



Examining the export of capital and parasitism today

Maoist Information Web Site

MIWS has begun addressing a question that others in the last couple of decades have addressed implicitly or indirectly: whether unequal exchange and other possible sources of international profit make up a bigger source of super-profit than capital exports. Marxist writer Arghiri Emmanuel in the 1960s and '70s raised the question while trying to show that international trade was a significant site of value transfer between imperialist nations and oppressed nations. Arghiri Emmanuel ended up arguing that the majority of u.\$ workers and even the majority of imperialist country workers in general appropriated the labor of oppressed nation workers and were exploiters -- this may be a surprise to those who have only read Emmanuel's books on unequal exchange and crisis, and his writings on colonialism and settlers. While not upholding the idea that the Euro-American working class had been bought off, and without quantitatively comparing value transferred through unequal exchange with profits from the export of capital, the Communist Party of China considered international trade a place where exploitation took place. Just one of many examples of this in published writing is [a Peking Review article](#) that MIWS discussed recently that dealt with deteriorating terms of trade in Latin American trade with the united States. Historically, communists have recognized the importance of international trade in exploitation in the world economy, but hard questions about the relative importance of capital exports with respect to other possible sources of super-profit have been left up to academics and contemporary Maoists to answer. Arghiri Emmanuel theorized and dealt with a specific form of unequal exchange in which international wages differences had a special role. In this article, MIWS looks at unequal exchange more broadly and its importance relative to capital exports as a source of super-profit.

There may seem to be nothing uniquely Marxist about some past communists' treatment of international trade and deteriorating terms of trade. Bourgeois

economists not using the labor theory of value also discuss deteriorating terms of trade. Much of their language is the same as the communists', because communists haven't had their own developed theory of international trade incorporating the labor theory of value. But terms of trade in some discussions involve the transfer of labor, not just concerns about the ratio of export prices to import prices, separately from labor. Most relevant is the concept of "double factorial terms of trade," which addresses the quantity of labor in imports and exports. While not using that term, communists have used the words "unequal trade," "buying cheap and selling dear," etc., in a context where a struggle over labor is at least in the background. Regardless of the name given to the transfer or how it happens, what is important in the context of the labor theory of value in Marxist theory is the transfer of labor value. Once the relevance of terms of trade to labor and surplus value has been recognized, it is easier to see that there is a second source of super-profit, beside the export of capital, that has been an object of concern in struggles against imperialism and social-imperialism and needs further examination. Usually, it isn't stated whether profits from unequal exchange are larger than profits from the export of capital or how large the unequal exchange profits are compared with the capital export profits, but profits from unequal exchange may be more important than profits from the export of capital -- this possibility has the potential to change how parasitism and the contradictions of imperialism are seen, or not seen, and affect the outcome of revolutionary practice. In fact, in some cases, failure to recognize other possible sources of super-profit, than the export of capital, has led to abandoning anti-imperialism altogether and the struggle against chauvinism.

Latin America and the Caribbean as an example

Data exist that can be used to determine whether capital exports today are relatively more important, numerically, than trade as a source of profit for imperialism. For example, according to the final FT900 report, on u.\$ international trade, from the U.S. Census Bureau for 2006, goods imported into the united States from "South/Central America" in 2006 were about US\$130 billion in money terms as of the end of September. Combining "South/Central America" with Mexico (about \$200 billion of goods), the total for Latin America and the Caribbean is about \$330 billion. According to the u.\$ Bureau of Economic Analysis, total u.\$ foreign direct investment (FDI) income for "Latin America and other Western Hemisphere" for 2006 was about \$50 billion. These two pieces of data, the amount of imports from

Latin America and the amount of FDI income from the same region, can be starting points for getting a sense of how significant unequal exchange profit may be compared with capital export profit. The writer MC5 in *Imperialism and Its Class Structure in 1997*, using older data, suggests using a coefficient of 10 to multiply money figures for imports from the Third World. What this coefficient would mean is that \$1 of Third World imports has ten times as much labor value as \$1 of First World goods. \$1 of Third World imports is "worth" \$10 in the First World context; it has the same exchange value as \$10 of First World goods. This coefficient would be useful for combating chauvinist, often vague arguments about supposedly vastly superior First World productivity. But to obtain a number that can be directly compared with the aforementioned \$50 billion in return on foreign direct investment, there needs to be another parameter, one that represents the money equivalent, that actually appears in u.\$. incomes, of the net value transferred in international trade between Latin America and the united States. Finding this amount isn't simply a matter of multiplying \$330 billion by 9 (that is, 10 minus 1). The u.\$. goods are overpriced to begin with, in terms of representing the value that the goods contain.

MIWS can provide a useful coefficient for just the Latin American and Caribbean part of the international trade relationship between the united States and oppressed nations, and within that just the imports part for the united States (imports into the united States from Latin America and the Caribbean): about 1.56. This was obtained by making an assumption about the ratio of u.\$. goods-producing industry labor "productivity" (total price of final goods and exports, minus the total price of intermediate products, divided by total labor-time) to Third World export sector labor "productivity," making an assumption about the percentage of the Latin American and Caribbean export price level that is value-added produced by Latin American and Caribbean workers, calculating the weighted average of the First World and Third World export sector "productivities," and dividing what the price of Latin American and Caribbean exports to the u.\$. would be, at the weighted mean "productivity," by their actual price. Moving away from subjectivist theories of value, "productivity" here just means the ratio between price and labor and does not have the connotations that the word has in bourgeois economics and sloppy media discussions. The term "value-added" is used with a similar qualification. What is important, and this what the calculation represents, is that what is called "value-added" (money profit and wage income, or corresponding components of prices) would be evenly distributed, in proportion to the labor contributed by the u.\$., and

Latin America and the Caribbean, producers if there were equal exchange and total price stayed the same, and this is a basis for calculating value transfers from unequal exchange. The numbers used in the calculation of the coefficient for the u.\$.-LAC trade relationship are: 4, for the ratio between u.\$. productivity and Latin American and Caribbean export sector productivity; 20%, or 0.2, as the value-added percentage for Latin American and Caribbean exports; \$4,092.4 billion, the goods product component of the 2006 u.\$. gross domestic product (u.\$. Bureau of Economic Analysis National Income and Product Accounts table 1.2.5, 2007 November 29), as u.\$. goods production value-added; and the \$330 billion from the previous paragraph as the total price of Latin American and Caribbean goods exports to the united States passing through customs.

(MIWS will provide a fictitious two-country, two-product example to illustrate what MIWS means by labor's being undervalued and value transfers resulting from goods' being traded at prices that are internationally disproportionate to their value.

Country	Country A	Country B
Product	computers	toys (exports)
Price	\$1,000	\$100
Labor	20 labor-hours	20 labor-hours
Rate	\$50/1 labor-hour	\$5/1 labor-hour

Total Price	Total Labor	Global Rate	Ratio between Two Rates
\$1,100	40 labor-hours	\$27.50/1 labor-hour	10:1

The global rate is also the weighted mean rate (weighted by labor).

Prices with uniform "productivity" rate (UPR), \$27.50/1 labor-hour:

Product	Price	Price ^{UPR}	Difference
computers	\$1000	\$550	-\$450
toys (exports)	\$100	\$550	+\$450

Potential net labor gain and loss without uniform "productivity" rate (prices divided by global rate to find labor equivalent of money incomes):

Product	Price ÷ Global Rate	Price ^{UPR} /Global Rate	Difference
computers	36 4/11 labor-hours	20 labor-hours	+16 4/11 labor-hours
toys (exports)	3 7/11 labor-hours	20 labor-hours	-16 4/11 labor-hours

In this example, there are no intermediate goods at the country level; the products are assumed to be produced entirely within their respective countries. (With the real example MIWS discusses in this article, MIWS is interested in the value-added in the export sector of Latin America and the Caribbean as a whole and subtracting the price of non-LAC intermediate goods from the price of LAC exports to the united States; in other words, MIWS is concerned with intermediate goods at the regional level, not country or sub-country level.) Also, only one country exports, Country B; analysis is limited to Country A's product and Country B exports to Country A. In money terms, there is a transfer of \$450. The portion of price/country income going to capitalists or workers isn't shown above and isn't relevant to calculating unequal exchange, as MIWS has broadly defined it (not related only to wages). The rate is just the portion of product price corresponding to each hour of labor in a country. A ratio between productivity rates MIWS is calling in this article a distortion factor; a known distortion factor can be used directly in calculations in equations that have been algebraically derived. The need for this may arise where directly determining the amount of labor-time involved in the production of exports and any intermediate products, produced within the country or region, may be difficult.

Total price stays the same with or without the uniform productivity. Price^{UPR} isn't meant to have any predictive utility. With a different economy, total price may be

different. There might not be "toys" in the first place. Price^{UPR} just represents what prices products would fetch if "productivity" were the same everywhere and is used to calculate the difference between actual price and the price with uniform productivity.

Again, only Country B exports in this example; country A imports. For MIWS's real example, MIWS looked at only the imports side of things from the u.\$ perspective. It is possible to calculate a portion of unequal exchange profit without knowledge of an importing country's exports. The exporting country in the fictitious example seems to "trade" its goods for money -- for less money than it would receive if there were uniform productivity. Ultimately, unequal exchange has to be understood in labor terms, but to have a figure that can be compared with monetary wage and profit figures, MIWS calculates unequal exchange as an amount of money. Now, of course, if Country B in the fictitious example were really just trading toys for money that it didn't then spend, the net labor transfer would be the full 20 labor-hours that produced the toys, but MIWS is saying that money income represents a certain share of the global product and therefore a certain share of global labor. To make sure one is avoiding money fetishism throughout one's analysis, one could start with only quantities of labor, keep the calculation strictly in terms of labor, or calculate the net transfer of labor with both exports and imports. It still would be necessary, however, to have a final figure that would could use to compare investment with other sources of profit.

In calculating total unequal exchange from units of labor or as units of labor, the analyst will need to remember what Arghiri Emmanuel said about the relationship between exploitation and the transfer of material things: investment profit and loan interest aren't just transfers of money; they boil down to the transfer of material things. All exploitation corresponds to a material transfer.(1) So, if imperialist countries are a net recipient of repatriated profit from the export of capital, part of the repatriated profit will correspond to a net transfer or potential net transfer of value between the imperialist countries and the other countries. There will be a trade of non-equivalents, and the transfer corresponding to the repatriated profit may already be included in a calculation of unequal exchange in terms of labor. That means that the analyst calculating unequal exchange to compare it with capital export profit will need to distinguish the portion of the net transfer of labor that corresponds to the capital export profit from the portion that is due to an inequality in the price structure. MIWS calls the second portion unequal exchange to compare unequal

exchange with foreign investment income, instead of calling the entirety of a net transfer of labor unequal exchange. Arghiri Emmanuel was concerned with international exploitation in general, but focused on non-equivalent exchange due to what he called a distortion of prices (as a result of wage differences, in his theory).

Regarding the representation of labor-time in MIWS's fictitious example above, MIWS is aware that in order to quantify exchange value or abstract labor-time there needs to be a calculation of socially necessary labor-time. It appears that only concrete labor-time is dealt with in this example. Nonetheless, what is important are the relative amounts involved, and MIWS sees no reason why the assumption should be made that Country B's labor-time, for example, should be reduced to 15 labor-hours or some other amount, instead of 20, or instead of both Country A's and Country B's labor-times' being reduced to 15 labor-hours. That would be a chauvinist assumption resulting from trying to superimpose the First World worker productivity myth on Marxist concepts.

Most of those who would raise the issue of socially necessary labor-time and other theoretical issues against Marxists pursuing the concrete analysis of unequal exchange have no problem calculating the exploitation of First World workers directly from monetary government accounts while ignoring the quantities of labor involved in the world economy. The pseudo-Marxists, the philistines, conscious revisionists, and opportunists, have disagreements with each other, but the overall effect of what they are doing is to attack the scientific investigation of exploitation and political economy while trying to make a mishmash out of Marxism and Liberalism and other bourgeois theory. Ignorance about unequal exchange and the readiness with which it is dismissed is disproportionate to the limitations of unequal exchange theories compared with other ways and non-ways of calculating surplus value.)

In coming up with 4 as the u.\$.-LAC productivity ratio, or what MIWS calls the u.\$.-LAC price-value distortion parameter value, in the calculation that MIWS did using real data, the key things to consider were the ratio between u.\$. goods production worker wages and Latin American and Caribbean export sector worker wages, and the ratio between wages and profits in each of those contexts -- in other words, "value added" per unit of labor or worker. MIWS did not assume that the profit-wage ratio was the same in the united States as it was in Latin America and the Caribbean. MIWS examined value-added, "employee compensation" (not just production worker wages) and "gross operating surplus" data for 2005 in the Bureau

of Economic Analysis Gross-Domestic-Product-by-Industry Accounts, and Latin American and Caribbean industry and manufacturing value-added, industry and manufacturing employment, labor force and manufacturing wage data for 2005 and 2006 from various sources, including the World Bank World Development Indicators (WDI) database and the International Labour Organization LABORSTA database. MIWS arrived at 4:1, or 4, as the productivity ratio by calculating wage and profit-wage ratios from these data. That was not a slam dunk. Not all exports are manufactured goods and vice versa, and MIWS had to quickly come up with its own figures for total LAC manufacturing employment and wages. But MIWS considers 4 conservatively low, because the u.\$.-LAC wage gaps are so wide to begin with. More tellingly, MIWS's estimated total "value added" per worker-hour in LAC manufacturing appears to be much smaller than a fourth of "value added" per worker-hour in u.\$. manufacturing, meaning that the distortion parameter should be higher. The distortion parameter was important in MIWS's calculation of unequal exchange in u.\$. importation of Latin American and Caribbean goods, and special attention should be paid to calculation of the parameter value for other calculations of unequal exchange.

The 1.56 coefficient for LAC-u.\$. trade that MIWS calculated means that there is a transfer of $1.56 \times \$330 \text{ billion} \approx \515 billion to the united States in trade with Latin America and the Caribbean, a net transfer of $(1.56 - 1) \times \$330 \text{ billion} \approx \185 billion . That is almost three times more than FDI income. Also, as MIWS previously indicated, the \$185 billion is just the transfer to the united States from imports from Latin America and the Caribbean, not exports to Latin America and the Caribbean. MIWS humors its potential opponents in a few other ways. Considering the ratio between u.\$. goods-producing industry production worker wages and some typical LAC manufacturing and export sector wages, MIWS could have used a number greater than 4 for the u.\$.-LAC productivity ratio, increasing the resulting coefficient. Also, MIWS only looks at the Latin American and Caribbean piece of the picture of u.\$. trade as if the rest of the world didn't exist. Not only is u.\$. trade with the Third World larger than the relationship with Latin America and the Caribbean; wages in the rest of the Third World are even lower. Looking at these two things and the whole picture of u.\$. trade would result in an even larger figure for u.\$. unequal exchange profit. (The 1.56 coefficient and the resulting \$185 billion net transfer figure have a partial nature, because the numbers would change if u.\$. trade with non-LAC countries were taken into account; although, the overall u.\$. unequal exchange profit

figure would necessarily be greater than \$185 billion. The 1.56 coefficient also has a marginal nature, because the coefficient would change, due to the change in the weighted productivity, if u.\$ trade with Latin America and the Caribbean were to increase.)

As for the value-added portion of LAC export prices, MIWS used a low percentage for its calculation to indulge chauvinist ideas about low Third World productivity. Measures of Third World productivity based on prices are low in the first place, but MIWS even chose a figure for the value-added percentage that is less than what bourgeois economists would say. Considering the ratios of exports to imports of Latin American country top exporters to the u.\$., the amount of capital goods, intermediate goods, raw materials and fuel (where distinguished from intermediate goods) those countries import relative to consumer goods, and the percentages of LAC country imports that come from within Latin America and the Caribbean, the LAC export sector value-added percentage should be no less than 20% (data used from Bladex, Economist.com, El Paso REDco, and Mexico's Maquila Information Center/www.maquilaportal.com). MIWS would have expected the LAC exports value-added percentage to be easy to find out since trade agreements deal with value-added, but wasn't able to find the percentage for Latin America and the Caribbean as a whole quickly. MIWS chose 20% for its calculation, a choice that favors chauvinists' claims about Third World productivity, but not necessarily in all calculations. To err on the side of underestimating the LAC exports value-added, MIWS treated all capital goods, intermediate goods, raw materials and fuel imported by LAC countries as if they were inputs in the production of exports -- an unrealistic assumption, of course, but appropriate given the lack of information and MIWS's intention to favor opponents' ideas where there is uncertainty or to leave room for error. The reason why this was not a slam dunk for MIWS is a lack of data specifically on the value-added portion of LAC exports, and even more specifically on the value-added part of LAC exports to the united States. There is also a large variation in the minimum possible exports value-added percentage of each LAC country based on the amount of goods the country imports (capital goods, intermediate goods, raw materials, and fuel) that could be inputs in the production of exports. MIWS knew that the value-added percentage for just the maquiladora sector of the Mexican economy was about 22% in 2006, but estimated exports value-added percentages for other individual LAC country top exporters to the united States ranged from 0% (in the case of net-importing countries where the possible intermediate products imported were greater

than exports) to more than 50%. Also, because of a significant amount of within-LAC trade, the exports value-added percentage of an individual LAC country wouldn't be an accurate reflection of the percentage for Latin America and the Caribbean as a whole. However, while the u.\$.-LAC price-value distortion parameter value is 4, any LAC exports value-added percentage greater than about 5% would result in an unequal exchange profit greater than \$50 billion.

Additionally, MIWS indulges the false notion of so-called Marxists that the export of capital only appears in the form of foreign direct investment, of which the u.\$ government has a narrow official definition. MIWS humors these ridiculous "Marxists" who don't let themselves know anything outside the figures that are reported by government agencies.

MIWS considers these two assumptions, about the LAC export price value-added percentage and FDI, unrealistic and, in the case of the export of capital's being equivalent to FDI, even based on ignorance of the meaning of certain figures, government definitions, and what is meant by "export of capital," but uses the assumptions to make a point about the arguments of so-called Marxists that have been accepted.

In other words, MIWS starts with real-world numbers and makes informed assumptions, which favor potential opponents' arguments, about the values of some parameters. There is at least two times more surplus profit from u.\$ trade with Latin America and the Caribbean than FDI income from those regions. Much reasoning went into the calculation that MIWS did, and there is some theoretical background that MIWS hasn't discussed in detail here, but for the purpose of this article MIWS will leave things at that. MIWS just wants people to start thinking about the export of capital and other possible sources of super-profit comparatively, alternatives to some traditional ideas, and the implications. For the mathematical sticklers, MIWS provides the following final simplified expression for the purpose of checking (not meant to be interpreted intuitively), and discussion of parameter values:

$$\frac{(-1 \times v_{LACE} \times p_{US} + v_{LACE} \times d \times p_{US} + p_{US} + e_{LAC-US} \times v_{LACE} \times d)}{(p_{US} + e_{LAC-US} \times v_{LACE} \times d)}$$

where v_{LACE} is the value-added percentage for Latin American and Caribbean

exports, p_{US} is the total goods value-added produced in the united States, d is the u. \$.-LAC price-value distortion parameter, or u. \$.-LAC "productivity" ratio, and e_{LAC-US} is the dollar amount of LAC goods exports to the united States passing through customs. Or with less clutter:

$$\frac{-vp + vdp + p + evd}{p + evd}$$

The expression represents the coefficient that, when multiplied by the amount of Latin American and Caribbean exports to the united States, will give the money equivalent of the labor value transferred to the united States from Latin America and the Caribbean in imports from Latin America and the Caribbean. MIWS has calculated the coefficient as about 1.56. The net transfer would be $(\text{transfer coefficient} - 1) \times e_{LAC-US}$. MIWS has calculated the net transfer as about \$185 billion. MIWS considers the \$185 billion to be a lower-bound estimate, because of the conservative assumptions MIWS made in its calculation for the sake of argument.

The graph below represents the parameter value ranges that would result in an unequal exchange profit of greater than \$50 billion for producers in the united States from trade with Latin America and the Caribbean, from u. \$. importation of goods from Latin America and the Caribbean. On the x-axis is v_{LACE} , the value-added percentage for LAC exports. On the vertical axis is the u. \$.-LAC price-value distortion parameter. The green shaded area represents the parameter value pairs that would result in an unequal exchange profit greater than \$50 billion. The red point on the graph represents the parameter values MIWS chose: 0.2 (20%) and 4.

Graph 1. v_{LACE} and d values resulting in a calculated LAC-u. \$. unequal exchange profit greater than \$50 billion, where $e_{LAC-US} = \$330$ billion and $p_{US} = \$4,092.4$ billion

***graph missing from original**

Inequality:

$$\left(\frac{-vp + vdp + p + evd}{p + evd} - 1 \right) \times e > f$$

e = \$330 billion

f = \$50 billion

p = \$4,092.4 billion

x-axis: v

y-axis: d

f is the income of u.\$. nationals from what is classified as "foreign direct investment," in Latin America and the Caribbean. In 2006, this was \$50 billion. e and p are \$330 billion and \$4,092.4 billion respectively.

So, glancing at the above graph, if the LAC exports value-added parameter value were 0.2, as MIWS has chosen, any distortion parameter value greater about 2 would result in an unequal exchange profit greater than \$50 billion. Or, if the distortion parameter value were 8, then any value-added parameter value greater than about 0.025 would result in an unequal exchange profit greater than \$50 billion. Realistically, the real parameter values will fall somewhere in the lower-left part of this graph, but the distortion parameter value will be greater than 1. If the reader imagines that the distortion parameter value is less than 1, he or she will be starting to translate what the chauvinists are saying into quantitative terms. To the chauvinists who haven't done any analysis, \$1 of u.\$. goods corresponds to the same amount of labor as \$1 of Third World goods, or even represents more labor than \$1 of Third World goods. Vague ideas about Third World labor inferiority are common.

Supposing that MIWS has made an error in its choices of value for e and p -- the total price of Latin American and Caribbean exports to the united States, and the total value-added produced by goods-producing industries in the united States -- MIWS has provided another graph below. MIWS does not distinguish between goods and services that are inputs in the production of Latin American and Caribbean exports;

that is an example of something that may be a possible source of error, for reasons MIWS won't get into here. Another example: MIWS knows for a fact that the \$4,092.4 billion goods final sales + change in private inventories figure from the NIPA table 1.2.5 is not meant to represent value-added specifically of goods-producing industries and lies somewhere in-between value-added and gross product. A better estimate may be \$2,627.4 billion, from the BEA Gross-Domestic-Product-by-Industry Accounts for the value-added in private goods-producing industries in 2006 (release date 2007 April 24). Although, this would only change the resulting calculated LAC-u.\$. unequal exchange profit to about \$180 billion, from \$186 billion. On the horizontal axis of the graph below is e_{LAC-US} , the total price of LAC exports to the united States in billions of dollars. On the y-axis is p_{US} , the total value-added produced by goods producers in the united States, in billions of dollars.

Graph 2. e_{LAC-US} and p_{US} values resulting in a calculated LAC-u.\$. unequal exchange profit greater than \$50 billion, where $d = 4$ and $v_{LACE} = 0.2$

***graph missing from original**

Inequality:

$$\left(\frac{-vp + vdp + p + evd}{p + evd} - 1 \right) \times e > f$$

$$d = 4$$

$$f = \$50 \text{ billion}$$

$$v = 0.2$$

x-axis: e (billions of u.\$. dollars)

y-axis: p (billions of u.\$. dollars)

e and p are the variables plotted in this graph. d and v are fixed at 4 and 0.2 respectively. f is \$50 billion. The function is asymptotic and becomes vertical because the minimum u.\$. goods product must rapidly increase, to have an average productivity such that unequal exchange profit is just above \$50 billion, as LAC exports to the united States get closer to a certain low amount. Looking at this graph,

there appears to be much room for error. There is, but what is important is the minimum value for each variable, represented by the thick green line, needed more there to be a LAC-u.\$ (LAC imports) unequal exchange profit greater than \$50 billion. For example, if p, on the y-axis, is \$400 billion or \$500 billion (obviously a fraction of the \$4,092.4 billion MIWS used as the actual value), e, if one were to guess just by looking at the graph, would need to be greater than about \$100 billion. Since MIWS assigned \$4,092.4 billion to p, e would need to be greater than, it turns out, about \$84.7 billion; MIWS is saying that it is \$330 billion. There is a lot of room for error there, but if MIWS made a mistake elsewhere, and either d should be different than 4, or v should be different than 0.2, the point where the curve goes vertical would move (what appears to be a vertical line would move left or right), and the difference may be a significant portion of the original \$330 billion. The graph below illustrates.

Graph 3. e_{LAC-US} and p_{US} values resulting in a calculated LAC-u.\$ unequal exchange profit greater than \$50 billion, with different values of d and v_{LACE} , inequalities superimposed

***graph missing from original**

Inequality:

$$\left(\frac{-vp + vdp + p + evd}{p + evd} - 1 \right) \times e > f$$

d = (varies, see graph label)

f = \$50 billion

v = (varies, see graph label)

x-axis: e (billions of u.\$ dollars)

y-axis: p (billions of u.\$ dollars)

As the reader can see, the graphed curve changes dramatically as different values of d and v are selected. This isn't apparent in the graph because of the grid extents, but if the value chosen for d, the distortion parameter, stays the same, but v is changed to

0.1, it turns out that e must be greater than about \$169.4 billion, where p is \$4,092.4 billion, for there to be a LAC-u.\$ unequal exchange profit more than \$50 billion. If the value of v stays the same, 0.2, but the value of d , the distortion parameter, is doubled to 8, it turns out that e needs to be greater than only about \$36.2 billion, where p is still \$4,092.4 billion, for there to be an unequal exchange profit greater than \$50 billion. If v were to be 0.05, instead of 0.2 as MIWS chose for its calculation, e would need to be greater than about \$338.9 billion. ($e = (pf)/(pvd-pv-fvd)$)

Now, either MIWS is wrong about the u.\$ LAC unequal exchange profit's being greater than \$50 billion, or it is not. This isn't a matter of subjective impressions, feelings, or opinions in the absence of facts. After looking at some past public conversations about unequal exchange outside of academia, MIWS anticipates a few different responses to the preceding illustration:

- 1) Silence -- this will be the most common response overall, and there will be a variety of reasons for it. As with the publication of MC5's *Imperialism and Its Class Structure* and other documents that may contain advances or new information, people will act as if nothing had happened, or nihilists will talk about unequal exchange, parasitism or global class structure without mentioning previous writing.
- 2) Style-centered criticisms. Among those who say anything, this may be the most common response. Criticisms will target everything from MIWS's use of revolutionary spellings together with math, to MIWS's anonymity. Criticisms of MIWS's style, such as its writing style, should be made within a context of supporting the basic content on MIWS. MIWS welcomes appropriate criticisms of style, but most actual criticisms of style involve an illusion about the size of the masses on the Internet. Those who focus on MIWS's style would typically be in the same reactionary Liberal camp as those would dismiss MIWS because they don't know what clothing MIWS wears, what books MIWS enjoys, what MIWS's eye color is, etc. -- in other words, because MIWS doesn't have the equivalent of a MySpace page. For many of these critics, everything boils down to a personality or popularity contest with First Worlders.

More sophisticated style-centered criticisms will appear to place more importance on strategy than theory, but there will be the same dogmatic or Liberal assumptions about needing to tailor things for a majority. There is no oppressed majority in the First Word in the first place, but people will criticize this document as unsuitable for

organizing though MIWS doesn't even mean this document to be used an initial organizing vehicle. Strategic criticisms should be made within the parameter of accepting the reality of the First World class structure and then be appropriate for MIWS as an English-language Maoist Web site that contains high-level material for independent study. If MIWS were a party, this article might be published in a party theoretical journal. MIWS is publishing this document here, because nobody else is publishing similar writing in a revolutionary context.

MIWS doesn't recruit individuals. The vanguard recruits itself in the First World at this time. That doesn't mean communists shouldn't recruit, but the line that the vanguard recruits itself has to shape how recruiting takes place in any setting.

3) There will be "so what" responses that openly deny that parasitism has practical consequences or diminish the importance of parasitism, in general, for analysis and strategy to end oppression.

4) Various brief or superficial criticisms that neglect to address whether what MIWS is saying is even true in theory or not. This will include assertions that unequal exchange theories are unworthy of acceptance because of implications about international worker solidarity. That orientation to unequal exchange theory began with Bettelheim and continues today. Unequal exchange is ignored because people can't stomach the possibility of upsetting their dogmas and myths about the First World working class.

5) The responses MIWS would like to see would question the parameter values MIWS chose for its calculation or MIWS's assumptions, or question MIWS's reasoning or theory in relation to value transfers. The responses would either present a better way of calculating the unequal exchange profit or reject the concept of unequal exchange on theoretical grounds. Consciously or unconsciously, most "Marxists" reject the concept of unequal exchange because of what MIWS believes is an erroneous and vulgar understanding of exchange value in relation to price.

Math and investigating parasitism

Much of why so-called Marxists are doing everything from acknowledging only a fraction of the parasitism that exists to openly abandoning anti-imperialism has to do with an inability or unwillingness to do concrete analysis involving quantity. At the same time, there are so-called Marxists who are good at math, but choose not to apply their skills to studying imperialism. And then there are those who are good at

using math to study imperialism but don't draw the conclusions about politics that need to be drawn. Ultimately, one of the biggest causes of revisionism is parasitism itself, but different attitudes toward mathematics and its application to investigating international exploitation in great depth may also be at play.

Currently, there are more people doing concrete analysis of world inequality in the United Nations and World Bank milieu than in the so-called communist movement, and the blame can't be placed entirely on the imperialists' resources and information requirements. So-called communists are so narrow, because they are actually imperialist nationalists or chauvinists who are concerned primarily with obtaining wealth and power for people in their own nation. There are additional possible reasons for so-called communists' lack of analysis. Studying global inequality requires the systematic use of math, and the attitude toward math often is that it is for natural science and engineering, but not for the study of people and society, except for reformist or bourgeois research. Others may find quantitative studies of world inequality interesting, relevant to reforms, or even pertinent to understanding imperialism, but not see the connection with revolutionary practice.

The quantitative study of world inequality has been left up to various bourgeois internationalists. [MIWS has already said that advances in economic knowledge may have unexpected origins.](#) There is more to understanding inequality and its causes than just quantifying it, but MIWS predicts that the next Maoists whose work will have staying power will come from a non-revolutionary international work, research or administration setting. The phony "Left" has almost nothing to offer, and people in bourgeois international settings are outpacing "leftists" in studying and thinking about inequality quantitatively. In the First World, superstructural contradictions in settings where people are predisposed to studying the economy quantitatively have the potential to give rise to new Maoists. Compared with the math used in research in other areas that are no more important than revolution, the use of math MIWS is pointing to is relatively easy. However, habits and attitudes that are products of such a decadent and parasitic society are difficult to overcome without a revolutionary upsurge and corresponding class structure.

Even the use of statistics or numbers in general by itself poses a problem for many people trained in "Marxism" as if Marxism were some kind of superior postmodernism, poetry-making or even lifestyle. Comparing two numbers, like the average wage in the u.\$ and the average wage in Mexico, and telling which one is

greater would be progress for these people. But at this level, there are many "Marxists" who quote figures selectively, for example, for just the united States or just u.\$ workers, or for the u.\$ population as a whole, but not its sub-groups, as if there were not differences between Euro-Amerikans and oppressed nationalities within u.\$ borders. It is possible to spout a bunch of numbers without saying anything scientific. Most magazine and newspaper articles use numbers for effect, to make an impression, without connecting the numbers to an overall, systematic analysis. That's fine in Liberalism, not in scientific communism.

The number "\$185 billion," MIWS's lower-bound estimate of the imports u.\$ unequal exchange profit from trade with Latin America and the Caribbean, does not appear anywhere in someone else's table or chart. It doesn't appear in an account in any government or company report. It is only possible to arrive at the \$185 billion via a calculation. A number of steps, assumptions, and theoretical considerations, were involved in reaching the \$185 billion, and MIWS didn't just add up some existing figures, but the important thing is that a math operation was involved, and new information was produced. Because transfers of labor value aren't immediately visible in statistics provided by governments, it would be impossible to say something concrete about parasitism as a whole quantitatively without using math. People need to be open to using numbers in writing and speaking and also to using math to work with numbers in making calculations.

There will be those will call all of this discussion and use of math "academic" or even "elitist." They may even agree with MIWS on the amount of the unequal exchange profit compared with the FDI return, or on the level of parasitism overall, but consider the question "academic" or MIWS's concern with it or presentation "elitist." In the first place, it would not be MIWS's fault if the necessary math skills were concentrated in an elite in society. If math skills and also literacy were concentrated in an elite social group, then that is where scientific communist leadership would have to come from at first. There is no situation in the imperialist nations at this time calling for there to be illiterate communist leaders of any kind, political or military. One of the most disturbing things about "communist" sentiments against mathematical writing is that usually only arithmetic or algebra is involved. MIWS's calculation above of the 1.56 coefficient involves just some basic algebra at most, and one could get away with doing only some arithmetic and understanding what an average is. Most people who graduate from secondary school in the First World would be

competent in the math MIWS used. Also, millions of urban Third World youth are educated in those math skills. The World Bank and other imperialist entities consider education a bigger contributor to development than revolution and have an incorrect idea about the relationship between education and development. Imperialism limits education, while socialism expands and transforms it on a political basis. At the same time, education doesn't depend on the further development of the productive forces, but on global redistribution and central planning within nations. MIWS aims to put mathematics and science back in the hands of the oppressed. People who say the extended use of math in politics in general is elitist, out of ignorance of the level of universal math education that would be possible under socialism, are almost declaring their intention to deprive the oppressed of basic math skills. People who can't get over their visceral dislike for math and allow that to influence how they value math should not think they are communist leader material yet. Using math should be a part of revolutionary practice, and irrational attitudes to math shouldn't be allowed to influence that practice.

MIWS knows of different anarchists and communists in North America and Western Europe, not all of them academics, who read and thought about Arghiri Emmanuel's work in an activist or organizational context, but it would be safe to say that Emmanuel's particular ideas never really went far from academia; MIWS is still investigating the impact of Emmanuel's work and would be interested in evidence to the contrary. That is nothing against being academic, because academic circles that discussed Emmanuel's work were also communist, and much communist leadership has historically developed around academia. It is not the academics' fault if nobody else is studying imperialism scientifically at first. What is not essentially academic or intrinsically confined to academia is the practice of studying imperialism quantitatively. Leaders and the masses of people need to understand some quantitative aspects of imperialism to be successful in the revolutionary struggle. In fact, those who treat studying the quantities involved in parasitism and other aspects of imperialism as merely academic are practically dooming the oppressed to ignorance and endless counterrevolution because it is not possible to know parasitism concretely and scientifically any other way. As long as there is interaction between nations, international economic relations will need to be investigated. To analyze parasitism as a whole, its component parts, and how parasitism works, it is necessary to refer to quantities and make calculations. Failure to do this means failure to understand imperialism and allowing it to persist. It should not be acceptable for people to not be

able to identify such a large source of super-profit as unequal exchange.

Unequal exchange and traditional Leninism

MIWS has disproved that u.\$ FDI income from Latin America and the Caribbean is greater than unequal exchange profit from the same area. Those who considered unequal exchange and argued the opposite, or equated the export of capital with FDI and completely ignored unequal exchange, now need to look at foreign investment not classified as FDI and calculate the profit resulting from loans and foreign aid; MIWS already knows that the LAC-u.\$ FDI income plus annual LAC debt repayment money ending up in the United States is still less than \$185 billion, but will leave the precise sum for others to figure out on their own. MIWS is tackling this question of capital exports and their relative importance today head-on. It has the potential to make MIWS lose some readers among people who treat *Imperialism, the Highest Stage of Capitalism* in a cultish way, as the last word on the theory of imperialism. Let it not be said MIWS is trying to win some popularity contest with pseudo-Marxists. Even making a calculation means sticking one's neck out. There is the possibility of making an error of computation (or assumption) that is present with any calculation, but there is also an ideological risk. Making a calculation such as what MIWS has made involves committing to a theoretical position that may be controversial. Not focusing on labor, Gernot Köhler in "The Structure of Global Money and World Tables of Unequal Exchange" calculated a kind of unequal exchange using purchasing power parity rates and took a position on how the value of money could be distorted. The basic position that MIWS has committed to is that abstract labor (a category in Marxist theory) exists internationally and Third World labor time can be compared with First World labor time in the world economy. Applying this idea in analysis, MIWS argues that there is a major disproportion between price and value internationally, and Third World labor is undervalued in price terms. By no means is this conclusion or the preceding idea unique to MIWS or Arghiri Emmanuel. By contrast, the basic position the majority of pseudo-Marxists uphold is that the amount of labor that produced Third World goods doesn't matter in analyzing international economic relations and class structure, there is no international calculation of surplus value that is important, and the only transfer of value that can take place involving First World workers is from First World workers to capitalists. Excluding a certain portion of parasitism from consideration is built into the pseudo-Marxists' ideology. These pseudo-Marxists rarely articulate their theory.

Instead, they avoid theories and arguments that have the potential to upset their preconceived notions. Global class analysis and economic analysis may be avoided altogether, something that is significant in its own right.

So, there is a stark contrast between what MIWS believes and what some pseudo-Marxists believe. Others accept that the parasitism is as large as MIWS and others say it is, but cling to the idea that it is somehow all still coming from the export of capital. No explanation is given for how this can be, because there is none. Theoretically, there is little separating some of those who would agree with MIWS on the level of parasitism, from those who would not -- MIWS would have doubts about the long-term sustainability of any movement whose theory is at odds with its conclusions. It is possible to say something about the parasitic character of the First World economy by looking at the gigantic size of the unproductive sector, but anyone who says the super-profit from the Third World to the united States is in the trillions of dollars is, whether they know it or not, making a claim about the unequal pricing of the products of First and Third World labor, a claim that needs to be consciously recognized and understood. During intense struggles over economic questions and questions related to class structure, communists who do not understand the relationship between price, value, and the distribution of value, are destined to make errors.

Arghiri Emmanuel consistently argued that the finance capital aspect of imperialism was not as important in imperialism's international economic relations as Marxists had thought. In "White-Settler Colonialism and the Myth of Investment Imperialism," for example, Arghiri Emmanuel challenges Lenin over the idea that the export of capital is central to imperialism and that imperialism has an economic need for colonial investment. Emmanuel argues that settlers were an obstacle to imperialism's exploitation and competed with the imperialists as oppressors of indigenous people; imperialism would benefit more from trade with ex-colonies, not independent settler states. Emmanuel disputes Lenin's idea of the central importance of the export of capital under imperialism. But in regard to just the possibility that unequal exchange profit's being greater than investment profit is in contradiction to Lenin's *Imperialism*, it is not. Nothing in *Imperialism* rules out the possibility of such a large second source of super-profit. But neither does *Imperialism* discuss unequal exchange in any terms. Lenin would have had to introduce a theory of unequal exchange, give an example of unequal exchange, making a calculation using numbers

that might not have been available to him, or address changes in the prices of some goods exported by colonies relative to their prices at some point in the past or to imperialist countries' goods' prices. Since Lenin doesn't do any of these things in *Imperialism* and doesn't address other possible sources of super-profit from oppressed nations, cultish so-called Leninists don't think about the alternative sources, while people who had reservations about Lenin's theory of imperialism, parasitism, and the labor aristocracy, and were social-chauvinist or social-democratic, to begin with, abandon Lenin's theory for some other theory.

Cultish supposed Lenin fans who actually oppose the spirit of *Imperialism, the Highest Stage of Capitalism*, by rejecting concrete analysis and science, undermine the communist struggle in their own way. When you have thousands of Lenin fans who read *Imperialism* as part of a rite of passage, but don't do concrete analysis of imperialism, what you have is a lifestyle at best and an incipient social-imperialist movement at worst. People in the First World who are trained in rhetoric but have no understanding are useful for reactionary movements, not revolutionary ones. However, MIWS is also interested here in those who reject Lenin's theory because they fail to explore sources of super-profit beside the export of capital.

Where the so-called communist movement is in terms of imperialism theory is somewhat complicated. Many intellectuals inspired by Lenin have developed their own understanding, done their own analyses, and developed their own derivative and distinctive theories, but their number and influence have been limited. In this respect, the situation hasn't changed since Arghiri Emmanuel wrote in the early 1970s that no post-Lenin theory of imperialism had gained a large acceptance. There are plenty of theorists of accumulation, development, trade, and imperialism -- some have dealt with unequal exchange and non-investment sources of imperialist profit -- but their ideas in the First World are confined to small circles, which perhaps is a reflection more of the influence of revisionism in the First World than of the nature of those circles. Larger organizations today draw from Lenin's *Imperialism* and/or eclectically adopt ideas from others about "globalization" and "neo-liberalism." For the majority of "Marxist-Leninists," there is just Lenin's *Imperialism* and a hodgepodge of ideas about "globalization" and "neo-liberalism." The latest fad focuses on "neo-conservatism." Theoretically speaking, these so-called Marxist-Leninists are more focused on the organization of production than on exploitation and transfers between classes -- if there are transfers, they are only to corporations -- but what's really going

on is that phony "Marxism-Leninism" because of its analytical and theoretical bankruptcy has become a shade of petty-bourgeois thought. This is why there are "Marxist-Leninists" who more concerned with outsourcing and First World middle-class unemployment than with international exploitation. It is an expression of social-democracy and, in its more militant forms, social-fascism. Lately, for certain reasons, "Marxist-Leninists" and "Maoists" have been name-dropping Samir Amin, but there is no connection between Samir Amin's work and what they say or their practice. It is just window dressing to make an impression on recruits and hide their lack of theory. Phony Marxists oppose the quantitative analysis of surplus value and the use of statistics in a way that Samir Amin never did, but now they want to claim Amin as one of their own.

There is nothing more twisted than using Lenin's *Imperialism* to attack the analysis of parasitism. Phony fans of Lenin's book pick only the parts that agree with them. The phony Leninists and *Imperialism* fans take some ideas about militarism and monopoly capitalism, which they often equate with multi-national corporations because of "globalization" discussions, from *Imperialism*. If they left it at that, they might end up as progressive anti-militarists or Liberal opponents of the military-industrial complex. What actually happens is that the parts in *Imperialism* about parasitism and the labor aristocracy are forgotten, and chauvinism and subjectivism grow in their place calling themselves Marxist. One of the major reasons Lenin wrote *Imperialism* was to address, and explain in economic terms, the emergence of social-chauvinism and the opportunism and revisionism in the Second International. This is actually one of the most important and distinctive contributions of *Imperialism, the Highest Stage of Capitalism* compared with other texts about imperialism written around the same time as *Imperialism: Imperialism* drew attention to parasitism. But listening to many Lenin fans, it is as if Lenin never talked about parasitism.

One of Lenin's ideas, and this still comes up in struggles against Rosa Luxemburg's ideas, is that imperialism's international economic activity is not just a way for capitalism to avert crisis; it is part of imperialism's existence as parasitic capitalism on a world scale. Capitalists pursue profit internationally to increase accumulation, not just to avoid a crisis. So, to take *Imperialism* merely as a theory of militarism, monopoly versus competition, or crisis, would be mistaken. *Imperialism* is also a theory of parasitism. Parasitism is a crucial aspect of imperialism that needs to be studied and investigated in its own right, not forgotten or assumed to be only a tiny

amount, in the way that the labor aristocracy is assumed to be tiny in size in any imperialist country. Many so-called communists can say some rhetoric inspired by *Imperialism* about parasitism, but there will be no scientific understanding beneath it.

So, Lenin's name and image are used to posture and pose as revolutionary. At the same time, Lenin's important ideas are ignored. MIWS will even defend anti-imperialist Che Guevara from the same treatment, because at least Che Guevara addressed unequal exchange and terms of trade. 99% of Che fans in the First World did not even care about what Guevara said in his speeches and writings enough to check up on what he said about trade, because, again, there is no science in their practice.

Most *Imperialism* fans don't concern themselves with any sustained analysis and assume that the export of capital is the predominant type of imperialist international economic activity. Things start to unravel when people start to investigate imperialism and whether what Lenin said is true for today, but still cling to chauvinism or have no theory to account for what they find and no drive to come up with one.

Among the best of these attempts at investigation, MIWS has seen attempts to compare foreign trade earnings, the earnings from the export of products abroad that appear in ordinary business accounts, with foreign investment earnings. This is more of an analysis of the structure and patterns of production and circulation than of parasitism. MIWS would not compare the export of capital with trade this way, because MIWS would not want to count as super-profit something that might be normal under pre-monopoly capitalism. What MIWS calls "unequal exchange" isn't all profit involved in foreign trade. It is only profit that is obtained from the product of labor's being undervalued or overvalued in price terms compared with the product of labor in another nation.

Arghiri Emmanuel and others frankly disagreed with Lenin's analysis in *Imperialism* for scientific reasons. Others have checked *Imperialism*, and reached the conclusion that imperialism still exists, but without the export of capital's being central, but have not been so successful at developing or finding alternative theories. Others have attacked Lenin's theory while minimizing the importance and size of parasitism and the labor aristocracy. Attacking the labor aristocracy idea has gone together with denying parasitism. Two different articles are illustrative: W. P. Cockshott's 1995 "Against Anti-Imperialism" and Charlie Post's "The Labor Aristocracy Myth" (*IV Online*, IV381, 2006 September). Both attack the relevance of the labor aristocracy

idea. Both also address unequal exchange, but either fail to quantify parasitism in any way, or fail to deal substantively with the issue of unequal exchange and don't quantify unequal exchange, while insisting that the white-nation working class is proletarian and exploited. One article openly rejects anti-imperialism; the other diminishes the importance of anti-imperialism.

The phony "Left" in the First World has long covered up parasitism and tried to hide the labor aristocracy. The most important thing the two articles have in common is that they take one part of something Lenin said, check it, find the evidence lacking today, and conclude that the labor aristocracy must not exist, because the source of profit to bribe the workers with is too small or nonexistent. Cockshott looks at the number of colonies directly controlled by imperialism, deals with unequal exchange by inventing an irrelevant example and raising an old uninformed argument that unequal exchange means value is created in exchange, and argues that "global capitalism" is a threat to First World workers because nations can't exploit other nations. There is no attempt to quantify any transfer from the Third World to the First World, even foreign investment income. Charlie Post, on the other hand, looks at the export of capital and says that foreign direct investment is only a tiny part of total investment and mostly takes place between imperialist countries; Post also looks at domestic monopoly super-profit. Among those who don't oppose anti-imperialism but argue that parasitism is small, such discussion of the export of capital is typical. Post doesn't do this in his article, but some have gone as far as denying that the united States and other big imperialist countries are imperialist because of net capital inflows. What is missing is an analysis of the rest of parasitism, an analysis of unequal exchange, or an analysis of global labor and value. Charlie Post addresses Arghiri Emmanuel and unequal exchange only to make the point, against Lenin's claim that the labor aristocracy was significant but relatively small in size, that unequal exchange would benefit all imperialist country workers, not just whites. In Post's reply to a critic, Post raises the matter of quantifying unequal exchange, but dismisses unequal exchange altogether on the grounds that one suggested means of producing the conditions of unequal exchange is not needed by imperialism. The actual flows and the amounts of labor involved in Third World exports are missing from the discussion.

Where Charlie Post makes no distinction between foreign investment and what is defined as foreign direct investment, going so far as to explicitly say that all non-FDI

investment is within-country investment, and even says elsewhere ("The Labor Aristocracy: A Reply") that "profits derived from foreign direct investment" are "the only concrete measure we have of profits from imperialism," it needs to be understood that such ideas are typical among so-called followers of Lenin today. There are countless so-called "Leninists" who treat the export of capital and FDI interchangeably, and FDI income and imperialist profit interchangeably. At least Charlie Post deals with one non-FDI source of profit, domestic monopoly super-profit and took a position against, but considered, unequal exchange. There are also those who talk about unequal exchange vaguely and accept it in theory, but don't really know large it is. They may concede that it is one of a number of sources of profit, but haven't approached the investigation of unequal exchange quantitatively and systematically. They only have firm knowledge of investment income. To accept that something could exist in theory and to have a scientific analysis of it as it actually exists are two different things. With only a theoretical understanding of concepts, one could still be on shaky ground. Unfortunately, much recent discussion of unequal exchange has involved throwing out rhetoric for the effect, not exploring unequal exchange scientifically -- by people posturing as more internationalist or faithful to Lenin than other Trotskyists or social-democrats.

Post focuses on the export of capital and believes that foreign investment is small; so do some who draw enthusiastically from Lenin's *Imperialism*. In terms of what they view as sources of imperialist profit, there is nothing that distinguishes some defenders and opponents of Lenin's theory. One writer (Mick Brooks, "What is globalisation?," 2001 October) discussing "global capitalism" equates the export of capital with FDI and notes its fast growth relative to trade while saying nothing about unequal exchange and attributing the high wages of First World workers to higher productivity. The same article states that "[m]ost capital flows are between the advanced capitalist countries." Curiously, this is meant to explain the growing gap between rich and poor countries, but what the article does not say is anything that has to do with flows to the imperialist countries that could be used to bribe imperialist country workers.

Elsewhere, MIWS has come across discussion of parasitism, but in an inter-imperialist context. The export of capital between imperialist countries is viewed as parasitic, but there is no discussion of the parasitism of trade with oppressed nations. Writers are willing to talk about an aspect of parasitism, and about unevenness of development

resulting from the concentration of capital exports in imperialist countries, but do not address adequately the flows of value from oppressed nations to the imperialist countries.

Conclusion

For the most part, "Marxists" who focus on the export of value and allow that to distort their view of parasitism are in one chauvinist camp together, both opponents and supposed supporters of Lenin's theory. To the extent that there are those who would basically agree with MIWS on the size of parasitism or on the labor aristocracy thesis, but make no strong claims about the export of capital either way, MIWS does not mean to criticize them. On the other hand, it would be better to evaluate one's understanding now than realize later that one had no scientific reasons for one's conclusions. MIWS does not want to see people claiming that the super-profit is trillions of dollars but talking only about the export of capital and not other sources of super-profit. That would be to hold back science by obscuring the need for theory to account for the mechanisms that produce those trillions.

MIWS is more friendly to those who uphold some form of the labor aristocracy thesis, but haven't identified the export of capital as the largest basis of parasitism. As MIWS has argued previously, it is possible to arrive at the conclusion, as Arghiri Emmanuel did, that the majority of First Worlders are exploiters by looking at the distribution of society's product and comparing that with the distribution of workers or the labor that is producing that product. To make an observation about class structure using such a method would have a scientific foundation. What does not have a scientific foundation is continuing to suggest, without offering an explanation, that most of the super-profits come from the export of capital. That has an unscientific basis made up of a certain attitude toward Lenin's *Imperialism* that eschews concrete analysis and theoretical development. The communist movement needs to rid itself of people who view unequal exchange as just some academic issue while they go on claiming to uphold Lenin's *Imperialism*, or perpetuate the lie that unequal exchange is just bourgeois theory. Unequal exchange and other processes of oppression and domination involving trade that have been suggested have everything to do with understanding that foreign trade is not class-neutral. Unequal exchange may be an important object of class struggles in the future.

There are many people striking blows against imperialism who aren't Marxist and don't claim to be. There is not some scarcity of pseudo-Marxists upholding the labor

aristocracy thesis. MIWS is not interested in jacking up the number of pre-scientific "Marxists" upholding the labor aristocracy thesis without any corresponding economic reasoning, and agrees with efforts to teach people about the theory of the productive forces and the importance of struggles against that theory.

Apart from highlighting Arghiri Emmanuel's work, MIWS has not yet singled out a mechanism of unequal exchange, only identified its location and suggested a way to quantify it. Emmanuel's theory incorporates the labor theory of value and is inseparable from it. The labor theory of value would also be useful in evaluating imperialism's potential for crisis and combating theory of the productive forces. Even though capital exports are smaller than may have traditionally been thought, capitalism is still crisis-prone. It is not that First World workers are many times more productive than Third World workers in value terms. The majority of "communist" activists don't have a scientific orientation toward the labor theory of value. For them, Marx's *Capital* and other Marxist classics are mainly a reservoir of rhetoric. So, MIWS would suggest that "Marxist-Leninists" claiming to uphold Lenin's *Imperialism* on the export of capital but don't take the labor theory of value or Lenin's theory seriously quit the act and openly abandon the labor theory of value. Taking up Luxemburg's theory, as MIWS has seen some do, in some cases because they disagree with Lenin on the relationship between parasitism and higher imperialist country wages, would be another possibility for those for whom the size and direction of capital flows pose a problem, but who don't want to explore unequal exchange. At least Luxemburg dealt with the labor theory of value mathematically and foreign trade, but MIWS does not fantasize that there is a problem realizing huge amounts of surplus value created by imperialist nation workers.

MIWS asks the below questions so readers can check their understanding of the observable inequality in the world and make sure they have left behind Trotskyism and other bourgeois ideas and explanations. Accepting that capital exports are the main source of imperialist profit could have consequences for how one views the reasons for inequality. MIWS's claim is that the unevenness and inequality in the world are due to international exploitation. Different variations of the theory of the productive forces, including those that uphold the labor aristocracy thesis, would suggest something else.

Questions for thought:

- 1) Granted that development has been uneven and living standards are numerically

unequal, what role does international exploitation play in uneven development and unequal living standards, or are First World living standards not based on international exploitation?

2) Given that First World workers have bought into the system because of their material conditions, are they also exploiters? Could it be that First World workers have bought into the system without international parasitism and without being exploiters?

Notes

1. "It is because they have forgotten this elementary fact that some people blame the theory of unequal exchange for giving mercantile imperialism priority over financial imperialism. But when, in their balance sheets of imperialistic exploitation these authors distinguish between financial transfers from the periphery to the centre, on the one hand, and the transfer of values through terms of trade on the other, they are simply counting the same thing twice over.

"The *net* transfer of capital from one country to another cannot *materially* be anything but an export of goods unpaid for by an equivalent import. A transfer of this kind can therefore only be made through a trade-balance surplus, whether a purely formal one (i.e. entered in the accounts as non-equivalent volumes in terms of current prices) or an informal one (i.e. concealed in the composition of these prices themselves, as the non-equivalence of their elements)."

Arghiri Emmanuel, "[Unequal Exchange Revisited](#)," *IDS Discussion Paper* no. 77, 1975
August, p. 56