

■ ■ **Global commodity chains (GCCs) are now decentralized. Can it be construed as decentralization of power among the major actors within these chains?**



Foxconn is the world's largest iPhone assembly plant, located in Zhengzhou, the capital of central China's Henan province.

In my book, I argue that it is not the case: The decentralized organization of the GCCs does not necessarily indicate a decentralization of power. Power is still unequally distributed, and oligopolistic corporations, mostly headquartered in the Global North (and to some extent, in the “emerging economies”), still hold control over the chains, including in the production processes, even when these processes are outsourced.

■ ■ **What makes it justified to call it imperialism?**

What happens here is a form of unequal exchange (i.e., the exchange of more labor for less) where value is captured (not “added,” as in the neoclassical understanding of “value-added,” where surplus value is attributed to the corporations in the Global North while the employment and production occur in the South) from the Global South. Since production today happens mainly in the South, where the exploitation rate is higher due to low unit labor costs, labor values generated by production are captured and not registered as arising in the Global South due to asymmetries in power relations, in which oligopolistic multinational corporations are key conduits. That is capitalist imperialism. We should call it what it is.

■ ■ **The capital looks for lower unit labor costs; that’s almost axiomatic in capitalism. Do you think it is in itself exploitative?**

Yes: Exploitation, borrowing Michael Yates’ words, is one of the two pillars of capitalism (the other one being expropriation). If we refer to Marx’s labor theory of value, then exploitation is what allows capitalists to gain surplus value (that is then realized as profit in the market). Exploitation is ingrained in the imperative of capital accumulation.

■ ■ **What about global commodity chains?**

In today’s organization of the GCCs, however, we can also see how exploitation happens on the global level by taking into account global power inequality among different actors, including

Imperialist characteristics of world economy are difficult to ignore

Professor of sociology at Illinois State University, and author of ‘Value Chains: The New Economic Imperialism’, published by Monthly Review Press in 2019.

Intan Suwandi

■ ■ **Some observers argue that the complexities of these chains indicate a termination of hierarchical, imperialist characteristics of the world economy. How do you analyze that argument?**

It is difficult to ignore the imperialist characteristics of the world economy, especially if we understand what capitalist imperialism looks like. Harry Magdoff explains this clearly: Unlike previous forms of imperialism, such as that in classical antiquity, capitalist imperialism is not about expansion into other geographical areas and the exaction of tribute. In capitalist imperialism, the dominated areas (the Global South) are transformed, adapted, and manipulated to serve the imperatives of capital accumulation at the center. We can see this very process in the organization and workings of the GCCs: The firm-level transformations of production sites in the Global South countries are often parachuted in with no real organic relation to, or logic stemming from, these countries’ economies. They are instead easily dismantled and removed.

■ ■ **Then, what’s the role of the Global South?**

These Global South countries remain in a dependent condition, a situation that is more pronounced especially when we talk about arm’s length production (instead of the traditional foreign direct investment) as a significant part of the GCCs today. Here, what is being produced are mere links in a global chain of value, in which particular nodes of production are digitally specified and controlled from abroad. The entire production system is designed to be highly mobile and can be rapidly shifted elsewhere if unit labor costs rise.

between the working class (in a general sense, including groups such as the peasantry and the urban poor) in the Global South and capital from the Global North. Such constellation of unequal power is in itself a product of centuries of imperialism and colonialism. To be more specific, what multinationals do is take advantage of global wage differentials and the imperfect global market, where capital is (relatively) free while labor is largely confined within national borders. In the business circles, this is called “global labor arbitrage,” where the search for low unit labor costs is seen as a “survival tactic” for multinationals.

■ ■ **How does “global labor arbitrage” work?**

If we use a critical perspective to analyze this, as I explained elsewhere, we can see that global labor arbitrage is a form of unequal exchange, where multinationals, in effect, get more labor for less and benefit from high markups on low-cost labor in the South, while most of the so-called “added value” is mistakenly attributed to the “innovative” or financial activities in the Global North. In other words, global labor arbitrage is a quest for valorization. It is a strategy for both reducing socially necessary labor costs and maximizing the appropriation of surplus value (as known as exploitation). It extracts more out of workers through various means, including repressive work environments in periphery-economy factories, state-enforced bans on unionization, and quota systems or piece-rate work. This is how “drain” happens from the South to the North, where surplus of an economy is sucked out without an expected return of advantages; and labor is a part of the story of