CHAPTER 2

Contemporary Globalisation and Value Systems: What Gains for Developing Countries?

Praveen Jha and Paris Yeros

Introduction

Among the much-discussed dimensions of contemporary capitalism happens to be the phenomenon variously described as Global Commodity Chains (GCCs), Global Value Chains (GVCs), Global Supply Chains (GSCs), Global Production Networks (GPNs), Global Value Networks (GVNs), etc., which essentially seek to highlight the growing significance of global interactions and connectedness of present day economic/accumulation regimes. Our own preference is for yet another expression viz., Global Value Systems (GVSs), and in some of our earlier

P. Jha (✉)
Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi, India

P. Yeros
Universidade Federal Do ABC, Sao Paulo, Brazil
e-mail: paris.yeros@ufabc.edu.br

C. Teipen et al. (eds.), *Economic and Social Upgrading in Global Value Chains*, https://doi.org/10.1007/978-3-030-87320-2_2

publications (Jha & Yeros, 2019, 2021) we have examined the analytical advantage of doing so. Essentially, our claim is that the other above-noted terms, generally speaking, remain confined to the most visible relationships of contemporary accumulation regimes, and do not engage adequately with the immanent tendencies central to the evolution of 'combined and uneven' trajectories of global capitalism, leading to the current phase of 'globalised/transnationalised' production and appropriation systems. To understand the phenomenon at hand, and its intrinsic dynamics, we think it is better to adopt a Marxist political economy framework, which investigates the systemic determinants of contemporary monopoly-finance capitalism and their consequences. The crux of our operational definition of contemporary global value systems refers to an architecture of the world economy in which: "components of a single end-use commodity/final output are conceived, designed, produced, procured and processed in different parts of the globe, before being assembled together at a specific destination for ultimate consumption, which again may have a global reach" (Jha & Yeros, 2019, p. 15).

To be sure, it must be stressed that the transnationalisation of accumulation and appropriation is almost as old as capitalism, beginning with its colonial antecedents, through a modus operandi that Marx designated as external primitive accumulation, although particular historical phases have been marked by their own specificities and peculiarities. Economic 'linkages' across continents and countries, almost invariably inscribed by unequal power relations in the course of the Industrial Revolution, were the earlier prototypes of GVSs. The era of neoliberal capitalism, which became ascendant from approximately the 1970s onwards, has reconfigured the contemporary accumulation regime in profound ways shaped, inter alia, by rapid deregulation of markets; accelerated advances of monopolies (through multiple mechanisms); growing dominance of 'capital-as-finance', which thrives fundamentally on profits through circulation and speculation; accelerated scramble by the North for natural resources (such as land, minerals, water, etc.) and other assets in the South, and to make the most of the global reserves of labour largely located in the South. It is in such a broad context that we need to locate the current phase of globalised production/value systems.

As is well documented in the existing literature, there has been a 'decentring' of production from advanced countries to a few chosen destinations in the rest of the world, as metropolitan capital has sought to seek new avenues of profits in the changed context of neoliberalism.

Shift of production from the North to the South has happened through foreign direct investments (FDI) to the latter, but much more importantly, through increased incorporation of domestic actors in a whole range of economic activities including in worldwide arrangements of value creation and appropriation, which are typically controlled by the powerful economic actors (e.g. transnational corporations); in such a system, by and large, economic entities from the South are mere suppliers. The current juncture reinforces Stephen Hymer's (1970, p. 441) claim, advanced half a century ago, that "multinational corporations were becoming substitute for the market" in the organisation of international economic transactions. We may add that the giant monopolies of today, mostly headquartered in the North, are the drivers of contemporary monopoly-finance capitalism and it is increasingly evident that developing countries typically get incorporated into the international system on terms which are seriously unequal, given the nature of asymmetric power relations, which themselves are consequent on a range of structural and conjunctural forces, many of which are analysed as laws of motion of capitalism.

Our core concerns in this article are two-fold: first, to sketch an analytical framework that may be helpful in underpinning the key conceptual correlates of contemporary GVSs, while flagging, very briefly, its historical antecedents and tracking it to its current juncture; second, to reflect on a couple of major economic implications, particularly for developing countries, associated with the current phase of the global production and appropriation regimes, ascendant since the 1970s. There is a large and contentious literature on both these broad themes covering several issues; this paper is neither intended as a survey of all the important contributions, nor as an adequate engagement with divergent views in the relevant literature. Rather, our primary objective here is to offer some theoretical reflections from a Marxian political economy perspective, on the above-noted concerns. This is done in the next two sections before we close the paper with a concluding remark.

Global Value Systems: A *Longue Durée* Analytical Sketch

If we take globally 'connected' processes of production and appropriation as the centrepiece of global value/supply/commodity/production chains or networks, or what we prefer to call global value systems

(GVSs), these are hardly new; on the contrary, as noted above, transnational accumulation regimes are as old as capitalism itself. An appropriate contextualisation of these requires their location in systemic tendencies of capitalism, and the system's evolution since its inception approximately five hundred years ago. Of course, while the current phase of GVSs is characterised by several distinct features and we highlight a couple of the most critical attributes in the subsequent discussion, it hardly needs to be emphasised that capitalism has evolved as a 'combined and uneven system' throughout its course. In fact, as Marx often emphasised, the transition from pre-capitalism to capitalism, or the genesis of capitalism itself, had profound birthmarks in 'global connectedness' through processes of primitive accumulation, which indeed have been a permanent feature of historical capitalism. Before we come to the important features of the contemporary phase of GVSs, a couple of words on its historical antecedents are in order.

A passing familiarity with the longue durée of capitalism is enough to show clear evidence of the early prototypes of globally intertwined value systems for a range of commodities. For instance, in the case of cotton textiles, which was among the leading sectors of early capitalism, raw materials or even semi-processed intermediates were procured by Europe from tropical countries for the production of finished goods destined for consumption within the continent and beyond. In general, there was a spectrum of products, many of these industrial raw materials, which could not grow or were simply not available in the cold temperate climate of Europe. In fact, acquisition of such riches was a powerful driver, apart from overall motivations of loot and plunder, underlying the colonial expansion of the European powers into tropical and sub-tropical regions. A great deal of such procurements was through outright appropriation or unequal exchange, and a range of exploitative strategies was employed by the colonial powers to achieve these ends. These are very well known and we need not recount them here, however a point worth emphasising is that globally connected exchange and production systems, in a systemic sense, were brought into being from the early days of capitalism itself. A great deal of this was facilitated via mechanisms that Marx designated as primitive accumulation of capital, which included 'undisguised looting, enslavement and murder'. While taking root in Europe, capitalism was already transforming the world far and wide: first, through 'external' processes of primitive accumulation and, second, through systemic incorporation into the 'circuit of capital', generally on uneven terms, and often with the use of brute force.

Although we do not intend to pursue the relevant details relating to the above hinted issues in this chapter, it is important to note here that contemporary developing countries, in terms of simple and standard indicators of economic performance, were certainly not inferior and in all likelihood notably ahead of currently developed countries around the time of the latter's transition to capitalism, and well after that as well. Raychaudhuri (1985) reports that as per the estimates arrived at by Simon Kuznets, per capita incomes in modern industrialised countries, prior to their pre-industrial phase, were lower than the 'traditional societies of Asia'. Although assessments of comparative economic performance going back far into the past are fraught with statistical difficulties, there is overwhelming evidence to support the view that around the middle of the eighteenth century, taking the contemporary Third World and First World as two distinct groups of countries, the former was ahead, in terms of simple but important indicators such as gross income, per capita income, levels of industrialisation, etc. (Bairoch, 1995; Maddison, 2007). It is indeed a most remarkable statistic that in 1750, the estimated share of China and India together in global manufacturing output was around 55%; if we add a few other significant countries from the contemporary Third World, the relevant figure would be closer to 80%. In short, till the middle of the eighteenth century, the economic geography of the world was dramatically different from the picture we get for the subsequent period; in fact, it is only towards the end of the eighteenth century that the First World closes the above-noted gap and starts surging ahead of the other bloc, at a significantly accelerated pace from the second quarter of the nineteenth century. By the middle of the twentieth century, the Third World had been left far behind; to illustrate it with just one number, the combined share of China and India in total global manufacturing output had crashed to a miserable share of less than 3%!

These trends are very well documented and widely accepted by now; however, explanations pertaining to the West galloping ahead of the Rest constitute a large, complex and bitterly contested domain. Similarly, the economic consequences of the West's control over the Rest, via colonialism or otherwise, have remained controversial. It is impossible to engage with these major, and much disputed themes, even in the briefest manner here. Nonetheless, it seems clear to us that one of the central conclusions emerging from the relevant literature is straightforward: the economic stranglehold that European powers got over the three continents of Asia, Africa and Latin America, from the sixteenth century onwards for almost four hundred years, typically through colonisation at different dates and junctures, resulted in unprecedented plunder on a gigantic scale of the countries in these continents. Apart from massive impoverishment, the underlying processes resulted in their massive structural deformities. Further, via multiple channels, this stranglehold facilitated the launching of capitalism and accelerated its momentum, across the Atlantic as well as in colonies of white settlement.

In the context of the argument that we are advancing here, pertaining to the GVSs: asymmetric economic arrangements including forced incorporation and commercialisation were the crux of the globally connected, first generation, significant versions of the supply/commodity chains that got configured from the early days of capitalism, when major trading houses headquartered in Europe played key roles in shaping global trade and production patterns. In due course, as capitalism transitioned from a merchant capital-driven stage to an industrial capital-driven stage in Europe and its settler extensions, by the late eighteenth to early nineteenth centuries there were significant reconstitutions of accumulation regimes and supply chains. Among the most profound outcomes of this entire era of globally interlinked value systems was deindustrialisation of the South along with industrialisation of the North, and massive divergence in incomes between the two blocs. These outcomes were also organically connected, inter alia, with specific nodes in these global connections, which were hardly a matter of choice for the South. A related point to be underscored here is that the trends pertaining to both the above-noted outcomes were significantly accelerated towards the closing decades of the nineteenth century, when capitalism in the North entered an oligopolistic stage, with a handful of powerful economic actors calling the shots across major sectors and markets especially in industry and finance.

As we know, concentration and centralisation of capital have grown by leaps and bounds in the subsequent period, with massive and unprecedented ramifications for GVSs, some of which we highlight later in this section. A point worth noting right away is that, building on Marx's profound insights on the laws of motion of capitalism, we have formidable contributions from several first-generation Marxist scholars focusing on the ascendancy of multinational/transnational corporations

(MNCs/TNCs), and shedding light on systemic transformations in the dynamics of value generation and appropriation globally. Absolutely brilliant analyses by Lenin (1917), Bukharin (1929 [1950]) and Luxemburg (1913 [2003]), among several others, illuminate the evolving mechanisms of accumulation and exploitation on a global scale, along with the strengthening of imperialism through GVSs, with TNCs acquiring muscle as preeminent economic actors in the global arena. We take the liberty of citing a passage from the Preface that Lenin wrote for Bukharin's classic study, Imperialism and the World Economy, in which he captures some of these features, and future tendencies, in remarkable ways. To quote Lenin:

> [i]t is highly important to have in mind that this change was caused by nothing but the direct development, growth, continuation of the deep-seated and fundamental tendencies of capitalism and production of commodities in general. The growth of commodity exchange, the growth of large-scale production are fundamental tendencies observable for centuries throughout the whole world. At a certain stage in the development of exchange, at a certain stage in the growth of large-scale production, namely, at the stage that was reached approximately at the end of the nineteenth and the beginning of the twentieth centuries, commodity exchange had created such an internationalisation of economic relations, and such an internationalisation of capital, accompanied by such a vast increase in large-scale production, that free competition began to be replaced by monopoly. The prevailing types were no longer enterprises freely competing inside the country and through intercourse between countries, but monopoly alliances of entrepreneurs, trusts. The typical ruler of the world became finance capital, a power that is peculiarly mobile and flexible, peculiarly intertwined at home and internationally, peculiarly devoid of individuality and divorced from the immediate processes of production, peculiarly easy to concentrate, a power that has already made peculiarly large strides on the road of concentration, so that literally several hundred billionaires and millionaires hold in their hands the fate of the whole world. (Bukharin, 1929 [1950], pp. 10–11)

Subsequent generations of Marxist scholars, and of course other strands in political economy, have continued with substantive contributions focusing on the growing power of TNCs, deepening of imperialism and a host of related issues that have important implications for the evolution of GVSs. Before we highlight a couple of critical dimensions pertaining to the current phase (ascendent since the 1970s), it is important to recall that the global economic system was profoundly impacted, especially after the Bolshevik Revolution and in the backdrop of the Great Depression of the 1930s, by major developments such as consolidation of the socialist bloc, decolonisation of much of the Third World, the post-WWII phase of regulated capitalism, logic of the Cold War, etc., all of which had major implications for transformation trajectories across the globe. It is obviously a large and complex terrain with several themes that are indeed germane to the broad canvas of the global value system, but we can hardly even touch any one of these. Nonetheless, a simple and indispensable outcome associated with the above hinted developments was a significant rupture in the functioning of 'spontaneous' capitalism, which created spaces and prospects for relatively autonomous economic transformation in several countries of the South; of course, the trajectories of the countries in the socialist bloc were radically different and premised fundamentally on the rejection of capitalism. In general, however, the immediate post-WWII era was characterised by a widespread critical stance against laissez faire ideology, especially outside metropolitan countries. Metaphorically speaking, this was the 'Bandung Moment' which gave way in about four decades to the 'Berlin Moment', with the collapse of the Soviet Union, fall of the Berlin Wall and other developments that put the ideology of 'free markets' firmly in the saddle again across much of the globe. We are not in a position to pursue these issues any further here, and would only note that between the above-noted metaphorical moments the strategic shifts adopted by TNCs, and of course imperialism , resulted in significant adjustments in GVSs and implied considerable manoeuvring possibilities for a handful of countries in the South. We take up a couple of important issues with respect to the so-called 'catching-up' prospects and outcomes in the next section.

However, it is important to note that the strategic shifts by the TNCs and imperialism, even during the high noon of the post-WWII dirigiste era did not mean a retreat in any sense; on the contrary, siphoning of surplus from the periphery to the centre continued and the TNCs from the North found innovative ways of deepening their entrenchment in South. A profoundly rich Marxist literature focused on these issues during the 1950s and 1960s, exploring centre-periphery connections and highlighting dependency syndromes in global capitalism. Apart from Baran's (1957) classic tract, The Political Economy of Growth, several scholars came up with very important contributions during this period (e.g. Amin, 1974; Frank, 1967; Hopkins & Wallerstein, 1986, among others), exploring the dialectics of 'development and underdevelopment'. This was indeed a remarkable crop of ideas, building on rich antecedents and going against dominant streams of 'developmentalism' and 'modernisation' paradigms, while examining machinations of TNCs and imperialism to deepen their hold on global capitalism. Marxist analysts were often highlighting that, during this period, capital was already waiting in the wings to reclaim the economic space through an explicit, full-scale, assault on regulated capitalism. As we know very well, the early 1970s became the 'propitious' moment to launch such an onslaught, with Allende's military overthrow in Chile, and the 'Chicago boys' becoming masters of the economic regime there, as a most brutal and powerful illustration of this phenomenon.

Subsequently the march of neoliberalism gathered momentum, with rising drum beats celebrating the so-called 'Washington Consensus', leading to what we have referred to as the 'Berlin Moment' by approximately the end of 1980s. The demise of the Soviet Union, China's embrace of market-oriented economic reforms and neoliberal globalisation, and veritable collapse of the 'legitimacy' of regulated capitalist regimes across the Global South were touted as the ultimate proofs of the folly of opposing liberal capitalism. The rage of triumphalism was all too evident in Francis Fukuyama's (1992) utterly ill-conceived but much celebrated The End of History; the ideological warfare had been won handsomely, with little regard to substantive engagements with facts or logic of the competing systems. The above-noted themes have generated a huge literature that we can hardly begin to investigate here; the point behind flagging these very briefly is to provide a sense of the backdrop of the episode of globalisation that became ascendant since the 1970s and some of its critical implications for contemporary GVCs/GVSs. We now turn to this phase with a focus on a couple of its critical specificities and implications for the South.

The Current Juncture and Some Implications for the South

Sure enough, the episode of globalisation that the world economy has witnessed for approximately the last half a century has been continuously evolving; further, it is characterised by many important and novel attributes, and has unfolded in a variety of ways across regions and countries. We abstract from these complexities and flag three crucial features, with a focus on one of these, which have a profound bearing on the content and forms of contemporary GVSs. These are:

1. Neoliberal globalisation has been accompanied by an unprecedented ascendancy and dominance of capital-as-finance; one of the most important implications of such a development is lack of synergy, indeed growing conflict, between capital-as-finance and capital-in-production. In fact, arguably the most important hallmark of this phase is growing financialisation of the global accumulation regime, with international finance capital as the key actor, driven by a 'casino spirit'. This has huge adverse implications for almost all economic outcomes, in large measure due to significant squeezes on capital-in-production, and even more importantly, on overall economic policy space, especially in the South. There is a very impressive literature on these issues within Marxian political economy and heterodox economics, illuminating the scale and mechanisms of the depredations of 'New Finance' on overall macroeconomic outcomes.
2. Another important broad range of issues pertaining to contemporary GVSs are connected with major, indeed dramatic, transformations in the transportation and information technology (IT) sectors, which picked up pace during the post-WWII era and were significantly accelerated since the 1970s; these developments are very well known and hardly need any recounting here. Essentially, breakthroughs in the transportation sector, such as container technology, superfast air-freighting at diminishing costs, etc., have ensured that the mobility of goods through bulk trade has increased. All this has implied that the costs of long-distance transactions have continuously improved for a whole range of economic activities across the board during the last half century or so. Likewise, in the IT sector, the so-called Third and Fourth Industrial Revolutions have dramatically altered global processes of production and appropriation through continuous progress in information processing and computing, along with breathtaking leaps in artificial intelligence, automation, big data management systems, deep machine learning and so forth. These changes have contributed to phenomenal reconfigurations of GVSs.
3. Global connectedness of economic activities and processes across sectors and between North and South have witnessed spectacular

> deepening in terms of the scale, intensity and speed of interactions. Thus, it is hardly surprising that measures of interdependencies pertaining to major macroeconomic indicators, such as Gross Domestic Product (GDP), trade, employment, etc., show very impressive increases for several countries during recent decades, with some of them often considered as 'poster boys and girls' in terms of economic performance. Statistics marshalled by all the well-known major international institutions, such as the UNCTAD, OECD, WTO, ILO, etc., report substantial acceleration and improvements in the share of GVCs for each one of these indicators during the recent years. For instance, UNCTAD (2013) reported that incomes from GVC-related trade jumped six-fold and five-fold, respectively for China and India between 1995 and 2009, and for developing countries as a whole, GVC trade contributed approximately 30% to GDP in 2010. Further, as per the UNCTAD estimate, of the total global trade, more than 80% was through GVCs (UNCTAD, 2013); in terms of employment, the ILO (2016) apportions more than 400 million jobs to GVCs in the OECD and Asia region alone. It hardly needs to be stressed that all these numbers are impressive testimony to the fact of significantly advanced global interdependencies, often labelled as 'Made-in-the-World', underlying contemporary accumulation regimes. Although considerable progress has been made in quantifying the relevant indicators, a lot more remains to be done, particularly with respect to methodologies of measurement, coverage of countries and sectors, but we do not pursue these important issues any further here.

It should be obvious that the three notable features of the current juncture highlighted above have very important linkages with each other; further, the overall context of neoliberal globalisation has been organically conducive to the pace and structure of their unfolding, as with several other important features pertaining to contemporary GVSs. However, as we emphasised in the foregoing, these important markers of the current phase need to be located in the deeper and systemic tendencies that have shaped the evolution of globally combined and uneven capitalism over the last few centuries, leading to the ascendency and dominance of monopoly capital and free-floating finance from the second half of the twentieth century. As we know, these have been discussed at great length in Marxian political economy as well as heterodox economic-analytic traditions, and some of the important contributions have already been referred to in the foregoing. In some of our earlier publications, we have attempted to provide brief overviews of the major determinants leading to the current juncture, especially in relation to GVSs (see for example Dünhaupt et al., 2020; Jha & Chakraborty, 2014, 2016; Jha & Yeros, 2021; Yeros & Jha, 2020), and will not pursue these any further here. The rest of this section deals with, very briefly, an elaboration of the third feature noted above, and a couple of significant implications for the South connected with it.

The most important attribute of the contemporary connectedness underlying GVSs/GVCs is hugely enhanced direct engagement of metropolitan capital-in-production, in fact historically on an unprecedented scale (whichever way we measure it), in select destinations in the South. This has happened across sectors, including in some of the 'frontier' segments, thus resulting in a significant dilution of the traditional division of labour between core and periphery in the global economy. Such a relocation of production, from the former to the latter, is a profoundly novel feature of the current phase, as until about half a century ago this was hardly of any note; in other words, metropolitan capital remained largely confined within its own shores, and when it ventured out it was primarily to 'colonies of settlement'. In the recent decades, however, global spatial configurations of economic activities have undergone major changes, both through offshoring and outsourcing from the North, largely to a few countries in Asia and Latin America. Such a decentring, as already hinted, happens along two different axes: (a) via FDI when metropolitan capital sets up production and other activities in the South, adding to the manufacturing capabilities there; and (b) simply through the incorporation of suppliers without any export of capital or FDI, often through an elaborate specification of tasks and responsibilities.

Transnationalisation of capital from North to South via inflows of investments in production has been a major feature of the recent decades, but so has the increased incorporation of producers, including those in the so-called informal sector on a large scale, in the South for final goods and services, as also for a whole range of intermediate inputs, and increasingly for specific tasks. Both these broad channels characterise almost every sector ranging from agricultural/primary commodities to quite a few high-end segments within manufacturing and services, and these processes have been central to reconfiguration of contemporary GVSs. In fact, increased fragmentation and segmentation of production and valorisation is the second notable attribute of contemporary economic arrangements. It is almost akin to a state of paradise for the virtuous 'division of labour' glorified by Adam Smith as one of the major (if not most important) drivers of economic progress! Thus, economic activities connected with the production and realisation of a final good or service, are not only split into major segments such as design, manufacturing, marketing, etc., but each one of these get further segmented into specialised sub-segments and tasks, and are dispersed to different locations, many of these across the globe, but often within a centralised command structure. Earlier dominant models of so-called Fordist/Taylorist assembly line production have increasingly ceded significant spaces to models of dispersed production.

To be sure, it is not as if 'global connectedness' has arrived with a bang in the world economy with currently widespread models of dispersed and globally fragmented production and accumulation. Rather, we have to view the current accumulation regimes as major reconfigurations of already existing global interactions since the early days of capitalism. Further, we note right away that the current architecture of interdependencies via GVCs is fundamentally hierarchical and uneven, as typically it is 'low-end' activities and tasks, in terms of their share in value, which are largely with the South, whereas many top-end tasks are the preserves of the so-called 'headquarter economies', primarily in non-fabrication and non-production activities such as R&D, up-market retail, etc., and of course overall control. We will come back to this very briefly in a moment, but before that it may be useful to flag a couple of numbers connected with the outcomes of capital's transnationalisation in recent years.

As we pointed out earlier, by around the mid-twentieth-century countries in the Global South had become almost insignificant with respect to their share in global non-agricultural output, specifically in manufacturing. The most recent estimates from the UN Statistical Division, for December 2020 (UNIDO, 2021), show that the top ten countries in terms of their share in total global manufacturing output (shown as percentages in brackets) are: China (28.7), USA (16.8), Japan (7.5), Germany (5.3), India (3.1), South Korea (3.0), Italy (2.1), France (1.9), UK (1.8) and Indonesia (1.6). These numbers convey a very powerful story, of course the most significant element of which is the spectacular emergence of China as the 'factory of the world'. The rise of China as a manufacturing powerhouse is a complex phenomenon which would require a separate and careful attention that is not possible within the scope of the present paper. The important point to note is the reemergence of a few countries in the South in manufacturing, and non-agricultural production in general, in the overall transformation trajectories across the globe. Around the time that China became 'the factory of the world', India had taken giant steps towards emerging as the 'office of the world' by taking advantage of its capabilities through IT-enabled outsourcing. In general, quite a few countries in the Global South emerged as significant destinations for offshoring, outsourcing, procurements, etc., through multiple transnational webs of different kinds. Thus, it is hardly surprising that there has been a very significant shift in the distribution of industrial workers between the North and the South in recent decades. It is also important to emphasise that the producers and suppliers from the South have integrated into a whole range of high-profile value networks, but of course the relevant issues to be examined are the terms, conditions and returns pertaining to such integration.

A quick word may be in order here regarding the major drivers underlying the observed shifts in the content and form of GVSs over time, in particular leading to the current phase. As one would expect, there is a large and vibrant literature straddling across different theoretical/political perspectives that we will not pursue here; rather, we reflect on one important presumed major driver that has drawn substantial attention across alternative analytical paradigms, including Marxian political economy. This hinges on significant differences in wage costs, or unit labour costs, for the same/comparable task across countries. The commonly used expression, 'global labour arbitrage', often attributed to the erstwhile chief economist of Morgan Stanley, Stephen Roach, is considered a major explanation for the above-noted North–South transnationalisation of capital and dispersed models of value systems.

As it happens, recognition of 'wage hierarchy' as a major consideration underlying transnational mobility of capital has a long history, and Marx's address to the First International took explicit note of it: "A study of the struggle waged by the English working class reveals that in order to oppose their workers, the employers either bring workers from abroad or else transfer manufacture to countries where there is cheap labour force" (Marx, 1985, p. 422; emphasis added). Several writings of Marx and Engels alluded to the significance of this issue, and these were developed further by subsequent Marxist scholars; in particular, several major contributions in the post-WWII era (e.g. Barnet & Muller, 1974; Hymer, 1979; Sweezy & Baran, 1966) highlighted the critical role of global wage hierarchy as a key element in oligopolistic rivalry. The above-noted seminal writings suggested that in a context of growing challenges to the inducement of investments in the North, and the impressive muscle and heft that TNCs had acquired through concentration and centralisation of capital, cross-border mobility of capital in search of super-profits and rents, particularly from the Third World, became powerful components of First World accumulation strategies. Broadly this trajectory of enquiry has been deepened, and extended further, through a large number of important contributions in recent Marxian political economy. Several of these studies have marshalled careful evidence to show that comparable unit labour costs in the South are generally a small fraction, typically in single digits in percentage terms, of those in the North (Ness, 2015; Suwandi, 2019).

In short, global wage hierarchy clearly seems to be an important driver of current transnational mobility of capital and differences in unit labour costs constitute a powerful weapon in the arsenal of TNCs in their worldwide strategy of accumulation in recent decades, in particular to facilitate extraction of super-profits and rents. However, as we know very well, differences in unit labour costs across countries have been a major attribute of global capitalism for most of its life, without significant cross-border flows of capital from the core to the periphery. Furthermore, it is also well known that until the recent episode of globalisation, despite low unit costs and abundant availability of raw materials as well as other critical resources (thereby implying potentially much lower production costs as a whole), Northern capital chose not to invest in the South; on the contrary, there was huge siphoning of surplus from the latter to the former, much of it through looting and plundering, which indeed contributed in significant measure to the division of the world into North and South as we know it. In other words, without adequate contextualisation the notion of 'international labour arbitrage' remains a slippery and inadequate formulation, if not a misleading slogan. For it to have an analytical substance at the current juncture, appropriate connections with the material-political context of neoliberal transition since the 1970s, briefly discussed above, is absolutely critical. To put it differently, important attributes of contemporary GVSs, including labour arbitrage, although our preferred formulation is 'labour-nature-regulation arbitrage' (Jha & Yeros, 2021), ought to be located in the current architecture of imperialism in which TNCs from the North occupy privileged positions on the high table. As Samir Amin (1997), in his Capitalism in the Age of Globalisation, suggests that the current juncture is best described as 'capitalism of generalised monopolies' where all the major/frontier components of contemporary capitalism are controlled by the TNCs in the North.

With this, we get back to a couple of issues touched on in the foregoing pertaining to the prospects for the South in contemporary GVSs. As is well documented, a small group of developing countries managed to get on to a trajectory of 'catching up' with the North in the post-WWII era with respect to standard economic indicators such as GDP per capita, share in global income/production, levels of industrialisation, etc.; notable success stories are Japan, South Korea and a few others so-called 'Asian Tigers', on which we have a large literature. During the last four decades or so, by all accounts, China has been the most impressive performer, with respect to the above-noted indicators, emerging as a major hub of global capital accumulation. However, dramatic economic transformations of a country over a relatively short period can hardly be reduced to China's integration into GVCs, despite its well-documented importance. The same would hold for all the so-called success stories and an adequate analysis necessarily requires a deep engagement with several critical structural and policy issues which is beyond the limited scope of this chapter. In any case, the stories of so-called 'catching up' during the neoliberal globalisation era are extremely few and far between, and what we characterised as 'managerial discourses' (Jha & Yeros, 2019) seem to be overly optimistic, if not deeply flawed.

As we have argued in some of our earlier writings (Jha & Yeros, 2019, 2021; Yeros & Jha, 2020), increased engagement by metropolitan capital in the South during the neoliberal era has had a range of adverse consequences, including for indicators related to the world of work. We will not elaborate on these here and take note of only one, which is a very powerful summary of economic and social well-being of workers in general: neoliberal capitalism has been characterised by a massive divergence between labour productivity and wages everywhere in the world, along with a compression of wage share in output (Basu, 2016; Patnaik, 2016), which underscores substantial deepening of super-exploitation, organically connected with contemporary GVSs.

Concluding Remark

The major thrust of our arguments in this chapter is that the current phase of GVSs needs to be located in the broader context of imperialism and massively increased power of TNCs, mostly located in the North. The well-known African intellectual and liberation hero Amilcar Cabral famously characterised imperialism as 'piracy on dryland'; we would only add that at the current juncture, it is a piracy in every conceivable sphere, from bio to litho to hydro and stratosphere. The so-called GVCs are one among many mechanisms at the disposal of contemporary imperialism with thousands of giant corporations and global financial institutions forming cartels among themselves to subjugate humanity at large, workers everywhere, and masses in the South. We end with an indicator that powerfully conveys the continued deepening of the divide between the countries at the top and the bottom: using the World Bank database, Xu estimates that measured in constant US dollar (2021), in terms of the average per capita income, the top 20 countries in 1960 were 32 times richer than those occupying the bottom 20 slots (World Bank, 1960–2017); the comparable figure denoting the gap between them in 2015 was 123 times (Xu, 2021)!

References

Amin, S. (1974). *Accumulation on a world scale*. Monthly Review Press.

Amin, S. (1997). Capitalism in the age of globalisation: The management of contemporary society. London: Zed Books.

Bairoch, P. (1995). *Economics and world history: Myths and paradox*. University of Chicago Press.

Baran, P. (1957). *The political economy of growth*. Monthly Review Press.

Barnet, R., & Muller, R. (1974). *Global reach: The power of multinational corporations*. Simon and Schuster.

Basu, K. (2016). Globalization of labor markets and the growth prospects of nations. *Journal of Policy Modelling, 38*(4), 656–669.

Bukharin, N. (1929 [1950]). *Imperialism and the world economy*. Merlin Press.

Dünhaupt, P., Herr, H., Mehl, F., & Teipen, C. (2020). *Opportunities for development through integration in global value chains? A cross-sectoral and cross-national comparison*. IPE Working Paper 140/2020, Berlin School of Economics and Law, Institute of International Political Economy, Berlin.

Frank, A. G. (1967). *Capitalism and underdevelopment in Latin America*. Monthly Review Press.

Fukuyama, F. (1992). *The end of history and the last man*. The Free Press.
Hopkins, T. K., & Wallerstein, I. (1986). Commodity chains in the world-economy prior to 1800. *Review, X*, 157–170.
Hymer, S. (1970). The efficiency (contradictions) of multinational corporations. *The American Economic Review, 60*(2), 441–448.
Hymer, S. (1979). *The multinational corporation*. Cambridge University Press.
ILO. (2016). *Value chain development for decent work: How to create employment and improve working conditions in targeted sectors*. International Labour Organization.
Jha, P., & Chakraborty, A. (2014). *Post fordism, global production networks and implications for labour: Case studies from national capital region, India*. Institute for Studies in Industrial Development.
Jha, P., & Chakraborty, A. (2016). Global production networks and the labour process. In D. Nathan, M. Tiwari, & S. Sarkar (Eds.), *Labour in global value chains in Asia* (pp. 398–420). Cambridge University Press.
Jha, P., & Yeros, P. (2019). Global agricultural value systems and the south: Some critical issues at the current juncture. *Agrarian South: Journal of Political Economy, 8*(1–2), 14–29.
Jha, P., & Yeros, P. (2021). Labour questions in the south: Back to the drawing board, yet again. In P. Jha, W. Chambati, & L. Ossome (Eds.), *Labour questions in the global south*. Springer.
Lenin, V. (1917). *Imperialism, the highest stage of capitalism*. https://www.marxists.org/archive/lenin/works/1916/imp-hsc/. Accessed 15 Aug 2021.
Luxemburg, R. (1913 [2003]). *The accumulation of capital*. Routledge .
Maddison, A. (2007). *The world economy (two volumes)*. OECD.
Marx, K. (1985). Address to the first international, 1967. In K. Marx & F. Engels, *Marx and Engels collected works volume 20, 1965–68*. Lawrence and Wishart.
Ness, I. (2015). *Southern insurgencies: The coming of the global working class*. Pluto Press.
Patnaik, P. (2016). Capitalism and its current crisis. *Monthly Review, 67*(8), 1–13.
Raychaudhuri, T. (1985). Historical roots of mass poverty in South Asia: A hypothesis. *Economic and Political Weekly, 20*(18), 801–806.
Suwandi, I. (2019, March). Global commodity chains and the new imperialism. *Monthly Review*. https://doi.org/10.14452/MR-070-10-2019-03_1
Sweezy, P., & Baran, P. (1966). *Monopoly capitalism: An essay on American economic and social order*. Monthly Review Press.
UNCTAD. (2013). *Global value chains: Investment and trade for development*. United Nations.
UNIDO. (2021). *World manufacturing production report*. United Nations Statistical Division.

Xu, Z. (2021, March 1). The ideology of late imperialism. *Monthly Review*. https://monthlyreview.org/2021/03/01/the-ideology-of-late-imperialism/. Accessed 15 Aug 2021.

Yeros, P., & Jha, P. (2020). Late neo-colonialism: Monopoly capitalism in permanent crisis. *Agrarian South: Journal of Political Economy, 9*(1), 78–93.