Foreign Trade and the Law of Value II: __APPENDIX__

This appendix provides a numerical illustration of the analysis in Part II, Section III.3 of this paper. In this example, we examine two sectors of the world economy, having high and low $\frac{C}{V}$'s, respectively. The dual economy of the UCR is then represented by an ultramodern export sector which is a subsector of the high $\frac{C}{V}$ world sector, and consists of producers with efficiencies and organic compositions higher than their sectoral average; and a backward export sector which consists of producers which exist within the low $\frac{C}{V}$ world sector, and have efficiencies and organic compositions lower than their sectoral average. __Within__ each world sector, comparisons of efficiency and organic composition are made for equal quantities of output.

In all tables, the magnitudes given represent money quantities, first proportional to values (C^o, V^o, etc., and all direct price categories) and then in terms of prices of production (transformed in the manner of Marx).

Table 5 depicts the situation with equal interregional wages and rates of surplus value. As we can see from the regional summary, the net effect for the export sector of the UCR is zero.

Table 6 examines the situation with unequal regional wages and rates of surplus value, the world averages being unchanged. Even so, the net effect for the UCR remains zero.

Lastly, as the regional summary in Table 6 indicates, equal rates of profit (.25) in both world sectors are perfectly consistent with higher average rates of profit in the low wage underdeveloped capitalist region (.32 for the UCR, .19 for the DCR).

This example is not meant to represent the actual transfers involved. It is meant instead to illustrate the nature of the transfer mechanisms, and to emphasize that the notion of unequal exchange is not necessary as a primary factor in underdevelopment, and that, moreover, its existence and size is not as simply established as the theorists of unequal exchange seem to believe.

TABLE 5 : EQUAL REGIONAL WAGES

Low Organic Sector (C/V = 2, S/V = 1)

Region	Effic.	C°	V°	S°	W°	Direct Prices — Price	Profits	Profit Rate	Prices of Production — Price	Profits	Profit Rate	Transfers of Value — Within Industry	Between Industries	Net
UCR	Low	1100	600	600	2300	2300	600	.35	1875	175	.10	-300	-125	-425
DCR	High	900	400	400	1700	1700	400	.31	1875	575	.44	+300	-125	+175
TOTAL	Avg.	2000	1000	1000	4000	4000	1000	.33	3750	750	.25	0	-250	-250

High Organic Sector (C/V = 4.7, S/V = 1)

Region	Effic.	C°	V°	S°	W°	Direct Prices — Price	Profits	Profit Rate	Prices of Production — Price	Profits	Profit Rate	Transfers of Value — Within Industry	Between Industries	Net
UCR	High	1300	200	200	1700	1700	200	.13	2125	625	.42	+300	+125	+425
DCR	Low	1500	400	400	2300	2300	400	.21	2125	225	.12	-300	+125	-175
TOTAL	Avg.	2800	600	600	4000	4000	600	.18	4250	850	.25	0	+250	+250

Summary By Region (Table 5)

Region	Prices of Production — Price	Profit	Profit Rate	Net Transfer of Value
UCR	4000	800	.25	0
DCR	4000	800	.25	0

TABLE 6 : UNEQUAL REGIONAL WAGES

Low Organic Composition Sector (C/V = 2.1, S/V = 1.08)

Region	Effic.	C°	V°	S°	W°	Direct Prices — Price	Profit	Profit Rate	Price of Production — Price	Profit	Profit Rate	Transfers of Value — Within Industry	Between Industries	Net
UCR	Low	1100	480	720	2300	2300	720	.45	1850	270	.17	-300	-150	-450
DCR	High	900	480	320	1700	1700	320	.23	1850	470	.34	+300	-150	+150
TOTAL	Avg.	2000	960	1040	4000	4000	1040	.35	3700	740	.25	0	-300	-300

High Organic Composition Sector (C/V = 4.4, S/V = 0.88)

Region	Effic.	C°	V°	S°	W°	Direct Prices — Price	Profit	Profit Rate	Price of Production — Price	Profit	Profit Rate	Transfers of Value — Within Industry	Between Industries	Net
UCR	High	1300	160	240	1700	1700	240	.16	2150	690	.47	+300	+150	+450
DCR	Low	1500	480	320	2300	2300	320	.16	2150	170	.09	-300	+150	-150
TOTAL	Avg.	2800	640	560	4000	4000	560	.25	4300	860	.25	0	+300	+300

Summary By Region (Table 6)

Region	Prices of Production — Price	Profit	Profit Rate	Net Transfer of Value
UCR	4000	960	.32	0
DCR	4000	640	.19	0

Structure of Production in Direct Prices

Region	Price	Profit	Profit Rate
UCR	4000	960	.32
DCR	4000	640	.19
TOTAL	8000	1600	.25

Prices of Production

Region	Price	Profit	Profit Rate	Net Transfer of Value
UCR	4000	960	.32	0
DCR	4000	640	.19	0

Structure of Production

Region	C°	V°	S°	W°	C/V	S/V
UCR	2400	640	960	4000	3.75	1.50
DCR	2400	960	640	4000	2.5	0.67
TOTAL	4800	1600	1600	8000	3	1