



**School of Social and Political Sciences**

**Imperialism, PPE, and Pandemic: Structural Crises  
of the Capitalist World-System**

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# Abstract

The Covid-19 pandemic has spread to every continent; it presents challenges to global public health, the world-economy, and relations among states. The discourse regarding the pandemic has been largely focused on healthcare, vaccines, and the number of healthcare workers available in each country. While there is research and discourse surrounding the political and economic implications of Covid-19, they have remained myopic. Substituting analysis of the system's management for a deeper analysis, these scholars have focused on bilateral relations between the United States and China, the health of the stock market, and managing unemployment and inflation rates. Questions moving beyond the management of symptoms have received scant attention. In this thesis, which utilizes an Historical Materialist methodology, the macroeconomic and geopolitical causes and effects of Covid-19 are explored and diagnosed. This is achieved through an empirical analysis of the PPE market, which is a key market in the fight against Covid-19, and an industry accruing large amounts of value in the world-economy. This research seeks to address this contradiction while critically engaging with pre-existing systemic and structural features of capitalism and their relation to the spread of the Covid-19 pandemic. The main findings of this research are twofold: firstly, imperialism is found to be a structural feature of the capitalist world-system. Secondly, that imperialism shapes the internal mechanisms of the PPE market, evidenced by the unequal exchange of PPE across the world before and during the Covid-19 pandemic.

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# Introduction

In December 2019, the world first heard about a pneumonia of unknown origin from the Center for Disease Control and Prevention in Wuhan, China. The genome sequence (SARS-CoV-2) was published on January 12, and by January 20th, 2020 human-to-human transmission had been confirmed as possible<sup>1</sup>. Colloquially known as Coronavirus or Covid-19, this respiratory virus has now touched every continent. Scientists now argue that Covid-19 did not originate in Wuhan as Western media has argued<sup>2</sup>, but rather that strains of this novel virus were found as early as spring 2019 in sewage samples from Barcelona and Milan. In 2018, a group of epidemiologists and medical scientists met at the WHO headquarters in Geneva to discuss the potential threats to humanity posed by viruses on their radar; SARS and MERS were listed alongside ‘Disease X’.<sup>3</sup> Covid-19 apparently matches certain descriptions of this ‘Disease X’, and according to a New York Times interview with Peter Daszak who was on this team of epidemiologists and medical scientists, “[t]he problem isn’t that prevention was impossible. It was very possible. But we didn’t do it. Governments thought it was too expensive. Pharmaceutical companies operate for profit”<sup>4</sup>.

As Covid-19 still ravages the world, the discourse has been skewed towards access to healthcare, healthcare worker supply, and containing the pandemic. While these questions are important, questions about the nature of the world economic system, the state-system, and how they interact have been left mostly unanswered. Furthermore, Covid-19 highlights the effects of globalization of production and distribution of commodities in the context of a pandemic. This thesis will attempt to diagnose the geopolitical and macroeconomic causes and effects of the Covid-19 pandemic by framing the discourse within the framework of ‘imperialism’ as a structural feature of contemporary capitalism and comparing this to the discourse of mainstream

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<sup>1</sup>Tricontinental. 2020. "CoronaShock and Socialism." *Tricontinental Institute for Social Research*.  
<https://www.thetricontinental.org/studies-3-coronashock-and-socialism/>

<sup>2</sup>Letzter, Rafi. 2020. "The coronavirus didn't really start at that Wuhan 'wet market'." *LiveScience*  
<https://www.livescience.com/covid-19-did-not-start-at-wuhan-wet-market.html>

<sup>3</sup> Tricontinental. 2020. "CoronaShock and Socialism." *Tricontinental Institute for Social Research*.  
<https://www.thetricontinental.org/studies-3-coronashock-and-socialism/>

<sup>4</sup> Ibid

I.R. theorists, which serve to normalize such structural relationships. The Realist and Liberal I.R. theorists whose work is examined in this thesis have chosen to frame Covid-19 in the context of a new Cold War between the United States and China. Such an argument manufactures consent for the ongoing aggression of the United States against China.

The spread of Covid-19 has caused disruption of global commodity chains—especially the production and distribution of personal protective equipment (PPE), agricultural products, and medicine. Covid-19 has also nearly emptied hospitals of PPE<sup>5</sup>. The rationale for this research is that Covid-19 has elucidated the unequal development and unequal exchange which undergird the capitalist world-system. Grocers struggle to stock their shelves, and citizens remain under lockdown conditions in much of the rest of the world while Europe and the United States start to re-open, despite a high number of cases in some countries<sup>6</sup>. The Covid-19 pandemic highlights not only the nature of the capitalist world system and the interminable drive for profits within industry, but also that the long- and short-term effects of this iron-willed profit motive can, and likely will, be disastrous.

After introducing and exploring the theoretical frameworks associated with Marxist and other contending theories of imperialism, data from the global personal protective equipment (PPE) market will be used to ascertain the empirical validity of viewing imperialism as a structural component of capitalism before and during the times of Covid-19. Connections between the PPE market and other mechanisms of imperialist domination will be drawn to conceptualize the macroeconomic and geopolitical policies which reproduce relations of unequal exchange under capitalism in the 21st century. In section one, key terms used in this thesis will be defined including a theoretical definition of imperialism. Section two will review the contemporary literature on imperialism. Section three will then focus on the methodological strategies pursued. In section four, this data will be laid out as to enrich the debate on imperialism by providing an historical materialist analysis of the PPE market. This process will gesture towards an answer to the research question(s) at hand: *to what extent does the structure*

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<sup>5</sup> Goodnough, Amy. 2020. "Some Hospitals are Close to Running Out of Crucial Masks for Coronavirus." *The New York Times*, 9 March <https://www.nytimes.com/2020/03/09/health/coronavirus-n95-face-masks.html?action=click&module=RelatedLinks&pgtype=Article>

<sup>6</sup> Black, Thomas. 2020. "Shortage of Safety Supplies Adds to Risks for U.S. Reopening." *Bloomberg.Com*, June, N.PAG. <http://search.ebscohost.com.ezproxy.lib.gla.ac.uk/login.aspx?direct=true&db=buh&AN=143785194&site=ehost-live>

*of the world-economy lead to unequal exchange? And what can data on the PPE market tell us about this market's role in facilitating unequal exchange before and during the Covid-19 pandemic?*



## Definitions and Key Terms

Marxist scholar Immanuel Wallerstein argued there are three elements to the capitalist world-system. “First, it consists (metaphorically) of a single market” shaping the “...amount of productive activity, the degree of specialization, the modes of payment for labor...”<sup>7</sup>. Secondly, the “existence of a series of state structures, of varying degrees of strength”<sup>8</sup> domestically and in relation to other states. Finally, there exist mechanisms to ensure that “the appropriation of surplus labor takes place in such a way that there are not two, but three, tiers to the exploitative process”<sup>9</sup>. This means there is always an intermediate class between the workers and the owners of the means of production. These processual links are concentrated into what Immanuel Wallerstein and Terrence Hopkins call ‘global commodity chains’. Global commodity chains are defined as “a network of labor and production processes whose end result is a finished commodity.” Such chains are usually “geographically extensive and contain many kinds of production units within them with multiple modes of remunerating labor”<sup>10</sup>. This metaphorical single world market is expressed through the integration and organization of national monetary circuits, international financial markets, and foreign land ownership; ultimately this forms the basis of the contradiction between the mobility of capital and relative immobility of labor upon which global commodity chains rest. This analysis is based on the idea that capitalism is built on a developed core and underdeveloped periphery. Before core and periphery are defined, another term used in this thesis must be defined in order to better understand the dialectical logic behind the core-periphery relationship. The *unity of opposites* is a concept originally put forward by Heraclitus, a pre-Socratic Ionian philosopher who argued that the world is constantly in flux, and thus unity can not necessarily denote homogeneity<sup>11</sup>. In sum, the unity of opposites can be defined in this thesis as the multiplicity of modes of production, relations of production, and

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<sup>7</sup> Wallerstein, Immanuel. 1979. “The Capitalist World-System”. 222. London: Cambridge University Press.

<sup>8</sup> Ibid pg. 223

<sup>9</sup> Ibid pg. 223

<sup>10</sup> Wallerstein and Hopkins in Foster, J.B., R. Jamil Jonna, and Intan Suwandi. 2019. "Global Commodity Chains and the New Imperialism." *Monthly Review*.

<sup>11</sup> Graham, Daniel W. 2019. "Heraclitus." *The Stanford Encyclopedia of Philosophy*.

<https://plato.stanford.edu/entries/heraclitus/>

various political systems which form the contradictory vectors of the unified capitalist world-system.

According to Samir Amin, “[t]he concepts of center and periphery are related to the expansionism of capital in general. They are definitely not attenuated synonyms of imperialist countries and colonial or dependent countries”<sup>12</sup>. This clarification is helpful in diagnosing the contradictions of capitalism and its contemporary imperialist structure. In the early, mercantilist phase of capitalism there existed a basis for a competitive capitalist economy. The market was populated with few monopolies outside of state-run enterprises such as the Dutch East India Company<sup>13</sup>. One imperialist phase, starting somewhere around the 1870s<sup>14</sup> with German and Italian unification and the Thermidor of the French Revolution is partially characterized by the growth of monopolies in the central capitalist formations. In the ‘thirty glorious years’ after World War II, the massive growth of monopolies continued, with labor largely shifting towards the capitalist peripheries. This generalized victory of monopoly ushered in a new phase of imperialism. An important clarification in this study is how to diagnose the beginning(s) and end(s) of structural phases of capitalism and the theoretical danger therein. A reminder from Hungarian Marxist, Georg Lukacs serves to address this danger: “[t]he historical transition from one epoch to another is never mechanical”<sup>15</sup>. By this, he means that development of historical structures such as imperialism do not presuppose that capitalism is the sole mode of production everywhere, but rather that structures like imperialism thrive on uneven exchange and development. This uneven development and exchange are evidence that the sum always proves more than its parts; the capitalist world-system is not just the aggregate of every interaction between each individual nation-state. Rather, it is the result of the relation between structural processes and unit actors (states, politicians, labor, capital, etc) which shape the order of the state-systems and markets and how they will ultimately interact. Amin continues, “[w]ith imperialism, the principle contradiction of the capitalist system tends to be between monopoly

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<sup>12</sup> Amin, Samir. 1976. “Imperialism and Unequal Development”. New York City: Monthly Review Press

<sup>13</sup> Wallerstein, Immanuel. 1979. “The Capitalist World-System”. London: Cambridge University Press

<sup>14</sup> Amin, Samir. 1980. “Class and Nation: Historically and in the Current Crisis”. New York City: Monthly Review Press.

<sup>15</sup> Lukacs, Georg. 1924. “Lenin: A Study on the Unity of His Thought”. Vienna: Verlag der Arbeiterbuchhandlung.

capital and the over-exploited masses of the periphery”<sup>16</sup>. The proletarianization and semi-proletarianization of the peasantry is the motor of the capitalist world-system in this imperialist phase. The study of imperialism, therefore, should not be focused on diagnosing iron economic laws, but rather examining the “combination of alliances and class struggles”<sup>17</sup> which are expressed on a global scale:

Unequal exchange, therefore, in the final analysis makes it possible for capital to achieve higher rates of exploitation of labor power in the periphery than in the center. The magnitudes involved in equilibrium...are determined by the fundamental social relations of the system—the rates of exploitation of labor power<sup>18</sup>.

This last point by Amin will guide the analysis going forward. Imperialism is defined conceptually as the contradiction between the general monopoly of multinational corporations, and the over-exploited peoples of the peripheries; this is characterized historically by the increased polarization of capitalist centers and peripheries. Imperialism’s operational definition in this essay will be spelled out after exploring the debates surrounding the capitalist world-system.

In this thesis, the language of Historical Materialism is used in order to pinpoint the structural instantiations of imperialism. In the following sections, *surplus absorption*, *monopolization*, *capital export*, *peripheral/export-based economy*, and *global labor arbitrage* are economic epiphenomena used in order to operationalize the various mechanisms which constitute the contradictory material basis of imperialism. Although imperialism is a structural phase of capitalism, these various epiphenomena serve to locate imperialism within specific policies of states and the victory of the neoliberal strategy of generalized monopoly in the capitalist world-system. All these terms will be more specifically defined in the literature review and empirical investigation of the PPE market. The conceptual and operational definitions must be linked insofar as imperialism does not merely result from a series of static economic policies

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<sup>16</sup> Amin, Samir. 1976. “Imperialism and Unequal Development”. 109. New York City: Monthly Review Press

<sup>17</sup> Ibid

<sup>18</sup> Ibid

and their outcomes, yet it cannot be conceived outside of the interaction of states and classes within the capitalist world-system. Next, the 'PPE market' will be defined.

In this thesis, the PPE market is defined as a global commodity chain specializing in the production and distribution of personal protective equipment for the medical, military, and construction industrial complexes. As will be explored later, these three industries are the leading producers and consumers of PPE worldwide. This study looks at various types of personal protective equipment within these industries in order to observe the effects of Covid-19 on the PPE market (medical-grade PPE like gloves, masks, visors, gowns, and respirators are vital in the fight against the pandemic). Yet as will be explored below, the military industrial complex is intimately connected with the largest conglomerates in the PPE market, providing police and militaries with helmets, gas masks, eye protection, and body armor.

## Literature Review and Theoretical Debate

This chapter is dedicated to examining the contending views between Realist and Liberal scholars of International Relations (I.R.) and Marxist intellectuals regarding the concept of imperialism. Special attention will be paid to each theorists' ideas about imperialism during the Covid-19 pandemic when applicable. While I.R. scholars such as G. John Ikenberry and Joseph Nye have a benevolent view of imperialism outside of military aggression, Marxists such as Samir Amin and Intan Suwandi conceive of imperialism as a structural element of the capitalist world-system which creates and exacerbates conditions of unequal exchange and development. The chapter will begin with an examination of Ikenberry, Nye, and Walt's conception of imperialism and Covid-19, pointing to agreements and disagreements within I.R. theory. Although Walt is a Realist and Ikenberry and Nye fall more squarely within the Liberal institutionalist school of thought, when compared to one another it becomes clear that their philosophical distinctions are ephemeral. As discussed below, Ikenberry and Walt both believe that Covid-19 will continue to exacerbate rivalries between states and reinforce zero-sum policies.

The Marxist theory of imperialism, which offers a more critical eye to the structures of the world-system, is based on observations of the continual polarization between capitalist centers and their peripheries. The spread of Covid-19 has caused disruption of global supply chains—especially the production and distribution of personal protective equipment (PPE), agricultural products, and medicine. This disruption in production and distribution is sending shockwaves through the world market because production of masks, gloves and gowns in places like China, India, Indonesia, Malaysia, and Mexico is largely for export to central capitalist formations, while PPE production in the United States, Australia, and Western Europe is oriented towards military and construction markets<sup>19</sup>. The unequal exchange taking place between the various national PPE markets, which make up certain constituent elements of the international PPE market is the primary inquiry going forward.

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<sup>19</sup> Rubber & Plastics News "Ansell Gains New Ground in Protective Gear Sector." 42 (12): 4. <http://search.ebscohost.com.ezproxy.lib.gla.ac.uk/login.aspx?direct=true&db=buh&AN=85000271&site=ehost-live>.

This chapter is broken up into two sections, the first being the views of mainstream I.R. scholars regarding imperialism. The focus of this section is the benevolent view of imperialism and hegemony put forward by Walt, Ikenberry, and Nye and their dedication to maintaining the status quo. Although Ikenberry has long criticized the military ventures of the United States, even suggesting that these military ventures are an imperial leftover from previous epochs; he still suggests that “the U.S.-led order is distinctive in that it has been more liberal than imperial—and so unusually accessible, legitimate, and durable”<sup>20</sup>. The second section of this chapter is dedicated to the Marxist theory of imperialism and the debates within the Marxist camp. The work of Samir Amin and Utsa and Prabhat Patnaik is key to this study insofar as they are Marxists dedicated to analyzing imperialism in the 21st century. As will be shown below: *hyper-militarization, surplus absorption, monopolization, capital export, export-based economies, and the global labor arbitrage* are economic epiphenomena which Marxist scholars agree constitute instantiations of the imperialist structure. The work of David Harvey is used as a bridge between these two contending schools of thought. While Harvey has advanced Marxist thought through his work regarding human geography, he fits more squarely in the Realist camp on the question of imperialism, going so far as to deny that imperialism is a useful category for measuring the uneven nature of the capitalist world-system. Once the theoretical debates have been explored, these economic epiphenomena above will be examined in relation to the PPE market before and during the Covid-19 pandemic.

## International Relations and Imperialism

Walt, Ikenberry, and Nye were interviewed by *Foreign Policy* regarding Covid-19 and the perceived geopolitical consequences resulting from it. Walt maintains his Realist stance and argues that the State will be reinforced due to the emergency measures taken to curb the spread of Covid-19, continuing on to say “...many [governments] will be loath to relinquish these new powers when the crisis is over”<sup>21</sup>. This refusal to relinquish the emergency powers will maintain

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<sup>20</sup> Ikenberry, G. John. 2009. “The Rise of China” 28. *Foreign Affairs*. Volume 87. No. 1.

<sup>21</sup> Ikenberry, G. John; Nye, Joseph; Walt, Stephen M. et al. 2020. “How the World Will Look After the Coronavirus Pandemic. *Foreign Policy*. March 20. <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/>

the “fundamentally conflictive nature of world politics”<sup>22</sup> according to Walt who points to the Spanish Flu in 1918 as an example of a pandemic which did not curb conflict between states but furthered this conflict. Walt’s Realist position on global politics is accurate insofar as the United States has used Covid-19 to increase the aggression towards China both economically and politically. Walt’s analysis falls short when discussing how states will ‘reinforce nationalism’. While the United States—through its embodied connective, Donald Trump—has certainly ramped up nationalism, referring to Covid-19 as the ‘China Virus’; the same cannot be said across the globe. China, Cuba, and Vietnam have taken an internationalist stance regarding ending the pandemic and the spread of Covid-19. China has said that when they create a vaccine, it will be a global public good<sup>23</sup>, Vietnam sent 450,000 units of PPE to the United States in an act of solidarity with the American people<sup>24</sup>, and Cuba has sent doctors across the world to aid in fighting the virus<sup>25</sup>. This type of internationalism could be vital in pushing back against the spread of the virus. Along with internationalism, strong public sector involvement and a focus on citizen science has been key in saving lives; as of August 1st, Vietnam has only 17 Covid related deaths in a country of roughly 97,000,000 people. However, Nye and Ikenberry propose a different sort of internationalism.

G. John Ikenberry posits that after the surge in nationalist policies and great-power rivalries which are exacerbated by Covid-19, a “new type of pragmatic and protective internationalism”<sup>26</sup> will arise. He likens this to the ‘hardheaded’ internationalism of FDR during the 1930s. This type of ‘pragmatic and protective’ internationalism which Ikenberry thinks will arise gels with his previous work on liberal international institutions and the ‘rise and threat of China’ narrative which is popular in all sects of I.R. The connections between Ikenberry and Walt’s argument are quite clear: “the response might be more nationalist at first, but over the longer term, the democracies will come out of their shells to find a new type of pragmatic and

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<sup>22</sup> Ibid

<sup>23</sup> Wheaton, Sarah. 2020. “Chinese vaccine would be ‘global public good’, Xi says”. *Politico*. May 18. <https://www.politico.eu/article/chinese-vaccine-would-be-global-public-good-xi-says/>

<sup>24</sup> Tricontinental. 2020. “CoronaShock and Socialism.” *Tricontinental Institute for Social Research* <https://www.thetricontinental.org/studies-3-coronashock-and-socialism/>

<sup>25</sup> Xinhua. 2020. “Cuba sends doctors, nurses worldwide in covid-19 fight”. *Xinhua News Network*. March 29. [http://www.xinhuanet.com/english/2020-03/29/c\\_138927933.htm](http://www.xinhuanet.com/english/2020-03/29/c_138927933.htm)

<sup>26</sup> Ikenberry, G. John; Nye, Joseph; Walt, Stephen M. et al. 2020. “How the World Will Look After the Coronavirus Pandemic. *Foreign Policy*. March 20. <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/>

protective internationalism”<sup>27</sup>. The argument that ‘more nationalist’ responses will eventually make their way around the horseshoe and become internationalist, seems incoherent on the surface seeing as a Realist (Walt) just argued, in effect, the same thing. It does not seem that Ikenberry is totally convinced of this pragmatic internationalism, saying “it is hard to see anything other than a reinforcement of the movement toward nationalism, great-power rivalry, strategic decoupling, and the like”<sup>28</sup>. When we cross-examine this with Ikenberry’s liberal institutionalist beliefs, the argument makes sense within the internal logic of Liberal I.R. Ikenberry has long argued that international institutions such as NATO and the WTO should be strengthened in order to preserve the Western norms of globalization. Once this is done, he argues international cooperation and peace is possible<sup>29</sup>, rinsing ‘Western norms of globalization’ of their imperialist tint. In a 2008 piece for *Foreign Policy*, he argues “...unlike the imperial systems of the past, the Western order is built around rules and norms of nondiscrimination and market openness, creating conditions for rising states to advance their expanding economic and political goals within it.”<sup>30</sup>. Ikenberry posits that a violent confrontation between China and the U.S. can be avoided if Western international institutions are strengthened while also condemning the rise of China. This inter-imperial rivalry narrative has been taken to new heights during the Covid-19 pandemic.

In the context of Covid-19, Trump has increased the beat of the war drums against China<sup>31</sup> while mainstream media echoes him<sup>32</sup>, with the *New York Times* accusing China of hoarding PPE early in the pandemic. The United States has also pulled out of the World Health Organization (WHO) serving a large cut to their funding<sup>33</sup>. In sum, Ikenberry inexplicably

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<sup>27</sup> Ibid

<sup>28</sup> Ibid

<sup>29</sup> Ikenberry, John. 2011. “Liberal Leviathan: The Origins, Crisis, and Transformation of the American System”. New Jersey: Princeton University Press.

<sup>30</sup> Ikenberry, G. John. 2009. “The Rise of China” 29. *Foreign Affairs*. Volume 87. No. 1.

<sup>31</sup> Borger, Julian; Graham-Harrison, Emma. 2020. “Donald Trump and Xi Jinping: are China and U.S. on collision course in a new Cold War?”. *The Guardian*. May 17.

<https://www.theguardian.com/world/2020/may/17/donald-trump-and-xi-jinping-meet-the-new-cold-warriors>

<sup>32</sup> Bradsher, Keith; Alderman, Liz. 2020. “The World Needs Masks: China Makes Them, But Has Been Hoarding Them”. *The New York Times*. April 2. <https://www.nytimes.com/2020/03/13/business/masks-china-coronavirus.html>

<sup>33</sup> Tandon, Shaun. 2020. “Ignoring Outrage, Trump Officially Pulls US Out of WHO During Virus Crisis”. *Science Alert*. July 8. <https://www.sciencealert.com/trump-formally-starts-process-to-pull-us-out-of-who>



believes that the strengthening of the various ‘soft power’ organizations and institutions which are made by and for the United States will conclude U.S. imperialism’s reign. This two-dimensional and impotent definition of imperialism by Ikenberry has proved incompatible with international relations in the time of Covid-19.

Joseph Nye’s contribution to the *Foreign Policy* article on Covid-19 gestures towards a more complete understanding of the capitalist world-system. Citing Richard Danzig, Nye argues that argues that it is not just economically processual links which connect the world, but also technological links, AI, pathologies, viruses, and radiation<sup>34</sup>. From here, he continues to make an argument about the ability of states to widen their inherent self-interests to include centralization of control over technologies, vaccines and the like. The holism of this globalization will be explored and understood at length in the next sections. Nye concludes his section by positing that “...it is not enough to think of American power over other nations. The key to success is also learning the importance of power with others”<sup>35</sup>. Much like Ikenberry, Nye’s analysis is focused on an American imperialism which is benevolent outside of its military power. What is also telling about Nye’s argument is that he says the U.S. cannot hope to remain a great power if it works alone. As discussed in the next section, imperialism—when viewed as a structural feature of the capitalist world-system—in the 21st century is not isolated to one great power.

In sum, Walt, Ikenberry, and Nye have coalesced around the ‘rise and threat of China’ narrative, arguing that Covid-19 will cause such damage to the capitalist world-system that conflict is inevitable. This view of great power politics and hegemony—which does not view imperialism as a structural element of capitalism—is shortsighted and narrow because it sings conflict into being. By continuing to toe the line between aggression and systematic exclusion, consent for conflict with China is manufactured in academic circles to match the messaging coming from the media, particularly American news media. This zero-sum view is both the reason-for and result-of imperialist domination insofar as it was China’s embarking on a path towards independent development which ramped up the outward, capitalist aggression towards them. The intimate links between the Chinese and American economies will be explored more in the next chapter. The next section of this chapter, however, is dedicated to examining the Marxist

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<sup>34</sup> Ikenberry, G. John; Nye, Joseph; Walt, Stephen M. et al. 2020. “How the World Will Look After the Coronavirus Pandemic. *Foreign Policy*. March 20. <https://foreignpolicy.com/2020/03/20/world-order-after-coronavirus-pandemic/>

<sup>35</sup> Ibid

view(s) on imperialism; the views of certain Marxist intellectuals regarding Covid-19 will be examined as well in order to view the difference between traditional I.R. and a holistic approach to the workings of the capitalist world-system. The Marxists chosen all share the view that imperialism is a structural element of capitalism, and that there are certain economic epiphenomena which are part of imperialist domination. These economic epiphenomena are discussed by each theorist, albeit with various levels of focus and attention given to each one. *Hyper-militarization, surplus absorption, monopolization, capital export, peripheral/export-based economy, reserve army of labor, and global labor arbitrage* are economic epiphenomena which Marxist scholars agree constitute instantiations of the imperialist structure. David Harvey is the exception to this rule, and his work is used to bridge the gap between these competing camps. The work of Harvey which is cited in this thesis shows the debate among Marxists, while also making clear the answer to one of the research questions posed: *to what extent does the structure of the world-economy lead to unequal exchange?*

## Marxism and Imperialism

Samir Amin was one of the leading Marxist thinkers regarding the question of imperialism in the end of the 20th century and into the 21st century. Amin based his analysis on the material conditions of the capitalist world-economy and advanced Lenin's hypothesis about imperialism to properly analyze how imperialism has continued in content while changing its form through a series of stages<sup>36</sup>. During and after World War I, when Lenin was writing about imperialism, monopolies were in their infancy and the remnants of the competitive capitalist economy lingered. Lenin pointed to imperialism as the highest form of capitalism. A counter-thesis was advanced by Samir Amin; imperialism cannot be the highest form of capitalism because these tendencies continued and the trends towards monopolization, unequal exchange and development between core and periphery have transformed themselves continuously after Lenin's time. Suffice to say, Lenin's analysis is only incomplete insofar as he was born into the specific period where monopolies had not fully developed into a generalized monopoly<sup>37</sup>

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<sup>36</sup> Amin, Samir. 1976. "Imperialism and Unequal Development". New York City: *Monthly Review Press*

<sup>37</sup> Amin, Samir. 2015. "Contemporary Imperialism" *Monthly Review*.  
<https://monthlyreview.org/2015/07/01/contemporary-imperialism/>

To the extent that these monopolies operate in the peripheries of the globalized system, this monopoly rent becomes an imperialist rent. The capital accumulation process—which defines capitalism in all of its successive historical forms—is consequently governed by the maximization of monopolistic/imperialist rent<sup>38</sup>

The extraction of imperialist rents through the *global labor arbitrage* are what characterize the relationships between central and peripheral capitalist formations. The *global labor arbitrage* is the tendency for greater proportions of the world's labor to be located and re-located within the peripheries of the capitalist world-system. Amin's position regarding the emergence of peripheral countries attempting to develop independently from imperialist domination has been consistent throughout the years of his work. Amin argued that 'catching up' to the developed capitalist centers was an impossibility precisely because the capitalist world market—expressed as a unity of opposites—relies on capital accumulation benefitting the core while the peripheries remain the sites of production and induced consumption. Catching up in the sense of repetition of the processes of the central capitalist formations is impossible:

Emergence is a political project, not only an economic one. An evaluation of its success is thus based on an examination of its capacity to reduce the way in which the dominant capitalist centers continue their domination, in spite of the economic successes of emergent countries measured in the terms of conventional economics. For my part, I have defined these means in terms of control by the dominant powers of technological development, access to natural resources, the global financial and monetary system, means of information, and weapons of mass destruction. I also maintain the thesis that there is indeed a collective imperialism of the triad that intends to preserve, by any means, its privileged position in the domination of the world and prevent any emergent country from challenging this domination<sup>39</sup>

Amin defines the new imperialist period as one dominated by the triad of the United States, Europe, and Japan. While the BRICS (Brasil, Russia, India, China, and South Africa) countries

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<sup>38</sup> Amin, Samir. 2018. "The New Imperialist Structure." *Monthly Review*.

<https://monthlyreview.org/2019/07/01/the-new-imperialist-structure/>

<sup>39</sup> Ibid

and others (Indonesia, Mexico, and Turkey) have achieved economic success by the standards of the capitalist centers, expressed through large industrialization campaigns, this success is incomplete insofar as their political and economic goals do not match up:

The ongoing offensive of United States/Europe/Japan collective imperialism against all the peoples of the South walks on two legs: the economic leg—globalized neoliberalism forced as the exclusive possible economic policy; and the political leg—continuous interventions including preemptive wars against those who reject imperialist interventions. In response, some countries of the South, such as the BRICS, at best walk on only one leg: they reject the geopolitics of imperialism but accept economic neoliberalism<sup>40</sup>

These countries have made great advances in development, yet this development has further entrenched the imperialist relationships upon which the capitalist world-system is predicated. This is precisely because this economic development has created a larger pool of labor to be exploited by the monopolies of the capitalist core and any attempts at independent development are thwarted militarily or otherwise. The control of the capitalist centers over technological development, natural resources, military technology, media, and the global financial centers/institutions constitute the contradictory material bases of imperialist domination. This control has been highlighted during the Covid-19 pandemic insofar as the holism of the world-economy and the state system is how the virus is able to spread.

## The Holism of Imperialist Domination

As Joseph Nye argued, Covid-19 shows us that the interaction of certain bacteria, viruses, plants, and animals that occurs in a globalized agricultural market make us susceptible to pandemics like this one. John Bellamy Foster and Intan Suwandi of *Monthly Review* point out:

Since the late twentieth century, capitalist globalization has increasingly adopted the form of interlinked commodity chains controlled by multinational corporations, connecting various

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<sup>40</sup> Amin, Samir. 2015. “Contemporary Imperialism” *Monthly Review*. <https://monthlyreview.org/2015/07/01/contemporary-imperialism/>

production zones, primarily in the Global South, with the apex of world consumption, finance, and accumulation primarily in the Global North<sup>41</sup>

Foster and Suwandi continue this line of argument in reference to the novel coronavirus, where they point out that, “COVID-19 has accentuated as never before the interlinked ecological, epidemiological, and economic vulnerabilities imposed by capitalism”<sup>42</sup>. The ability of Covid-19 to spread at the rate in which it did is exacerbated by the types of global interconnection in contemporary capitalism. Zoonotic diseases—diseases spread from vertebrate animals to humans—can spread along the trajectories of global commodity chains. Suwandi and Foster place these vulnerabilities within the framework of imperialism because imperialist rents are levied against primary producers in the peripheries of global capitalism. These rents are extracted through a *global labor arbitrage* whereby multinational corporations located in the center of the system (U.S., Europe, Japan) exploit the labor of workers located in the peripheries of the world-system who are also the most vulnerable to Covid-19. With the peripheries of the capitalist world-system serving as the point of production for most of the world, there is no hope of economic recovery without doubling down on the exploitation of these workers. These workers produce vital supplies while oftentimes being unable to observe social distancing or other measures deemed helpful in curbing the virus’ spread<sup>43</sup>. Foster and Suwandi argue that this props up the financial oligopoly in the central capitalist formations, or a *generalized monopoly*.

One can see that this singular, metaphorical world market is based on a unity of opposites, through which multinational corporations take advantage of the *global labor arbitrage*. The capitalist world-system can be considered a unity of opposites because core and peripheral nation-state formations are made up of heterogeneous class blocs and modes of production and contain multiple modes of remunerating labor within them. Yet, the value created in these different formations all travels through vectors of the one world market; the prices which

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<sup>41</sup> Foster, J.B; Suwandi, Intan. 2020. “Covid-19 and Catastrophe Capitalism” <https://monthlyreview.org/2020/06/01/covid-19-and-catastrophe-capitalism/>

<sup>42</sup> Ibid

<sup>43</sup> Global Electronic Services Inc. 2020. “Social Distancing for Manufacturers: Is it possible?”. *Global Electronic Services*. <https://gesrepair.com/social-distancing-for-manufacturers-is-it-possible/>

are set by monopolistic firms. As Samir Amin argued, ‘unity does not denote homogeneity’<sup>44</sup>. Capital and commodities have much more global mobility than does labor, which is why the massive global differential in the price of labor is taken advantage of by these multinationals. The dominant literature, stemming from neoclassical economists and other cheerleaders of capital, argues that this is due to the search for new efficiencies in the global market. Samir Amin reminds us, “efficiency is always related to a system, here the extortion of surplus value”<sup>45</sup>

The concept of monopoly as a feature of capitalism was first articulated by Rudolf Hilferding in his 1909 *Das Finanzkapital*. V.I. Lenin picked up on this concept of monopolization from Hilferding and argued that imperialism was the highest stage of capitalism, and that monopolization was a constituent mechanism of imperialism. According to Paul Baran and Paul Sweezy, from whom many 20<sup>th</sup> and 21<sup>st</sup> century Marxists have been inspired:

Today the typical economic unit in the capitalist world is not the small firm producing a negligible fraction of a homogenous output for an anonymous market but a large-scale enterprise producing a significant share of the output of an industry, or even several industries, and able to control its prices, the volume of its production, and the types and amounts of investment<sup>46</sup>

According to the ILO labor income database, the trend towards *monopolization* of the financial market in the central capitalist formations is coupled with a decreasing share of the world’s labor. In the analysis chapter of the database it is shown that “the labour share in the United States lost almost three percentage points between 2004 and 2016”<sup>47</sup>. At the same time The United Kingdom, Italy, Spain, and Germany all experienced large net declines in their share of the global labour income distribution<sup>48</sup>. Because we are interested in a system level analysis, and working inwards from there, a few conclusions can be reached. Firstly, the share of global labour is increasingly found in the peripheries of the capitalist world-system. Secondly, within the core

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<sup>44</sup> Amin, Samir. 1980. “Class and Nation: Historically and in the Current Crisis”. New York City: Monthly Review Press.

<sup>45</sup> Amin, Samir. 1976. “Imperialism and Unequal Development”. 115. New York City: Monthly Review Press.

<sup>46</sup> Baran, Paul, and Paul Sweezy. 1966. “Monopoly Capital.” 6. New York: Monthly Review Press

<sup>47</sup> International Labour Organization. “Labour Income Distribution--ILO modelled estimates” ILOSTAT. Accessed 23-05-2020. <https://ilostat.ilo.org/data>

<sup>48</sup> Ibid

countries (here exemplified by the U.S., Germany, Italy, Spain, and the United Kingdom) there has been a ‘hockey-stick pattern’ where the top earning laborers experienced an increase in their share of the labour income percentage and the lower-middle deciles experienced a large loss in their share of the labour income percentage. This uneven distribution of labor power and incomes causes crises of *surplus absorption*. Economic surplus has been a feature of class societies since pre-modern civilizations. In their 1966 book *Monopoly Capital*, Paul Baran and Paul Sweezy briefly define economic surplus as “the difference between what a society produces and the costs of producing it”<sup>49</sup>. Samir Amin argues that the generation and distribution of this surplus was much more transparent in pre-capitalist societies wherein serfs would give the surplus directly to the feudal lords who would openly divide it among themselves<sup>50</sup>. Now, surplus absorption is obscured due to the increasing financialization of the system.

This has happened because of the *global labor arbitrage* whereby jobs with low remuneration have been relocated to the peripheries. The way this is done, Patnaik & Patnaik argue, is through maintaining a large *reserve army of labor* in the centers and peripheries. Wages are kept down in the periphery because the reserve army of labor prevents any ‘autonomous cost push’ from wage laborers. The reason this strategy is chosen is to maintain *export-based economies* in the periphery with an artificially underdeveloped internal market. The Patnaik’s theorization of the interconnection of these processes is taken up in the next section.

## Imperialism and the Compounded Crises of Capitalism

Utsa and Prabhat Patnaik's arguments about imperialism are summed up in the introduction of their book *A Theory of Imperialism*:

increasing supplies of...products for use within the capitalist sector can be obtained only at an *increasing supply price*, which poses a threat to the value of money within this sector. This threat is met by diverting the already produced output of such goods from existing users outside of the capitalist sector to those within the sector. The means for such diversion...constitute the essence

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<sup>49</sup> Baran, Paul, and Paul Sweezy. 1966. "Monopoly Capital." 9. New York: Monthly Review Press

<sup>50</sup> Amin, Samir. 1980. *Class and Nation: Historically and in the Current Crisis*. New York City: Monthly Review Press.

of imperialism. Additionally, imperialism also generates and maintains a pool of unemployed labor within the periphery, which serves to thwart any autonomous cost-push in the case of the...commodities required by the capitalist sector; and serves in general to stabilize the system<sup>51</sup>

In their discussion, the Patnaik's tear down the edifice of mainstream Ricardian trade theory, which is a) based on a false symmetry and, b) begins all its theoretical ventures from the starting point that these asymmetries are 'external' datum. The classical Ricardian example of Britain's cloth and Portugal's wine is based on the axiom that *all countries can produce all goods* and therefore specialization is always a net positive based on cost of production. "With permanently zero output of tropical products in temperate lands, there was no "cost of production" that could be defined...let alone any relative cost...Thus, no basis existed for comparing cost advantage"<sup>52</sup>.

Without a basis to compare cost advantages and disadvantages, we see that "a *specific* and restrictive premise is stated, but the conclusion arrived at on its basis (mutual benefit from specialization) is improperly treated as a *general* one."<sup>53</sup>. In this case, there are specific commodities produced in the peripheral landmass which are routinely consumed in central capitalist formations. The demand for such commodities remains high in the core countries, and subsequently a strategy is implemented to protect the value of money in the core and artificially stop the increasing supply price. "Imperialism is concerned...with the imposition of income deflation by metropolitan capital on the people of the periphery in order to squeeze out...a range of commodities required in the metropolis, without bringing into play the problem of increasing supply price"<sup>54</sup>. This is done by shrinking the internal markets in the exporting countries for these commodities and diverting that portion of the product for export to the central capitalist formations. While accumulation in the core is auto-centered and contains within it the majority of financial markets, accumulation in the periphery differs insofar as "the articulation that governs the reproduction of the system links exports (the motive force) to (induced) consumption"<sup>55</sup>. This induced consumption comes about in an economy where wage income is variable, resulting in varying consumption of commodities in the internal market. This idea of

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<sup>51</sup> Pantauk, Utsa; Patnaik, Prabhat. "A Theory of Imperialism". 78. 2016. New York City: Monthly Review Press.

<sup>52</sup> Ibid

<sup>53</sup> Ibid

<sup>54</sup> Ibid

<sup>55</sup> Ibid



induced consumption is important because it sutures the Patnaik's argument about luxury consumption in the peripheries with an analysis of export based economies which preclude the independent development of an internal market; "...the periphery adjusts "unilaterally" to the dominant tendencies on the scale of the world system in which it is integrated, these tendencies being the very ones governed by the demands of accumulation at the center"<sup>56</sup>. Prior to the Covid-19 pandemic and the ensuing compounded economic crisis, the model of accumulation in central capitalist formations did not match the model of accumulation present in the peripheral formations. This is because the history of real existing capitalism is one in which "the 'two models', nonetheless, constitute but a single reality, that of accumulation operative on a world scale"<sup>57</sup>.

The domestic market in the peripheries is subsumed into the global market—which is dominated by the core countries—and thus production for export is a higher percentage of production precisely because of their structural position in the capitalist world-system. In sum, an *export based economy* where output is increased by diverting large sections of the product away from the internal market (which stunts and induces the growth of the internal market endogenously) represents one critical feature of the imperialist world economy.

In the midst of the Covid-19 pandemic, the export-based economies of the periphery face a double crisis, according to Prabhat Patnaik. The first crisis being the fallout from the 2008 financial collapse in the central capitalist formations, and the second being the economic fallout of Covid-19:

COVID-19 is coming in the context of a crisis of capitalism that was already there. COVID-19 of course has worsened the crisis in the sense that there is huge unemployment. Let's imagine tomorrow the COVID-19 crisis gets over...The first thing that would happen is there would be no automatic recovery. Because after all, even though COVID has worsened things when COVID disappears, consumption might recover but recovery of consumption will not be a recovery of investment<sup>58</sup>.

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<sup>56</sup> Ibid

<sup>57</sup> Amin, Samir. 2018. "Modern Imperialism, Monopoly Finance Capital, and Marx's Law of Value". New York: *Monthly Review Press*.

<sup>58</sup> Patnaik, Prabhat. 2020. "Government Under Finance: There is no Easy Exit". Interview with Lynn Fries. *Global Political Economy*. <http://triplecrisis.com/government-under-finance-there-is-no-easy-exit/>

The export-based economies of the periphery will have a hard time recovering from Covid-19 for a number of reasons: firstly, with an already atrophied internal market characterized by induced consumption, recovery is a daunting prospect. This is because consumption, which forms a shrinking part of the internal market of the peripheral nation-states, is not sufficient for recovering the economy in full. The purchasing power of the workers is induced through their integration into the capitalist world-system as net exporters. Secondly, if there is an attempt to enforce capital controls or otherwise utilize the state as an instrument against the financial control of the central capitalist formations, capital will leave their borders and seek investment elsewhere. Patnaik continues,

therefore, in a world in which finance has the upper hand the state simply lacks the instruments through which it can actually intervene in raising the level of aggregate demand. And that is exactly what has happened. Namely that fiscal policy for raising aggregate demand is out. The only thing the state is allowed to use is monetary policy, but monetary policy is an extremely blunt instrument that predictably has not been very effective. Which is why the capitalist countries have been caught in a protracted crisis starting from 2008 itself<sup>59</sup>.

The control of financial levers rests in the hands of the imperialist triad, which presents a problem for peripheral nation-states amid global financial crisis. The contradiction between the territorial logics of nation-states and the tendency for capital to be globally mobile is fraught during the Covid-19 pandemic. Peripheral nation-states engaged in supplying specific products for the central capitalist formations are forced to either attempt to remove themselves from their subordinate position—which causes crises beyond the ones they already face—or to double down on this position and postpone their own recovery from Covid-19 in order to continue furnishing the central capitalist states with products such as PPE. As is shown below, Covid-19 has threatened the value of money in the central capitalist formations; this has been through increases in supply price, but also through a lack of capital controls. David Harvey's response to Utsa and Prabhat Patnaik's *A Theory of Imperialism* forms a divergent narrative within the Marxist camp.

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<sup>59</sup> Ibid

## Challenges to the Holistic Approach

In his response published at the end of Utsa and Prabhat Patnaik's book *A Theory of Imperialism*, David Harvey argues that imperialism is an outdated term, serving to confuse more than elucidate regarding the capitalist world-system:

The point here is not to deny the transfers of wealth and value that occur through global trade and extractivism, or from geo-economic policies that disadvantage primary producers. Rather it is to insist that we not subsume all these features under some simple and misleading rubric of an imperialism that depends upon an anachronistic and specious form of physical geographical determinism<sup>60</sup>.

Harvey's argument centers around the geographical determinism of Patnaik, which he argues is shortsighted once markets outside of the agricultural market are examined. As a geographer, Harvey points to the constantly shifting composition of the physical world as evidence of the Patnaik's geographical determinism: "Our relevant geographical environment has in large measure been modified and produced by human action and, particularly over the last few centuries, by capitalist imperatives"<sup>61</sup>. All the while, Harvey agrees with the substantive part of Patnaik's argument: there exist large transfers of value away from primary producers in the periphery and towards multinationals in the core. Harvey states that these arrangements do not benefit the workers of the central capitalist formations, citing the Trans-Pacific Partnership as beneficial for capital and not workers. His criticism forms an important contribution to the debate on imperialism because Harvey's argument represents the mainstream argument of much of the Western left: China and the US are in an inter-imperial rivalry. "Some observers believe that the American era is coming to an end, as the Western oriented world order is replaced by one increasingly dominated by the East"<sup>62</sup>. This quote is from G. John Ikenberry, and mirrors Harvey's conclusion that "the historical draining of wealth from East to West for more than two

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<sup>60</sup> Harvey, David. 2017. "A Commentary on A Theory of Imperialism." In *A Theory of Imperialism*, by Utsa Patnaik and Prabhat Patnaik, 154-172. New York: Columbia University Press

<sup>61</sup> Ibid

<sup>62</sup> Ikenberry, G. John. 2008. "The Rise of China and the Future of the West. Can the Liberal System Survive?" *Foreign Affairs*.

centuries has, for example, been largely reversed over the last thirty years”<sup>63</sup>. This argument contains valid propositions insofar as China exports capital in large quantities and has geopolitical ambitions which surpass its own borders. Yet, this argument is flawed because it flattens the distinctions between the United States and China much like Ikenberry, Nye, and Walt. Harvey continues this line of argument:

There has been and still is a definite tendency for the more powerful nations in the global economy to hold the price of primary products down. But the impact of this strategy (which is not always successful) is global and by no means confined to tropical regions<sup>64</sup>.

In the context of Covid-19, Harvey’s assertion that imperialist strategy is not always successful is quite true. Yet it is a truism in the sense that one cannot disagree with the statement. Many imperialist strategies and tactics have failed over the course of capitalism’s history, but to assume that one failure means an end to imperialism does not seem to be a convincing argument nor one which can examine the unevenness of the structures of the capitalist world-system.

International institutions, such as the WTO, are pay-to-play institutions which have been dominated by the imperialist triad since their inception. China’s membership in these organizations, or even their positions as a permanent member of the UN security council, only confers them certain powers that countries like the United States, the United Kingdom, or France have within these structures. In his argument against Utsa and Prabhat Patnaik, Harvey cedes many points; by pointing out that powerful nations endogenously hold down the price of primary products outside of just the peripheral landmass, Harvey strengthens Patnaik’s argument. The price of primary goods is kept down so that the value of money is protected in the capitalist core. Later in his argument, Harvey is correct to point out the capital attracting power of export processing zones, of which there are many in China. No doubt, China has also begun to use this strategy in certain African countries such as Egypt, who has the most extensive free trade agreements on the continent. These strategic ports and railways will be important for China’s growing One Belt One Road Initiative, an ambitious project which involves billions of yuan in capital exports to member nations.

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<sup>63</sup> Harvey, David. 2017. "A Commentary on A Theory of Imperialism." In *A Theory of Imperialism*, by Utsa Patnaik and Prabhat Patnaik, 154-172. New York: Columbia University Press

<sup>64</sup> Ibid

Yet the fact remains, the material capabilities and the structural orientation of the capitalist world-economy assure that the United States still far surpasses China. In fact, the world-economy, made in the image of the imperialist triad has worked to China's disadvantage for many years. Particularly after the Chinese Revolution of 1949 in which these imperialist powers were forced out of China. This flattened distinction between China and the United States is confirmed by Harvey in his argument. Since Trump took office, anti-Chinese rhetoric has taken on the role of a rally effect for Trump. He can invoke China's alleged crimes, irresponsibility, and failures in trade to shore up support for himself and indeed, the entirety of the American ruling class. This anti-China policy orientation in the United States shows that Donald Trump is the logical conclusion of Barack Obama's 'Pivot to Asia'. This *hyper-militarization* is part of the imperialist domination of the triad, since imperialism cannot be reduced to a series of economic policies, as it also employs political and social logics. With NATO countries' defense spending dwarfing that of the rest of the world, this strategy has both adverse and securitizing effects for imperialism<sup>65</sup>. The crises of surplus absorption can be mitigated with more defense spending, yet that increases wealth disparities domestically. Simultaneously, this level of military spending ensures that capital accumulation at the cost of the peripheries is maintained, through force if necessary. Overall, Harvey's argument is helpful insofar as he points to the fact that China plays an important role in the world economy, and that certain industries (here, the PPE market) in China are accumulating vast amounts of value in the global economy. What remains for us to ascertain are the real-existing conditions of the collective imperialism of the triad, and the vagaries surrounding the narrative of massive shifts of power and value to the East.

In conclusion, Walt, Nye, and Ikenberry have doubled down on the arguments of their previous work, pointing to imperialism as a benevolent and natural part of international relations. During the Covid-19 pandemic, these scholars have put forward the narrative that the virus and its effects will have a net negative effect towards global peace and cooperation. While many of the Marxist intellectuals cited above would agree that Covid-19 has further frayed relations globally, they argue that this is a continuity of centuries of imperialist domination. In the next chapter, theoretical contributions of the Marxist intellectuals will be tested empirically against

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<sup>65</sup> NATO. 2019. *Defense Expenditure of NATO Countries (2013-2019)*. Communique, Brussels: NATO [https://www.nato.int/nato\\_static\\_fl2014/assets/pdf/pdf\\_2019\\_11/20191129\\_pr-2019-123-en.pdf](https://www.nato.int/nato_static_fl2014/assets/pdf/pdf_2019_11/20191129_pr-2019-123-en.pdf)

data from the PPE market. Each of the economic epiphenomena mentioned above will be placed in the context of the PPE market to consider how these processual networks of policies ensure that unequal exchange remains a cornerstone of the PPE market.

## Methodology

The data used in this thesis is a mixture of raw data analyzed and graphed by the author alongside secondary data created by various data analysis firms. Statista, International Labor Organization (ILO), and Peterson Institute of International Economics (PIIE) are the main sources of data. Although these three resources provided most of the data, other data was retrieved by the author from NATO and other intergovernmental sources. These were chosen as the sources of data given their wide varieties of information concerning the PPE market, particularly during the first months of the Covid-19 pandemic (March-July 2020). This up-to-date information is important in diagnosing the changes within the PPE market during Covid-19 and thus being able to compare production and distribution flows from before 2020 with the fluctuations caused by Covid-19. The relevant years of study are between 2000 and August 1<sup>st</sup>, 2020. Thus, allowing us to see the processes of imperialist domination unfold. As an example, monopolization can be tracked through changes in ownership, buyouts of smaller firms, and expansion of branding and marketing, which are all visible within the data as building blocks of monopolization in the PPE market. Similarly, the epiphenomena of export-based economies can be measured through the data in a way which elucidates the particular type of export which is actively harmful to a country, namely export as a larger proportion of the economy at the expense of an autonomously developed internal market.

Aside from raw data, graphs, and charts, media publications were used in order to highlight the narrative of the status-quo against which a counter-narrative can be put forward. Here, *The New York Times* and their dedication to the continuation of imperialism proved invaluable in tracking the imperialist narrative throughout the first few months of the pandemic. CNN also proved invaluable, albeit indirectly, by publishing an article against which the present methodology can be measured, one based on methodological individualism. Methodological

individualism posits that aggregate social phenomena are the sum of the rational actions of every single unit actor, here *homo oeconomicus*. An example of methodological individualism in practice can be found in a study conducted at the beginning of the pandemic which was reported on by the American news network CNN. The title of the article reads: “Why are we hoarding toilet paper? It may be your personality type”<sup>66</sup>. The researchers who conducted this study worked outwards from a theory about the unit actors, and then ascribed the results onto the aggregate social phenomena. This makes it an entirely subjective argument that confuses more than it reveals about consumer behavior amid a pandemic. Specific premises are stated, which lead to a general conclusion. It also reveals much less about the aggregate social phenomena in question, i.e. upticks in consumption due to a pandemic which threatens supply and alters demand and prices. Therein lies the problem of assuming the methodological individualist approach: firstly, the assumption of a unidirectional flow from unit actor(s) to aggregate social phenomena leads to confusing and propagandistic outcomes. Here, it is said that people who scored high on ‘conscientiousness’ in the HEXACO Inventory are the ones hoarding toilet paper<sup>67</sup>. In other words, citizens are blamed for the lack of government response to the pandemic, and if one takes this line of questioning further one could argue that rational actor models cannot account for a wholly irrational society based on consumption at any cost. Secondly, this article draws an explicit link between conscientiousness and hoarding which is not explained. By examining this methodological individualist argument, we can get closer to the desired methodological practice of this essay because the reader now knows the methodological practices which are not pursued. The methodological framework which is pursued in this essay is that of Historical Materialism.

Historical Materialism is the analytical framework put forward by Marx and Engels, and constitutes a challenge to mainstream analytical frameworks which—like the example of methodological individualism showed—are inadequate for addressing the origins and results of aggregate social phenomena and structural determinants of the capitalist world-system. Historical Materialism does not categorically reject the behavior of unit actors in influencing macro-social processes, rather it is based on the privileging of historically situated material

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<sup>66</sup> Prior, Ryan. 2020. "Why are we hoarding toilet paper? It may be your personality type." *CNN*, 12 June. <https://edition.cnn.com/2020/06/12/health/toilet-paper-hoarding-personality-wellness/index.html>

<sup>67</sup> Ibid

conditions and class blocs which shape and alter individual attitudes, not always the other way around.

Methods pursued within this Historical Materialist framework are secondary data analysis and critical discourse analysis. Here, this will be done by observing the capital and commodity flows in the PPE market as part and parcel of the structural phenomenon of imperialism, which shapes and contours the capitalist world-system. As observed above, certain media responses to the Covid-19 pandemic are analyzed in order to follow the trajectory of state responses to the pandemic. The continuously growing gulf between the central capitalist formations and their peripheries heightens contradictions of imperialism between the monopolies of the core and the over-exploited peoples of the periphery. Given that imperialism has been and continues to be a structural element of capitalism, each instantiation can be separated from each other, yet the relations between them are important as their uneven and combined results lead to the unequal exchange and development noticeable in the world.



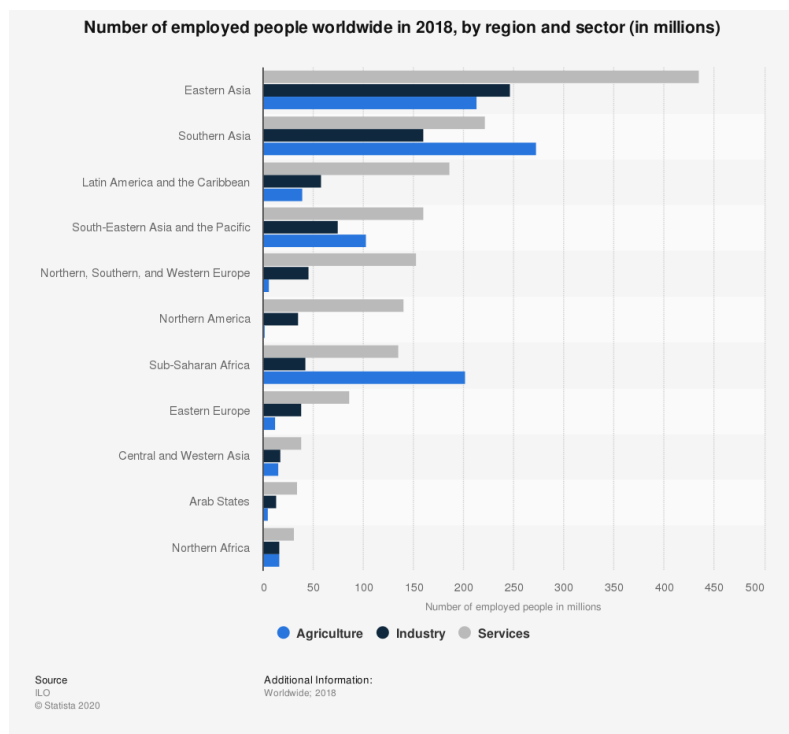
## Empirical Observations

Now that each theorist's conception of imperialism has been examined and the methodological framework of this thesis has been put forward, the next task is to create an operational definition for imperialism, based on the analytical principles and concepts of Historical Materialism. This means observing the macroeconomic, macropolitical, and macrosocial phenomena and epiphenomena in the PPE market as historically instantiated products of class struggle. In a general sense, this means starting with observations of macro-scale phenomena and working centripetally and centrifugally towards an answer to the research question(s) at hand: *what can data on the PPE market tell us about this market's role in facilitating unequal exchange before and during the Covid-19 pandemic?*

## Global Labor Arbitrage

As discussed above, the capitalist world-system is characterized by multiple production and distribution zones along with multiple modes of remunerating labor. The *global labor arbitrage* is the expression of the unequal nature of both the geographic distribution of labor and the remuneration for said labor. **Figure 1** below shows the uneven geographic distribution of labor across the world:

Figure 1



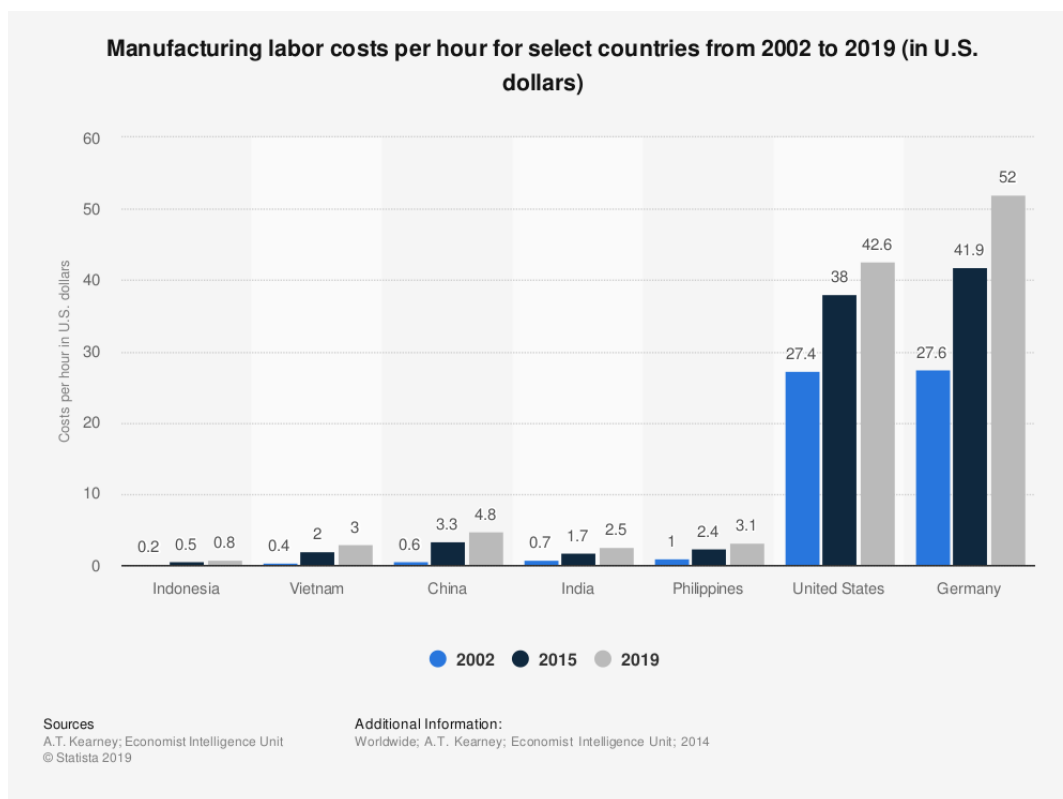
68

What is important to notice is the growth of service labor in North America and all parts of Europe, coupled with a small share of both industrial and agricultural labor globally. While service labor has grown globally as the shift towards financialization of the economy has become more totalizing, the reality is that industrial production—which includes the production of PPE—remains unevenly distributed with a majority located in East, South, and Southeast Asia. Although China has maintained a strong position in the PPE market for many years, Covid-19 launched India into the role of the world’s second largest exporter of single use PPE. The remuneration of labor in the central capitalist formations far exceeds that of the peripheries for a few reasons. Primarily, the location of global financial markets in the central capitalist states ensures a higher standard of living due to the global labor arbitrage. Secondly, the control over these financial markets has historically come with a control over currency value, as discussed by Utsa and Prabhat Patnaik in their *A Theory of Imperialism*. **Figure 2** below highlights the uneven

<sup>68</sup> International Labour Organization. “Number of Employed People Worldwide-2018” ILOSTAT. Accessed 25-05-2020. <https://ilostat.ilo.org/data>

distribution of wages across the world, which as discussed below has implications for the surplus absorption of excess capital:

Figure 2



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**Figure 2** above shows the massive differential in wages for manufacturing labor between core and periphery. The two central capitalist formations, the United States and Germany have seen wages go up by roughly \$20 from 2002 to 2019, while the largest increase in wages in the peripheral countries was in Vietnam where wages went up from 40 cents per hour in 2002 to \$3.00 per hour in 2019. As discussed below, this increase in wages in the United States has not been evenly distributed, with the top earning decile of workers receiving most of this wage increase. The federal minimum wage in the United States has not moved past \$7.25/hour for more than a decade. This is also used as one way to avert crises of surplus absorption in the

<sup>69</sup> A.T. Kearney. "Manufacturing labor costs per hour for select countries from 2002 to 2019 (in U.S. dollars)." Chart. November 30, 2015. Statista. Accessed May 26, 2020. <https://www-statista-com.ezproxy.lib.gla.ac.uk/statistics/744060/manufacturing-labor-costs-per-hour-for-select-countries/>

central capitalist formations. Monopolization, as discussed below, is the main catalyst for the acceleration of unequal exchange and unequal development between central and peripheral capitalist formations.

## Monopolization

When Group Bacou and Christian Dalloz SA merged in 2001, they were the largest manufacturers of PPE, and at the time held a 7% share of the global market. “Sales in 2000 amounted to EUR 902m, with 54% from the American market, 39% from Europe and 7% from the rest of the world”<sup>70</sup>. In 2010, Honeywell bought Sperian Protection (formerly Bacou-Dalloz) for \$1.4 billion<sup>71</sup>; their yearly sales totaling \$36.7 billion by 2019. According to a Statista dossier report on the PPE producer Honeywell, they are the second largest conglomerate in the world, and they are worth \$123.1 billion<sup>72</sup>. The largest conglomerate is 3M, another company that specializes in PPE, worth \$126.1 billion. This fact makes the present research even more interesting, since the world's largest conglomerates happen to participate in the market which we examine here. The general victory of monopoly is one constituent element of imperialism, and the position of 3M and Honeywell benefits the argument by showing that the monopolies headquartered in the West occupy commanding positions in the PPE market, but also in the world-market more generally. Branding is one role of monopolization which can lead to an increase in perceived competition within the market, with the end result being profits for the corporation in question. A cursory search of 3M’s website allows us to see this in practice; 3M has 38 distinct brands, with 16 of these brands specializing in some form of medical PPE. According to Samir Amin this “abolition of competition—the radical transformation of that term’s meaning, of its functioning and of its results—detaches the price system from its basis, the system of values, and in that very way hides from sight the referential framework which used

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<sup>70</sup> Datamonitor. 2008. *Bacou-Dalloz SA Company Profile*. SWOT Analysis, London: Datamonitor.

<sup>71</sup> Honeywell. 2010. “Honeywell Completes Acquisition of Sperian Protection”. September 15. <http://www51.honeywell.com/honeywell/news-events/press-releases-details/9.15.10AcquisitionofSperianCompleted.html#:~:text=MORRIS%20TOWNSHIP%2C%20N.J.%2C%20September%2015,the%20assumption%20of%20net%20debt.&text=%E2%80%9CSperian%20Protection%20is%20an%20excellent,Honeywell%2C%E2%80%9D%20said%20Mark%20S.>

<sup>72</sup> Statista. 2019. *Honeywell*. Dossier, Statista.

to define capitalism's rationality"<sup>73</sup>. In sum, 3M has the ability to set its own prices because each one of their 38 distinct brands are competing with one another on the market. This spells out the end of competition and production which can satisfy genuine needs of working people. Instead of socialized healthcare, people are offered 38 different types of the same or similar products.

Monopolization favors multinational corporations in the core of the capitalist system, while disadvantaging primary producers. One way this is done is through establishing export-based economies with an atrophied internal market dedicated towards 'luxury' consumption by a small minority who are involved in trade, finance, and otherwise managing capital for the corporations in the core. Corporations like 3M use this relationship to sell their multiple brands within the peripheral markets. Primary producers have the product they have just made sold back to them at a price they cannot afford due to income deflation practices stemming from the detachment of the price system from its base. This alludes to a crisis of surplus absorption alongside the crisis export based economies now face during the Covid-19 pandemic.

## Surplus Absorption

Economic surplus takes the form of taxes paid to the government, which can redistribute part of the surplus towards healthcare, education, housing, or other social services. Yet in contemporary capitalism, where a great portion of the surplus is distributed through non-productive practices such as product differentiation, advertising, and other general marketing schemes a crisis of surplus absorption arises. In a country like the United States, surplus absorption follows the aforementioned model of non-productive mechanisms such as product differentiation and advertising. Scholar Mary V. Wrenn writes:

[a]nother significant trend in the increasingly saturated neoliberal marketplace has been to increase market segmentation in order to sell ever more finely differentiated products. Such

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<sup>73</sup> Amin, Samir. 2015. "Contemporary Imperialism" *Monthly Review*.  
<https://monthlyreview.org/2015/07/01/contemporary-imperialism/>

marketing endeavors serve a dual purpose: to expend economic surplus in a non-productive capacity, and to further commodify personal distinction and consumption-driven identities<sup>74</sup>

This tendency was seen in the above section about monopolization; 3M has 16 distinct medical PPE brands under their umbrella. Like Wrenn argues, this saturates the market with supposedly distinct products, yet these distinctions do not produce any noticeable increase in the standard of living, just ephemeral and aesthetic differences. This process results in wage labor becoming a source of profits, whereby there are more outlets for consumer spending. Samir Amin argues that the centralization of control of capital which is part and parcel of the growth of monopolies leads to conditions where “a large fraction of profit is disguised in the form of wages...of the higher levels of the middle classes who are employed as servants of capital”<sup>75</sup>. The highest earning workers in the United States, Germany, the United Kingdom, and France have all experienced an increase in their share of the labor income percentage.

Figure 3



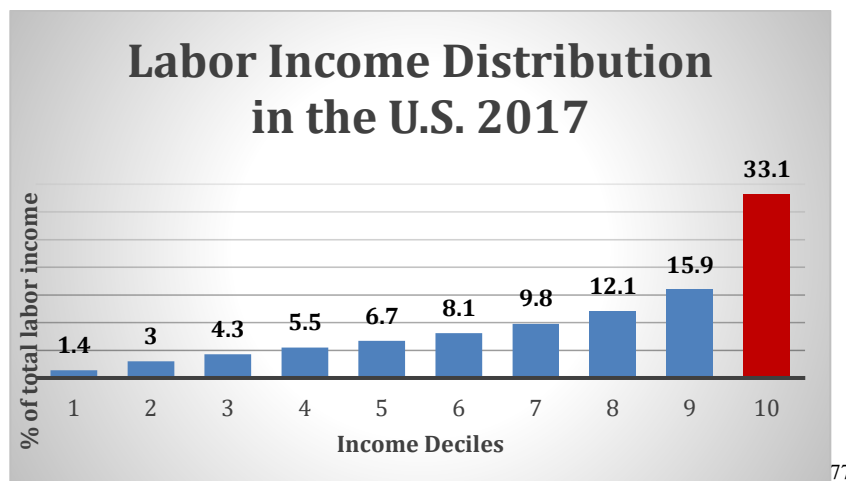
<sup>74</sup> Wrenn, Mary V. 2016. "Surplus Absorption and Waste in Neoliberal Monopoly Capitalism." *Monthly Review*.

<https://monthlyreview.org/2016/07/01/surplus-absorption-and-waste-in-neoliberal-monopoly-capitalism/>

<sup>75</sup> Amin, Samir. 2018. "Modern Imperialism, Monopoly Finance Capital, and Marx's Law of Value". 31. New York: *Monthly Review Press*.

<sup>76</sup> International Labour Organization. "Labour Income Distribution--ILO modelled estimates" ILOSTAT. Accessed 23-05-2020. <https://ilostat.ilo.org/data>

Figure 4



As shown in **Figure 3**, the top earning American workers were making 31.7% of the labor income in the United States in 2010, and as shown in **Figure 4** it is clear that by 2017, they were making 33.1% of the income from labor. This is coupled with stagnation in the labor income percentage of deciles one through three, and a decrease in the labor income percentage of deciles four through nine. This means that the lowest earning workers have seen stagnation in their wages between 2010 and 2017, while middle-earning workers have experienced a net loss in their share of the labor income percentage i.e. wages. The background to all of this is that labor in the United States saw a 3% decrease in the share of total income across the board, meaning the amount all workers were making in total decreased. The pie became smaller. Only decile 10 saw any increase in wages. This non-productive labor serves to strengthen and continue the capitalist system by maintaining an intermediary class between the low earning workers and the owners of the means of production—the shrinking of this intermediary class is the contradictory outcome of this arrangement, which heightens class struggle. Another form of surplus absorption of capital and management of the class struggle is bloated military markets and hyper-militarization.

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<sup>77</sup> Ibid

## Hyper-Militarization

Hyper-militarization and the division of the world among monopolies of the central capitalist formations are constituent elements of imperialism. This mechanism of imperialism confronts two limitations: one military and one economic, according to Paul Baran and Paul Sweezy. The economic limitation is that “the new technology of warfare has reduced the power of arms spending to stimulate the economy”<sup>78</sup>. Baran and Sweezy continue on to say that the trend in military spending has become “more and more a matter of science and technology”<sup>79</sup> and less about troops and traditional armaments. This trajectory is contradictory insofar as the tendency towards specialization and research and development limits the pool of potential workers able to do this work, while military spending increases are often approved with creation of jobs as the rationale. The larger the military budget becomes; the more surplus absorption is disguised as wages of high earning engineers and scientists. This much can be observed in the previous section: more money, less jobs. According to their SWOT report, Sperian had 5,960 employees in 2008<sup>80</sup>. In 2020, they have roughly 1000 employees. The military limitation is quite simply that constantly growing military spending entangles the central capitalist formations with peripheral states in increasingly antagonistic ways. The cropping up of arms manufacturers vying for a piece of the pie involves the merging of certain industries within the military market. The PPE industry is one such industry that has diversified its buyer markets, including the military.

The fact that the PPE market is so fragmented means specialization is possible. With Sperian’s acquisition of Nacre in 2007, they expanded their share of production globally. Nacre specializes in ear protections and communications for military clients across the US and Europe according to Sperian’s 2008 SWOT report<sup>81</sup>. In the SWOT report it is said that Sperian “also expects that Nacre would bring a revolutionary technology which is currently used by military clients both in the US and in European countries...[a]lso, it would enable Sperian Protection to consolidate its presence in the military markets”<sup>82</sup>. The Australian PPE conglomerate, Ansell “acquired Hercules Equipamentos de Protecao Ltda. of Brazil in late December for about \$77

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<sup>78</sup> Baran, Paul, and Paul Sweezy. 1966. "Monopoly Capital." 214. New York: Monthly Review Press

<sup>79</sup> Ibid

<sup>80</sup> Datamonitor. 2008. *Bacou-Dalloz SA Company Profile*. SWOT Analysis, London: Datamonitor.

<sup>81</sup> Ibid

<sup>82</sup> Ibid



million to expand its personal protective equipment production operation”<sup>83</sup>. These mergers and acquisitions have led to an increase in the size and value of the military PPE market in the central capitalist formations.

This concerns imperialism on two fronts: firstly, this confirms Lenin’s hypothesis that part of the division of the world among capitalist monopolies is focused on militarization and potential conflict between imperialist powers and peripheral states. Secondly, although this hyper-militarization can be observed phenomenologically as a strictly economic problem within the PPE market (mergers and acquisitions, growth of production of military protective equipment) this needs to be clarified further as to develop the operational definition of imperialism. As stated earlier, imperialism is theoretically defined as the contradiction between the monopolies of the center and the over-exploited masses of the periphery. What has been observed and will be observed regarding the PPE market in the time of Covid-19 is the logical conclusion of the class struggle on a global scale. The aggression of the United States against China during the pandemic can be located within the growth of the PPE market to include military production.

Many scholars in the United States and Western Europe have been content to maintain the Cold War framework which posits a ‘great-power rivalry’ between the United States and China. Here, Nye, Ikenberry, Walt, and Harvey serve as examples of scholars from different theoretical traditions whose arguments coalesce on the question of Sino-U.S. relations. This Cold War, binary framework is shortsighted for several reasons. Firstly, the great-power rivalry aspect of this framework flattens the distinction between China (where a great proportion of the world’s labor is located) and the United States (a financial center of the imperialist triad). Secondly, the distinction is flattened by arguing that aggression between the two states is comparable. In Obama’s ‘pivot to Asia’ strategy, 60% of the United States’ naval fleet was moved to the Asia-Pacific<sup>84</sup>. Trump’s aggressive stance on China has been expressed in his administration’s trade policies. This relationship has been exacerbated by the Covid-19 pandemic, but as early as 2018, 82% of American companies making medical products in China experienced losses in profit due

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<sup>83</sup> “Ansell Gains New Ground in Protective Gear Sector.” *Rubber & Plastics News* 42 (12): 4. <http://search.ebscohost.com.ezproxy.lib.gla.ac.uk/login.aspx?direct=true&db=buh&AN=85000271&site=ehost-live>.

<sup>84</sup> Vine, David. 2015. “Base Nation: How U.S. Military Bases Abroad Harm America and the World” New York: Metropolitan Books, Henry Holt and Company; Pilger, John. 2020. “The Coming War on China”. January 12. <https://www.youtube.com/watch?v=vAfeYMONj9E>

to the trade-war between the U.S. and China<sup>85</sup>. A loss in profits means less ability to extort surplus value from labor, and thus American aggression has backfired. American aggression at home is also backfiring. Given the uprisings across the United States, the contents of the CARES Act—the \$2.2 trillion stimulus legislation—are quite important. According to Lee Fang of *The Intercept*, roughly \$850 million of “[t]he funds have been dispensed to local governments to pay for overtime costs, purchase protective supplies, and defray expenses related to emergency policing”<sup>86</sup>. All the while, American healthcare workers have had trouble keeping hospitals stocked with PPE.

## Export Based Economies

Another constituent element of imperialism is the tendency for peripheral states to have an export-based economy characterized by the simultaneous, exogenously oriented shrinking of their internal market. Utsa and Prabhat Patnaik focus on the export of agricultural goods from periphery to core, which is based on the global labor arbitrage. In Patnaik’s argument, they focus on how many consumers in the core have grown accustomed to their shelves being stocked with products from the peripheral states:

Perhaps overnight all products from non-temperate lands have to disappear from the supermarket shelves to make it clear how significant these products are in underpinning the highly diversified consumption basket to which rich consumers in the North are complacently habituated<sup>87</sup>.

This argument was made in 2018, and certainly strikes a chord when considering the beginning weeks and months of the Covid-19 pandemic where shelves of many grocery stores were emptied of food, toilet tissue, and other goods. As the Patnaik’s argue, there is a tendency

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<sup>85</sup> AmCham China. "Share of American companies in China having reduced profits due to the U.S.-China trade tariffs as of September 2018, by industry." Chart. September 14, 2018. Statista. Accessed June 12, 2020. <https://www-statista-com.ezproxy.lib.gla.ac.uk/statistics/917798/american-companies-in-china-with-profit-loss-due-to-us-china-trade-tariffs-by-industry/>

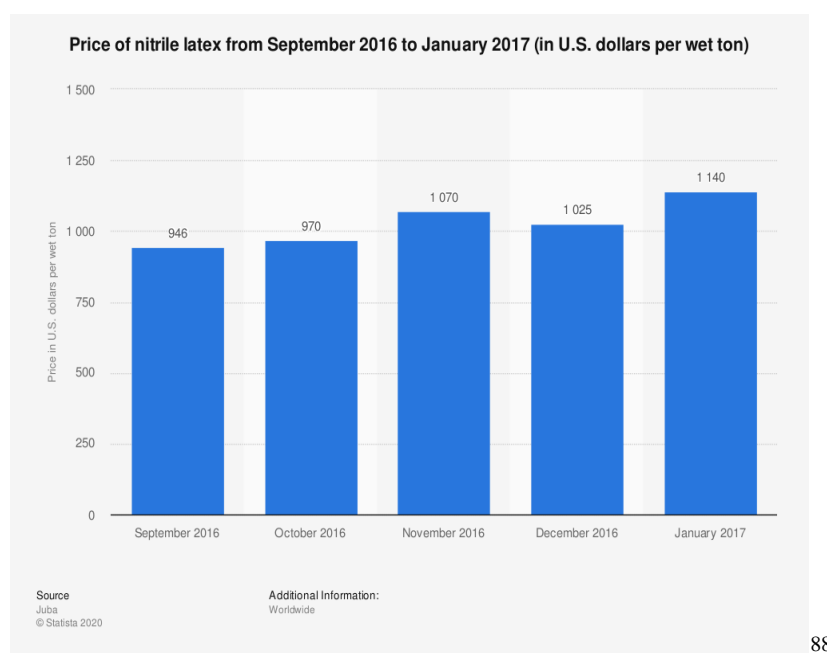
<sup>86</sup> Fang, Lee. 2020. "Federal Government Buys Riot Gear, Increases Security Funding, Citing Coronavirus Pandemic." *The Intercept*, 17 May.

<https://theintercept.com/2020/05/17/veterans-affairs-coronavirus-security-police/>

<sup>87</sup> Pantai, Utsa; Patnaik, Prabhat. "A Theory of Imperialism". 78. 2016. New York City: Monthly Review Press.

towards an increasing supply price. The price of nitrile latex per wet ton, a key component in gloves and other single use PPE shows this. **Figure 5** below shows that the price of nitrile latex experienced a sharp increase from 2016 to 2017. This trend coupled with the tendency of the central capitalist formations to protect the value of their money becomes an antagonistic contradiction during a pandemic. With the aggregate demand for single-use PPE on the rise, the supply price should increase accordingly; but with the decline of the output of the world-economy the current global fiat (the U.S. dollar) is unable to stimulate output from their peripheral suppliers. Thus, the value of money in the center will suffer from devaluation. This can be seen in the United States with the success of the stock market amid the worst unemployment crisis since the Great Depression. Here we can see two models of accumulation leading to contradictory and antagonistic outcomes.

*Figure 5*



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Another manifestation of this economic epiphenomenon in the PPE market is expressed through differentiation in the sites of production. While a majority of the production in

<sup>88</sup> Juba. "Price of nitrile latex from September 2016 to January 2017 (in U.S. dollars per wet ton)." Chart. February 6, 2017. Statista. Accessed July 24, 2020. <https://www-statista-com.ezproxy.lib.gla.ac.uk/statistics/664890/nitrile-latex-price-per-wet-ton/>

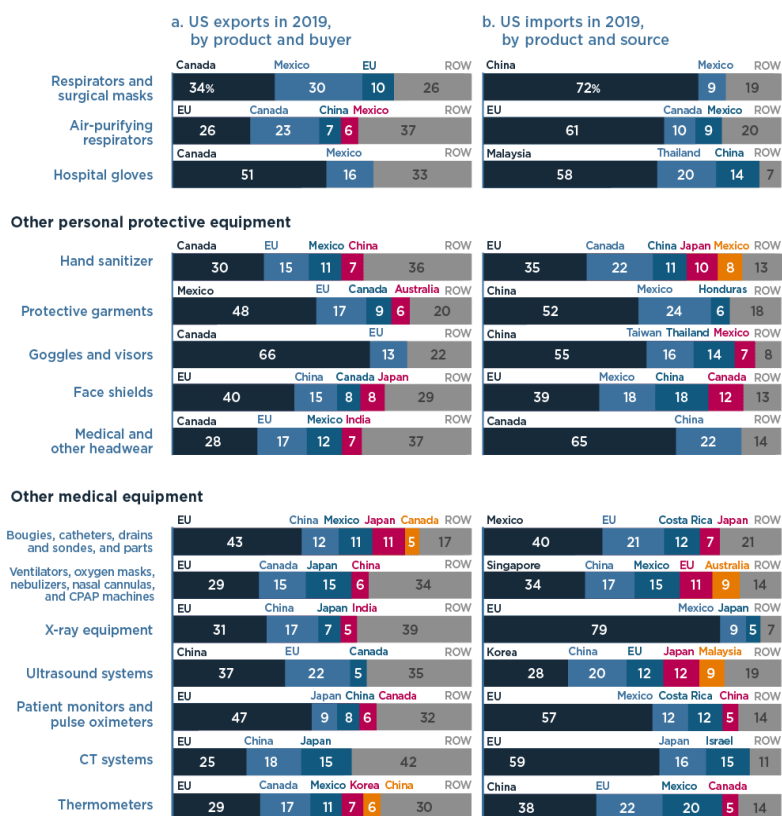
peripheral formations is dedicated to the production of single-use PPE such as masks, gloves, and gowns; much of the production of patented technology such as X-Ray machines and respirators are made in the capitalist centers and exported to the peripheries. This is shown in **Figure 6** below:

Figure 6

Figure 2

**The United States trades medical gear with a wide array of countries**

**Medical exports restricted under the Defense Production Act**



EU = European Union; ROW = rest of world

Source: Constructed by the author with US export and import data from US Census Bureau. For product definitions, see appendix table.

<sup>89</sup> Bown, Chad. 2020. "COVID-19: Trump's curbs on exports of medical gear put Americans and others at risk". April 9. Policy Paper, *Peterson Institute of International Economics*.

The two models of accumulation become visible in the data, as the majority of the trade in high tech medical equipment is happening between the central capitalist formations (United States, Canada, European Union, and Japan) while the United States remains a net importer of single use and low cost PPE from China, Malaysia, and Mexico. This explains why Trump's aggressive attitude towards Chinese multilateralism is threatening world peace and world health. The trade policies of the Trump administration have already caused a lag in the domestic supply of PPE before Covid-19, which has made the present situation worse for the United States citizenry. The internationalism of Ikenberry is not possible with these sorts of structural arrangements of capital accumulation. Induced consumption of PPE becomes an acute crisis amid a pandemic because wages are a) not coming in because of lockdown measures, and/or b) are low because of the imperialist control of currency valuation and devaluation. This coupled with import and export restrictions makes nonviable the internal market of peripheral states unless measures are taken to reorient the internal market towards domestic production and distribution. The seemingly successful strategies of Vietnam, Venezuela, and China will be explored below. Here again it is shown that the capitalist world-system is a 'unity of opposites' with two accumulation models functioning as the tendencies of the single world-market. This contradiction is smoothed over precisely through differing processes of absorption of economic surplus in the core (marketing and military expenditures) and periphery (induced consumption). As David Harvey argues: "This tendency underpinned Marx's conclusion that capital must ultimately conquer the whole world for its market and Lenin's focus on capital export as the most important lever for imperialist practices"<sup>90</sup>.

## Capital Export

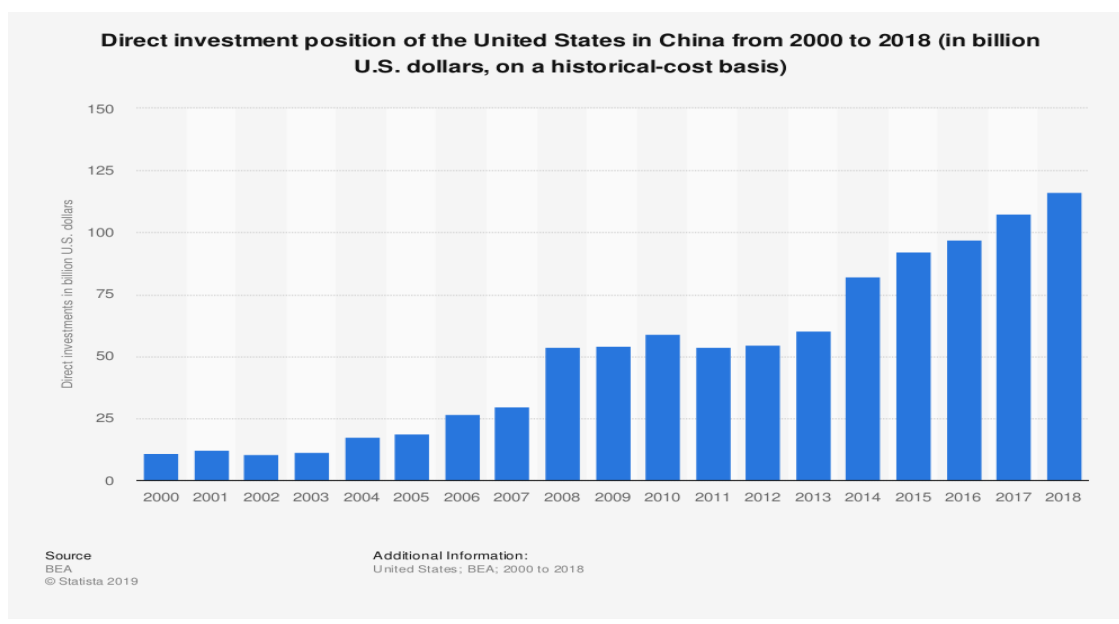
Capital export is one of the main features of imperialism, according to V.I Lenin who wrote the original Marxist theory of imperialism. Capital export in the 21st century remains an important part of the capitalist world economy. **Figure 7** below shows the increase in the direct investment position of the United States in China. While capital export—in the form of foreign

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<sup>90</sup> Harvey, David. 2017. "A Commentary on A Theory of Imperialism." In "A Theory of Imperialism" by Utsa Patnaik and Prabhat Patnaik, 154-172. New York: Columbia University Press.

direct investment (FDI)—from the United States to China is quite large (roughly \$116bn in 2018), it is dwarfed by the amount of FDI between the United States and their subaltern European allies. In 2018, The United States gave \$866bn in FDI to the Netherlands and \$757bn to the United Kingdom.

*Figure 7*



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Because the United States imports PPE at nearly one and a half times the rate that it exports it (**Figure 5** above) we see that this shortage of PPE in the United States during the Covid-19 pandemic is largely due to the nature of the world-economy. 72% of surgical masks and respirators imported by the United States are from China, with 51% of protective garments also coming from China, and 58% of hospital gloves coming from Malaysia. Many of the garments and single use items come from outside of the core, while machinery and patented technology comes from within the core. The EU provides 79% of the US' X-Ray machinery, and 61% of air-purifying respirators. This discrepancy in imports and exports of PPE in the United States is part

<sup>91</sup> BEA. 2020. "Direct investment position of the United States in China from 2000 to 2019 (in billion U.S. dollars, on a historical-cost basis)." Chart. July 31. Statista. Accessed August 1, 2020. <https://www-statista-com.ezproxy.lib.gla.ac.uk/statistics/188629/united-states-direct-investments-in-china-since-2000/>

and parcel of the imperialist structure of the capitalist world-system: a majority of the capital being exported is to the central capitalist states, a majority of the goods imported come from outside of the imperial core, and nearly all of the United States' goods exports go to Canada, Japan, or the European Union. This is due to the financial oligopoly of the central capitalist formations, the capital/labor contradiction played out on a global scale. As **Figure 8** (below) shows, the trade imbalances are very pronounced. Capital export and monopolies—as constituent elements of an imperialist structure—go hand in hand. This strategy is not always successful, pointing to the entrenchment of these imperialist relationships which continue, despite their moribundity. Donald Trump's trade policies towards China have backfired because he has reduced the amount of profits (surplus value congealed into capital) within the PPE market, while allowing over 4 million people to contract Covid-19 in the United States because of a PPE shortage.

Figure 8

Figure 1

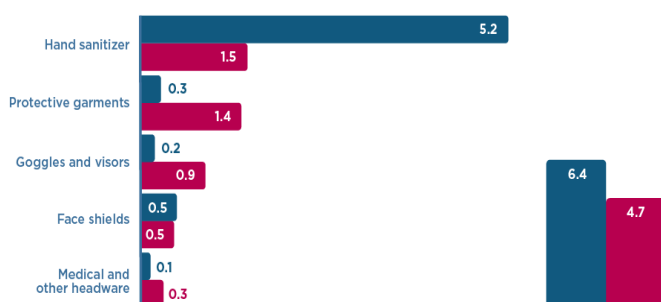
### The United States exports less than it imports of most medical gear needed to fight COVID-19

US exports and imports in 2019 by product, billions USD

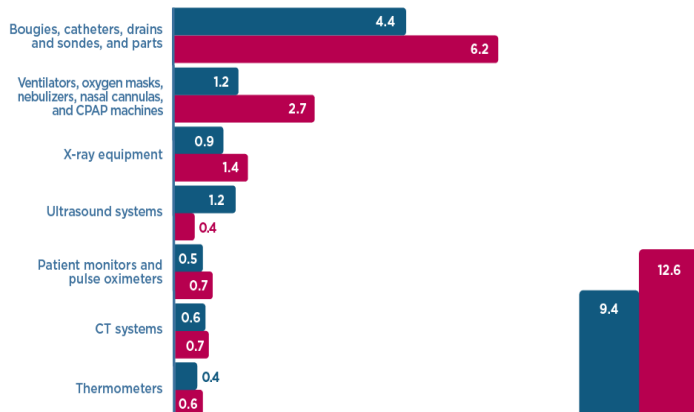
#### Medical exports restricted under the Defense Production Act



#### Other personal protective equipment



#### Other medical equipment



**Note:** Updated April 23, 2020. In the original version published April 9, the import values for air-purifying respirators and hospital gloves were reversed.

**Source:** Constructed by the author with US export and import data from US Census Bureau. For product definitions, see appendix table.

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<sup>92</sup> Bown, Chad. 2020. "COVID-19: Trump's curbs on exports of medical gear put Americans and others at risk". April 9. Policy Paper, *Peterson Institute of International Economics*. <https://www.piie.com/blogs/trade-and-investment-policy-watch/covid-19-trumps-curbs-exports-medical-gear-put-americans-and>



## Results and Discussion

The data and theoretical discussion above highlight the unequal exchange and unequal development which forms the capitalist world-system. The PPE market was examined from 2000-2020 in order to empirically ascertain this knowledge. The effects of Covid-19 are felt differently everywhere, which is to say that in countries where most of the world's labor is located, many people have had to risk their lives in order to keep up commodity production, in this case the production and distribution of personal protective equipment. The outcomes for two of the world's major producers of single-use PPE—China and India—have remained quite different; while China has seen a major dip in cases since the beginning of the pandemic, India has seen an upward trend in cases consistently for the last 6 months, with the state of Kerala as a notable exception<sup>93</sup>. The ability for China to keep up production while putting forward Covid-19 aware export and import restrictions is due in part to their state-control over key sectors of the economy. India, on the other hand, has responded poorly to the Covid-19 pandemic by trying to protect profits of the private sector, only pledging roughly 1% of their GDP to a Covid-19 response effort<sup>94</sup>. The response from countries of the imperialist triad towards China resemble a Cold-War rhetoric, accusing them of authoritarian measures in curbing the spread of the virus.

From April to August 2020, the United States has doubled down on their aggression against China, employing two contradictory arguments. In April, *The New York Times* ran an article accusing China of hoarding PPE from the rest of the world. In this article, it was argued that while China has the capacity to export billions of masks, they were not doing so because of export restrictions. Rather than viewing these export restrictions as part of a plan to keep people safe and increase quality standards amid a pandemic, the authors argue that this is part of an authoritarian scheme from Beijing. The article continues: "China may be easing its grip as the world's needs grow...the general manager of a small manufacturer of disposable masks in central

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<sup>93</sup> Tricontinental. 2020. "CoronaShock and Socialism." *Tricontinental Institute for Social Research*. 11 July.

<https://www.thetricontinental.org/studies-3-coronashock-and-socialism/>  
<sup>94</sup> Krishnan, Vidya. 2020. "The Callousness of India's COVID-19 Response." *The Atlantic*, 17 March. <https://www.theatlantic.com/international/archive/2020/03/india-coronavirus-covid19-narendra-modi/608896/>

China said that she had filled the government's purchase orders and was starting to resume exports"<sup>95</sup>. The article does not provide any evidence that hoarding occurred, and continues to say, "[t]he Chinese government is also shipping masks abroad as part of goodwill packages"<sup>96</sup>. China's imports of respirators and masks are targeted as a form of hoarding, yet when the data is examined, one will see that China is a net exporter of single use PPE products. China, however, has been a net importer of respirators and other high-tech equipment which is made in the central capitalist formations. The net decline of Chinese exports worldwide was felt by many countries, but by June it had resumed to almost normal levels. The next piece in question from *The New York Times* came in late July<sup>97</sup>, with an eight-minute video focusing on how China is in fact the largest exporter of single use PPE, coalescing with another popular narrative from the State Department of the United States. In this video, scholar Amy K. Lehr from the American think tank CSIS (Center for Strategic and International Studies) argues that many masks coming from China are part of forced labor program for the Muslim Uyghur minority group. In the United States, both Republican and Democratic senators have been searching for ways to manufacture consent for an escalation of war efforts against China. The choice to focus efforts on the alleged oppression of Uyghur people in China is coalesced with the pandemic narrative surrounding PPE production. The name of the video 'Wearing a Mask? It May Come From China's Controversial Labor Program' represents the depth of the argument. In this video, Lehr and others from CSIS argue that the subsidized vocational programs targeted at ethnic minorities in China are part of a forced labor program where Uyghur people are displaced. The switch in the narrative about mask production is the key point here, not whether Uyghur people face discrimination in China. *The New York Times*—the leading propaganda wing of U.S. imperialism—went from 'China is hoarding PPE' to 'China is not hoarding, but the production process involves human rights violations' in less than 4 months. All the while, hundreds of thousands of citizens of the United

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<sup>95</sup> Bradsher, Keith, and Liz Alderman. 2020. "The World Needs Masks. China Makes Them, but Has Been Hoarding Them." *The New York Times*, 2 April.

<https://www.nytimes.com/2020/03/13/business/masks-china-coronavirus.html>

<sup>96</sup> Ibid

<sup>97</sup> Xiao, Muyi, et al. 2020. "Wearing a Mask? It May Come From China's Controversial Labor Program." *The New York Times*, 19 July.

<https://www.nytimes.com/video/world/asia/100000007226041/china-coronavirus-masks-uyghur-labor-ppe.html>

States have died from Covid-19 and many hospitals are still lacking PPE, for which the United States relies almost entirely on imports.

According to P.I.I.E., “[t]he first reason why Trump's policy is likely to cost Americans dearly is clearly apparent from the data: The United States imports more than five times the amount it exports of these same respirators, masks, and gloves”<sup>98</sup>. Given that 5x more PPE is imported, Trump tried to force 3M—an American Company and the world’s largest conglomerate—to import extra face masks and respirators from their factories in China, while also telling them to stop exporting to Canada and Mexico. These imports are key in stocking hospitals with protective gear, and as an import it fulfills a surplus-absorption role for conglomerates like 3M and Honeywell. Given that the PPE market cannot easily ramp up production, and the US needs to produce 5x more PPE at home due to tariffs, the likelihood of more deaths because of a supply shortage becomes higher. The next problem arises in the realm of exports: Canada and Mexico are key suppliers of protective garments, sanitizers, and other protective gear in short supply<sup>99</sup>, like the specific pulp used to make certain protective garments. If Trump continues the trade-war, access to crucial supply chains could be lost, along with more American lives. Many Caribbean and Latin American nations are in danger of low supplies of PPE because countries like Belize, Jamaica, and Bermuda use the US as their main supplier. The imperialist nature of this relationship is reflected in the fact that exports from the periphery “become constitutive elements of constant capital and variable capital (whose prices they lower), while their imports...facilitate the realization of excess surplus-value”<sup>100</sup>.

Covid-19 has caused an episodic surge in supply price-based inflation, where the price of PPE is increasing. It is also a market not dissimilar from the agricultural market in that it is not easy to ramp up production and distribution easily due to the nature of technological access at the point of production. The globalization of finance has been accompanied with a tendency away from capital controls; monopolies of the central capitalist formations own the rights to the technology, which are protected through arrangements such as TRIPS which prevent peripheral

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<sup>98</sup> Bown, Chad. 2020. “COVID-19: Trump’s curbs on exports of medical gear put Americans and others at risk”. April 9. Policy Paper, *Peterson Institute of International Economics*.  
<https://www.piie.com/blogs/trade-and-investment-policy-watch/covid-19-trumps-curbs-exports-medical-gear-put-americans-and>

<sup>99</sup> Ibid

<sup>100</sup> Amin, Samir. 2018. “Modern Imperialism, Monopoly Finance Capital, and Marx’s Law of Value”. New York: *Monthly Review Press*.

countries from producing their own technology or using that of the core. This extreme difficulty of altering production processes has been made even more difficult with Trump's tariffs on China, and his call to stop exporting PPE from the U.S. to Latin America and other usual export destinations. Due to Trump's demands that 3M import 166.5 million respirators from their facilities in China to the US over the period April-July, three things can be ascertained: (1) because over 90% of Fortune 1000 companies have a tier-1 or tier-2 supplier affected by the outbreak, export-regulation and quality control in China has increased<sup>101</sup> (2) in order to secure their own supplies of PPE, some of the leading exporters could nationalize these subsidiaries of American companies and (3) because 72% of mask and respirators in the U.S. come from China, the increasing escalation from the Trump administration is likely to have negative effects downstream for both Chinese suppliers and American healthcare professionals. While China's exports to the US dropped by 28% during January and February of 2020, PPE exports from China to the US only dropped 19%. Production is happening in China but companies like Honeywell and 3M are at the top of the value chains for PPE. The view that China is hoarding is guided by those at the top of the GVCs that feel threatened. The PPE market is not equipped for massive increases in production volume. It is Western countries, who have up to 35+ distinct brands under their umbrella who produce PPE in the Global South. So, while China does produce over 50% of global single-use PPE, most of it has a destination that is external. If the supply price of PPE and the value of the PPE market are set to increase, this will create a threat to the value of money in the central capitalist formations, particularly the United States.

Other currencies anchor themselves against the U.S. dollar. For example, one reason product prices from China remain so low in the US is because China owns 7% (\$1.12 trillion as of March 2019) of the US's foreign debt bonds. This gives them a market for their goods to address the trade deficit, and theoretically, the US dollar also stays competitive this way. As the pandemic keeps central capitalist economies reeling, the United States' foreign debt is set to exceed the size of their economy<sup>102</sup>. Utsa and Prabhat Patnaik's argument concerning *income deflation* retains validity: China's goods have a market and the US dollar remains hegemonic

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<sup>101</sup> Foster, J.B; Suwandi, Intan. 2020. "Covid-19 and Catastrophe Capitalism"  
<https://monthlyreview.org/2020/06/01/covid-19-and-catastrophe-capitalism/>

<sup>102</sup> Al Jazeera. US debt set to exceed size of its economy - first time since WWII. 2 September 2020.  
<https://www.aljazeera.com/ajimpact/debt-set-exceed-size-economy-time-wwii-200902185303690.html>

because China stabilizes the yuan against the dollar through treasury bonds. This ensures currency devaluation, but not enough to cause capital flight. With China owning much of the United States' foreign debt bonds, a few potential scenarios become evident. The main fear of many Western economists is that China will simply drop these debt bonds and allow the U.S. dollar to free-fall into a spiral of unmanageable inflation. This scenario does not seem realistic, since this sort of arrangement relies on China losing a significant market for their products (although with the growth of the One Belt One Road initiative, other trade partners could potentially fill in the gap left by the declining United States through multilateralism). Another possible scenario is one in which the U.S. dollar loses significant value as the world's fiat currency due to the contraction of the world market during Covid-19, resulting in a global rearrangement of landownership. If the fiat currency is no longer safe to invest in, land and commodities become the safest investment outlet. This could lead to further centralization of land ownership in the peripheral landmass at the hands of monopolistic firms located in the central capitalist formations.

The response of peripheral states such as Vietnam, Cuba, and Venezuela despite sanctions from central capitalist states present the most correct path moving forward. Authors at the Tricontinental Institute for Social Research have pointed to 4 key elements of a successful battle against Covid-19: (1) science-based government action (2) public sector production of essential materials (3) public action to facilitate social life and (4) internationalism<sup>103</sup>. Examples of each of these are present in these states. Cuba sent doctors around the globe to help fight the virus, part of their historical legacy of exporting medical care. Vietnam's government made sure that public sector industries were dedicated to local production and distribution of PPE. They also sent 450,000 units of PPE to the United States as a gesture of solidarity with the American people. Venezuela, under heightened sanctions and still reeling from regime change efforts led by the United States, decided to break the embargo and facilitate trade of medicine and PPE with Russia, Iran, China, and Cuba. This was a crucial decision for Venezuela, who was already facing severe shortages of medical supplies before the pandemic. Iran's decision to provide oil to

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<sup>103</sup> Tricontinental. "CoronaShock and Socialism." *Tricontinental Institute for Social Research*. 11 July 2020

<https://www.thetricontinental.org/studies-3-coronashock-and-socialism/>

Venezuela was key in the nation moving forward in their fight against the virus<sup>104</sup>. The continuation of this type of internationalism has proved important in fighting against the Covid-19 virus. By securing essential supplies and protecting their citizenry through social distancing, enforcement of mask wearing, and public production of PPE, these peripheral nations have taken a stand against the uneven exchange and development which characterizes the capitalist world-economy.

## Conclusion

This thesis sought out to answer the following questions: *to what extent does the structure of the world-economy lead to unequal exchange? And what can data on the PPE market tell us about this market's role in facilitating unequal exchange before and during the Covid-19 pandemic?* The first question was answered through exploring the theoretical debate on the topic of imperialism, centered around key Marxist intellectuals and comparing their work to that of mainstream International Relations scholars. In this section, imperialism was defined as the contradiction between the multinational corporations of the capitalist core and the overexploited workers in the peripheries of global capitalism. From there, in the following chapters, it was shown that Covid-19 does in fact exacerbate the unequal exchange between central capitalist formations and peripheral states. This was empirically proven by examining the PPE market before and during Covid-19 to show that while imperialism has shaped the world-economy for several years, Covid-19 does in fact create antagonisms within and between the already existing contradiction between core and periphery. *Hyper-militarization, export-based economies, surplus absorption, capital export, and monopolization* were examined as distinct economic, political, and social epiphenomena to provide evidence of imperialism's role within the PPE market. The role of each of these epiphenomena in the PPE market was laid out in detail, thus adding up to the final argument of this thesis: imperialism is a structural feature of the capitalist world-system, which leads to unequal exchange and unequal development across

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<sup>104</sup>BBC News Service. 2020. "Iran oil tanker reaches Venezuela amid U.S. tension" *BBC*. 24 May. <https://www.bbc.co.uk/news/world-latin-america-52789276>

the globalized world-economy, and this has become heightened during a pandemic. In the results and discussion section, the outcomes and potential outcomes of this class struggle between the multinationals of the center and the overexploited workers of the periphery was explored. Potential paths outside of imperialism were explored as exemplified by Vietnam, China, Cuba, and Venezuela's Covid-19 strategies. While certain research methods were restricted by the Covid-19 pandemic, the methods utilized above were the most appropriate in endeavoring to answer the research questions at hand. Although interviews with suppliers of PPE, and surveys auditing the degree to which Covid-19 affected supply and demand globally would provide this thesis with a much more in depth look into the intermediate level analysis of market trends, the decision to conduct a macroeconomic analysis provided an adequate continuity within the expressed aims of the research. We have entered a qualitatively new instantiation of imperialist domination, and now more than ever the bravery of global anti-imperialist struggles remains our greatest hope.

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