

**GLOBALIZATION, SUPER-EXPLOITATION, AND CAPITALISM'S FINAL CRISIS****Nicolce Runcev**

Ministry of Finance - Public Revenue Office, N. Macedonia, nicolceruncev@yahoo.com

**Trajanka Makrevska**

International Slavic University "Gavriilo Romanovich Derzhavin" N. Macedonia,

[makrevska\\_art@yahoo.com](mailto:makrevska_art@yahoo.com)

**Abstract:** Over the last few years, globalization has started a new phase driven by structural shocks from financial crises to the eroding of representative democracy. The 'great globalization disruption' is related to the occurring integration of capital, labor and product markets apace with structural economic and technological change. Economics and politics are pulling in different directions. The logic of market liberalism stands for greater openness, free trade and deregulation to sustain global growth and expansion. Nevertheless, the politics of Western democracies implore greater national protectionism, using the nation-state to defend citizens from market forces that have no consideration for established political bargains and solidarities. The social contract that sustains liberal democracy is under strain.

On the grounds of this, imperialism has two fundamental characteristics. The first is a result of the concentration and centralization of capital. The competitive accumulation of capital leads both to the growth in the size of the individual units of capital and to the incorporation, specifically during economic crises, of smaller by larger capitals. Economic power correspondingly becomes increasingly concentrated. Sectors become monopolized, dominated by very few large firms or perhaps by only one huge corporation. Moreover, industrial capital inclines toward merging with the big banks to form finance capital. The final stage of this process of 'organization' is the growing integration of private capital with the nation-state, that is to say, the emergence of state capitalism.

A great number of articles have been written about today's global crises. Why add another one? We hope to contribute some aspects and views that can help leaders and change-makers understand what is going on and be more effective in helping communities shift from ego-system to eco-system economies. The two things that appear to be permanent are our collective habits of thought and the actions that they produce in our world. Why is that? Why do we collectively create undesirable results? And what can we do to alter these patterns that keep us rigidly in the grip of the past?

**Keywords:** Globalization, super-exploitation, economic crises, capital

**1. INTRODUCTION**

The outsourcing that has spread over the past three decades is largely a continuation of the perpetual search for capital for new sources of cheaper labor, and labor that is easily exploitable.

The forerunners of modern wage-driven production outsourcing can be found in various branches of the nineteenth-century economics.

Clothing and textiles, which played an important role in all stages of capitalist development, provide very early examples of the outsourcing of wage-producing production, which Karl Marx warned about 150 years ago.

No longer able to dictate the prices of their distributors, the shift in power to commercial capital increased the pressure on monopolies to reach agreements with their trade unions and to de-unionize and "flexicize" their domestic workforce - and to follow in the footsteps of retail giants who order services for the labor-intensive manufacturing in low-wage countries.

This included redistributing profits from industrial to commercial capitalists and distributing some of the outsourcing bonuses to the wider working class through falling commodity prices.

The main and radical explanations for the root causes of the global crisis have focused almost exclusively on the debt bubble, the explosion of derivatives, and the financial frenzy that preceded the outbreak, but on the other hand little attention has been paid to the accompanying transformation and global shift in output.

Aviva Chomsky makes a key connection: "Most authors who research this issue treat immigration and capital flight separately. Her approach insists that they would be best studied together, as aspects of the same phenomenon of economic restructuring." She adds that "capital flight [meaning outsourcing here] was one of the main reasons why the textile industry remained one of the least organized in the early to mid-twentieth century and it was one of the main reasons for the decline of trade unions in all industries at the end of the century."

At the beginning of the neoliberal era, Jeffrey Henderson and Robin Cohen made the same connection: from imported migrant labor to make the labor process cheaper and reduce labor reproduction costs in developed countries.

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Neoliberal globalization has transformed production with all its modifications, including labor, because more and more outsourced, or consumer goods, have been produced by super-exploited workers in low-paid nations.

"Although the share of labor in relation to GDP has declined, the globalization of labor, manifested in cheaper imports into advanced economies, has increased the 'pie size' that needs to be shared among all citizens, resulting in a net profit, in other words, the cost savings arising from outsourcing are shared with the workers in the imperialist countries.

The globalization of production on the one hand and the globalization of labor on the other are two dimensions of the phenomenon of outsourcing. They produce contradictory effects and communicate in complex ways.

They must be studied both separately and together.

The global nature of the social relations of production and the growing interdependence between workers in different countries and continents objectively strengthens the international working class and accelerates its emergence as a class "for itself" as well as "in itself", which struggles to establish its supremacy.

However, to counter this, capitalists increasingly rely on and use imperial divisions to practice division and rule. They thus use the labor force to incite selfishness and undermine solidarity.

Considering these attempts to measure the outsourcing of production, William Milberg pointed out that "most attempts to measure the magnitude of the vertical decay phenomenon cover only parts of the process

"Some analysts focus on imports into the firm, while others focus on imports of intermediate products, whether it is an internal firm or an extended arm."

However, the overall picture of outsourcing is captured by a set of comprehensive and readily available data — produced exports from low-wage nations to imperialist nations as a whole.

Milberg's outsourcing, and Winkler, in their study of the impact of the crisis on global production networks, explain the simple, powerful logic behind this approach. Standard offshore measures only apply to trade inputs. Yet much of the import activity in global supply chains is in full-oven products. In fact, the goal of corporate offshore, whether at hand or through foreign subsidiaries, is precisely to enable the corporation to focus on its "core competencies" while the other aspects of the process, often including manufacturing, to be left to others.

Many "manufacturing" companies now produce nothing at all. They provide product and brand design, marketing, supply chain logistics and financial management services. Thus, an alternative way of offshore may simply be imports from developing countries.

Transnational corporations, the majority of which are located in imperialist countries and are owned by the capitalists living in those countries, are the top drivers of the globalization of production.

Their connection to production processes in low-wage countries takes two basic forms: an "internal" link between the parent company and its overseas subsidiary, or an "arm's length" relationship with formally independent suppliers.

The various forms, problems with definition and unavailability of data mean that obtaining accurate measurements of outsourcing size is fraught with difficulties.

In addition, the export of manufactured goods as a south-north as a whole must be considered not only as trade, but also as an expression of the globalization of production, which, in turn, should not be seen as a technical rearrangement of machinery and other inputs, but as an evolution of the social relation, namely the relation of exploitation between capital and labor.

International competition between firms for profit, market share and shareholder value continues, but the fate of each worker is no longer linked to the wealth of their employer; on the contrary, surviving employers are the ones who most aggressively replace their own employees with cheaper foreign labor.

A striking feature of neoliberal globalization of production is the outsourcing of individual segments and links of production processes, which has led analysts to talk about the fragmentation of production or to "cut the value chain," as Paul Krugman described it.

The old north-south raw material trade concept for finished products needs a lot of updating. Baldwin's notion of "task trading" captures a change in the nature of global competition, "which used to be primarily between firms and sectors in different nations, but now occurs between individual workers performing similar tasks in different nations."

This manifests itself as an evolution of the capital-labor relationship, which is increasingly taking the form of a link between capital and labor.

Prior to outsourcing, competition consisted of firms producing various final products, relative wages and job security in imperialist countries depended on their employer defending market share, but were also conditioned by the threat of redundancy due to the introduction of technology to save labor.

Task trading "means that employers now have an alternative way to make their employees redundant, an alternative way to reduce production costs, by outsourcing individual tasks, i.e. jobs where wages are significantly lower. As a

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result, competition among workers intensifies and becomes more direct, and is a less simple function of their firm's competitiveness.

The disproportion between purchasing power and the growth of productive forces and the disproportion between the various branches of production serve only as an expression of the absence of a plan in the capitalist economy.

Under state capitalism ... crises would be impossible, although the "share" of workers may be steadily declining. This smaller part will be taken into account in the plan. In anarchist capitalist society, we have the elements of buying and selling, money and the market. That is why the contradiction between the growth of the productive forces and the purchasing power leads to crises.

In this simple model, as in reality, the social wealth consumed by non-producing workers stems from the excess labor of the workers in production, that is, the labor they do more than is required to replace their own consumption, which Marx calls the necessary work.

Just as for the difference between productive and unproductive labor, the division of the working day or week into overtime and the required working time exists in all modes of production.

In its capitalist form, surplus labor arises from extending the working day beyond the time required to replace the value of the basket with the goods for which they exchange their wages - what Karl Marx called necessary working time in the Marxist framework, the ratio of surplus labor to required labor, or the "rate of surplus value," is synonymous with the rate of exploitation.

One may ask: if workers in finance, advertising, security, etc. have no value, how can they be exploited? While workers are forced to work longer hours than necessary to produce their consumer basket, they are exploited.

This is independent of the specific way in which their labor is employed and whether they are employed in production, trade or administration.

For the present purposes, we can assume that all these workers bear the (nationally prevailing) rate of exploitation, common to productive labor. Non-productive sectors are maintained with part of the surplus value extracted in production; the values consumed by them are deducted from what is available for realization as profit in all its forms.

The rate of surplus value can be increased, for example, by withholding wages, and yet the rate of profit can still be reduced.

The more social labor is used in unproductive sectors, in trade, finance, security, legal services, etc. — exactly what was happening at an accelerated pace in imperialist economies during the neoliberal era — the greater the downward pressure on profits and the greater the imperative to compensate for this by intensifying the exploitation of productively employed workers.

Therefore, the increasing weight of services in imperialist economies is as much a consequence of the outsourcing pressure as it is a consequence of it.

Services are conventionally defined as weightless, intangible assets; they cannot be stored and transported and must therefore be consumed on the spot and at the time of their manufacture, as in the case of, for example, a haircut or a bus trip.

Services are "products of economic activity that you cannot leave on your feet." However, the tangibility is not strong enough to serve as a criterion for the division of services. In the first place, the delivery of intangible service always involves the consumption of a tangible product from the "industry", such as scissors used for cutting hair or the bus used for transporting passengers. Musical performance cannot be touched, but it touches the human eardrum with the help of tangible air distortion

Telecommunications are also classified as a service: the telephone call is consumed at the time of delivery and cannot be stored for later use. However, this also involves a physical, tangible change of matter. even shipping, also classified as a service, which involves a change in the physical location of the product, if not in its physical characteristics.

Contrary to the rough definition, what is critical from a Marxist perspective is not the nature of specific labor, but social relations. Therefore, in order to develop a valid, concrete and useful concept for distinguishing between industry and services, it is necessary to consider the difference between the production of goods and their turnover.

Outsourcing was a conscious strategy of the capitalists, a powerful weapon against the trade union organization, wage suppression and intensification of the exploitation of workers at home, and led, above all, to a huge expansion of employment of workers in low-wage countries. Outsourcing and migration should therefore be seen as aspects of the same process, driven by the capitalists' efforts to profit from the divisions among workers and the huge wage gap.

It is widely insinuated that if much of the Global South remains mired in extreme poverty, it is due to the failure of many southern economies to successfully integrate into world markets, "integration" means that if they do not have natural resources, they must export more outsourcing, or manufactured goods.

Evidence suggests that, with a few exceptions, those poor nations that managed to reconfigure their economies according to neoliberal recipes only managed to join the race to the bottom.

Export-oriented industrialization is not a path to development or convergence with developed countries

On the contrary, the extreme asymmetry of power and competition from race to bottom results in expanded exploitation of low-wage labor.

The global shift in production has spurred the development of imperialist countries at least as much as it has spurred development in supposedly developing countries, which are also left to cope with the hidden costs of development - the damage to the environment and the health of workers.

Analysis of the economic processes of outsourcing focuses on the commodity and capital markets, but the central finding is that labor market conditions include: imperialist borders, the "planet of the slums", informalization, chronic and mass unemployment, and under-employment as well as gender dynamics, or the so-called "feminization" of labor- which are at least as important as the conditions of the commodity and capital markets.

Accordingly, our attention is now shifted to the conditions under which workers in low-wage countries are forced to sell their labor. It makes these hundreds of millions of women and men visible, brings them to our consciousness, places their contribution to global wealth, and their place in history, at the center of research, and helps discover the real questions of the world in which analysis and theory must respond.

Given their central role in fostering and shaping the globalization of production, the large international wage gap between developed and developing countries requires special attention.

Cheap labor is not the only factor driving production outsourcing. Other factors include significant differences in costs between different countries, for example, land and energy resources — but this only means that capitalists use both labor and nature.

More than any other type of data, payroll data must be treated with great caution: Governments and employers have many reasons and many opportunities to state the facts; and there are huge problems in data coverage and comparability. Perhaps the biggest problem of all in determining the magnitude and trajectory of global wage differences is that wages paid in national currencies must be converted into a common currency for comparison.

## 2. CONCLUSION

Nothing can be less mysterious or surprising than the decline in the share of labor income in the neoliberal era.

This dramatic trend reflects a shift in the balance of power at the expense of wealth producers arising from neoliberalism, the economic / political counter-revolution that ousted labor unions, led to the formalization and flexibility of the workforce, mobilized armies of police and international troops to restrict the international workers' mobility because it removed obstacles to international capital mobility.

But there has continued to be a long-running controversy among individual economists over whether this is due to global isolation or technological advances that are reducing labor demand and / or the cost of capital goods.

The debate focused on the extent to which globalization suppressed wages and increased wage gaps in imperialist countries, and was formed in part by the need to counter pressure to protect workers and employers exposed to competition.

The debate has largely ignored the effects on workers in low-wage countries, where, regardless of the effects of globalization, standard development theory predicts that rising inequality is an inevitable and necessary accompaniment to the early stages of development.

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