The Wealth of (Some) Nations: Imperialism and the Mechanics of Value Transfer[1]
Zak Cope

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Abstract

The Wealth of (Some) Nations by Zak Cope provides arguments in support of the claim that new age imperialism, originating from primitive accumulation and disguised by the freedom of exchange, serves as the dominant force that allows the affluent countries to exploit the destitute. Cope builds his theory through an intricate nexus of a colonial tribute, monopolies, and unequal exchange, and confirms that the imperialism, as the permanent stage of capitalism, thrives due to the un-equivalent cross-country value transfers. In his evocative display of findings, Cope asserts that the legitimacy of the imperialist system is controversially derived from the vested interest shared among the capitalists and the labour aristocracy. Consequently, the demise of the international labour solidarity exists at the root cause of the ongoing crisis of the left-wing social movements. Undoubtedly, this intriguing study is an indispensable read for all interested in the imperialist dynamics of the capitalist societies that, in the age of globalization, deserves special consideration.

JEL: E11, F54, F62, P16

1. Introduction

The latest provocative piece on the global political economy of imperialism, released by the well renowned outlet of independent publishing, Pluto Press, is Zak Cope's "The Wealth of (Some) Nations". With an evident reference to Adam Smith's masterwork (1999), Cope moves beyond the conceptualization of the wealth of nations as the proliferation of commodities at lower prices, and through the inclusion of imperialism, shifts the focus to the indictment of the economic laws that allow the global production of wealth to be disjointed from its geographical distribution (Ricci, 2019). To capture this distributional asymmetry, Cope acknowledges the need for a system that allows the multi-layer investigation, inclusive of the property anterior to price, and thus turns to the unfairly marginalized and relevant labour theory of value.

In such an environment, the wealth of nations, under the capitalist mode of production, appears as a collection of commodities (Marx, 1990) in their materialized form. With the employment of the labour theory of value, the physical wealth can be expressed through the value system, as the labour time socially necessary to produce it (Fine and Saad-Filho, 2016), and through the price system, as its monetary counterpart. The interaction between the two, through the social relations underpinning the capitalist production, reveals the origins of class structure. This becomes the groundwork for the inner-country inequality where, the process of labour force exploitation triggers the discrepancy between the price that the wage worker receives and the value they produce. This yields the surplus value which is, in the form of profit, appropriated by the capitalist class. The described asymmetry, brings about the inner-country unequal exchange between the labourers who create more value than what the capitalist are reimbursing

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them. In line with Rubinić and Tajnikar (2019a, 2019b), it is precisely the latter that constitutes the cornerstone of Cope's method, claiming that the abovementioned inner-country class antagonism can be extended to the cross-country level, where the exploitative relations between social classes can be transmuted, by interaction, to the exploitative relations between nations.

On this foundation, Cope builds a detailed theoretical account on the preposition that the application of the cross-country exploitative relations must be studied as the function of the imperialist transfer of value. Whereby, he defines imperialism as the phenomena enabling the affluent countries to systemically derive unrequited transfer of resources from the less developed parts of the world. The imperialism is thus perceived as the system which expansion is conditional upon the expropriation of the value from the exploited nations and which, in contrast to the orthodox school of thought, utilizes the international trade as the principle vessel that facilitates the cross-country un-equivalent value transfer. Based on this, Cope sees imperialism as the system which is inherently inseparable from capitalism and is regarded not as the highest period of capitalism (Lenin, 1970), but factually represents the permanent stage of the capitalist mode of production.

This publication represents a painfully necessary departure from the mainstream agent-driven. It furnishes a narrative that re-establishes the class structure at the focal point, regarding distribution of the nations' wealth, and revives the place that class importance, in terms of economic inequality, rightfully deserves. The book is divided into four parts in which the author displays an extensive study of the political economy of imperialism which, in addition to the economic sphere, covers the matter from the historical and political viewpoints. Having said that, the principal purpose of this review is to provide the exposition of those parts of the book that bear the highest importance to the scope of this economic journal.

2. Fundamental Mechanics of the Value Transfer

The geographical value transfer implies that the produced value is realized, through international trade, within a country other than the country of origin. By applying such rationale on the standard core-periphery division, in agreement with dependency theory (e.g., Dos Santos, 1970), it can be concluded that the periphery is becoming a supplier of the surplus value for the more developed, and in this sense, imperialist core countries. The mechanics of the global value transfer, through the "brain drain", illicit capital flows, trade restrictions, price dumping, debt repayments, and disadvantageous terms of trade, places the periphery in an unfavourable position *vis-à*-vis the core, and is, in accordance to Cope, determined by the three main institutes: colonial tribute, monopoly rent, and unequal exchange.

The role of colonialism regarding the value transfer rests upon the acquisition of control over foreign territories, manifested through the colonial tribute. In that respect, Cope points out two shocking and historically distant examples by Hickel (2017). The first one, by the turn of the nineteenth century, was the silver plundered from South America by Spain, estimated today at around 165 trillion US $. The second being the uncompensated slave labour, benefiting the United States until 1865 and estimated to be worth 97 trillion US $. These and numerous other examples flooded the imperialist countries with enormous wealth and effectively served as a wide-scale primitive accumulation of capital. The colonies were additionally used as a source from which their rulers extracted the imperial rent, which enabled the continuation of the accumulation by dispossession (Harvey, 2007). The colonial administrators used the abundant resources of their colonies and the indigenous workers' cheap labour power. They monopolized the right to trade with the foreign territories and consequently utilized the dependency theory, under which the development of the colony can occur only as the reflection of the colonisers' expansion. Regardless of the minor exceptions to this extractive behaviour, ensuring the imperialist' constant influx of value was therefore conditional upon holding the development of their colonies as the hostage of the geographical value transfer.

The second institute, the prime example of economic imperialism, is the monopoly rent. Defined as the difference between the price of production and the actual market price (Amin, 2011), the monopoly rent acknowledges the importance of the monopolistic associations, differentiation of commodities, and patent rights, and debunks the myths of perfect competition and a global level playing field. Generally speaking, this environment allows the monopoly firm to obtain a low purchase price and establish a high selling price. Through the monopolistic power, the more developed firms and their host countries can exercise the economic dominance over their less developed competitors. The monopolistic power enables its holder to either produce the unique commodity, or to produce the commodity below the socially necessary labour input, thus guaranteeing the monopolists' extra surplus value and extra profits. In terms of geographical value transfer, the monopoly rent is obtained through trade between the developed country, with a large contingent of monopoly firms, and the less-developed country, usually abundant with raw materials, cheaper labour, and nascent industries. This is especially relevant within the present-day, globalized and highly concentrated world where, as stated by Nolan (2012), the global market share of large commercial aircrafts belongs to two firms, and four livestock breeding companies have 99% of the world's market. Hence, the monopoly rent stems from the commodity exchange where less of the core's embodied labour is exchanged for more of the peripheral labour, and transfers the values towards the imperialist countries.

From a formal standpoint, the above-stated institutes generate the unequal value transfers, within the name of the last institute, the unequal exchange becomes terminologically formalized. Given that Emmanuel's (1972) Unequal Exchange represents the seminal work within the domain of the imperialist trade, it comes as no surprise that it has a central place in Cope's study. Emmanuel's conceptual framework evolves around two types of value transferring mechanisms. The first is the unequal exchange in a strict sense, derived from the cross-country wage labour differentials. This type is facilitated through significantly lower labour costs, which underestimate the amount of labour embodied within the peripheral commodities that are being exchanged for the commodities of the core countries with a lesser amount of embodied labour, priced at a much higher rate. The second type is the unequal exchange in a broad sense. This type results from the cross-country differences in the capital intensities and transfers the values toward the countries with high capital-intensive industries. This is the case since the commodities produced with more capital (relative to labour) have less of the embodied labour than what is the case with their counterparts from the less intensive periphery. When it comes to the unequal exchange, Cope emphasises the germane example of Li (2016), who shows that the unfavourable terms of (labour) trade ensure that China, through international trade, realizes only over half of the labour invested in the production of its commodities, and only over one tenth through the exchange with the United States. Thus, we may conclude that the processes described initiate the geographical value transfer and allow the imperialist countries to lock the periphery in the relations of the unequal exchange.

3. Quantification of the Imperialist Value Transfer

Cope defines the imperialist economy as an entity with a net positive value transfer, that is, an entity which imports more value than it creates. By the same token, the existence of an imperialist country is the prerequisite for the exploitation of less developed countries that renders them net exporters of value. Once the mechanics of the value transfer have been theoretically established, Cope advances with the measurement of the imperialist rent in the world economy.

Chronologically speaking, Cope departs from the drain of value from the Americas, Africa, and Asia, to Europe. In light of this, he emphasises that the colonial tribute was the backbone of the commercial epoch and the imperialist capital accumulation. The colonial tribute was, to the large extent, the outcome of the positive difference between the selling price of the colonies' exports and a much higher selling price of the same commodities on the colonisers' markets. The colonial administrators benefited from low wages from their overseas territories, which ensured them the ability to maintain high profits concurrent with the payment of high wages for their domestic labour force. Accordingly, the high wages and relatively low-priced foreign imports has led to the colonisers' countries labour embourgeoisement that has, in turn, resulted in a rising demand for the colonisers' commodities, thus initiating the positive spiral. Conversely, provided that the value transfer is a zero sum game, the adverse effects of this growth spiral were outsourced to the colonies. Once established, such an economic order was sustained even when the decolonisation took place. Then, the colonial tribute was substituted with the less apparent, but by no means less extractive, imperialist rent.

The quantification of the imperialist rent departs from the market-based accounting comprised of net recorded transfers, illicit financial outflows, and transfer pricing. By referring to the third party sources, Cope asserts that there exists a sizeable outflow of payments from the global South towards the global North. The estimated loss of capital due to the net recorded transfers was 325 billion US $ in 2012, due to the illicit financial outflows was between 620 and 970 billion US $ in 2014, and due to the transfer pricing was approximately 365 billion annually. However, since these transfers represent standardised measures, relying solely on them would be misleading because it would omit a crucial part of the outflow connected to the value system. That is to say, relying exclusively on the price system would underestimate the total amount of the value extracted from the global South.

In order to remedy this shortcoming, Cope displays an unequal exchange economic model that provides a clear example of the total extent of the value exported from the periphery to the core. The results are indicating that the unequal exchange, due to the under-priced peripheral export was 420 billion US $, whereas the unequal exchange due to the overpriced core's exports was 780 billion US $. Accordingly, Cope demonstrates that the total magnitude of the unrecorded value transfers due to the unequal exchange amounted to 1.2 trillion US $ annually. However, if the analysis is modified by assuming that the cross-country productivity differential is negligible, which is the equivalent of saying that the labour can travel freely between countries, the unequal exchange value transfer jumps to a staggering 2.8 trillion US $. In any case, the resultant transfer of values confirms the previous claims and provides empirical content to the genuine economic interests behind the preposition of the mainstream narrative in which all parties draw benefits from the international trade. Hence, the unequal exchange exhibits the imperialist rent and shows that even if the global South gains through the exchange, this occurs only as the fraction of the asymmetrical benefits that are reaped by the global North. In this sense, the unequal exchange guarantees the reproduction of the existing country-level exploitative relations and the continuation of the imperialist dominance.

In addition, this study quantifies the extent of the value displacement in today's global economy. Cope points out the significance of the foreign direct investments regarding the capital exports which guarantee, mostly through the transfer payments, the imperialist repatriated profits. He estimates that the foreign direct investments ensure the developed countries' capitalists to employ over one-third of its total industrial workforce within the developing countries' industries. Furthermore, Cope measures the value outflow from the global South to the global North via the production factors' remuneration. In this respect, conservative estimate suggests that no less than the three-quarters of the developed countries' capitalist class profits are appropriated from the developing countries. In terms of wages, the source of global value transfer stems from earnings differentials. The average wage of the developed country's worker is calculated to be 40 thousand US $, while his counterpart from the developing country receives a mere 8 thousand US $. Considering that approximately 10 percent of the developing industrial workforce is employed by the capitalists from the developed countries, the geographical labour force discrimination, both in terms of inequality of output and inequality of opportunity, becomes self-evident.

The cumulative effects of all elements encompassed by this study are subsequently accounted for as the function of the labour force exploitation. It is concluded that the distinct cross-country labour exploitation rates disproportionately affect the peripheral workers, who suffer through exchange. Cope wraps up the measurement of global un-equivalent exchange in an innovative way, by summarizing the effects of this phenomena through a disparity between global production and global consumption. Consequently, in a environment liberated from the labour exploitation, those producing the value would consume the fruits of their efforts, in their entirety. As expected, not only is this not the case but additionally, the country-level divergence between the contribution to the total (world) production and the respective share in the global consumption varies beyond the extent that can be explained through the prism of the skill-biased technological change and returns to skills.

4. Labour Aristocracy and the Left-Wing Political Downfall

At the point where most of his peers conclude, Cope begins with the dissection of the taboo subject for the leftist movements, the social stratification and the emergence of the labour aristocracy. This logical extension of the research attempts to answer how the distribution of value manifests within the net winning countries, i.e., seeks to investigate whether the affluent beneficiaries are the capitalists, the labourers, the consumers, or some combination of the latter.

On these grounds, primarily incentivized by the core-periphery wage differentials, Cope sets out to investigate whether the colonial tribute, monopoly rent, and imperialist rent provide the material basis for the formation of the labour stratification. Where the latter is established on a labour class split between the aristocracy and the proletariat. Relatedly, the labour aristocracy is defined as the group of wage-earners with relatively high earnings and a decent standard of living that far exceeds that of the proletariat, seen as the working class comprised of labourers whose wage reimbursement is lower than the value they produce. Generally speaking, within the context of the hitherto findings, Cope seeks to link the embourgeoisement of the imperialist labour class with the unfavourable position of the peripheral (proletariat) labour class. In order to do that, Cope introduces the concept of the metropolitan labour aristocracy which represents a section of the labour class whose relatively high standard of living is sustained through the exploitation of the peripheral wage labourers.

Cope presents impressive historical evidence for the claim that the metropolitan labour aristocracy is fundamentally anchored to the superexploitation of the global periphery. It must be stated that the superexploitation is conceptualised, not necessarily as a payment of below-subsistence wages, but as the exploitation that greatly surpasses the average (global) levels.

Hence, the high returns to labour within the global North come at the expense of the employed within the global South. Therefore, in order to compensate the metropolitan labourers at a higher wage than the value they produce, the imperialist capitalists' must find a source for the extraction of superprofits. In other words, the superprofits are preconditions for the existence of the superwages. The described dynamics prove that the affluent countries' workers are drawing benefits from the global value transfer inflicted by the unequal exchange. Consequently, the peripheral workers are being (indirectly) exploited by their metropolitan colleagues, who are additionally benefiting, not only on the grounds of higher wages, but from the abundant consumption, higher purchasing power, and higher levels of the public sector services.

The severity of this conclusion yields enormous economic and political implications, especially when considering the frequency of which the metropolitan superwage monopoly is protected by the military power. Consequentially, it is no wonder that this detrimental by-product administers a fatal blow to the concept of the international solidarity of classes. The fact that the metropolitan workers are enjoying high living standards as a result of the peripheral superexploitation refutes the existence of the shared interests of the global labour class. Therefore, it becomes self-evident that the imperialist policy designers are seeking to preserve this, globally exploitative, *status quo* through the political paradigms designed to *divide et impera*. That is, the imperialists are seeking a refuge within the global labour stratification utilized to maintain a current state of affairs through ignorant approval of the metropolitan labour class resting on a preposition that: *"It is difficult to get a man to understand something, when his salary depends on his not understanding it"* (Sinclair, 1994, p. 109).

In this sense, the capitalists are bribing the labour aristocracy by sharing a fraction of their unequal exchange gains, and by tying the long term interests of the metropolitan labour class to the capital's performance (through pension funds). Cope investigates this controversy from the political viewpoint in the most objective way, without excluding the individual movements from their respective responsibility. This is achieved through a detailed exposition of the historical progress of the left-wing politics which is supplemented with an intriguing comparison of the physical quality of life in capitalist and socialist countries. Thereupon, Cope's lengthily explanation paradoxically concludes that the un-equivalent global value transfer is welcomed, and implicitly embraced by the wide strata of the left-wing social movements. The former includes, among others, democratic imperialists, socialist imperialists, social-imperialist Marxists, and the left-nationalists alike. This is to suggest the inability of the present day left-wing political movements to adequately cope with the international labour solidarity and the class struggle, conditioned upon the need to comply with the interest of their national electorate. From a global perspective, the recent downfall of the leftist politics which, at best, produce the national chauvinism of the labour governments, is generally connected to the fact that the it has little to offer besides a supranational pattern of a hypocritical idealism.

5. Conclusion

"The Wealth of (Some) Nations" is a noteworthy addition to the heterodox literature that extends the existing knowledgebase from four viewpoints. First, through re-establishment of the relevance of the labour theory of value regarding the distributional inequalities, Cope rehabilitates the principal role of class antagonism. Second, by utilizing the concepts of colonial tribute, monopoly rent, and unequal exchange, Cope explains the imperialist rent and provides the most extensive theoretical account of the value transfer. Third, through empirical models and statistical data, Cope quantifies the imperialist rent and exposes the economic rewards at stake. Finally, Cope's journey into the uncharted theoretical landscape unveils the genuine beneficiaries of the un-equivalent geographical value transfers.

That being said, Cope demonstrates that the inequality must be studied as the function of imperialism which enables the dominant countries to exercise economic and political power over the destitute. From this, it follows that the economic imperialism, disguised by the freedom of exchange, brings about enormous inequalities regarding the consumed labour recognition. Accordingly, the affluent countries of the global North are appropriating a part of the value produced by the global South. This cross-country unequal exchange causes a spillover effect that influences inner-country inequality and international inner-class antagonism, which confirms the controversial claim that it is not only the capitalists, but also the metropolitan labourers that are benefiting from the exploitation of the global periphery.

This begets a tension between national and supranational interests and poses an enormous challenge to the left-wing social movements and the socialist internationalism. The faulty design of the political and economic system, through a theory of political cycles, ensures that the national policymakers will be incentivized to repeatedly favour the national objectives ahead of global aspirations. This is because the national policymakers who try to advocate the supranational wellbeing enter the conflict with the national electorate needed to put them in power. Therefore, the resulting political deadlock prevents any forward-looking alterations and ensures the sustainability of the detrimental exploitative dynamics. In this sense, Cope shows the need to abandon the narrowminded outlook on macroeconomics and the necessity to focus on the maximization of the global wellbeing. This departure must be conceived in Tocqueville's (2010) self-interest properly understood and must be centred around the urgency to redefine the global playing field ruled by the imperialism and the unequal value transfer.

To summarize, "The Wealth of (Some) Nations" is a thought-provoking, anti-imperialist publication marked by objective and elaborate approach, plentiful intellectual delights, and highly readable writing style that renders it equally useful as a layman's starting point and as a pundit's source of insight. This book represents an exceptional contribution to the international political economy, crucial for understanding that the contemporary crisis of economics and politics alike does not arise due to lack of adequate ideas.

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