Violent Repression,” (Peking: Foreign Language Press, 1968), p. 3.

51. Liu Chun, “The National Question and Class Struggle,” (Peking: Foreign Language Press, 1966).

52. Grazia Ietto-Gillies, *International Production: Trends, Theories, Effects* (Cambridge, ENGLAND: 1992), p. 25-6. The frenzy for finance and trade services investment and financial portfolio investments relative to direct investments is in striking contrast to a mere 22 years ago when N. Poulantzas was writing about how U\$. direct investment was re-organizing

European capitalism and even creating forms of dependency. *Classes in Contemporary Capitalism* (London: New Left Books, 1975), pp. 51, 60-1, 65.

The 1990s was another phase of heavy outward orientation of U.\$ capital. Since 1985, the percentage of direct investment going to the Third World has increased again. Net U.\$ flows of capital to East Asia went from \$35 billion in 1991 to over \$100 billion in 1995. Globally it is true as well, as the share of FDI (Foreign Direct Investment) going to the Third World went from 12 percent in 1990 to 38 percent 1995.

Total U.\$ investment abroad went up 65 percent between 1990 and 1995, but the investment in the Third World doubled. "Chapter 7," Economic Report of the President, 1997.

53. Richard C. Marston, *International Financial Integration: A Study of Interest Differentials between the Major Industrial Countries* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 2.

54. Richard C. Marston, *International Financial Integration: A Study of Interest Differentials between the Major Industrial Countries* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 20.

55. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 23.

56. Richard C. Marston, *International Financial Integration: A Study of Interest Differentials between the Major Industrial Countries* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 70. The problem with exchange rates is that they are influenced by inflation and political perceptions of the futures of various countries. For instance, will the fight over the superprofits going into the welfare state result in a relatively large deficit? That might cause inflation and currency devaluation. It might also cause the interest rate to go up. Such issues are irreducibly political and speculators will never eradicate them except by conducting their business at set exchange rates with future currency swaps at specific rates built into their deals.

57. Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. 70.

58. Richard C. Marston, *International Financial Integration: A Study of*

Interest Differentials between the Major Industrial Countries (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 179.

59. U.\$ production was 20 percent of global production in the early 1990s, using the distorted statistics of the bourgeois economists and an even larger share of total imperialist production. Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. xiv.

60. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), pp. xv - xvi.

61. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 20.

62. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 138.

63. In 1915 Lenin wrote, "A United States of Europe is possible as an agreement between the European capitalists. . . but to what end? Only for the purpose of jointly suppressing socialism in Europe, of jointly protecting colonial booty against Japan and America." "On the Slogan for a United States of Europe," in Robert Tucker ed. *The Lenin Anthology* (New York: W.W. Norton & Company, 1975), p. 202.

On NAFTA, Gary Hufbauer, a former official of Jimmy Carter's presidency said, "The danger of the 1990s is that antagonistic regional trading blocs could emerge as a consequence of existing free trade areas." Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 376.

64. The Communist Party USA and Revolutionary Communist Party USA are tailing after these reactionary bourgeois elements with national loyalties to the U\$A. Their approach is not Marxist.

"To describe every interference of the state in free competition--protective tariffs, guilds, tobacco monopoly, nationalization of branches of industry... as 'socialism' is a sheer falsification by the Manchester bourgeoisie in their own interests." Marx and Engels, *Selected Correspondence*, Moscow,

Progress Publishers, 2nd Edition, 1965, page 340.

65. Lester C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 23.

66. Henry J. Aaron, Ralph C. Bryant, Susan M. Collins and Robert Z. Lawrence, "Preface," in Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. xi.

67. in Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. 46.

68. Seth Godin, ed., *1995 Information Please Business Almanac and Sourcebook* (Boston: Houghton Mifflin Company, 1994), p. 356.

69. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), (Gillis et. al. hereafter), p. 386. Of course, the economists underestimate the assets held in the Third World, because the puppet regimes of poor countries unable to pay high salaries to officials are easily bribed to look the other way for tax purposes--hence a considerable accounting problem in examining Third World assets of multinational corporations.

70. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 183. We recommend this book as a superior sequel to *Global Reach*. We disagree with Greider, but we communists should know the facts he is talking about.

Greider believes that financial assets internationally managed to grow themselves 6 percent a year between 1980 and 1992. Since that pace outstrips the growth of the economy, it represents the growing dominance of finance capital at the expense of other sectors. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 232.

71. Lester C. Thurow, *Zero Sum Solution: An Economic and Political Agenda for the 1980s* (NY: Simon & Schuster, 1985), p. 150.

72. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 308.

73. The idea of globalization is nothing new. Already in 1973, Samir Amin was specifically debunking that thesis. "Just as one cannot understand the capitalist mode on the basis of empirical observation of reality at the level of the capitalist enterprises (where what appears is prices and profits, not values and surplus value), one cannot understand the world capitalist system on the basis of empirical observation of the multinational corporations." Samir Amin, *The Law of Value and Historical Materialism* (NY: Monthly Review Press, 1978), p. 65. The problem with the globalization thesis is that it leads both bourgeois economists and national chauvinist "Marxists" to simplify their assumptions, so that they can speak of economics without considering the national question and superexploitation, as if the world were already one laissez-faire, Liberal political entity. It is especially annoying to see Marxists speak of a free market for labor-power, when Marx and Lenin both believed that super-exploitation under non-Liberal conditions occurred all too often. By proving that exploitation is possible under a free market system, Marx was only letting the bourgeois economists have their best shot while proving them wrong even in that case.

74. Economist Adrian Wood argues that we already face one globally integrated market for capital and technology, such that manufacturing production in the Third World occurs at no capital or technology disadvantage compared with the advanced industrial countries, especially when one considers the work of multinational corporations.

Wood goes so far as to say profit rates are the same in the Third World and the industrialized countries. As far as MIM is aware, however, this is still not the case and an unwarranted assumption made just because it is attractive and easy to bourgeois economists. The investors usually justify higher rates of return by saying they took higher risks in the Third World, with political instability as one reason.

"The stock market in Hong Kong has generated a twenty-year average annual return of 21 percent; India's yield was 18 percent, Argentina's 28 percent, compared to 11 percent in the U.S. stock market or Germany's." William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 235.

Samir Amin also sees a different rate of profit in the two geographic areas, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.162 On the other hand, if profit rates did equalize that would be fine for the long-run Marxist view of

capitalism. At that point, we would also expect a severe crisis driven by a globally declining profit rate.

75. V. I. Lenin, “The Right of Nations to Self-Determination,” (Moscow: Foreign Languages Publishing House, 1951), pp. 14-5. Again, against the pissants of “pc” like Adolfo Olaechea who act out the Trotskyist caricature of Stalinism as if to prove the Trotskyists right, we ask the readers to note that Stalin had this essay republished in 1951 and did not add in words attacking Kautsky for his subsequent betrayal of socialism and aiding the bourgeoisie to perpetrate World War I. Rather the favorable quotes of Kautsky are left in, because materialists have a scientific approach to truth, no matter who speaks it.

76. Opposing the use of the term “general crisis” to apply to an “entire phase,” N. Poulantzas correctly points out is that “these analyses imply, in their underestimation of the conjunctures of class struggle to which alone the term crisis can properly be applied, is that imperialism or capitalism will somehow collapse by themselves, by virtue of their own ‘economic contradictions’.” He correctly points out it depends on the struggle what will happen. *Classes in Contemporary Capitalism* (London: New Left Books, 1975), p. 48.

77. One might object with the example of urbanization in some places of Latin America. However, as Lester Thurow points out in his own way in his book *Head to Head*, Chile and Argentina were already two of the world’s richest twenty countries in 1870, before imperialism appeared. To say that imperialism is not decadent, because it does not hold back urbanization or relative development in those countries would be to miss that they were in relatively good position before imperialism.

78. Jose Edgardo Campos and Hilton L. Root, *The Key to the Asian Miracle: Making Shared Growth Credible* (Washington, DC: Brookings Institute, 1996), p. 31n.

79. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 59.

80. Japanese Marxists had some disagreements over this point, understandably on whether it was the land reform that smashed feudalism or the Meiji Restoration of 1868. At least one major theorist argued that it was the land reform that completely smashed the feudal class—Hyakujū Kurihara. Another major view is that it made capitalist agriculture more

efficient and popular by redistributing from large landowners. Makoto Itoh, *Value and Crisis* (NY: Monthly Review Press, 1980), pp. 31, 36. Itoh’s book is also good on the subject of the Marxist theory of crisis.

81. Takashi Hikino & Alice H. Amsden, “Staying Behind, Stumbling Back, Sneaking Up, Soaring Ahead: Late Industrialization in Historical Perspective” in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), p. 298.

82. The gini coefficient in Mao’s China was .22. Japan is .29. Taiwan is .33 and U.\$ occupied Korea is .38, but Peru is .46, Mexico .53 and Brazil .57. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass, *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), p. 76.

More recent measures for Taiwan and U.\$-occupied Korea are .30 and .31 respectively in 1989 and 1988 respectively. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), pp. 229, 231.

83. Herman Kahn, “The Confucian Ethic and Economic Growth,” in *World Economic Development: 1979 and Beyond* (Boulder, CO: Westview Press, 1979).

84. In the 1970s it may have been questionable as Samir Amin said in Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p. 213, but by 1997 we can no longer doubt the success of the “Little Dragons.”

85. Lester C. Thurow is one of those who admitted in the Zero Sum Game that capitalist country failures are far more numerous than capitalist country successes. He points out that in both Africa and Latin America, per capita income actually fell. It’s not just a matter of falling behind. It’s a matter of absolute immiseration. C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 214.

86. The Dean of one of Amerika’s foremost business schools, Lester C. Thurow said, “The late 1920s and early 1930s began with a series of world-wide financial crashes that ultimately spiraled downward into the Great Depression. As GNPs fell, the dominant countries each created trading

blocks (the Japanese Co-Prosperity Sphere, the British Empire, the French Union, Germany plus eastern Europe, America with its Monroe Doctrine) to minimize imports and preserve jobs. . . . with everyone restricting trade, the downward pressures were simply magnified. . . . Eventually, those economic blocks evolved into military blocks, and World War II began.” C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), pp. 55-6.

87. The same analysis can be found in Chapter 7 of the *Economic Report of the President*, 1997.

88. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), pp. 9-13.

89. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 14.

90. Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. 8.

91. “Between 1981 and 1986, 42 percent of Korea’s growth and 74 percent of Taiwan’s growth could be traced to exports to the American market.” C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 62. This is all the more remarkable, because by that time, both these economies were very successful. We would guess that the two economies were even more dependent on exports to the United States prior to 1981.

92. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 25.

93. “Chapter 7,” *Economic Report of the President*, 1997.

94. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 46.

95. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 237.

96. 1994 figures in 1994 dollars. Up from \$91.1 billion in 1992 counting exports that are not merchandise, Taiwan reached \$106.9 billion in exports in 1994. China reached \$119.8 billion in 1994 up from 88.8. U\$.-occupied

Korean exports were \$95.4 in 1994. http://oracle.tradecompass.com/ows-bin/oowa/ExpSrv60/dbxwdevkit/xwd_init?wrlcode/sysstart In this set of figures Hong Kong is counted separately from China; even though, Hong Kong simply re-exports much material it got from China. Hong Kong imported \$32.7 billion from China and exported \$151.1 billion in 1994.

97. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 163, 295.

98. The Reagan administration left with more than double the percentage of imports under some kind of trade restriction as when Reagan started in 1980. Nixon delayed the inevitable surge of Third World imports by placing tariffs on textile imports and winning the presidency according to some by such promises. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 355. In Reagan’s first year in office, the value of imports with no tariff duties on them fell by a quarter. In Reagan’s second year in office, the total imports actually fell for the only year between 1980 and 1995. Under Clinton in 1995, the share of trade with no tariffs reached 51 percent for the first time. The average tariff reached a low of 2.5 percent. This has happened along with an expansion of trade, so it is not just a matter of trade occurring where there are no tariffs and bringing down the average. (*Statistical Abstract of the United States 1996*, p. 806). Bourgeois internationalists consciously groomed Carter, Bush and Clinton for power at the expense of the Amerika-First bourgeoisie. Truman, Eisenhower, Kennedy and Johnson were more natural bourgeois internationalists. Nixon and Reagan were the least internationalist in outlook; although both were forced to compromise with the bourgeois internationalists repeatedly.

99. Just like King Cotton, Clinton says, “habits of commerce run counter to the habits of war.” The message is the same: keep trading and bite the bullet if you lose the competition. On the other hand, Clinton’s trade representative announced “There is no such thing as free trade. . . . You have to have rules of the road.” Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), pp. 385, 387.

100. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 32, 64.

101. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 24.

102. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), pp. 7-10. In the end, the U.S. Government including its Secretary of Defense, Vice-President and President decided not to make too much of a stink about this and the company that sold the technology to the Soviet Union, Toshiba did not have its sales banned in the United States as punishment. Japan-basher Choate says Japan should have been punished and that it is the fault of highly-paid lobbyists who work for the U.S. Government one day and Japan the next day that Japan always escapes tough action from the United States.

103. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 84.

104. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 38.

105. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 42.

106. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 62.

107. The “G-2” idea is more or less a Japanese chauvinist joke at the expense of Canada, France, Germany, Italy and the “United Kingdom” which are the other members of the “G-7,” which stands for Group of Seven major industrial economies. It is a call to the world’s largest market by Japan to ditch the Europeans and give Asia its due. Others miffed by the “G-7” idea are obviously Russia and China, since they were never included despite having much larger industrial sectors than most of the “G-7.” According to the Clinton administration, the “G-7” finance ministers and central bankers meet several times a year to coordinate macroeconomic policy.

108. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), pp. 108-9, 126.

109. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), pp. 81-2, 133.

110. Edward J. Lincoln, *Japan's New Global Role* (Washington, DC: Brookings Institution, 1993), p. 170, 178, 181.

111. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 125.

112. Shintaro Ishihara, *The Japan That Can Say No: Why Japan Will Be First Among Equals* (NY: Simon & Schuster, 1991), p. 29.

113. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), pp. 19, 21.

114. *Economic Report of the President, 1997*, “Chapter 7.” To obtain a copy of this Clinton administration propaganda, go to wais.access.gpo.gov.

115. Yoichi Funabashi ed., *Japan's International Agenda* (NY: New York University Press, 1994), p. 17.

116. Foreigners have 1 percent of Japan’s assets, 9 percent of U.\$ assets and 17 percent of West Germany’s assets. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), pp. 158-9.

117. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), pp. 80-1.

118. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), p. 42.

119. C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 126. Looking at stockholder equity as opposed to dividends helps to capture the reinvestment of Japanese corporations. Based on that figure, profits for Japanese corporations in the world’s 50 largest are 9.1 percent, still lower than the 13.3 percent for American companies, but higher than the dividend figures would represent. C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 143.

120. David Dollar & Edward N. Wolff, “Capital Intensity and TFP Convergence by Industry in Manufacturing, 1963-1985,” in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of*

Productivity: Cross-National Studies and Historical Evidence (Oxford, ENGLAND: Oxford University Press, 1994), p. 214.

121. According to Wood, “Interest rates and profit rates are much the same in the South as in the North, largely because financial capital is mobile. Most capital goods, moreover, can be moved freely around the world (machinery) or constructed anywhere in a year or two (buildings).” Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 5.

122. Takatoshi Ito, “U.S.-Japan Macroeconomic Policy Coordination,” Yoichi Funabashi ed., *Japan’s International Agenda* (NY: New York University Press, 1994), p. 96. The same author asks for Japanese entrance into NAFTA. R. Taggart Murphy also says that the “pump priming” ideas of Western economist John M. Keynes only result in capital formation in Japan, not a real boost in consumer demand. *The Weight of the Yen* (NY: W.W. Norton, 1997), p. 129.

123. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), p. 212.

124. Heizo Takenaka, “Japan’s International Agenda: Structural Adjustments,” in Yoichi Funabashi ed., *Japan’s International Agenda* (NY: New York University Press, 1994), p. 171 is an example of concern for consumers.

125. Makoto Sakurai, “Japan’s Role in Economic Cooperation,” in Yoichi Funabashi ed., *Japan’s International Agenda* (NY: New York University Press, 1994), p. 145-6. Like other books and authors reviewed in this essay, we see the language of “trade wars” and the connection of trade conflicts to “national security.” The workers should understand that the academic and political leaders of imperialist countries do not pretend to behave other than Lenin said they would in trade bloc conflicts. Lenin’s understanding of inter-imperialist rivalry and trade bloc dynamics is one of his most important contributions and its truth is revealed in just about every book written on foreign trade and the subject of economic competitiveness. Understanding just land reform and trade blocs since World War II will take the worker far into understanding the changing fortunes of various countries.

126. Grazia Ietto-Gillies, *International Production: Trends, Theories, Effects* (Cambridge, ENGLAND: 1992), p. 22.

127. Edward J. Lincoln, *Japan’s New Global Role* (Washington, DC: Brookings Institution, 1993), pp. 59-60.

128. With the help of negative publicity for Japanese direct investment, the United Kingdom took back its lead in foreign direct investment in the United States in 1993 and 1994, with \$113.5 billion against Japan’s \$103.1 billion in 1994. (*Statistical Abstract of the United States*, 1996, p. 788) However, these numbers are dwarfed by Japan’s loans of cash to the U.S. Government.

129. USA Today 25June97, p. 3b. The scenario of Japanese financing in cash as opposed to direct investment is completely unmentioned in N. Poulantzas’s work on the subject of foreign direct investment 22 years ago. It is a shift in importance of countries and forms of capital export that was unthinkable in the European or American mind of the time.

130. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), p. 218.

131. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), pp. 219-27.

132. Richard C. Marston, *International Financial Integration: A Study of Interest Differentials between the Major Industrial Countries* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 42.

133. Richard C. Marston, *International Financial Integration: A Study of Interest Differentials between the Major Industrial Countries* (Cambridge, ENGLAND: Cambridge University Press, 1995), pp. 149-51, 166. We would also counter Adrian Wood on this same point, because Wood believes that the whole world is already facing a uniform interest and profit rate. We have to ask, for whom and how often is capital available for borrowing—but we do see it as inevitable that capitalism will head in the direction Wood says. Nationalist politicians are the main obstacle.

134. R. Taggart Murphy, *The Weight of the Yen* (NY: W.W. Norton, 1997), p. 208.

135. Martin Carnoy, “Whither the Nation-State?” in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993),

p. 71.

136. This idea does not work in the U.\$.-Japan relationship, because the U.\$. dollar is the preferred international currency of exchange and so demand for the dollar is always too high, not for any reason having to do with its exports or inflation rate at home. Since Charles De Gaulle the president of France a generation ago, there have been those imperialist politicians who maintain that this results in a transfer of wealth to the United States. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 109. On the other hand, Japan is unwilling to take on the role of “global hegemon” and the reason according to one investment banker in Japan named R. Taggart Murphy is that the Ministry of Finance in Japan does not want to lose control of its currency by having larger quantities of yen held by the public outside Japan. We might expect this position to evolve especially if Japan orients itself to more of an East Asia and Russia trading bloc.

137. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 21.

138. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 115.

139. Leonard Beeghley, *The Structure of Social Stratification in the United States*, 2nd ed., (Boston: Allyn & Bacon, 1996), p. 85.

140. Adolf Hitler, *Mein Kampf*, (Boston: Houghton Mifflin 1971), p. 291. We thank William Greider for warning against this sort of old view in the imperialist countries that only they can do “high caliber” work. He sees it possible everywhere. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), pp. 20, 74.

141. Richard Crawford, *In the Era of Human Capital: The Emergency of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors* (None: HarperBusiness, 1991), p. 12.

142. Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 2. Fernando Henrique Cardoso had been an important theorist of development closer to Marxism

than bourgeois apologetics until he became Minister of Foreign Affairs in Brazil and then elected president. His essay in this book is an about-face. Whereas he was known for advocating a nationalist position against getting entangled with imperialist efforts to “develop” the Third World, he now joins authors ridiculing the nationalism of Islam and the Sendero Luminoso. “We are dealing, in truth, with a crueller phenomenon: either the South (or a portion of it) enters the democratic-technological-scientific race, invests heavily in R&D, and endures the ‘information economy’ metamorphosis, or it becomes unimportant, unexploited, and unexploitable.” (p. 156) This is a position not unlike Fanon’s more bleak outlooks on the breakdown of dialectics, a loss of interconnectedness, such that societies can be irrelevant to each other.

The line of these authors is almost word for word U.\$. government propaganda. According to the Clinton administration in the *Economic Report of the President*, 1997, Chapter 7, “The amount of information required for planning to work far exceeded the planners’ ability to gather and process it. . . . The managers of socialist enterprises lacked incentives to innovate. . . . The Communist countries made another major blunder: as a matter of policy, they insulated themselves from the world economy and ignored the opportunities that international trade offers.” This latter part is laughable considering the embargoes placed by the imperialists. It was illegal for U.\$. occupied Koreans to trade with their independent brothers and sisters in the North. Cuba was physically blockaded by U.\$. imperialism and the United States dropped more bombs on IndoChina than all bombs dropped in World War II. This the imperialists remember as the communists rejecting trade!

143. Martin Carnoy, “Whither the Nation-State?” in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 53. Carnoy goes on to say that 90 percent of Japanese multinational corporate assets are in Japan, but that of course is exaggerated by the relative asset inflation in Japan discussed elsewhere.

144. Pat Choate, *Agents of Influence: How Japan’s Lobbyists in the United States Manipulate America’s Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 27.

145. Pat Choate, *Agents of Influence: How Japan’s Lobbyists in the United States Manipulate America’s Political and Economic System* (NY: Alfred A.

Knopf, 1990), p. 50.

146. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 53.

147. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 382.

148. Reagan gave a speech and a media extravaganza for the \$2 million. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 176.

149. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), pp. 309-10.

150. C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 36, 32. According to Lester C. Thurow, both England and the United States are stuck in Anglo-Saxon individualism and face a competitive disadvantage from their own cultural traditions and ideology. In East Asia, China is growing the fastest, at 9 percent a year, but somehow the Americans and English do not get the picture and go on grinding out more free market triumphalist pulp fiction.

151. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 335. As we go to press in July, 1997, the U.S. Government approved Boeing's purchase of its main but lagging aerospace competitor McDonnell Douglas. Boeing contracts are written with U.S. airlines in such a way that those airlines are not allowed to buy their planes anywhere else for the next 20 years. This closes off 11 percent of the global market to Airbus. (USA Today, 2Jul97, p. 1) This has angered Airbus, which itself has angered the United States in the past, because it was formed by state-capital in Europe, smacking of "socialist" "subsidies" in U.S. ruling-class opinions. Airbus is screaming for U.S. airlines to be deprived of a certain number of landing rights at European airports, as a retaliation against Boeing. "Managed trade" theorists have targeted the aerospace industry as one of the few industries with a future creating "good jobs," which is why governments all across the globe may start trade wars over it.

152. Lester C. Thurow, *Zero Sum Solution: An Economic and Political Agenda for the 1980s* (NY: Simon & Schuster, 1985), p. 381.

153. See for example the admission about CIA recruitment of several hundred media members abroad, its covert operations and the operations of the US "Information Agency." Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 163.

154. Pat Choate, *Agents of Influence: How Japan's Lobbyists in the United States Manipulate America's Political and Economic System* (NY: Alfred A. Knopf, 1990), p. 149. Adrian Wood also admits that by one important bourgeois method of thinking, exports by the South to the North have a net negative effect on demand for labor in the South. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 69.

It is for Wood's openness to ideas and data that we value his bourgeois academic work more than others. To MIM, this is an indirect capturing by Wood of the vicious cycle of transfer of value to the North, followed by a lowering of purchasing power and capital in the South, leading to it being even more attractive to export to the North as a quick fix. In countries with landed classes in power, it does not work at all.

155. William Lazonick, "Social Organization and Technological Leadership," in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), pp. 184-5.

156. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 348.

157. Martin Carnoy, "Whither the Nation-State?" in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 51.

158. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 22. This is another area where N. Poulantzas's book *Classes in Contemporary Capitalism* published in 1975 is seriously out-of-date. Just as Lenin, Trotsky and Stalin all thought it

would be the British-American contradiction that was principal after World War I, Poulantzas's ideas of inter-imperialist rivalry have been shown wrong less than 20 years later. Getting inter-imperialist rivalry right seems to be very difficult for us communists, especially with any degree of prediction for the future.

159. Lester C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 31.

160. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 391.

161. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), pp. 11-2.

162. Steve Dryden, *Trade Warriors: USTR and the American Crusade for Free Trade* (NY: Oxford University Press, 1995), p. 41.

163. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 1.

164. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 100, 102.

165. One of the better organizations falling for the line economic nationalist line of reasoning is "A/Synechia" of Greece. Their article "On the 'European Union'" from November, 1993 correctly pinpoints German dominance, but speaks for dissolution of the "European Union." They argue that the European Union means imperialist unity and alliance. Seeking to withdraw a socialist Greece would be one thing, but calling for imperialist disunity and effectively uniting with the reactionary labor aristocracy and non-monopoly capital to do so is another thing. However, we do agree that there is a "need for an internationally co-ordinated struggle of the working class." A/Synechia is also anti-GATT, but supposing we proletarians could tip the balance right now without going to socialism in each of our countries, and supposing we undid the last 50 years of GATT, what would be the result? The result would be an accelerated impetus to imperialist rivalry, a new scramble to re-divide the world. Unless, seizing socialist power (and protecting its industry from the outside capitalist world) is on the agenda, we should not sloganeer like the KKK and other most-chauvinist sections of the reactionary classes. Let us instead hold these

imperialists to their free trade, free border-crossing and internationalist rhetoric and show that communism is the only guarantee of internationalism and peace.

The Communist Party of Spain (Reconstituted) has a better line on the question of how the Europeans approach the NATO, EU and GATT. "Their conception of the world obeys to the situation of the petty-bourgeoisie which crushed by the transnationals and finding no hope for the future, centers all its attacks on the imperialist State." Karl Marx Commune, Soria Prison (Spain), February, 1987. The intention was to criticize those engaged in armed struggle who target the enemy but without forming an underlying class basis for a party and program. However, the same could be said of those seeking to sink the European Union. The petty-bourgeoisie threatened by monopoly capital seeks only to be done with these individual treaties and manifestations of monopoly capital's power. It has no replacement or overall strategy beyond that.

166. <http://www.france.diplomatie.fr/frmonde/euro/eu22.gb.html>

167. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), pp. 132-3.

168. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 201.

169. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 77.

Greece, Spain, Italy and Portugal may have been catching up without EU assistance. Bourgeois economists speaking of the developed society "club" say that they were averaging about 2 percent a year catch-up with the United States between 1950 and 1989. This makes European Union unity an easier historical occurrence for the ruling classes of Europe. Out of 42 places examined, only Taiwan, Korea and Japan did better. Angus Maddison, "Explaining the Economic Performance of Nations," in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), p. 27.

170. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 203.

171. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 110 footnote. See also p. 117 for what currencies the European Community residents prefer to have in their accounts.

172. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 84.

173. Grazia Ietto-Gillies, *International Production: Trends, Theories, Effects* (Cambridge, ENGLAND: Polity Press, 1992), pp. 198-202.

174. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 107.

175. Peter B. Kenen, *Economic and Monetary Union in Europe* (Cambridge, ENGLAND: Cambridge University Press, 1995), p. 25.

176. The head German central banker said he would prefer the new European currency to be called the mark. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 243.

177. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 170.

178. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 225.

179. Stephen S. Cohen, "Geo-Economics and America's Mistakes," in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 99.

180. The Communist Party of China says it has a long-run goal of going toward floating exchange rates. In July, 1996 it tried to make it sound like it opened a market for foreign companies to trade in China's currencies without government intervention. "Implementation of the new measure represents a major step leading to the eventual convertibility of the renminbi under current accounts." What it did was say the companies could go directly to the People's Bank of China to settle their currency exchanges, thereby supposedly increasing efficiency. The renminbi is the Chinese

currency.

"Implementation of the new measure has narrowed the gap between China's existing exchange control system and stipulations in Article 8 of the Agreement of the International Monetary Fund. The effort has also demonstrated China's determination to further its opening policy. At the same time, ongoing implementation effort has created favorable conditions for ensuring the future free convertibility of the renminbi." BEIJING REVIEW, Vol. 39, No. 39, SEPTEMBER 23-29, 1996.

181. "Chapter 7," *Economic Report of the President*, 1997.

182. "Chapter 7," *Economic Report of the President*, 1997.

183. *Collected Works*, Vol. 31, p. 230.

184. In the 1980s, one percent owned 50 percent of the wealth in the United States. Perlo also points to Domhoff who uses 0.5 percent as capitalist class. The smaller the class, the less surplus-value we have to account for, so to humor our critics we take the larger 1 percent figure. Perlo also is useful in admitting that he thinks the 100 billionaires worth \$225 billion in the 1980s is significant enough to disallow our thesis that the oppressor nation workers are not exploited. He also admit that the capitalists only spend 5 to 10 percent of their wealth, so to account for capitalist wealth, we need only account for net capital formation owned by the capitalist class and add 5 or 10 percent to understand what surplus-value does not go to the unproductive workers and petty-bourgeoisie. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), pp. 3, 51, 53.

If we take the people who in 1989 had net worth \$1 million or more as capitalist, then we are only talking about 0.64 percent of the population as capitalist. If we add in those also worth \$600,000 or more, we get to 1.34 percent of the population as capitalist. Leonard Beeghley, *The Structure of Social Stratification in the United States*, 2nd ed., (Boston: Allyn & Bacon, 1996), p. 177.

185. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 30.

186. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 95. These pages contain the most explicit attempted rebuttal of the MIM line that exists, and before MIM wrote its

own MT#1 but after distribution of Sakai, Edwards and xerox MT on the subject.

187. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), pp. 346-7.

188. 11 percent of the income of those in the \$1 to \$20,000 category is capitalist income. 7 percent of the income in the \$20,000 to \$50,000 category is from capitalist income. The under \$20,000 category alone accounts for more than 50 percent of all people, so the average of this group is closer to 11 than 7, but we split the difference at 9 anyway to humor our critics generously given that this is admittedly a complex calculation. Dennis Gilbert and Joseph A. Kahl, *The American Class Structure: A New Synthesis*, 4th ed., (Belmont, California: Wadsworth Publishing Company, 1993), pp. 92-4. (.80) share of income pie times (.09) percent of income of bottom 94% that is capitalist= (.072) share of total income pie that is capitalist income going to the bottom 94 percent.

189. The top one percent of about 90 million households made an average of \$429,813 each in 1985. Splitting the difference between an estimate of 37 percent for the lower strata (\$500,000 to \$1 million) and 52 percent for the upper strata (\$1 million plus), we estimate that 45 percent of that income came from capitalist income. $(900,000 \text{ households}) \times (429,813) \times (.45) = \174.1 billion = the capitalist share of property income. Dennis Gilbert and Joseph A. Kahl, *The American Class Structure: A New Synthesis*, 4th ed., (Belmont, California: Wadsworth Publishing Company, 1993), pp. 86-105.

Now if instead of following Perlo's logic we follow MIM further and count superprofits in the salaries of these capitalists, we can see what that adds up to. The idea of "excess compensation" or "profits of control" is really an idea agreeable to MIM, contrary to the usual dogma opposing MIM that workers only get the value of their labor-power and never more than the value of their labor or they would not be hired. Those who admit that some workers get paid more than their labor have already gone a long way toward MIM, so here we check on just the capitalists and the excessive pay they receive as employees.

If we left these households with \$42,981 a year to live on or 10 percent of their income by taking away their capitalist income and excessive employment and other compensation, we would only come up with less than \$350 billion a year. That means if \$350 billion a year are due to racism and national oppression, then the capitalist class is living off of just racism and

national oppression. However, strictly speaking, if Perlo had broken down property income to see who it had gone to, he would have concluded that he already explained the capitalist class's income as property-holders by his figure for racism and profits abroad, which was \$246 billion. In fact, using Perlo's figure for racism and foreign profits, we still have over \$70 billion a year to throw into overpaying workers, and as we make clear, Perlo by no means exhausted all calculations of the means by which a transfer of value to imperialism occurs from abroad.

190. *Statistical Abstract of the United States*, 1996, p. 784.

191. *Statistical Abstract of the United States*, 1996, p. 407.

192. *Statistical Abstract of the United States*, 1996, p. 398.

193. Lenin made it very clear that he regarded hundreds of millions in the oppressed nations to be exploited by the imperialist countries, and according to Lenin, they had "no rights," and were handled by force, not negotiated with in a "free market." See for example, what Lenin wanted to add into the party program in 1917. "Revision of the Party Programme," *Collected Works*, Vol. 26, p. 168.

"A privileged upper stratum of the proletariat in the imperialist countries lives partly at the expense of hundreds of millions in the uncivilized nations." V. I. Lenin, "Imperialism and the Split in Socialism," *Collected Works*, 45 Volumes, (Moscow: Progress Publishers, 1963-1970), Vol. 23, p. 107.

"England, France, the United States and Germany--have developed monopoly to vast proportions, they obtain superprofits running into hundreds, if not thousands, of millions, they 'ride on the backs' of hundreds and hundreds of millions of people in other countries and (economically--Ed.) fight among themselves for the division of the particularly easy spoils." V.I. Lenin, "Imperialism and the Split in Socialism," *Collected Works*, 45 Volumes, (Moscow: Progress Publishers, 1963-1970), Vol. 23, p. 115.

"...the brute force required to ensure 'peaceful' rule in the colonies, for example, can hardly be called peaceful. Peace reigned in Europe, but this was because domination over hundreds of millions of people in the colonies by the European nations was sustained only through constant, incessant, interminable wars, which we Europeans do not regard as wars at all, since all too often they resembled, not wars, but brutal massacres, the wholesale

slaughter of unarmed peoples.” V.I. Lenin, “War and Revolution,” 1917, *Collected Works*, 45 Volumes, (Moscow: Progress Publishers, 1963-1970), Vol. 24, pp. 400-401.

Lenin also sums up the quotes he found in Marx on the subject of the labor aristocracy in his encyclopedia entry called “Karl Marx,” published in 1915.

194. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 70.

195. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 477.

196. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 400. China’s rapid growth most confounds statisticians as does its government’s setting of exchange-rates. For this reason, Wood found estimates of Chinese manufacturing at 106.37 million in 1985, which is much higher than what UNIDO found, but probably more accurate.

197. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 13. Wood also concludes that “the number of hours of labour embodied in a dollar’s worth of manufactured imports from the South is much greater than the number of hours that would be embodied in a dollar’s worth of output of the same items in the North, and it would be wrong to use the latter as an estimate of the former.” Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 123. This same observation is why the exports to China do not offset the imports from China into the imperialist countries, when it comes to transfer of value.

198. *Statistical Abstract of the United States 1996*, p. 801. 199. Judging from U.S. Government numbers, this estimate is too high, because all exports combined for 1991 only account for 1.7 million jobs directly and another 1.7 million jobs indirectly in manufacturing exports of \$314.1 billion direct exports or \$546.9 billion total direct and export-related production in manufacturing. (*Statistical Abstract of the United States*, 1996, p. 746.) Thus, \$80 billion in exports from the United States could easily mean less than half a million worker-years, which reflects the parasitic white-collar “work” and trade margins added into costs in the U.S.

export sector. It raises the question why the Third World does not produce everything itself, which we will answer later.

200. This is a combination of statistics, first the 50 cents an hour from the Financial Times already cited for Chinese workers in manufacturing. Secondly we use a proportion of wages to value-added derived from profitability figures for 1994 in United Nations Industrial Development Organization (UNIDO), *Industrial Development: Global Report 1996* (Oxford, ENGLAND: Oxford University Press, 1996), p. 148. An older figure from 1985, would show wages just over 1 in 7 dollars of value-added, (UNIDO, *International Yearbook of Industrial Statistics*, 1995, p. 193) which would reduce the estimate of value transferred to about 12 million Chinese-worker years. The same page 148 of 1996 UNIDO data for 1994 offers other means of calculating the value transfer to imperialist countries. With exports over \$80 billion and an industrial production value-added of under \$240, billion, one might decide that one-third of the 61.9 million workers employed would be more appropriate. That would mean a transfer of 20.6 million Chinese industrial worker-years of value to imperialism. In 1995, the United States imported \$45.6 billion in Chinese goods, (*Statistical Abstract of the United States 1996*, p. 800) which should be thought of as a transfer of value of at least 10 million Chinese industrial worker-years for free.

We should point out in our China calculations, we left out the question of inputs used in production and where they are from and what workers produced them. To the extent that they come from other agricultural, mining or industrial sectors in China, there is no point in changing anything to estimate value transfers. To the extent that inputs in industrial production come from the imperialist countries, we should cut down our estimate of Chinese labor-years transferred to imperialism. If all OECD exports to China actually went right back into China’s industrial production as inputs for export (not very likely), then by using 1994 figures, we would have under \$50 billion used in Chinese production from imperialist sources. (See *Statistical Abstract of the United States 1996*, p. 854.) Then we would be talking about a transfer of only about 6 million Chinese industrial worker-years per year to the imperialist countries. We are not going to estimate how much China imports its inputs for export production, because we believe we have underestimated the transfer of value in other regards.

201. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 396.

202. Trevor Rayne, “Squeezed to Breaking Point: Work, Exploitation and Profits,” *Fight Racism! Fight Imperialism!* August/September, 1996 (London: Revolutionary Communist Group), p. 11.

203. Revolutionary Communist Group, *Fight Racism! Fight Imperialism!* June/July, 1997 (London: Revolutionary Communist Group), p. 8.

204. Paul A. Samuelson, *Economics* 9th ed. (NY: McGraw-Hill Book Company, 1973), pp. 586-7.

205. Assar Lindbeck blames the problem on younger economists who seem more interested in technique than substance, and thus do not stray far from a handful of theoretical models. *The Political Economy of the New Left: An Outsider's View* (NY: Harper & Row, 1971), p. 22.

Two economists, William J. Baumol and Edward N. Wolff writing with a third academic named Richard R. Nelson said, “As Veblen reminded us, we academics pursue such topics out of ‘idle curiosity.’” William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), p. 6.

206. Lenin in contrast did not consider the origins of capital a neutral question. Marx called capital “unpaid labor.” Thus the capital at a worker’s disposal via his or her hiring capitalist is a class issue from the beginning, and according to Lenin most of that capital (wealth) comes from the oppressed nations. (True we should admit that not all wealth is from labor since some is natural, but the quote below does not concern that matter.)

“...Britain...which has created this (its--Ed.) wealth not so much by the labour of its workers as by the exploitation of innumerable colonies.... ..it can be said without exaggeration that there is not a patch of land in the world today on which this capital has not laid its heavy hand, not a patch of land which British capital has not enmeshed by a thousand threads.” V. I. Lenin, “War and Revolution,” (a 1917 lecture), *Collected Works*, 45 Volumes, Moscow, Progress Publishers, 1963-1970, Vol. 24, page 403.

“Britain has industrialized owing to the fact that it plundered colonies for decades and centuries, gathered ‘surplus’ capital there, which it invested in its own industry, and thus accelerated its own industrialization. That is one method of industrialization.” Stalin, *Collected Works*, 13 Volumes, Moscow, Foreign Languages Publishing House, Vol. 8, page 130.

“They (the American billionaires--Ed.) have converted all, even the richest countries into their tributaries. They have grabbed hundreds of billions of dollars.” Lenin, “A Letter to American Workers,” Moscow, Foreign Languages Publishing House, 1952.

207. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), pp. 9, 103.

208. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), p. 9.

209. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 22.

210. United Nations Industrial Development Organization (UNIDO), *Industrial Development: Global Report 1996* (Oxford, ENGLAND: Oxford University Press, 1996), p. 5.

211. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 53.

212. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 137.

213. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), pp. 35, 55.

Wood is rather more concerned with whether the capital-labor ratios embodied in Third World exports are the same as they would be if those exports were produced in the First World. Wood finds some evidence that in Taiwan and Korea, they use more labor-intensive methods of production, but on the whole he continues to dismiss the idea of a difference in capital per worker as relevant to trade. He also finds that labor productivity statistics in multinational corporate subsidiaries is the same in the South as in the North, despite assumptions elsewhere contrary. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-*

Driven World (Oxford, ENGLAND: Clarendon Press, 1994), pp. 92-3, 133.

MIM is more interested in the capital per population generally not just in the export sectors. Wood looked at similar issues, and we agree with Wood who has presented the thorough empirical evidence that imports from the South displace a (non-existent) proletariat in the North, but we are not satisfied with Wood's overall approach to commodity fetishism. Expenditures on capital and labor by a multinational corporation subsidiary in the Third World may have the same ratio as in the North, but in the case of the South, that same expenditure will result in a much higher embodiment of labor in the commodities in the case of the South. Wood is aware of this, but does not care for his purposes, except to the extent that labor-intensive industries are the first to leave the First World.

If we were to argue with Wood on Wood's own turf, we would say what drives trade is super-exploitation of labor-power, not skill differences in labor.

214. Magnus Blomstrom & Edward N. Wolff, "Multinational Corporations and Productivity Convergence in Mexico," in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), pp. 266-73.

215. Wood is an interesting exception, but he is only interested in the export sectors. Even there he is only interested in the ratio of two capital-labor ratios, the North's and the South's. Since such ratios are calculated using money figures and not things per worker or even dollars of assets per worker, we have the commodity fetishism problem. As Wood knows, the same money spent on labor in the North and South buys a lot more labor in the South.

216. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), pp. 288-90.

217. Thurow believes that risk aversion is built in to investors and countries could do a better job of making risky investments than individuals can. C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 145.

218. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald

Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), p. 389.

219. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), p. 474.

220. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), p. 42.

221. http://oracle.tradecompass.com/ows-bin/oowa/ExpSrv60/dbxwdevkit/xwd_init?wrlcode/sysstart 222. Intel pulled this off against the United States and Japan. More than half of Intel's export income was taxed in no country. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 96.

223. Gillis et. al. pp. 304.

224. World Bank, Hoover Institute and Brookings Institute authors Jose Edgardo Campos and Hilton L. Root have admitted this too, not so much from a tax perspective, but a fear of confiscation perspective: "This uncertainty about the ruler's future behavior induces firms to be secretive. Firms know that their assets can be confiscated, so they attempt to keep them hidden. Rather than register their assets, firms hide accounts and expatriate capital to safe havens abroad." Jose Edgardo Campos and Hilton L. Root, *The Key to the Asian Miracle: Making Shared Growth Credible* (Washington, DC: Brookings Institute, 1996), p. 77. This is another reason we cannot take bourgeois reports of profit repatriation from the Third World as seriously as profit reports from operations within the First World.

225. Grazia Ietto-Gillies, *International Production: Trends, Theories, Effects* (Cambridge, ENGLAND: 1992), p. 36.

226. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 96.

227. In 1988 in the United States for instance, fully 30 percent of exports and 20 percent of imports involved transfer pricing, trade within one company. Other estimate are nearly twice as high. Martin Carnoy, "Whither the Nation-State?" in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information*

Age: *Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 45.

228. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 22. The Clinton administration estimates transfer pricing at 40 percent of imports into the United States. See Chapter 7, *The Economic Report of the President*, 1997.

229. Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 49.

230. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 59. This is also an important page, because it explains why Shaikh and Tonak think they do not have to explain where the huge profits of the unproductive sector are. They are wrong, because while there is shuffling of profits back and forth between the productive and unproductive sectors, there must be some snapshot of the economy, some way of accounting that would show profits a certain 2 or 3 times higher than unproductive sector worker compensation. That is not going to happen in the imperialist countries. This would force Shaikh and Tonak to admit with Perlo that if the rate of exploitation is the same in the unproductive sector as the productive sector, then “s” counts profits realized for the capitalists that are turned right over to workers hired under “profits of control,” which is another phrase for profits not retained by capitalists but which go to unproductive sector workers. However, the concept of “profits of control” while not unfriendly to MIM, because we have emphasized the political process of class formation, it does make a mockery of the idea of a distinct “s” and “v” for the unproductive sector. Hence, although we can concede Shaikh and Tonak this means of thinking of (s/v) for unproductive sector workers, in their hands, it quickly proves contradictory in use in the actual imperialist countries, unless Shaikh and Tonak are willing to admit the MIM analysis.

231. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p. 247.

232. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.

248.

233. Pierre Jalee, *The Third World in World Economy* (NY: Monthly Review Press, 1969), p. 114.

234. Samir Amin, *The Law of Value and Historical Materialism* (NY: Monthly Review Press, 1978), p. 62.

235. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.144.

236. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 227.

237. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 2.

238. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), pp. 40-2.

239. Lawrence put together his figures to see if there was any reason to believe imperialist country workers are being displaced by Third World imports. We have different reasons for making this calculation. We choose 10 percent of the unproductive sector’s surplus-value as the figure for a combination of the following reasons. The trade has exploded since 1990 by growing over 50% to 1994 while U.\$ value-added in manufacturing went up less than 20% in the same years. Thus, if that pace kept up another four or five years, imports from the Third World would be projected to cross 20 percent of value added anyway. Since, good prices are double value-added, that would mean imports from the Third World would be projected to be 10 percent of all good prices. We suspect Europe probably lags slightly in this regard, but in the OECD average, Japan probably made up for it, because over half its imports are now Third World.

Even if our projections are wrong, then there are two other areas to consider for keeping the figure. One is the differential (higher) rate of exploitation of Third World labor. The price of the goods imported does not reflect their potential for surplus-value realized. To return to our Swiss Army knife example, if traders buy them for \$1 each from China and sell them for

\$2, they are getting a 100 percent mark-up. If they buy them for \$8 from Switzerland but can only sell them for \$10, then they are only getting a 25 percent mark-up. We think this is likely the case. The margin on trade from China and other Third World countries is probably a multiple of the margin on OECD goods imported.

Finally, there is the question of the stages of production and accounting. The main reason not to use the Lawrence figure to calculate a share of surplus-value attributable to the Third World productive sector is that inputs (raw materials used) into imperialist production are about equal to the value-added in production. Thus, the final prices include not just value-added but the price of the raw materials that went into making the goods; hence, what we really want is the ratio of the final price of imports to the final price of imperialist country manufactured goods. Making things more difficult is that we do not really know where the inputs come from either, except that they are raw agricultural supplies and other raw materials from both inside and outside the country. On the balance, though, we favored our first two arguments above as sufficient reason to use 10 percent as a conservative estimate of the total mark-up realized by the First World unproductive sector on account of Third World imports.

As in the question of net transfer of labor-years of work from a Third World country to a First World country through trade, the question of lost chances for mark-ups in the retail sector are also unequal. Yes, exports from the imperialist countries to the Third World also transfer value to the unproductive sectors in the Third World. However, because of the differential rate of exploitation allowing for less mark-up of First World goods, and judging from the purchasing power and size of the unproductive sectors (in countries where most people are still peasants and workers), there will still be a huge net transfer of surplus-value to the imperialist countries by this mechanism.

240. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 121. Here we are taking 10 percent of S* listed on page 121.

241. An advocate of the examination of terms of trade who is not naïve would be Pierre Jalee, who showed how the Third World's terms of trade worsened between 1950 and 1962 in *The Pillage of the Third World* (NY: Monthly Review Press, 1968), p. 45. Samir Amin also found figures that showed the Third World in 1930 obtained only 60 percent what it used to

receive in 1880. However, he also argued that it could be explained partly by the increased productivity in manufacturing compared with agriculture. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.163-4.

242. V. I. Lenin, "Immediate Tasks of the Soviet Government," in Robert Tucker ed. *The Lenin Anthology* (New York: W.W. Norton & Company, 1975), p. 450.

243. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), pp. 74-5.

244. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 217.

245. John W. Wright, ed. *The Universal Almanac* (NY: Andrews & McMeel, 1991), p. 234.

246. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), pp. 37, 220-1. There is nothing surpassing the work of the Monthly Review Press in evaluating the national question in relationship to exploitation.

247. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 35.

248. One graph demonstrating this fact appears in Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 119.

249. Richard Crawford, *In the Era of Human Capital: The Emergency of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors* (None: HarperBusiness, 1991), p. 9.

250. Richard Crawford, *In the Era of Human Capital: The Emergency of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors* (None: HarperBusiness, 1991), p. 20.

251. United Nations Industrial Development Organization (UNIDO), *Industrial Development: Global Report 1996* (Oxford, ENGLAND: Oxford University Press, 1996), p. 17.

252. On the issue of the labor productivity of oppressor nations being higher, Samir Amin and Arghiri Emmanuel pointed out that Marx saw wages as the value of labor-power, and those wages were unconnected to the productivity of labor-power. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p. 145. This leaves open the question of a global wage for the reproduction of labor-power based on internationalist considerations, and not one country's capability to live in luxury at the expense of others.

Even if we grant our critics that wages should cover the costs of educating the workers, it is not a simple matter that workers in the oppressor nations pay for their own education. Aside from the brain drain from the Third World, there is the matter again of surplus-value flowing from the Third World to the first, thus making possible higher levels of education. In any case, it is far from the case that wages in the First World are the same as those for the Third World except for a little something extra to cover student loans.

253. The late Trotskyist economist and leader of the Trotskyists' organization internationally, Ernest Mandel said back in 1964 already that the decline of the Third World's relevance would mean that the advanced industrial countries were due for crisis. Pierre Jalee correctly refuted this line of argument in *The Pillage of the Third World* (NY: Monthly Review Press, 1968, p. vii). 33 years later we can see that there was no crisis and that the Third World has been an increasingly important source of surplus-value.

Between 1965 and 1995, the Third World share of a much larger export pie grew from 27 percent to 33 percent. "Chapter 7," *Economic Report of the President, 1997*.

In 1993, some put forward the Mandel thesis in the name of the "Information Age." Despite the addition of manufacturing to the Third World export repertoire, four ruling class experts put forward that the Third World is breaking up, including into a large part that is irrelevant to the world economy. To their credit, they at least argue that the majority may be integrated into the capitalist system. Martin Carnoy, Manuel Castells,

Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), pp. 7, 12. Although it is a university press book, it reads like a Time-Warner-HarperBusiness book.

254. Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 21. The article by Cohen argues that "cheap labor countries" are not the problem for Europe and Amerika. "The trouble is with Japan, where wage costs no longer significantly differ." (p. 146) According to Cohen, the Japanese have taken up "lean production." Their breakthrough in the organization of production is as great as the invention of the assembly line itself. (pp. 108-110) Though we are generally critical of Cohen, we should like to commend his work for the emphasis on the organization of production and also for recognizing how the view of research science as separate from production is holding back technology. Mao held a similar view of how science advances.

255. Richard Crawford, *In the Era of Human Capital: The Emergery of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors* (None: HarperBusiness, 1991), p. 11.

256. Assar Lindbeck, *The Political Economy of the New Left: An Outsider's View* (NY: Harper & Row, 1971), p. 58. A much lower estimate of human capital combined with public investment accounted for one-third of inequality within Europe. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 204.

As MIM discusses here, we are more interested in global inequality, but the inequality arising within the United States in the 1960s and 1970s can be traced to the growth of parasitic sectors made possible by value transfers from the Third World.

257. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), p. 56.

258. "The requirements of accumulating capital may exceed the increase of labour-power or of the number of labourers; the demand for labourers

may exceed the supply, and, therefore, wages may rise. This must, indeed, ultimately be the case if the conditions supposed above continue. For since in each year more labourers are employed than in its predecessor, sooner or later a point must be reached, at which the requirements of accumulation begin to surpass the customary supply of labour, and, therefore, a rise of wages takes place.” Karl Marx, *Capital*, Vol. I, (end of chapter VII), (Moscow: Progress Publishers, 1954), p. 575. According to Marx, it was possible for labour to become an obstacle to accumulation with its wage demands, but after a period when capital did not replenish itself and expand, wages would go down. (Ibid., p. 580)

259. “S” today is further limited in that over half the workers in the imperialist countries are unproductive and produce no “s,” but we assume here that all the workers produce surplus-value. Of course then there are the children, retired and others unable to work who would also be deducted from the portion of the population that contributes to “s,” so we assume that none of these people exist either. We also have granted the capitalist system the assumption that it can create “full employment,” in order to grant it the most favorable conditions possible for the examination of $s/(c + v)$ and capitalism’s self-image. In other words, in looking at this situation, we have granted capitalism every possible favorable assumption for its high-tech life and still we can see its dynamics of crisis.

For a further discussion of “full employment” tendencies of capitalism, see Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), pp. 74-5.

260. Angus Maddison, “Explaining the Economic Performance of Nations,” in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), p. 48.

261. Economists claim that the number of people who want to work in the developing countries increases 2 percent a year right now. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), p. 187. We suspect that on a one-time basis the labor supply for capitalism could grow much faster with the liberation of women and extraction of peasants out of semi-feudalism. This possibility which communists have to organize also has the effect of extending the life of capitalism by increasing sources of surplus-value. On the other hand, the sooner the world reaches that point, the sooner it can go on to socialism.

262. Lester C. Thurow, *Zero Sum Solution: An Economic and Political Agenda for the 1980s* (NY: Simon & Schuster, 1985), pp. 325, 329.

263. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 254.

264. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), p. 58.

265. Angus Maddison, “Explaining the Economic Performance of Nations, 1820-1989,” in *Convergence of Productivity: Cross-National Studies and Historical Evidence*, William J. Baumol, Richard R. Nelson and Edward N. Wolff eds. (Oxford, England: Oxford University Press, 1994), p. 47.

266. Robert Z. Lawrence, *Single World: Divided Nations—International Trade and OECD Labor Markets* (Paris: Brooking Institution Press, 1996), p. 13 graph.

267. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p. 166.

268. Samir Amin, *Unequal Development: An Essay on the Social Formations of Peripheral Capitalism* (NY: Monthly Review Press, 1976), p.167.

269. Angus Maddison, “Explaining the Economic Performance of Nations,” in William J. Baumol, Richard R. Nelson & Edward N. Wolff, eds., *Convergence of Productivity: Cross-National Studies and Historical Evidence* (Oxford, ENGLAND: Oxford University Press, 1994), p. 48. Countless others have written about this shift from productive to unproductive labor already. Especially relevant is Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (NY: Monthly Review Press, 1974), pp. 254-5.

270. *Statistical Abstract of the United States, 1996*, p. 732. The 34.9 percent that is white-collar received half of manufacturing employee compensation in 1992. See page 740.

271. *Statistical Abstract of the United States, 1996*, p. 843.

272. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 11. Of course, this shift to manufactured goods is a step up from just exporting agricultural and other raw materials. We believe that to be a redeeming factor.

273. Victor Perlo comes up with an increasing rate of exploitation of U.S. productive sector workers, ranging from about 1.5 in 1925 to 3.02 in 1984. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 43.

274. *Statistical Abstract of the United States, 1996*, p. 732.

275. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 132.

276. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 88. They believe it has been proved that the rate of exploitation is the same in the two sectors, within 10 percent of each other since World War II.

277. Backing Fusfeld, the U.S. Government says that as of 1995, 79.3 percent of employment is service employment. A real nuts and bolts calculation would move transport services and public utilities which is 5.3 percent of employment over to the goods-producing sector to come up with the unproductive sector at 74.0 percent, but then by various estimates a third or a half of the goods sector would be taken out again to remove white-collar workers from the productive sector. Hence, the unproductive sector is over 80 percent, and outnumbers the productive sector by over 4:1. *Statistical Abstract of the United States, 1996*, p. 417.

278. Daniel R. Fusfeld, *Economics: Principles of Political Economy* 3rd ed. (Glenview, Illinois: Scott, Foresman and Company, 1988), pp. 526-7.

279. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 291.

280. *Statistical Abstract of the United States, 1996*, p. 445.

281. Richard Crawford, *In the Era of Human Capital: The Emergency of*

Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors (None: HarperBusiness, 1991), pp. 38, 106.

282. Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), (Gillis et. al. hereafter), p. 47. One problem with these figures is that they do cover the subject of growth in output counting security guards, lawyers and speculators, but they are calculated “by dividing the average share of gross domestic investment in gross domestic product by the rate of growth in gross domestic product.” If we assume that investment is subject to diminishing returns, then a superior capital-output ratio of this sort could arise simply from a cutback in the fraction of investment relative to output. Thus from year to year, the effect measured by a decline in this capital-output ratio could arise because of the diminishing returns aspect or because adding \$1000 in computers does much better this year than the year last measured. In the first case, the workers have computers coming out their ears and cannot do anything with them so capital-output rises because of a cutback in investment and in the second case, the workers can really use the superior computers to their fullest extent.

283. *Statistical Abstract of the United States, 1996*, p. 732.

284. In 1990 constant dollars, thus slightly understated relative to U.S. Government numbers. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 254.

285. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 36.

286. Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 36.

287. Lester C. Thurow, *Zero Sum Solution: An Economic and Political Agenda for the 1980s* (NY: Simon & Schuster, 1985), pp. 80-2.

288. Lester C. Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (NY: William Morrow and Company, 1992), p. 168. Thurow, William Lazonick, Bluestone, Harris and others are closer to the classical tradition of economics of which Marx was a part which drew the distinction between the productive and unproductive sectors. They take cues from the Japanese who also run their economy as

if in fear of de-industrialization. Japanese economics teaching is also much more inclined to classical thinking than neo-classical. These authors believe that to the extent the U.S. believes its own economists' propaganda about service or white-collar work, the more of a competitive disadvantage it will accumulate.

289. Martin Carnoy, "Whither the Nation-State?" in Martin Carnoy, Manuel Castells, Stephen S. Cohen, Fernando Henrique Cardoso, *The New Global Economy in the Information Age: Reflections on Our Changing World* (University Park, Pennsylvania: Pennsylvania State University Press, 1993), p. 63. This data is relevant to the parameters used by Adrian Wood who assumes that the profit rate, technique of production and capital availability is the same in the Third World as in the First World. Wood assumes that Third World workers are half as productive as First World workers, but here we learn that the data more backs the idea that Third World workers have half as much capital to work with per worker.

290. 80 percent of income is employee compensation. 75 percent of that goes to unproductive sector employees. That is 60 percent of income. Then $(s/v) = (20\% \text{ of nation income} / 60 \text{ percent of national income}) = .33$.

291. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 196.

292. http://oracle.tradecompass.com/ows-bin/oowa/ExpSrv60/dbxwdevkit/xwd_init?wrldcode/sysstart Although it makes little difference to the figures, we do not count Central and Eastern Europe as Third World. We did not manage to exclude Russia as Third World, but recently its wage levels are comparable to the Third World anyway. The ex-USSR's total exports to the world were \$27.6 billion in 1994, down from \$49.8 billion in 1993. In 1994, 19.3 billion of the exports went to Europe and \$1.9 billion to the United States.

There is a large discrepancy over trade from Latin America between OECD and Trade Compass figures. We chose the more than twice as high Trade Compass figures. Apparently Trade Compass figures count Mexico as South America. Accounting for that, we reduce the discrepancy between the OECD and Trade Compass figures to about one percent. There is still some degree of discrepancy because, OECD figures show U.S. imports at \$663.8 billion and Trade Compass figures show \$700 billion. There are differing methods of counting freight and insurance.

The Third World trade figure total is derived from the OECD figures in the *Statistical Abstract of the United States, 1996*, p. 854.

293. The biggest mistake to avoid is counting consumption of fixed capital in the year as surplus-value produced, because workers would have to use up fixed capital in a socialist country too. GNP as opposed to GDP removes this problem. Another problem with some countries, but not all, is that they mix together "household profits" with other profits as if households made profits on their business, construed various ways, some quite far from the Marxist idea. On top of that is the problem of how to count the conventional petty-bourgeoisie's income and profits. One other problem is to look at "operating surplus," which is just a residual number invented out of thin-air to cover statistical discrepancies in adding up the accounts. By juggling numerous tables, one may figure out what operating surplus really is in a particular country. U.S. figures so neatly established in tabular form, *Statistical Abstract of the United States, 1996*, p. 448. The U.S. figures exclude foreign profits from total surplus. Actually, the non-U.S. OECD bourgeoisie exploits the U.S. workers for a few billion a year on a net basis considering outflow of property income from the United States. For this reason, the U.S. should be considered almost exactly a draw for this table, with no profits going to the oppressor nation capitalist-class from oppressor nation workers, and some tiny profits going to the non-OECD bourgeoisie, but not large enough to be said to be coming from the oppressor-nation workers. Figures for other imperialists are from Department for Economic and Social Information and Policy Analysis Statistics Division, United Nations, *National Accounts Statistics: Main Aggregates and Detailed Tables, 1993* (NY: UN, 1996).

Belgium, p. 113. Property income disbursed and net savings.

Canada, p. 195. Property income disbursed and net savings.

Denmark, p. 291-2. Households receive negative property income in Denmark. Corporations and quasi-corporations are also non-factors in property income. The government receives three times more property income than the corporate and quasi-corporate sector. Consumption is less than worker compensation. A generous interpretation of surplus-value would be net saving for capital formation.

England, p. 1373.

France, p. 458. Households receive only one-quarter of disbursed property income, apparently because much income ends up in the hands of unincorporated private enterprises, presumably the petty-bourgeoisie, which as always causes the problem of whether to count their money as work income or property income. To get around this, for France, we offer a figure of household property income plus the capital formation of corporations and quasi-corporations, because France also offers such a breakdown in its figures. 550.2 billion French francs for households and non-profit institutions in property income is added to 222.7 billion French francs for net saving of corporations and quasi-corporations that went into capital formation=772.9 billion French francs. Alternatively, we can use a figure of 2,215.8 billion francs for property income that ends up with the government and mostly residual for private unincorporated enterprises (1,034.7 billion) francs. It seems likely to MIM that a traditional petty-bourgeoisie is receiving this latter sum equal to one-seventh of the GDP.

Germany, p. 513. We exclude quasi-corporations as petty-bourgeoisie, except for a trifling sum.

Japan, p. 757, 735-6. The nub of the problem is that corporations and quasi-corporations are viewed as borrowing money to finance capital accumulation and different accountings have never been reconciled. In 1993, it looks like non-financial corporations went into debt and liquidated assets, but financial corporations do not appear to have been able to lend the difference. Thus, it looks like government loaned corporations money. Households, government and borrowing appear to be the sources of capital accumulation, but corporations and quasi-corporations do suddenly appear as sources of fixed capital consumption. Like France, the ratio of disbursed property income to household income from property sources is almost 4:1, so where did the money go? We are going to say there is 78.1 trillion yen in net capital formation in 1993. Since net savings of households exceeded property income received, we are going to say there was no consumption of property income at the household level. In fact, consumption was almost exactly equal to employee compensation.

Switzerland, p. 1289. In Switzerland, profits from abroad appear to be counted in household income based on the fact that that household income adds up to GDP.

Sweden, p. 1267, 1243. Swedish companies disbursed more property income than they took in 1993. The government ended up receiving more of the property income than the households did. At the risk of incorrectly

tripling surplus-value, we will count all the residual in the statistics as hidden property-income. Household and non-profit property income was only 74.1 billion Swedish kronor compared with 60.1 billion kronor received from profits from the rest of the world.

Netherlands, p. 930. We will double the surplus-value for this calculation, to count petty-bourgeois enterprises and humor our critics.

294. Earlier in this essay, we showed how to calculate this for the United States. Numerous studies have shown that the United States has the most unequal distribution of wealth and income in the imperialist countries, because of its total lack of social-democratic tradition. Hence, we doubt that any country in the imperialist countries exceeds 30 percent of its income going to the top 1 percent. In some cases there will be a severe divergence, such as in Japan where CEOs receive peanuts in stock and compensation compared with U.S. executives. We have set a floor of 22 percent going to the capitalist-class, even if the evidence would support a lower figure.

To obtain percentage of surplus-value appropriated by the capitalist-class of each country, we took each country as having a percentage of the U.S. inequality. For example, we estimate German inequality to be about 70 percent as bad as U.S. inequality, based on data in Angus Maddison, *Monitoring the World Economy 1820-1992* (Paris: OECD, 1995), p. 52. Contradicting this evidence somewhat is the evidence for Australia in Malcolm Gillis, Dwight Perkins, Michael Roemer & Donald Snodgrass *Economics of Development*, 3rd ed. (New York: W.W. Norton & Co., 1992), (Gillis et. al. hereafter), p. 76. Thus, for Australia, Switzerland and New Zealand, we will use the same parameter as the United States. Evidence shows that English income inequality is about 60 percent as bad as U.S. inequality and improving in recent years. We are impressed by the concentration of wealth pointed to in Cockshott and Cottrell, but we also note that English capitalists seem to get away with lighter capital intensity in their operations anyway.

295. % Foreigners column is the percent of the labor force that is foreigner. Australia, Canada and the United States use the same idea, but the others have differing concepts of citizenship, which is why we must tread carefully. *Statistical Abstract of the United States*, 1996, p. 833.

Some information on internal oppressed nationalities also in John W. Wright, ed., *The Universal Almanac, 1992* (NY: Andrews & McMeel, 1991).

296. These figures are from Department for Economic and Social Information and Policy Analysis Statistics Division, United Nations, *National Accounts Statistics: Main Aggregates and Detailed Tables, 1993* (NY: UN, 1996).

297. A strict interpretation of the residual in Finnish accounting would see it as the income of the petty-bourgeoisie, which is neither a corporation nor an employee. That would show that the Finnish bourgeoisie does not exploit the Finnish workers, as in the other cases. That is why it is labeled in the last column as + OECD exploitation, because the outflow of income is important in Finland's case.

On the other hand, since the profits from Finland work themselves into the wages of other OECD workers, because the bourgeoisie in the other imperialists is taken care of by other means, it is also difficult to say Finland is exploited by the OECD bourgeoisie. It points more to a division between the unproductive sector petty-bourgeoisie and the workers.

In the cases of the United States, Switzerland, Netherlands, Luxembourg etc. it would not have mattered to the result if we thought of the bourgeoisie as trading workers with each other, and taking their net property income from abroad. Hence, to say that there is an OECD surplus-value pool is true, but not significant politically, because the core of the imperialist world does not need it to take care of its capitalist-class. In other words, Australia, Canada, Finland and New Zealand could complain about OECD exploitation, but their money is really ending up in the pockets of other OECD workers or petty-bourgeoisie.

298. V.I. Lenin, "What Is Internationalism?" *The Proletarian Revolution and the Renegade Kautsky* (Peking: Foreign Language Press, 1965), p. 83.

299. Capital letters instead of italics--ed., "Preface to F. Sorge Correspondence," *Collected Works*, Vol. 12, p. 373.

300. V. I. Lenin, "'Left-Wing Communism,'--An Infantile Disorder," *Collected Works*, Vol. 31, p. 50.

301. V. I. Lenin, "'Left-Wing Communism,'--An Infantile Disorder," *Collected Works*, Vol. 31, p. 53. He defines the masses as proletarian and semi-proletarian, which in some readings of his work would exclude the traditional petty-bourgeoisie. He apparently does not expect comrades to go

to meetings or organizations of the traditional petty-bourgeoisie or labor-aristocracy, which only brings us around right back to the original scientific question, who is proletarian and who is labor aristocracy? Without a precise analysis of the class structure, it is useless to proceed into strategic and tactical squabbles.

In any case, MIM is further anti-ultraleft than Lenin, because Lenin apparently would have agreed not to pursue the petty-bourgeoisie, but since we in the imperialist countries are often in situations where it is difficult not to be confronting a petty-bourgeois majority, we will throw aside Lenin's reservations on this and keep to the spirit of opposing sectarianism by getting out into the imperialist countries.

302. V. I. Lenin, "The Second Congress of the Communist International," *Collected Works*, Vol. 31, p. 231.

303. V. I. Lenin, "Speech on the Terms of Admission into the Communist International July 30," *Collected Works*, Vol. 31, (Moscow: Progress Publishers, 1960), pp. 248-9.

Similar quotes how it is not just a matter of telling the leaders and purging the leaders but of aggressively telling the workers too about the labor aristocracy appear in "Letter to Sylvia Pankhurst," *Collected Works*, Vol. 29, p. 563: "Without the destruction of every trace of its prestige among workers, without convincing the masses of the utter bourgeois corruption of this stratum, there can be no question of a serious communist workers' movement. This applies to Britain, France, America and Germany."

304. Miles Kahler, *International Institutions and the Political Economy of Integration* (Washington, DC: Brookings Institution, 1995), p. 73.

305. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 262.

306. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 460.

307. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 357.

308. Chapter 7, *Economic Report of the President, 1997*.

309. Mao Tsetung, *A Critique of Soviet Economics* (NY: Monthly Review Press, 1977), p. 50.

310. Jane Degras, ed., *The Communist International: 1919-1943 Documents, Vol. I* (London: Frank Cass & Co., 1971), p. 78. This was adopted from Lenin's own published work of March, 1920, "Draft (or Theses) of the R.C.P.'s Reply," *Collected Works*, Vol. 30, p. 343. The same page of the Lenin document explains that if the comrades in Switzerland, Britain, France and the U.S.A. do not use illegal methods of work in combination with legal ones, there will be no revolutionary party. This stands as an answer to those bourgeois democrats calling on MIM to operate completely in the open.

311. *The New Columbia Encyclopedia* (NY: Columbia University Press, 1975), p. 568.

312. *The New Columbia Encyclopedia* (NY: Columbia University Press, 1975), pp. 2286-7.

313. V. I. Lenin, "The Immediate Tasks of the Soviet Government," in Robert Tucker ed. *The Lenin Anthology* (New York: W.W. Norton & Company, 1975), p. 449.

314. Richard Crawford, *In the Era of Human Capital: The Emergency of Talent, Intelligence, and Knowledge as the Worldwide Economic Force and What It Means to Managers and Investors* (None: HarperBusiness, 1991), p. 17.

315. Charles E. Hurst, *Social Inequality: Forms, Causes, and Consequences*, 2nd ed., (Needham Heights, Massachusetts, USA: Allyn & Bacon, 1995), pp. 149-50.

316. Karl Marx, *Capital*, Vol. I, (end of chapter VII), (Moscow: Progress Publishers, 1954), p. 192.

317. Karl Marx, *Capital*, Vol. I, (Moscow: Progress Publishers, 1954), p. 420.

318. *Britain 1995: An Official Handbook* (London: Central Office of Information), p. x.

319. Charles E. Hurst, *Social Inequality: Forms, Causes, and*

Consequences, 2nd ed., (Needham Heights, Massachusetts, USA: Allyn & Bacon, 1995), pp. 152.

320. *Britain 1995: An Official Handbook* (London: Central Office of Information), p.30-1.

321. *Britain 1995: An Official Handbook* (London: Central Office of Information), p. 175.

322. W. Paul Cockshott and Allin Cottrell, *Towards a New Socialism* (Nottingham, ENGLAND: Spokesman, 1993), pp. 15-17. Adrian Wood also reveals data that shows workers in petroleum refining earn much higher pay than other industrial sectors. For Wood this is on account of more skill being used in petroleum refining than other industries, instead of just the fact that certain industries lend themselves to the capture of monopoly rents. Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford, ENGLAND: Clarendon Press, 1994), p. 79.

323. W. Paul Cockshott and Allin Cottrell, *Towards a New Socialism* (Nottingham, ENGLAND: Spokesman, 1993), p. 18-20.

324. Trevor Rayne, "Squeezed to Breaking Point: Work, Exploitation and Profits," *Fight Racism! Fight Imperialism!* August/September, 1996 (London: Revolutionary Communist Group), p. 11. This organization disagrees with MIM and actually believes English workers are super-exploited: "The price of labour is pushed below the value of labour power."

325. John W. Wright, ed. *The Universal Almanac* (NY: Andrews & McMeel, 1991), p. 379.

326. V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (Peking: Foreign Language Press, 1973), p. 122.

327. V. I. Lenin, "The Tasks of Revolutionary Social Democracy in the European War," *Collected Works*, Vol. 18, (NY: International Publishers, 1930) reprinted in Helmut Gruber, ed., *International Communism in the Era of Lenin: A Documentary History* (Greenwich, CT: Fawcett Publications Inc., 1967), p. 59.

328. Richard Krooth, *Arms & Empire* (Harvest Books), p. 102.

329. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 498.

330. (<http://www.bundesregierung.de/.bin/lay/ausland/magazines/deutschland/d960203.html>, “Deutschland” No. 2 / April 1996)

331. (“Deutschland” No. 2 / April 1996) http://www.bundesregierung.de/ausland/index_e3.html

332. Anwar M. Shaikh & E. Ahmet Tonak, *Measuring the Wealth of Nations: The Political Economy of National Accounts* (Cambridge, ENGLAND: Cambridge University Press, 1994), p. 141.

333. Loukas Tsoukalis, *The New European Economy Revisited* (Oxford, ENGLAND: Oxford University Press, 1997), p. 21.

334. <http://www.bundesregierung.de/.bin/lay/ausland/sectors/sect0102.html>

335. http://www.bundesregierung.de/ausland/index_e3.html

336. Charles E. Hurst, *Social Inequality: Forms, Causes, and Consequences*, 2nd ed., (Needham Heights, Massachusetts, USA: Allyn & Bacon, 1995), pp. 152-3.

337. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 378.

338. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 363.

339. William Greider, *One World Ready or Not: The Manic Logic of Global Capitalism* (NY: Simon & Schuster, 1997), p. 420.

340. Heizo Takenaka, “Japan’s International Agenda: Structural Adjustments,” Yoichi Funabashi ed., *Japan’s International Agenda* (NY: New York University Press, 1994), p. 174.

341. Victor Perlo, *Super Profits and Crises: Modern U.S. Capitalism* (NY: International Publishers, 1988), p. 383.

342. *Statistical Abstract of the United States, 1996*, p. 393.

343. *Statistical Abstract of the United States, 1996*, p. 398.