Southern labour—"Peripheral" no longer: A reply to Jane Hardy

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In 1980 half the world's industrial workers lived in Europe, North America and Japan, ie the imperialist nations. Since then, in just three decades, their numbers have declined in absolute terms by around a quarter, while the export-led expansion of the industrial workforce in low-wage countries has grown rapidly and now comprises 80 percent of the world's industrial workers. The scale and speed of this global shift, and even more so the form it has taken, are strong evidence of the significance of the outsourcing phenomenon. Yet, in "New Divisions of Labour in the Global Economy", published in *International Socialism 137*, Jane Hardy disputes this and all other evidence to argue that nothing important about capitalism has changed. She claims that the global shift of production to where labour is cheaper has had only a marginal and transient effect, involving "specific transnational corporations and particular sections of capital", for whom it can only provide a "temporary fix".[1]

This response begins by briefly summarising the relevant features of the global transformation of production during the neoliberal era. It then examines Jane Hardy's evidence and shows that each item she cites points to an opposite conclusion to the one intended. It concludes by answering Hardy's charge that my view, fairly summarised as "outsourcing has transformed the global working class and is a way that profits are extracted by transnational corporations from imperialist countries through the super-exploitation of workers in the Global South", is "divisive, pitting the interests of workers in the core capitalist economies and developing countries against one another".[2]

The globalisation of the capital-labour relation

Production outsourcing on a vast scale, driven by Northern firms seeking to replace higher-waged domestic labour with low-waged labour in China, Bangladesh, Mexico and elsewhere, was key to capitalism's escape from systemic crisis in the 1970s. This fundamental driving force of neoliberal globalisation, whose importance and even existence are denied by Jane Hardy, was succinctly stated by Morgan Stanley economist Stephen Roach:

In an era of excess supply, companies lack pricing leverage as never before. As such, businesses must be unrelenting in their search for new efficiencies…offshore outsourcing that extracts product and/or services from relatively low-wage workers in the developing world has become an increasingly urgent survival tactic for companies in the developed economies.[3]

During the 1980s, the first years of the neoliberal era, wrenching economic crises engulfed Southern nations. A huge hike in global interest rates brought on the Third World debt crisis while collapsing primary commodity prices robbed them of the ability to service their debts. Their only capitalist way out was to offer up their living labour, as well as their food and natural resources, to firms in imperialist countries eager to "extract product" from low-wage workers. In 1980, four fifths of African, Asian and Latin American exports were of natural resources and agricultural products, ie primary commodities. In just 15 years frenetic production outsourcing—or "export-oriented industrialisation" from a Southern perspective—raised manufactured exports to two thirds of the South's total exports, a flood tide since swollen by China's reintegration into world markets and supply chains.

The result is a vast new source of profits to firms in imperialist countries. Workers in low-wage countries provide consumer goods and industrial inputs to Europe, Japan and North America while the lion's share of value created in their production is captured by monopolistic "lead firms" headquartered in those same countries. Some of this value is shared with advertisers, the owners of commercial property, etc, and also with the state, through taxes. All of it counts towards the Gross Domestic Product (GDP) not of the nations where these commodities are produced, but of where they are consumed.Thus Southern living labour has greatly increased its contribution to the surplus value that is realised as profit, in all its various forms, by firms and owners of financial assets in imperialist countries. But this is not the only way that the globalisation of production has benefited their profits and class power. Increased global competition weakens workers' bargaining power and facilitates wage repression at home, while the outsourcing of workers' consumption goods to factories in low-wage nations allows living standards to rise even if wages don't.

What's involved here is not merely the globalisation of production but the *globalisation of the capital-labour relation*, in which capitalists in imperialist nations have become very much more dependent on value extracted from workers in the Global South. This is a very pure, capitalist form of imperialism, despite the impurity represented by the fact that this global capital-labour relation is founded on an apartheid-like racial and national stratification of the global workforce, resulting in wide international differences not just in wages but in the rate of exploitation. Capitalism has become highly dependent on this impurity. Racial and national divisions play a crucial economic role—raising the overall rate of exploitation and therefore the mass of profits to be fought over—and an equally crucial political role. It allows capitalists to combine economic competition and national chauvinism into a potent weapon of divide and rule.

Outsourcing and productivity

Sifting through a report by two US economists, Hardy notes that there "has been some loss of employment with the out-migration of functions in global value chains; however, this reduction has been to do with labour-saving technology rather than outsourcing".[4] This is curious, since it flatly contradicts the report's executive summary, which states that "the loss of employment in the manufacturing sector was caused by the out-migration of functions in global supply chains associated with lower value added per job".[5] Perhaps Hardy's confusion is explained by the executive summary's next paragraph: "Manufacturing sectors that suffered a loss of employment nevertheless experienced rising value added. Therefore value added per job rose, in some cases dramatically".[6]

It appears that Jane Hardy mistakes the rising "value added per job" (the standard bourgeois measure of productivity) as evidence of the introduction of labour-saving technology. But the report clearly states that "value-added growth is high because the high value added portions of the supply chains have remained in the domestic economy. Meanwhile, the lower value-added portions migrate off shore".[7] In sum, this report concludes that both the increase in value added per worker and the decline in employment are different sides of the outsourcing coin, and neither has anything to do with the introduction of labour-saving technology, the very opposite of what Jane Hardy wants it to say. It is *this* that explains why, as she notes in continuation, "in electronics, jobs have fallen by 650,000 over two decades, but value added has increased by 363 percent, by far the largest increase among all industries".[8] Electronics firms have been pioneers and leaders of the outsourcing charge from the very beginning!

Hardy could have avoided this confusion had she paid attention to what Gary Gereffi calls "the fundamental asymmetry in the organisation of the global economy between more and less developed nations". Gereffi points out that "the concentrated higher value added portion of the value chain is located in developed countries, while the lower value added portion of the value chain is in developing economies".9 William Milberg adds that this asymmetry—oligopoly exercised by firms headquartered in the "advanced nations" at one pole and intense competition between Southern suppliers on the other—means that the latter:

have no rents to share with employees, and can survive only if wages are kept at a minimum. The increased use of sweatshop labour today, which has come with the rise in arm's length outsourcing, can be seen as tied to global production sharing…[and] may lie behind the current situation in which developing countries have greatly expanded their share of global manufacturers exports while seeing their share of global value added in manufacturing rise by proportionally much less".[10]

Jane Hardy acknowledges that "huge supermarkets…firms that produce branded clothing and footwear, and companies such as IKEA are constantly reshaping their value chains to extract a disproportionate share of surplus value from their suppliers, who have much less power and who in turn are forced to squeeze their workers." But she argues that these examples are exceptional, referring to "specific transnational corporations and particular sections of capital. All too often these high profile and limited examples are generalised into an argument about the mobility of capital as a whole".[11] However, rather than being "limited examples" that should not be generalised, these types of firms completely dominate vastly important imperialist nations' consumer goods markets.

Clothing

Turning to particular industrial sectors, she begins with the global clothing industry, about which she says:

despite the hyper-mobility of the clothing industry, production has not relocated exclusively to low-wage sites. Since the liberalisation of the clothing industry in 2005, China's share of world exports in clothing has risen from 18 percent to 34 percent, but Europe's share has also increased from 28 percent to 31 percent in the same period".[12]

First, she's got her facts wrong. World Trade Organisation (WTO) data show that, between 2005 and 2011, Europe's share of world clothing exports *declined* from 31 percent to 28 percent. More importantly, this period spans the years of extreme turbulence following the onset of global crisis, making one question what conclusions can be drawn from such a small change during such an exceptional period. The global shift of clothing production actually took place well before Hardy's narrow time-frame. It was already well under way in 1990, when Europe's share of world clothing trade stood at 40 percent, falling to 35 percent by 1995 and to 28 percent in 2000. Buoyed by brisk sales of designer fashions, it has hovered at this level ever since.[13] Europe's clothing industry today is dominated by *haute couture*, which remains in Europe because, among other reasons, the image of Bangladeshi women working for less than $2 a day doesn't coordinate well with big-ticket fashion houses' brand image, but also because the inflated prices of their products reduce the pressure to outsource. As for the clothing and footwear worn by the rest of us, they are produced almost exclusively by workers in low-wage countries.

Automobiles

Hardy's next witness is the automobile industry: she quotes Nicole Aschoff, who writes that:

the restructuring of the [US] auto industry over the past three decades is not a simple globalisation story of investment leaving for low-wage sites. Instead, it has been a story of constant restructuring with growth and decline occurring simultaneously in time and space".[14]

This blurs the changes that are taking place. In 2010 the World Bank reported that "US motor vehicle production relies more on imported inputs than any other sector of the economy, with over 25 percent of inputs imported".[15] Most of these are from Mexico, whose exports of car components grew by 22 percent per year between 1988 and 2006, reaching $28 billion in that year.[16] The changing fortunes of US auto's principal "overseas" suppliers—relatively high-wage Canada to the north and low-wage Mexico to the south—define the trajectory of the US car industry. The Organisation for Economic Co-operation and Development (OECD)'s new *Trade in Value Added* database reveals that 18 percent of the USA's automotive value added imports in 2005 came from Canada and 16 percent from Mexico. By 2009 Canada's share had slipped to 14 percent while Mexico's had risen to 21 percent.

We can agree that the auto industry is not a "simple globalisation story". Like all others, it is a highly complex globalisation story. For example, a study for the World Bank on the "Effects of the 2008-09 Crisis on the Automotive Industry in Developing Countries" notes that political sensitivity "explains why Japanese, German, and Korean automakers in North America have not concentrated their production in Mexico, despite lower operating costs and a free trade agreement with the United States".[17] Yet the USA's own auto giants, less "patriotic" than US consumers, relocate more and more of their production to the other side of the Rio Grande!

Hardy notes that "in the US auto industry from 1990 to 2007, 172,000 jobs were lost as domestic industry declined, but the value added per job increased by 85 percent from 1990 to 2008",[18] once again failing to acknowledge that a substantial part of the increased "value added per job" (or productivity) in the USA is due to the outsourcing of low value added production processes to Mexico, though of course the intensification of labour and the introduction of new technology in the USA have made their own contributions. She continues: "From mid-2009 to mid-2010, however, the auto industry gained more than 50,000 jobs, increased profits for the first time since 2005 and increased exports abroad as the US government bailed out and restructured General Motors and Chrysler".[19] This evidence from a single year, one that spanned the deepest crisis since the 1930s, can tell us little. Indeed, early results of the impact of the crisis on the US auto industry point to the opposite conclusion: citing its own evidence and other studies, the World Bank report concludes that "firms based in the United States and Western Europe are likely to continue to shift production to the low-cost peripheries of Eastern and Central Europe and Mexico to reduce operating costs".[20] This is a reasonable prediction: the cost-cutting imperative that impelled outsourcing in the decades before the crisis is now even more urgent. Auto firms and others, in the USA and in Europe, will redouble efforts to cut wages and ratchet up the pace of work. What they will not do is invest their $5 trillion of hoarded profits in a major expansion of production. In its absence, hype about "backshoring" and hopes aroused by Obama's promise to "reindustrialise America" will remain just that.

Statistical fog

Jane Hardy is quite right to argue that "the whole process of measuring offshoring and outsourcing is riddled with problems and imperfect statistics".[21] But these need not prevent us from perceiving the magnitude of the phenomenon, and economic statistics are, in any case, only part of the mountain of empirical evidence. Attempts to use statistics to measure outsourcing come up against three main problems: (1) outsourcing affects different types of commodities—intermediate inputs for production processes and "final goods" packaged and ready for the supermarket shelves; (2) their production may take place "in-house", in wholly owned subsidiaries or, increasingly, through contractual relations with independent suppliers; (3) export prices contain the value embodied in imported inputs, and therefore, to a lesser or greater extent, exaggerate the "value added" supposedly generated in the exporting country.[22] These three problems complicate precise measurement of the different forms of outsourcing, but not its overall magnitude and significance. Hardy attempts to weigh the phenomenon by taking "foreign direct investment (FDI) as a proxy for the extent to which capital is being internationalised", and finds that "the majority of flows were concentrated in the core capitalist economies of the United States and Europe".[23] She admits that "subcontracting arrangements are not captured in these statistics". But even if we leave this extremely important, indeed dominant, form of the global capital-labour relation out of the picture, there are compelling reasons not to take these headline FDI statistics at face value. The bulk of "North-North" FDI is made up of mergers and acquisitions of banks, insurance companies, etc, and expresses the concentration of finance capital—an entirely different process from the use of FDI to access cheap labour. Of the remainder, much is in firms that have outsourced some or all of their production processes to low-wage nations. No useful conclusions can be drawn from FDI data without making these basic distinctions, yet Hardy rushes to conclude that FDI statistics "raise important questions about the usefulness of dividing the global economy into the 'Global North' and 'Global South'".[24]

In any case, the total outsourcing picture *is* captured by one set of comprehensive and readily-available data—manufactured exports from low-wage nations to imperialist nations as a whole. William Milberg and Deborah Winkler, in a study of the impact of the crisis on global production networks, explain the simple logic of this:

Standard offshoring measures capture only trade inputs…yet much of the import activity in global supply chains is in fully finished goods. In fact, the purpose of corporate offshoring, whether at arm's length or through foreign subsidiaries, is precisely to allow the corporation to focus on its "core competence", while leaving other aspects of the process, often including production, to others. Many "manufacturing" firms now do not manufacture anything at all. They provide product and brand design, marketing, supply chain logistics, and financial management services. Thus, an alternative proxy for offshoring may simply be imports from developing countries.[25]

In other words, South-North merchandise trade as a whole is a composite of a myriad of outsourcing and offshoring relationships. As Milberg says, "this measure [South-North merchandise trade]...overcomes the problem of looking only at intermediates or only at intra-firm trade".[26] This "broad measure of goods offshoring", which perfectly captures both intra-firm and inter-firm trade, "shows that developing-country imports constitute over half of total imports by Japan (68 percent) and the United States (54 percent), while the European countries range from 23 percent in the United Kingdom to only 13 percent in Denmark”.[27]

Data on world trade, GDP, etc reveal much and conceal even more. One of the most striking features of the imperialist world economy revealed in the data is that Northern firms do not compete with Southern firms; they compete with other Northern firms, including to see who can most rapidly and effectively outsource production to low-wage countries. There is North-North competition, and fierce competition between Southern producers for contracts with Northern-led firms, but no North-South competition. Of course, important exceptions can be identified and qualifications can be made, but the overall pattern is clear. Firms in imperialist countries compete with each other, not with their Southern suppliers, with whom their relationship is complementary, not competitive, even though it is far from equal.

However, Marx’s theory of value alerts us to a fundamental problem with trade data. All statistics on trade, value added, GDP, etc measure the result of transactions in marketplaces, where values are exchanged but none are created. Bourgeois economists consider a commodity’s price to be identical to its value. Fundamental to Marx’s view, however, is that the value generated in the production of a commodity bears no necessary relationship to the money it is exchanged for. In particular, Marx argued that part of the value and surplus value generated in labour-intensive capitals is captured by capital-intensive capitals. Only through the redistribution of value from the latter to the former can capital-intensive capitals achieve even the average rate of profit on their total investment, let alone a surplus profit. Their workers are typically more productive in terms of use-values than those employed in labour-intensive industries. But in terms of exchange value (the only value the capitalists are interested in), assuming similar levels of skill and intensity of labour, one hour of living labour generates no more value in capital-intensive industries than in labour-intensive industries.[28] Furthermore, if their wages and working day are also the same, workers generate no more surplus value in one sector than in the other—they are all equally exploited.

If redistribution of value normally and regularly occurs between firms within a nation, this also must take place between firms in different nations—but not in exactly the same way as Marx explained in *Capital*, since now we must take account of wide international differences in wages and in the rate of exploitation. Only the shadow of the international value transfers generated by production outsourcing appears in statistics on trade, and in financial flow data the only South-North value flows that show up are repatriated profits from foreign direct investment and debt servicing. There is no sign, anywhere, of any transfers of value or of profit associated with the increasingly predominant “subcontracting arrangements” typified by the relation between Bangladeshi clothing factories and Primark, subsidiary of Associated British Foods. To bourgeois economists this is because there are none, and Hardy appears to agree with them. But you don’t have to have read *Capital* to know that, whatever the statistics may say, the profits realised by Apple, Tesco, GM, etc have a lot to do with the low-wage workers who make so much of their products.

Then…a breakthrough, of sorts

By relocating across national boundaries firms may be able to employ workers who they can hire for a lower wage or who they can compel to work longer and harder… However, the higher the rate of profit achieved in a particular sector, the more rapidly that exceptional rate of profit will be eroded by the entry of new capital into that sector (assuming that there are no barriers to entry). Competition and the attendant rise in confidence of workers collectively or individually will push up wages and erode the differential. However, the fact that labour has less freedom to move across national boundaries than capital means that differences in the rate of exploitation may be sustained for long periods of time—depending on the strength and combativity of workers.[29]

This is a remarkable statement. Not only does it confound the rest of Hardy’s article, it implicitly accepts something routinely denied by other writers in the IS tradition: that wages often only a small fraction of the going-rate in imperialist countries, the tiny social wage and extremely extended working hours are signs of “differences in the rate of exploitation” (she can’t quite bring herself to say a higher rate of exploitation) in “emerging nations”. Even though this is mentioned only as a hypothetical possibility and not as something really important that needs to be studied, it is an important advance.

Given their obvious importance, it is surprising that Jane Hardy gives so little attention to the grotesque disparities in wages between what she calls "core" and "peripheral" countries. The US government's Bureau of Labor Statistics (BLS) publishes data advising US corporations on how much it costs to hire workers in a range of different countries. It reports that, despite decades of wage stagnation in the US and years of above-inflation wage rises in China, in 2010 the average hourly "labour compensation"(wages plus benefits) of US manufacturing workers was 20 times greater than that received by their Chinese sisters and brothers ($34.74/hr vs $1.71/hr).[30] Since Canada, France, Germany and other imperialist countries have an even higher labour compensation than the US, while Indian and Sri Lankan workers are even cheaper than Chinese workers (as are those of other popular outsourcing destinations not covered by the BLS data, such as Indonesia, Vietnam and Bangladesh), the shockingly high wage differentials between the US and China, if anything, underestimate the extent of wage differentials globally.[31]

In the passage beginning this section, Hardy tries to make sense of the outsourcing relationship by invoking Marx's general formula discussed above, explaining the equalisation of profit rates between sectors of an idealised economy in which both capital and labour are freely mobile. But in today's neoliberal travesty of globalisation, everything and everyone can pass through borders—commodities, the profits made from them, even the factories themselves—but not the workers who produced them. The resulting higher rates of exploitation in the Global South do not necessarily mean higher rates of profit in the South, as Jane Hardy assumes—because Northern firms use their monopolistic control over the production and sale of commodities to capture a large portion of this surplus value.

It is excellent that Hardy recognises that "the fact that labour has less freedom to move across national boundaries than capital means that differences in the rate of exploitation may be sustained for long periods of time". Yet she presents this as a hypothetical possibility rather than a material fact and makes no attempt to weigh the phenomenon or consider its consequences. The existence of higher rates of exploitation in Southern nations and the possibility of their persistence over long periods of time are an important discovery—a fact which she casually tosses to one side with the assertion that "while an individual firm can steal an advantage on its competitors by moving to low-cost locations this can only be a temporary fix".[32]

Aware that general formulae about pure competition explain little about contemporary global capitalism, Hardy invokes David Harvey's notion of a "spatio-temporal fix"."Moving to new locations…in order to resolve the contradictions of capital is what David Harvey refers to as a 'spatial' fix. But moving to new locations, rejigging contractual arrangements with other capital and/or adopting new technology are only temporary fixes for individual capitals and the system as a whole".[33] Hardy's argument is that relocating across national boundaries to employ workers for a lower wage can provide a "temporary fix" not just for individual capitalists but for "the system as a whole". And, what is more, these temporary fixes and the associated differences in levels of exploitation between countries can persist "for long periods of time". So, not that big a deal, then!

The notion of the "spatio-temporal fix" adds nothing that is not already present in Marxist and Leninist concepts of capitalism and of its imperialist form, and leaves out a great deal. Hardy seizes on it not for its explanatory power (on this showing, very little), but in order to avoid any suggestion that attempts by capitalists in "core" nations to "fix" their contradictions by expanding their super-exploitation of workers and farmers in low-wage nations has anything to do with imperialism.

"New Divisions of Labour in the Global Economy" also has some interesting and equally disputable things to say about "services" outsourcing and about China. These topics have been left to one side in order to focus on the globalisation of industrial production (to which many "services" are in fact integral). The main concern of this article has been to establish the facts in the face of Jane Hardy's (in my opinion) unsuccessful attempt to obscure them. It has so far said little about the huge strategic implications of those facts for all workers. These I will now address in general terms, in the course of replying to Jane Hardy's critical remarks.

Socialism or Apocalypse

Capitalism's imperialist outsourcing fix allowed capitalists in Europe, North America and Japan to restore profitability while postponing a head-on confrontation with their workers. The beginning of the "great stagnation" shows that the 25-year respite from crisis is now over. Imperialist governments have started to tear up the social contract. Revolution is once again on the agenda in imperialist countries, while wave upon wave of strikes involving tens of millions of factory workers, agricultural labourers and miners, from South Africa to Indonesia to Bangladesh to China, are signs that the imperialist fix brings with it new contradictions.

Jane Hardy suggests that this is an "apocalyptic" view.[34] Yes, if it is apocalyptic to believe that capitalism now confronts its greatest ever crisis, one that will end, in the words of the *Communist Manifesto*, "either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes". But the massive reinforcements to the global working class, overwhelmingly youthful and female, in all corners of the earth, is a cause for us to rejoice and our enemies to despair. So is their presence in the unfolding Arab revolution, in the Bolivarian challenge to imperialism, in revolutionary Cuba, and in democratic and national liberation struggles around the world. Along with the increased presence of migrant workers and of women in the working classes in imperialist countries, the transformations of the past decades have dramatically changed the face of the world working class. No longer is the working class primarily white, male and located in imperialist countries. It now much more closely resembles the face of humanity, and that improves its prospects of prevailing in coming battles. There is nothing "divisive" about pointing this out, as Jane Hardy alleges. Neither does acknowledging the existence of higher rates of exploitation in low-wage nations—as she herself does at one point—mean "pitting the interests of workers in the core capitalist economies and developing countries against one another".[35] This charge is more properly directed at those who deny their existence.

Trade Unions: *Their Past*, *Present*, *and Future*, a founding document of the First International drafted by Marx in 1866, states that trade unions:

must now learn to act deliberately as organising centres of the working class in the broad interest of its *complete emancipation*. They must aid every social and political movement tending in that direction… They must look carefully after the interests of the worst paid trades… They must convince the world at large that their efforts, far from being narrow—and selfish, aim at the emancipation of the downtrodden millions.[36]

What does this mean in today's world? Where are the worst paid trades? Who are the downtrodden millions? A year later, Marx gave an amazingly prescient warning of the significance of outsourcing to the workers' movement, well before it attained its modern imperialist form, in the declaration he drafted for the First International's Lausanne Congress:

In order to oppose their workers, the [English] employers either bring in workers from abroad or else transfer manufacture to countries where there is a cheap labour force. Given this state of affairs, if the working class wishes to continue its struggle with some chance of success, the national organisations must become international.[37]

Isn't there something faintly absurd about seeking to deny the truth of this 166 years later?

Finally, to acknowledge the global shift of production does not mean accepting, as Hardy accuses me of doing, that "workers are powerless in the face of mobile capital".[38] It is capitalism itself that pits workers against each other. Marx pointed out many times that, as a purely economic movement, workers are at a huge disadvantage—we must sell our labour power or starve; we are forced to compete for work with those who have none. The onset of capitalism's greatest crisis means that the workers' movement can fight defensive battles but can only advance, anywhere, by fusing the economic struggle with the struggle for political power, by beginning the process of converting itself into a revolutionary political movement, by gathering around itself all oppressed, exploited and marginalised peoples.

Neoliberal globalisation's transformations have sharpened competition between workers North and South, and reveal ever more clearly that "national" solutions proposed by labour leaders in imperialist countries strengthen xenophobia and lead towards fascism. If US and European workers do not wish to compete with their sisters and brothers in Mexico, China, etc, they must join with them in the struggle to achieve an authentic globalisation—a world without borders—in which no one has more right to a job, an education or a life than anyone else: to abolish the racial hierarchy of nations and the tremendous disparities associated with it. The path of socialism is nothing less than the struggle to eradicate the gigantic differences in living standards and life chances that violate the principle of equality between proletarians. As Malcolm X said, "Freedom for everybody, or freedom for nobody."

Notes

1: Hardy, 2013.

2: Hardy, 2013, p102.

3: Roach, 2003.

4: Hardy, 2013, p120.

5: Hardy, 2013, p102.

6: Spence and Hlatshwayo, 2011, p4.

7: Spence and Hlatshwayo, 2011, p23.

8: Hardy, 2013, p120.

9: Gereffi, 2005, pp46-47.

10: Milberg, 2004, p10.

11: Hardy, 2013, p104-105.

12: Hardy, 2013, p105.

13: Data from http://stat.wto.org. As with all trade data, these bald statistics must be taken with a pinch of salt. Trade between European countries accounts for more than 80 percent of total European clothing "exports" (see Dicken, 2011, p357). In 2009 Europe's clothing exports to the rest of the world stood at just 7.0 percent of the world clothing trade, down from 7.4 percent in 2004.

14: Aschoff, 2012, p143.

15: Milberg and Winkler, 2010, p41.

16: Van Biesebroeck and Sturgeon, 2010, p224.

17: Van Biesebroeck and Sturgeon, 2010, p214.

18: Hardy, 2013, p120.

19: Hardy, 2013, 120.

20: Van Biesebroeck and Sturgeon, 2010, p236.

21: Hardy, 2013, p117.

22: "Supposedly" because, as I argue elsewhere (Smith, 2012), "value added" is a measure of how much value is captured by a firm, which is quite separate from how much value (if any) is added by living labour in its employment.Trade data's failure to measure export values net of imported inputs is overcome by the OECD's new "Trade in Value Added" dataset, though only for 40 countries and only for a few recent years.

23: Hardy, 2013, p117.

24: Hardy, 2013, p118.

25: Milberg and Winkler, 2010, p29.

26: Milberg, 2008, p424.

27: Milberg and Winkler, 2010, p30.

28: As Marx explains in Capital, "Useful labour becomes…a more or less abundant source of products in direct proportion as its productivity rises or falls. As against this, however, variations in productivity have no impact whatever on the labour itself represented in value. The same labour, therefore, performed for the same length of time, always yields the same amount of value, independently of any variations in productivity. But it provides different quantities of use-values during equal periods of time"-Marx, 1976, p137.

29: Hardy, 2013, pp112-113.

30: http://www.bls.gov/news.release/archives/ichcc_12212011.pdf. The figure for Chinese wages for 2010 was obtained from BLS figures for 2008, expanded by the officially-reported annual wage increase of 12 percent per annum.

31: See Norfield, 2012. These wage ratios are obtained by converting Chinese, etc wages into dollars at the prevailing market rate of exchange, which is exactly what multinational corporations need to know for their investment decisions. They do not measure the gap in real wages, because market exchange rates typically undervalue the South's "soft" currencies and thus understate the actual purchasing power of Southern workers' wages. To compare real wages in eg China and the US it is necessary to use PPP (purchasing power parity) dollars. Making this correction for Chinese wages in 2010, \$1.65/hr becomes \$2.82/hr, still just 12 percent of US wages. PPP conversion indices are generated by the International Comparison Programme, which, to this end, processes vast quantities of data on price movements in almost every country on earth. Since peaking in 2002 the exchange rate distortion has declined continuously for the past eight years. In 2002 it was necessary to multiply the dollar equivalent of Southern wages by 2.3 in order to compare their purchasing power. By 2011 this had fallen to 1.4 (author's calculation of the weighted average PPP conversion index for "low and middle income" countries. PPP indices from World Development Indicators-http://databank.worldbank.org/ddp/home.do)

32: Hardy, 2013, p122.

33: Hardy, 2013, p112.

34: Hardy, 2013, p102.

35: Hardy, 2013, p102.

36: Marx, 1866, emphasis in original.

37: Marx, 1867.

38: Hardy, 2013, p102

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