

Unequal Exchange

September 16, 2022

The latest estimate of America's foreign bases and outposts is 800. The official reason is security. The US is like the good sheriff keeping the little ('uncivilized' in earlier explicitly racist times) people safe from domestic or foreign harm. That is of course nonsense. In actuality capitalism has an endless appetite for exploiting the people and resources in all areas of the world. And it's not for bringing normally unobtainable commodities to Americans, rather its for marketing those imports at a profit higher than then they can be made at home.

Thus keeping the productive class in servitude under regimes installed or assisted by the likes, of the CIA, National Endowment for Democracy, the Agency for International Development, or even the Peace Corps strive to protect compliant regimes in power and their work forces employed at the lowest wage. Because the oppressed will always resist their exploitation It is the American trained police and military that are often called upon maintain comprador capitalist regimes serving American interests. And if that fails, direct intervention is near at hand from an American base.

The World Bank has developed a Purchasing Power Parity exchange rate by subtracting the market price where a commodity is made from its valuation or price where it is sold. Subtracting the made price from the sold price determines the amount of wealth appropriated by the rich from the poor or, so to speak, an exploitation magnitude.

It was adapted by Gernot Kohler to determine that in 2017 emerging and developing economies lost \$2.7 trillion worth of goods to the richer economies. Since 1990 the North or richer economies annual gains from unequal exchange has constituted 5.2% of GDP -- considerably more than the annual GDP growth rate. The total value of unequal exchange since 1960 is \$152 trillion.

In the 1960's the global south (poorer countries) lost about 1% of the value of its output in trade with the north. In 2005 it lost \$3 trillion or 9% of the value of its output.

China is an anomaly among unequal exchange economies. It has the second (if not the largest) economy in the world, yet it is also favored by the west for making good stuff at much lower cost than the home

economies. But China, in exchange, has used their engagement with well developed nations to vastly develop and expand their modern economy. While its economy is now slowing, it still has the fastest growth rate in the developed world.

Market Slide Resumed

The Dow fell more than 1200 points on Tuesday and the slide continued for most of the week in smaller increments. The immediate cause -- the Fed has been jacking up interest rates in order to humanly wound portions of the economy. It's achieved some of that but not apparently what is the specific nagging cause. There should be higher unemployment, lower purchasing power, a nice little mini recession. Supply bottlenecks have been mostly eliminated. The pandemic is winding down. The other indirect and uncertain cause is the Nato induced war in Ukraine. Here's a new law of economics to consider: Mass worry induced consumption. Add to that the scary thought for capitalists that the powers of the Fed are mostly based on myth. On the plus side it might mean a return to the psychedelic-Funkadelic of previous miserable times.

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