America's Ascent as an Imperial Power:

An examination of financialization and globalization

After financial and military success during World War II, the United States became the most powerful country in the world. It's imperial relationships thereafter were characterized by a rivalry with the Soviet Union and a need to expand its markets into previously held colonial territories. But by the 1970s, the failure of the Vietnam War among other financial crises caused US control of the global market to slip. Ultimately, this triggered a shift to neoliberalism worldwide and a renewed American hegemony.

Imperialism looks different today from what it did at the beginning of the 20th century, but it remains a central component of capitalist power. In this module we will look at how increased globalization and financialization have changed the way empire is administered, as well as compare current left theories of imperialism to those of the past.

MODULE 2

discussion questions

1. Smith argues that under neoliberalism, globalization has led to "*a new, imperialist stage of capitalist development*", he identifies as "super-exploitation". What are the defining elements of super-exploitation and how does it fit within Marx's Theory of Surplus Value?

2. Roos treats the state as a tool of capital while Mohandesi conceptualizes the state as a set of contradictory forces. How do these distinct approaches inform their analyses of imperialism?

3. Mohandesi critiques Lenin's "stagism" approach towards understanding imperialism for limiting the scope of analysis to a specific point in history. Similarly to Lenin, Smith attributes current conditions of imperialism with a new stage of capitalist development. In what ways is Mohandesi's assessment applicable to Smith's theory and what does it fail to consider concerning the "stagist" approach?

Imperialism in the Twenty-First Century

John Smith

Introduction

The globalization of production and its shift to low-wage countries is the most significant and dynamic transformation of the neoliberal era. Its fundamental driving force is what some economists call "global labor arbitrage": the efforts by firms in Europe, North America, and Japan to cut costs and boost profits by replacing higher-waged domestic labor with cheaper foreign labor, achieved either through emigration of production ("outsourcing," as used here) or through immigration of workers. Reduction in tariffs and removal of barriers to capital flows have spurred the migration of production to low-wage countries, but militarization of borders and rising xenophobia have had the opposite effect on the migration of workers from these countries—not stopping it altogether, but inhibiting its flow and reinforcing migrants' vulnerable, second-class status. As a result, factories freely cross the U.S.-Mexican border and pass with ease through the walls of Fortress Europe, as do the commodities produced in them and the capitalists who own them, but the human beings who work in them have no right of passage. This is a travesty of globalization—a world without borders to everything and everyone except for working people.

Global wage differentials, in large measure resulting from suppression of the free movement of labor, provide a distorted reflection of global differences in the rate of exploitation (simply, the difference between the value generated by workers and what they are paid). The southwards shift of production signifies that the profits of firms headquartered in Europe, North America, and Japan, the value of all manner of financial assets derived from these profits, and the living standards of the citizens of these nations have become highly dependent on the higher rates of exploitation of workers in so-called "emerging nations." Neoliberal globalization must therefore be recognized as a *new, imperialist stage of capitalist development*, where "imperialism" is defined by its economic essence: the exploitation of southern living labor by northern capitalists.

Part One presents the results of empirical analysis of the global shift of production to low-wage nations, and identifies its key feature: imperialist super-exploitation; Part Two seeks to explain this in terms of Marx's theory of value, first by visiting the debate in the 1960s and '70s between dependency theory and its "orthodox" Marxist critics, then by reflecting on V.I. Lenin's theory of imperialism, and concluding with a critical re-reading of Marx's Capital.

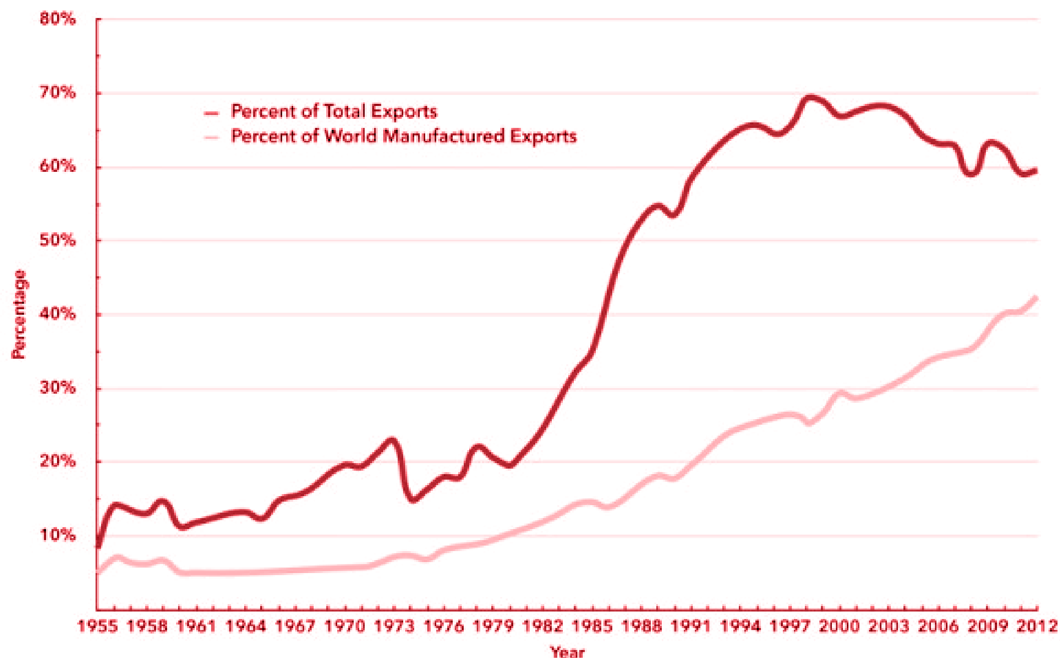
Part One: Globalization and Imperialism

The Globalization of Production and of the Producers

The globalization of production is reflected in an enormous expansion of the power and reach of transnational corporations, with the great majority owned by capitalists resident in imperialist countries. UNCTAD (United Nations Conference on Trade and Development) estimates that “about 80 per cent of global trade…is linked to the international production networks of transnational corporations,” either as in-house Foreign Direct Investment (FDI), or as “arm’s-length” relations between “lead firms” and their formally independent suppliers.

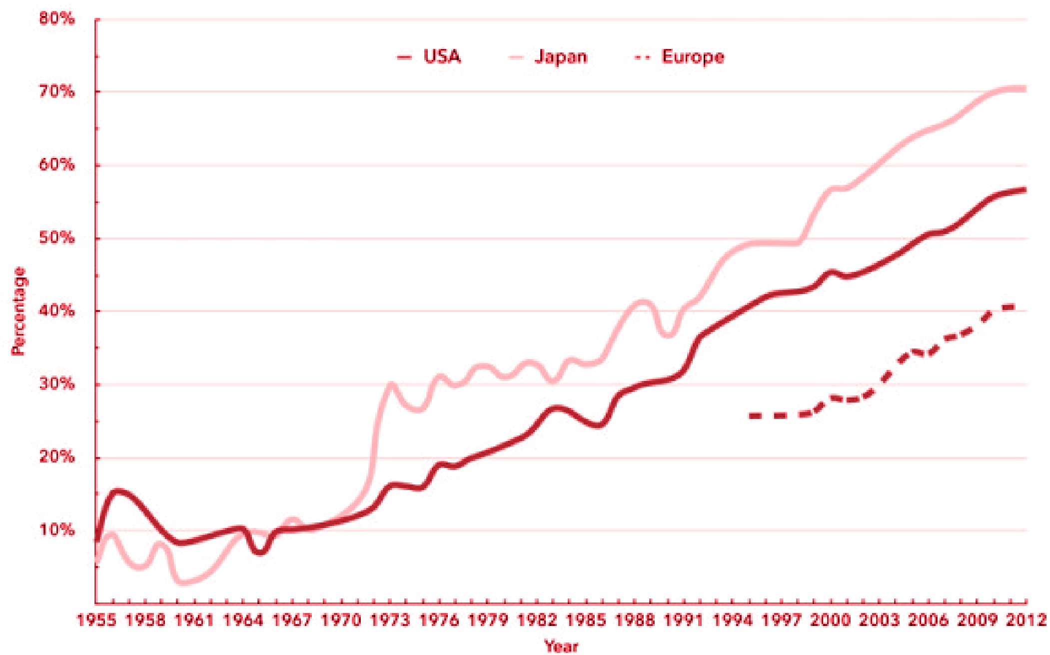
Export-oriented industrialization (or, from a northern perspective, “outsourcing”) is the only capitalist option for poor countries not endowed with abundant natural resources. Under its aegis, the “developing nations” share of global manufactured exports rose from around 5 percent in the pre-globalization period to close on 30 percent by the turn of the millennium (see Chart 1), while the share of manufactured goods in the South’s exports tripled in barely ten years, stabilizing in the early 1990s at more than 60 percent. Chart 2 shows this dramatic transformation from the perspective of imperialist countries. In 1970, barely 10 percent of their manufactured imports came from what was then called the third world; by the turn of the millennium, this share—of a greatly expanded total—had quintupled.

CHART 1. SHARE OF DEVELOPING NATIONS IN WORLD EXPORTS OF MANUFACTURED GOODSH



Sources: UNCTAD Statistical Handbook, http://unctadstat.unctad.org. The 1955—1995 data is from UNCTAD, “Handbook of Statistics—Archive: Network of Exports by Region and Commodity Group—Historical Series,” http://unctadstat.unctad.org; accessed July 18, 2009, no longer online (data is in possession of author).

CHART 2. SHARE OF DEVELOPING NATIONS IN MANUFACTURED GOODS IMPORTS OF DEVELOPED NATIONS



Sources: UNCTAD Statistical Handbook, http://unctadstat.unctad.org. The 1955—1995 data is from UNCTAD, "Handbook of Statistics—Archive: Network of Exports by Region and Commodity Group—Historical Series," http://unctadstat.unctad.org; accessed July 18, 2009, no longer online (data is in possession of author).

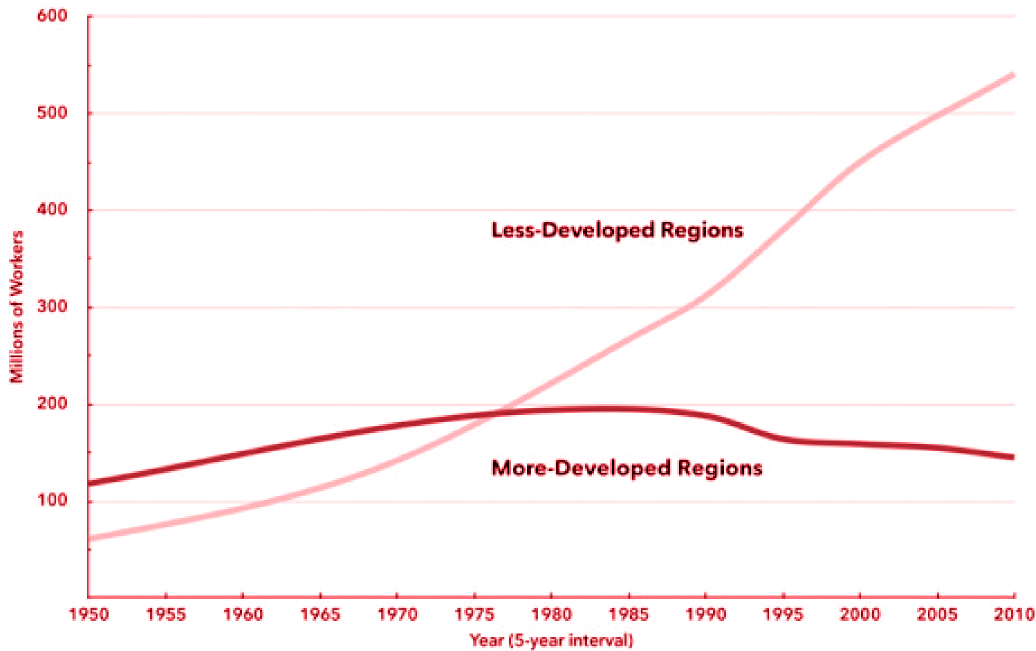
The U.S. auto industry vividly illustrates this. In 1995 it imported four times as much automobile-related value-added from Canada as from Mexico, just 10 percent more in 2005, and, by 2009, Mexico was the source of 48 percent more value-added than Canada. The relocation of production processes to low-wage countries has been at least as important to European and Japanese firms as to their North American rivals. A study of EU-Chinese trade concluded that "the possibility of offshoring the more labor-intensive production and assembly activities to China provides an opportunity to our own companies to survive and grow in an increasingly competitive environment," while "Japanese electronics companies continue to flourish in American markets precisely because they have moved their assembly lines to China."

he result is a highly peculiar structure of world trade, in which northern firms compete with other northern firms, their success hinging on their ability to cut costs by outsourcing production; and firms in low-wage countries fiercely compete with each other, all seeking to exercise the same "comparative advantage," namely their surfeit of unemployed workers desperate for work. But *northern firms do not generally compete with southern firms*. This simple, often-overlooked fact is obviously true of relations between parent companies and their wholly owned subsidiaries (that is, of FDI), but no less so of the increasingly favored "arm's length" relationship: between Primark and its Bangladeshi suppliers, and between General Motors and the Mexican firms who manufacture more and more of its components, the relationship is complementary, not competitive, even if it is highly unequal. There are important exceptions, and indeed this peculiar structure is riven with contradictions, but the overall pattern is clear: there is North-North rivalry, and cutthroat South-South competition reaching race-to-the-bottom proportions, *but there is a general absence of head-to-head North-South competition*—that is, between firms. Meanwhile, workers face competition across the global wage divide, wage repression, and an accelerating decline in labor's share of GDP in all countries.

The globalization of production has transformed not just the production of commodities but of social relations in general, and especially of the social relation that defines capitalism: the capital-labor relation, which is increasingly a relation between northern capital and southern labor. The enormous growth of the industrial workforce in "developing" nations is portrayed in Chart 3, which reveals that, in 2010, 79 percent, or 541 million, of the world's industrial workers lived in "less-developed regions." This is up from 34 percent in 1950 and 53 percent in 1980—compared to the 145 million industrial workers, or 21 percent of the total, who in 2010 lived in

imperialist countries.

CHART 3. GLOBAL INDUSTRIAL WORKFORCE



Sources: Data from 1995 to 2008 was obtained from LABORSTA, http://laborsta.ilo.org, and *Key Indicators of the Labour Market (KILM),* 5th and 6th editions, http://ilo.org. The former provided the numbers for the total economically active population, the latter the sectoral ratios allowing computation of the number of industrial workers; 2010 data was obtained by extrapolation. The 1950—1990 data is from ILO, "Population and Economically Active Population," accessed in 2004, no longer online (data is in possession of author). The ILO categories "More" and "Less" developed regions roughly correspond to the contemporary categories "Developed" and "Developing" economies, respectively.

However, with the partial exception of China—a special case because of its "one-child" policy, extraordinarily rapid growth, and as-yet-incomplete transition from socialism to capitalism—no southern economy has grown fast enough to provide jobs to the millions of young people entering the labor market and the millions fleeing rural poverty.

"Global Labor Arbitrage"— Key Driver of the Globalization of Production

By uprooting hundreds of millions of workers and farmers in southern nations from their ties to the land and their jobs in protected national industries, neoliberal capitalism has accelerated the expansion of a vast pool of super-exploitable labor. Suppression of labor mobility has interacted with this hugely increased supply to produce a dramatic widening of international wage differentials, which, according to World Bank researchers, "exceed any other form of border-induced price gap by an order of magnitude or more." The steep wage gradient provides two different ways for northern capitalists to increase profits—through the emigration of production to low-wage countries, or the immigration of workers from those countries. The International Monetary Fund (IMF) made this connection quite precisely: "The global pool of labor can be accessed by advanced economies through imports and immigration," significantly observing that, "Trade is the more important and faster-expanding channel, in large part because immigration remains very restricted in many countries."

What the IMF calls "accessing the global labor pool" others have dubbed "global labor arbitrage," whose essential feature, according to Stephen Roach, is the substitution of "high-wage workers here with like-quality, low-wage workers abroad." Roach, then head of Morgan Stanley's Asian operations, argued that "a unique and powerful confluence of three mega-trends is driving the global arbitrage." These are "the maturation of offshore outsourcing platforms.... E-based connectivity...[and] cost control." Of these, "cost control"—that is, lower wages—is "the catalyst that brings the global labor arbitrage to life." Expanding on this, Roach explains that,...

> In an era of excess supply, companies lack pricing leverage as never before. As such, businesses must be unrelenting in their search for new efficiencies. Not surprisingly, the primary focus of such efforts is labor, representing the bulk of production costs in the developed world
> ....
>
> Consequently,
> *offshore outsourcing that extracts product from relatively low-wage workers in the developing world has become an increasingly urgent survival tactic for companies in the developed economies*

This is a much richer description of neoliberal globalization's driving force than the one offered above by IMF technocrats. We might ask, though, why Roach says "extracting product" instead of "extracting value"—capitalists, after all, are not interested in the product of labor but in the value contained in it. The answer, we suspect, is that "extracting value" would make it even more explicit that these low-wage workers create more wealth than they receive in wages, in other words that they are exploited—a heretical notion for a mainstream economist. Roach's observation also begs the question—just how do "companies in developed economies" "extract product" from workers in Bangladesh, China, and elsewhere? The only visible contribution these workers make to the bottom line of firms in "developed economies" is the flow of repatriated profits from FDI, but not one penny of H&M's or General Motors' profits can be traced to their independent suppliers in Bangladesh or Mexico; all of it appears instead as value added by their own activities. This conundrum, inexplicable to mainstream economic theory and therefore ignored, can only be resolved by redefining value-added as value captured; in other words, a firm's "value-added" does not represent the value it has produced, but the portion of total, economy-wide value it succeeds in capturing through exchange, including value extracted from living labor in far-flung countries. Not only is value capture not identical to value creation, as mainstream theory maintains, there is no correlation between them—banks, for example, generate no value but capture a great deal of it. Since a country's GDP is nothing else than the sum of its firms' value-added, GDP statistics systematically diminish the real contribution of southern nations to global wealth and exaggerate that of the "developed" countries, thereby veiling the increasingly parasitic, exploitative, and imperialist relationship between them. I call this *the GDP illusion*.

Part Two: Theories of Exploitation

Dependency Theory and its Critics

The first and last sustained attempt to found the theory of imperialism on Marx's theory of value was the dependency debate in the 1960s and '70s. The rise of "dependency theory," which sought to explain the persistence of imperialist exploitation following the dismantling of territorial empires, was inspired by the anti-colonial and anti-imperialist struggles that swept through Africa, Asia, and Latin America following the Second World War.

Dependency theory spanned a broad spectrum, from social democrats and bourgeois nationalists like Arghiri Emmanuel and Fernando Henrique Cardoso (later a neoliberal Brazilian president), who wished to remove obstacles to independent capitalist development in the South, to Marxists like Samir Amin and Ruy Mauro Marini who argued in different ways that capitalism, being intrinsically imperialist, is itself the obstacle—and some, most notably Fidel Castro and Che Guevara, went beyond theoretical critique to lead revolutionary struggles against imperialism and its domestic lackeys. What this diverse array of reformists and revolutionaries had in common was, firstly, a recognition that "unequal exchange" between developed imperialist nations and what was then known as the third world (the Soviet Union and its allies constituting the second world) results in a large-scale transfer of wealth from the latter to the former; and, secondly, that large and growing differences in wages and living standards between workers in imperialist and dominated nations reflect wide international divergence in the rate of exploitation (Marini's theoretical contribution being especially important with regard to the second of these).

The implication—that the locus of the struggle for socialism had, at least temporarily, moved away from the imperialist heartlands to the subject nations—aroused resistance from "orthodox" Marxists based in Europe and North America, who argued that wealth extracted from the periphery was of peripheral importance and who denied altogether that workers and farmers were more intensively exploited in the South than in the North. Thus, in their 1979 exchange with Amin, John Weeks and Elizabeth Dore argued that, "Since it is in the developed capitalist countries that labor productivity is higher, it is not obvious that a high standard of living of workers in such countries implies that the exchange value of the commodities making up that standard of living is also higher." Charles Bettelheim was less circumspect, arguing in his critique of Emmanuel's Unequal Exchange that "the more the productive forces are developed, the more the proletarians are exploited." Nigel Harris similarly argued that, "other things being equal, the higher the productivity of labor, the higher the income paid to the worker (since his or her reproduction costs are higher) and the more exploited he or she is—that is, the greater the proportion of the workers output [that] is appropriated by the employer."

Dependency theory rose and fell in the period prior to the neoliberal era, a time when "developing countries" exported raw materials and imported manufactured goods and when the globalization of production was still in the egg. Ironically, the hatching of this egg—the rapid exported-oriented industrial development in South Korea and Taiwan in the 1970s—partly explains why, in Gary Howe's words, "dependency theory itself began to flounder," since these early instances of industrial takeoff appeared to refute its insistence that imperialist domination blocked industrial development in the South.

Nevertheless, dependency theory remains an essential point of reference for efforts to develop a theory of contemporary imperialism. The transformations of the neoliberal era have fatally undermined the Euro-Marxist argument. It cannot be seriously argued that the global shift of production to low-wage countries is of peripheral importance, so the response of the Euro-Marxists has been to ignore this altogether and leave the study of global value chains and production networks to bourgeois social scientists. Meanwhile, their argument that higher productivity in the North means that higher wages are consistent with higher rates of exploitation has been negated by a simple fact: the goods consumed by workers in the North are, to an ever-greater extent, produced by southern low-wage labor. It is their productivity, their wages that substantially determine consumption levels and the rate of exploitation in imperialist countries.

Still, these Euro-Marxist arguments continue to be advanced to the present day. Thus, Alex Callinicos argues that dependency theory's "critical error is not to take into account the significance of high levels of labor productivity in the advanced economies," while Joseph Choonara believes "it is a misconception that workers in countries such as India or China are more exploited than those in countries such as the US or Britain."

Yet extreme rates of exploitation in Bangladesh garment factories, Chinese production lines, and South African platinum mines is a palpable, directly observable fact, one that is experienced every day in the flesh by hundreds of millions of workers in low-wage countries. "Communism is not a doctrine but a movement; it proceeds not from principles but from facts," said Frederick Engels. Wide international differences in the rate of exploitation, the huge global shift of production to where this rate is highest, and the tremendous southwards shift in the centre of gravity of the industrial working class are the new, big facts from which we must proceed. These are the defining transformations of the neoliberal era, and they are key to understanding the nature and dynamics of the global crisis. Instead of using Marx's comments on nineteenth-century production to deny the reality of twenty-first-century super-exploitation (and of the imperialist order resting on it), we must test Marx's theory against these new facts, and use and critically develop his theory in order to understand this latest stage of capitalism's imperialist development.

Lenin and Imperialism

The systematic violation of equality between proletarians, deriving from the systematic inequality between nations, was a central preoccupation of Lenin, who argued that "the division of nations into oppressor and oppressed [is] the essence of imperialism." Lenin's *Imperialism, the Highest Stage of Capitalism*, written in the midst of the First World War, was a guide to action, an attempt to lay bare the reasons for the capitulation of the mass socialist parties on the eve of world war, to show that the war itself was no aberration or accident and that it proved the objective necessity of world social revolution and the transition to a communist mode of produc-

-tion. Lenin identified those essential characteristics of capitalism's imperialist stage, which were evident at its birth, in particular the concentration of wealth and the rise of finance capital, its oppression of and predation on weak nations, and its rampant militarism. Lenin could not have included a conception of how value is produced in globalized production processes because these were only to emerge in a later phase of capitalist development. The result is an inevitable disconnection, persisting right to this day, between Lenin's theory of imperialism and Marx's theory of value. Reconnecting them is a considerable task, here we have space only for a brief note on what Lenin regarded as two defining features of capitalism's imperialist stage: *monopoly* and the *export of capital*.

Marxists in imperialist countries have often ignored Lenin's insistence on the economic and political centrality of the division of the world into oppressed and oppressor nations, dwelling instead on his arguments on inter-imperialist rivalry and "in its economic essence imperialism is monopoly capitalism." Monopoly is used quite promiscuously in both bourgeois and Marxist literature to describe phenomena pertaining to production, distribution, brand loyalty, finance, concentration of capital, political and military power, and much else. Most of these pertain to the distribution of value, not to its production. A value theory of imperialism must distinguish between the two, and moreover recognize that the source of imperialist profits is not to be found in any form of monopoly—however big a role monopolistic corporations may play in helping to generate these conditions—but in super-exploitation, which brings us back to the oppression of nations.

In *Imperialism*, Lenin argued that, "The export of capital, one of the most essential economic bases of imperialism...sets the seal of parasitism on the whole country that lives by exploiting the labour of several overseas countries and colonies." This resonates powerfully with contemporary global capitalism, where imperialist transnational corporations share the spoils of super-exploitation with myriad service-providers and their own employees, and where the biggest cut of all is taken by the state. There is, however, an obvious problem with applying Lenin's searing insight to contemporary imperialism. Companies like Apple and H&M export no capital to Bangladesh and China—their iPhones and garments are produced by arm's-length production processes.

The riddle can be solved by focusing on the essence of the matter, not the form (the export of capital being the form). The imperialists, Lenin argued, were compelled to export part of their capital in order to exploit the labor of workers overseas because the imperialists' accumulated wealth has reached such proportions that the gigantic mass of surplus value required to convert their wealth into capital, i.e., self-expanding wealth, far outstrips the amount of surplus value that can be extracted from its domestic workforce. As Andy Higginbottom argues, capital export is intimately connected to oppression of nations: "The export of capital means that there must be a new type of capital-labour relation, between northern capital and southern labour, it means the *export of the capital-labour relation under terms of national oppression*." What is new is that capitalism's evolution, especially since 1980, has provided transnational corporations with ways to capture surplus value extracted from workers in low-wage countries without having to "export" their capital to those countries.

To conclude this all-too-brief discussion of Lenin's contribution to the theory of imperialism, the outstanding task is the forging of a concept that unites its "economic essence" (monopoly capitalism) and its political essence (the division of the world into oppressed and oppressor nations). Both of these must be expressed in terms of the law of value developed by Karl Marx in Capital. Together, this is the path to achieving what Higginbottom has called a new synthesis of Marx's theory of value and Lenin's theory of imperialism. To arrive at the necessary starting point for such a synthesis, we now travel back another half a century, to make a secure connection with Marx's great work.

Marx's Capital and the Theory of Imperialism

Dependency theory's Marxist critics were termed "orthodox" because they based their rejection of super-exploitation and the "unequal exchange" arising from it on passages from Marx's Capital that, on superficial reading, appear to support their view. Marx devotes a short chapter of Capital to "National Differences in Wages," which concluded that even though England's workers receive higher wages than in Germany or Russia, they may be subject to a higher rate of exploitation: "it will frequently be found that the daily or weekly wage in the first nation is higher than in the second while the relative price of labour, i.e., the price of labour as compared both with surplus-value and the value of the product, stands higher in the second than in the first." This is

exactly the argument used by Weeks, Dore, Choonara, and others, but there are three reasons why Marx's argument does not apply to contemporary North-South relations.

First, each of the nations used by Marx for his comparisons—England, Germany, and Russia—were rival oppressor nations, each of them busy acquiring colonial empires of their own. The formally free nations of today's global South cannot be regarded merely as "less-developed" capitalist nations, analogous to Germany and Russia in the nineteenth century. Second, late-twentieth-century trade between imperialist and "developing" nations is qualitatively different to late-nineteenth-century trade between England, Germany, and Russia. Back then, not only did each worker consume domestically produced goods, each capitalist consumed domestically reared labor-power—this was an age before "value chain" subcontracting, outsourcing, etc. Third, Marx's example assumed that capitalists in countries like Germany and England competed in the production of similar goods, whereas, as noted above, this is not so of contemporary North-South trade. The significance of this last point will be discussed below.

Marx's *Capital* was tasked with comprehending the capitalist form of the value relation, in order to discover the origin and nature of surplus value, whereas the task before us is theoretically to comprehend its current, imperialist stage of development. The level of abstraction required for Marx's project is evident from his statement that, "Even though the equalisation of wages and working hours between one sphere of production and another, or between different capitals invested in the same sphere of production, comes up against all kinds of local obstacles, the advance of capitalist production and the progressive subordination of all economic relations to this mode of production tends nevertheless to bring this process to fruition." Marx treated divergence of wages as the result of temporary or contingent factors that ceaselessly mobile capital and labor would erode over time, and which could be safely excluded from analysis: "Important as the study of frictions ["local obstacles" obstructing the equalization of wages] is for any specialist work on wages, they are still accidental and inessential as far as the general investigation of capitalist production is concerned and can therefore be ignored."

Such a level of abstraction is clearly inappropriate for our task; in today's hideously divided world, the premise of equality between workers assumed by Marx is profoundly violated and cannot be dismissively ascribed to "local obstacles."

"The Third Form of Surplus Value Increase"

In the first volume of *Capital*, Marx analyzed in depth two ways in which capitalists strive to increase the rate of exploitation: by lengthening the working day, thereby increasing "absolute surplus value"; and by reducing necessary labor time through increasing the productivity of workers producing consumption goods, thereby increasing "relative surplus value." In several places he alludes to a third: surplus labor time can also be extended "by pushing the wage of the worker down below the value of his labour-power," but he adds, "Despite the important part which this method plays in practice, we are excluded from considering it here by our assumption that all commodities, including labour-power, are bought and sold at their full value."

"Pushing the wage of the worker down below the value of his labour-power," is again mentioned two chapters later, during a discussion of the consequences for workers when "machinery…gradually seizes control of the whole of a given field of production," with the result that a "section of the working class…rendered superfluous…swamps the labour-market, and makes the price of labour-power fall below its value." The contemporary relevance of this hardly needs stating. A huge section of the working class in the global South has been "rendered superfluous" by the inability of modern production methods to soak up enough labor to prevent rising unemployment, and this alone, even before we take into account the much harsher labor regimes prevalent in low-wage countries, exerts a powerful force that makes "the price of their labour-power fall below its value."

In the third volume of *Capital*, while discussing "counteracting factors" inhibiting the tendency of the rate of profit to fall, Marx makes another brief reference to this third way to increase surplus value. One of these counteracting factors, the "Reduction of Wages Below their Value," is dealt with in just two short sentences: "like many other things that might be brought in, it has nothing to do with the general analysis of capital, but has its place in an account of competition, which is not dealt with in this work. *It is nonetheless one of the most important factors in stemming the tendency for the rate of profit to fall.*"

Not only did Marx leave to one side the reduction of wages below their value, he made a further abstraction that, while necessary for his "general analysis of capital," must also be relaxed if we are to analyze capitalism's current stage of development: "The distinction between rates of surplus value in different countries and hence between different national levels of exploitation of labour are completely outside the scope of our present investigation." Yet it is precisely this that must form the starting-point for a theory of contemporary imperialism. Wage-arbitrage-driven globalization of production does not correspond to absolute surplus value. Long hours are endemic in low-wage countries, but the length of the working day is not the outsourcing firms' primary attraction. Nor does it correspond to relative surplus value. Necessary labor is not, in the main, being reduced thorough the application of new technology. Indeed, outsourcing is often seen as alternative to investment in new technology. It does, however, point to super-exploitation. As Higginbottom argues, "Super-exploitation is...the hidden common essence defining imperialism.... This is not because the southern working class produces less value, but because it is more oppressed and more exploited."

Conclusion

Analysis of the empirics of neoliberal globalization reveals global labor arbitrage, arising from the higher degree of exploitation prevalent in low-wage nations, to be its fundamental driving force. The central finding from our review of Marx's Capital is that this corresponds to the third form of surplus value increase, whose importance was stressed by Marx yet which he excluded from his general theory. Here is the only possible solid foundation for a renaissance of Marxism on a world scale. This central finding also allows us to see the place of the neoliberal era in history. In Grundrisse Marx comments,

> As long as capital is weak, it still relies on the crutches of past modes of production
> ...
>
> As soon as it feels strong, it throws away the crutches, and moves in accordance with its own laws. As soon as it begins to sense itself and become conscious of itself as a barrier to development, it seeks refuge in forms which, by restricting free competition, seem to make the rule of capital more perfect, but are at the same time the heralds of its dissolution and of the dissolution of the mode of production resting on it.

This is startlingly similar to Lenin's argument that "capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental characteristics began to change into their opposites, when the features of the epoch of transition from capitalism to a higher social and economic system had taken shape and revealed themselves in all spheres." The rise of capitalism depended on the most barbaric forms of "primitive accumulation," such as the transportation of millions of African slaves, colonial plunder, and opium trafficking. When capitalism reached its adult stage and took full control over the production process, competition flourished and the inner laws of capital became expressed most fully. Finally, in its epoch of decay, capitalism increasingly relies on forms other than free competition—monopoly, vastly increased state intervention in all aspects of economic life, "accumulation by dispossession," imperialism—for its survival, but at the cost of distorting the operation of its laws and erecting new barriers to the expansion of the productive forces.

How does this chronology relate to the three forms of surplus value increase discussed in this article? In immature capitalism, increasing absolute surplus value—extending the working day to and beyond physical limits—was predominant. Once capital took control of the production process, relative surplus value—technology improvements to reduce the time needed to produce workers' consumption goods—became the predominant form, though at all times this depended on the persistence of much more brutal and archaic forms of domination, especially in the subject nations. In the neoliberal era the increasingly predominant form of the capital-labor relation is the global labor arbitrage, i.e., a means of appropriation whereby capitalism is able, via national oppression, to force down the value of labor power in "emerging nations." This constitutes the third form of surplus value increase that is now the increasingly predominant form of the capital-labor relation. The proletarians of the semicolonial countries are its first victims, but the broad masses of working people in the imperialist countries also face destitution. Expanded super-exploitation of new, youthful, and female proletarians of low-wage countries rescued capitalism from the hole in which it found itself in the 1970s. Now, together

with workers in the imperialist countries, it is their mission to dig another hole—the grave in which to bury capitalism and thereby secure the future of human civilization.