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Unequal Value Transfer from Mexico to the United States

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Utilising a Marxist perspective and the concept of unequal exchange, I describe here the enormous drain of wealth that Mexico has experienced as a manufacturing supplier to the U.S.

> *The meagre wages of the working class in Mexico do not correspond to productive backwardness, but to a vast value creation that is drained away systematically through unequal exchange mechanisms occurring in trade.*

File:Industria_maquiladora_en_Tlaxcala_08.jpg Isaacvp, CC BY-SA 4.0 https://creativecommons.org/licenses/by-sa/4.0, via Wikimedia Commons

market. Unlike the analyses that understand Mexico as a backward economy, low on the scale of production compared to the United States, my argument is based in the value-labor time perspective and demonstrates that the meagre wages of the working class in Mexico do not correspond to productive backwardness, but to a vast value creation that is drained away systematically through unequal exchange mechanisms occurring in trade. The conversion of Mexico into an export platform supplying the United States has resulted in a huge theft of socially necessary labor time. As Samir Amin explained, "underdeveloped countries are so because they are superexploited and not because they are backward."[1]

In what follows, I present some basic elements of the Marxist theory of value, showing the importance of socially necessary labor time as a constituent element of exchangeable commodities. Subsequently, I incorporate the concept of unequal exchange, which, based on Karl Marx's notion of surplus profit, enables us to understand the value transfers

1 ↩ Samir Amin, Modern Imperialism, Monopoly Finance Capital, and Marx's Law of Value (New York: New York University Press, 2018), 89.

causing peripheral export economies to be perpetually depleted of wealth. I briefly describe the reconversion of Mexico into a huge export manufacturing platform subordinated to U.S. market demand. Then I highlight the way in which wage differences between Mexico and the United States have become the backbone of unequal value transfer from the former to the latter. In closing, I illustrate the shocking loss of value that Mexico has suffered—much higher than the supposed gain that it receives through remittances.

Value, Price, and Surplus Profit

An understanding of contemporary global unequal exchange dynamics requires a perspective that places socially necessary labor time as the core measure in the formation of value embodied in commodities. It is not the marginal utility—as neoclassical views suggest—but rather the materialised socially necessary labor time that makes a commodity exchangeable. Therefore, the price of a commodity is a monetary measure representing objectified socially necessary labor time. As Marx stated in *Value, Price and Profit*:

> *If we consider commodities as values, we consider them exclusively under the single aspect of realised, fixed, or, if you like, crystallised social labor. In this respect they can differ only by representing greater or smaller quantities of labor.… A commodity has a value, because it is a crystallisation of social labor. The greatness of its value, or its relative value, depends upon the greater or less amount of that social substance contained in it; that is to say, on the relative mass of labor necessary for its production.*[2]

Marx viewed value (socially necessary labor time) and the price of a commodity as converging entities, that is, that the price represents the integrity of value. His aim was to show that, despite these elements being convergent, there was a portion of labor time that was not paid (surplus value) and was held back and accumulated by the capitalist, something that was not clearly understood by either Adam Smith or David Ricardo.

Given that value (socially necessary labor time) was faithfully represented by price, Marx did not pay much attention to the deformities produced in the value-price relation. This was only meant to be touched upon in a later volume envisioned in his general plan, which was to address global markets. However, although Marx may have not focused extensively on the value-price distortions, he did leave invaluable contributions about value transfers that take place inside a productive branch, or between different productive branches. His insights help us understand the process of unequal global exchange currently determining asymmetric conditions between the Global North and the Global South.

In the second part of the third volume, titled “Conversion of Profit into Average Profit,” Marx, in analysing the establishment of the general rate of profit, indicated that the competition between different capitalists within a branch created an ephemeral (though no less important) moment in which commodities, due to the introduction of new technologies by individual capitalists, could contain less value than average. The individual capitalist benefited temporally (as long as the rate of profit was not generalised among all capitalists) due to advantageous technological conditions, enabling the capitalist to sell a commodity in the market at a higher price than its value, thus generating what Marx called “surplus-profit.”

This misrepresentation of value, through the imposition of a higher price resulting from a temporary technological monopoly generating surplus profits, is perhaps the only moment (along with the rent of the land) in which, according to

[2] ↩ Karl Marx, *Value, Price and Profit* (1865), www.marxists.org.

Marx, the lack of correspondence between value and price becomes a structural and crucial mechanism of profit and accumulation. (Another such moment, however, may be the violation of the value of labor power—superexploitation—although this is not treated in detail in Capital.)

As a result, technological innovation creating monopoly positions becomes a leitmotif of individual capitalists aimed at producing surplus profit in which the prices of commodities represent a higher magnitude than the socially necessary labor time embodied in them. By selling commodities in the market at prices above their values, capitalists with higher organic compositions and technological monopolies are able to capture some of the surplus value generated and transferred by other capitalists with lower productivity within the same branch or other branches. Therefore, monopoly positions with respect to technology and productivity produce value transfers within one branch or between branches (when a branch registers a higher organic composition of capital than others).

The notion of surplus profit serves as a tool to understand the profound inequalities in global capitalism between core and peripheral economies.

Surplus Profit through Unequal Exchange in Global Capitalism

The notion of surplus profit serves as a tool to understand the profound inequalities in global capitalism between core and peripheral economies. This approach was explored in great detail during the 1960s and ’70s by Marxist authors, including Arghiri Emmanuel, Charles Bettelheim, Christian Palloix, and Samir Amin, who demonstrated that distortions between the value and the price of commodities circulating in the global market had triggered a process of theft of socially necessary labor time (that is, value transfer) from peripheral to core economies, a process dubbed global unequal exchange.[3]

In the 1950s, before these Marxist thinkers, the Argentinian economist Raúl Prebisch was among the first to refer to a process of unequal exchange between the peripheral and core countries.[4] In an eloquent criticism of the theory of comparative advantages, Prebisch showed that the prices of raw materials exported by developing nations were exchanged at lower prices than goods manufactured in developed economies. Prebisch’s evidence contradicted the Ricardian theory of comparative advantages, in which it was argued that all countries, including the primary exporting economies, would benefit directly from global trade. Prebisch conceived of this as a deterioration of the terms of trade in which peripheral economies found themselves in conditions of permanent deficit due to the low prices of their exports. Despite Prebisch’s novel criticism of economic orthodoxy, laying the foundations for a political economy of underdevelopment, his analysis was limited due to a lack of consolidation of his perspective in the labor-value theory. This limitation prevented him from noticing that the deterioration of the terms of trade was produced by an unequal exchange of socially necessary labor time, in which the distortions of prices led to a massive transfer of socially necessary labor time from the Global South to the Global North.

This is precisely what Bettelheim and Palloix observed in their attempts to prove in the late 1960s that different organic compositions of capital between peripheral and core economies ended up benefiting the latter when pricing goods for the global market.[5] Picking up on the analysis of value transfer disclosed by Marx when analysing the average profit rates

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3 ↩ Arghiri Emmanuel, Charles Bettelheim, Samir Amin, and Christian Palloix, eds., *Imperialismo y Comercio Internacional: El intercambio desigual*, Cuadernos de Pasado y Presente No. 24 (Mexico: Ediciones Pasado y Presente, 1980).

4 ↩ Raúl Prebisch, “The Economic Development of Latin America and Its Principal Problems,” *Economic Bulletin for Latin America* 7, no. 1 (1962): 1–22.

5 ↩ Emmanuel, Bettelheim, Amin, and Palloix, eds., *Imperialismo y Comercio Internacional*.

in and between branches, and applying this on a world scale, Palloix argued that economies in the North were able to take advantage of their higher productivity and higher organic composition to sell commodities in the global market at monopolistic prices above their value.[6] Meanwhile, for peripheral economies, the prices of their exports as determined by the global market were frequently lower than the production prices of these commodities, a disadvantage attributed to a lower organic composition.

The result of trade between the core and periphery in the global market was that, by selling goods at higher prices than their values, the core seized the socially necessary labor time lost by the periphery, which often had to export goods at lower prices than they were worth. Developing economies not only lost value by having to sell cheaper than the cost of production, but this value was transferred to capitalists in core economies, thus establishing a structural mechanism of unequal exchange based on the distortion of value by price.

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The fact that the average prices established in the global market do not reflect the value of commodities produced under unequal global conditions permits a monumental transfer of socially necessary labor time from developing countries to developed countries. As explained by Ernest Mandel, the asymmetry of the world capitalist system "must be attributed to the fact that the global capitalist market universalises the capitalist circulation of commodities, but not the capitalist production of commodities."[7]

However, among this Marxist group (Emmanuel, Palloix, Bettelheim, and Amin, among others), some departed from the view that the differences in the organic composition of capital constituted the main element producing unequal exchange, but rather focused on the differences between national wages, which, when valued in the global market, implied an even more aggressive mechanism of value transfer. This stance was held most vehemently by Emmanuel and Amin, who placed the engine of unequal exchange in worldwide differences in wages. For these two scholars, there were production conditions in which both developed and developing economies were highly productive, and yet unequal exchange remained operative.

Amin's conceptualisation of unequal exchange emphasised that the difference in productivity was less than the difference in wages; in other words, inequality and value transfers in global trade were not shaped primarily by asymmetries in productivity (or organic composition), but were due to abysmal wage differences between the core and periphery. His argument was based on the idea that unequal exchange in monopoly capitalism was born from the encounter of advanced capitalist techniques with low-wage workers of dependent economies, making the periphery "an exporter of products supplied by modern and highly productive capitalist corporations."[8]

In the export manufacturing industry in Mexico, productivity is comparable to that of the United States, but the difference in wages between the two countries has only grown.

[6] Christian Palloix, "La cuestión del intercambio desigual," in Emmanuel, Bettelheim, Amin, and Palloix, eds., *Imperialismo y Comercio Internacional*, 97–131.

[7] Ernest Mandel, *Late Capitalism* (London: New Left Books, 1972), 84.

[8] Samir Amin, "El comercio internacional y los flujos internacionales de capitales" in Emmanuel, Bettelheim, Amin, and Palloix, eds., *Imperialismo y Comercio Internacional*, 103.

The advanced techniques of production (and the consequent high productivity) in the Global South are the product of export manufacturing activities by multinational corporations through foreign direct investment intended to supply consumption in the Global North. The result is that in cases like the export manufacturing industry in Mexico, productivity is comparable to that of the United States, but the difference in wages between the two countries has only grown.[9] This means unequal exchange is based mainly on the global labor arbitrage, confirming what Amin stated as the "framework for the essential theory of unequal exchange: The products exported by the periphery are important to the extent that—ceteris paribus, meaning equal productivity—the return to labor will be less than what it is at the center. And it can be less to the extent that society will, by every means economic and non-economic, be made subject to this new function, i.e. providing cheap labor to the export sector."[10]

The basis of global asymmetry in unequal exchange lies in the fact that prices are internationally equalised in the global market, despite unit labor costs differing enormously between the Global South and Global North. As stated by Mandel, one of the sources of surplus monopolistic profit is produced "when it is possible to buy labor force in countries where its value (average price) is lower than its value (average price) in the country where the commodities are sold. In this case, the surplus profit arises from the rate of surplus value that is higher than the social average."[11]

Having significantly lower unit labor costs in developing economies does not mean there is less socially necessary labor time, but rather that there is a bleeding of surplus labor (surplus value) that traps peripheral economies in a condition of permanent disadvantage. This surplus labor is bled from poor exporting economies and ends up being seized in good measure by multinational corporations in developed economies. As Intan Suwandi, R. Jamil Jonna, and John Bellamy Foster clearly point out, "hidden in the pricing and international exchange processes—a reality scarcely captured in traditional commodity-chain or even value-chain analysis—is an enormous gross markup on [unit] labor costs (rate of surplus value) amounting to superexploitation."[12]

Prices established in the core economies conceal the unequal operation in global trade through which socially necessary labor time is transferred from developing to developed economies, in such a way that, as Emmanuel stated,

> *The unequal exchange reaches its highest point of concealment, since here there is not only a relationship between things, but the workers involved are separated by thousands of kilometres and everything takes place in the inaccessible spheres of the global market and in the anonymous mystery of the global commodity exchanges. Having said this, like all economic phenomena, unequal exchange reflects the relationships between people, not between things. In this case, the relationship between people in the developing world and people in the developed world.*[13]

Amin took this argument even further, stating that the unequal exchange dynamics deepened the violation of the value of labor power in developing economies, which Ruy Mauro Marini depicted as the essential characteristic of the

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9 ↩ Given that production conditions are determined mainly by global corporations, productivity between the U.S. manufacturing sector and the Mexican export manufacturing sector does not vary substantially as demonstrated using the case of the automotive industry. See Harley Shaiken, "Advanced Manufacturing and Mexico: A New International Division of Labor?," *Latin American Research Review* 29, no. 2 (1994): 58. More recently, see James M. Cypher and Mateo Crossa, "Arbitraje laboral en la globalización: La nueva estructura de la dependencia," *Ola Financiera* 13, no. 36 (2020): 45–50.

10 ↩ Samir Amin, "Accumulation and Development: A Theoretical Model," *Review of African Political Economy* 1, no. 1 (1974): 12.

11 ↩ Mandel, Late Capitalism, 77.

12 ↩ Intan Suwandi, R. Jamil Jonna, and John Bellamy Foster, "Global Commodity Chains and the New Imperialism," – The Jus Semper Global Alliance, May 2019.

13 ↩ Emmanuel, Bettelheim, Amin, and Palloix, eds., *Imperialismo y Comercio Internacional*, 12.

reproduction of capitalism distinguishing peripheral economies.[14] In fact, from the perspective of Amin and Marini, the distortion of the values by prices in the global market is produced hand-in-hand with the distortion of this relation in the labor market in developing economies, where extremely low wages constantly violate the value of labor power. Marx described this as theft of the wages necessary for the reproduction of labor power by capital, otherwise referred to as superexploitation. Unequal exchange and superexploitation are mechanisms that operate alongside the reproduction of the global capitalist system. This is why Amin referred to the proletariat of the periphery as "subjected to super-exploitation by virtue of the incomplete character of the capitalist structure, its historical subordination (its other-directed type of accumulation), and the disconnection derived from this between the price of its labor-power and the productivity of its labor."[15]

Foster, Robert W. McChesney, and Jonna pay special attention to the exacerbation of superexploitation through the formation of the industrial reserve army in peripheral economies.[16] Likewise, John Smith has highlighted the dialectics between the globalised economy and the prevalence of national barriers in order to differentiate between central and peripheral countries, which can also be understood in terms of the global labor arbitrage.[17] These scholars have shown that the unequal exchange between the Global North and South, under the guardianship of U.S. or European transnational corporations, is the backbone of twenty-first century imperialism.

Notes for Understanding Unequal Exchange in Trade between the United States and Mexico

After becoming the most advanced Latin American country by utilising the import substitution model (a process that was in no way free of profound contradictions), Mexico became submerged in a whirlwind of neoliberal economic policies that began in the 1980s after the oil crisis and structural adjustments promoted by presidents Miguel de la Madrid (1982–88) and Carlos Salinas de Gortari (1988–94). The essential part of this economic reconfiguration was to destroy wages and turn the country into an export-led production platform dedicated entirely to supplying the insatiable U.S. market.

In the 1980s, an enormous restructuring of labor and production occurred in response to economic crisis, leading to the transfer by multinational corporations of a stupendous number of jobs from the United States to Mexico, particularly in industrial sectors such as the automotive, garment manufacturing, and electronics industries. This shift gained greater intensity in the 1990s, first, when a foreign investment law was approved in Mexico, giving free rein to multinational corporations to take control over the whole national territory, and then, when agricultural counter-reform was passed, destroying the bases of social property and, as a consequence, producing an enormous industrial reserve army that migrated to the rising maquila-centric cities of northern Mexico or the United States. Finally, the restructuring intensified further when NAFTA was implemented, guaranteeing total control of the Mexican economy by U.S. corporations and Mexican oligarchs.

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[14] ↩ Amin, *Modern Imperialism*; Ruy Mauro Marini, *Dialéctica de la Dependencia* (Mexico: Ediciones Era, 1973).

[15] ↩ Amin, Modern Imperialism, 92.

[16] ↩ John Bellamy Foster, Robert W. McChesney, and R. Jamil Jonna, "The Global Reserve Army of Labor and the New Imperialism," in *Monthly Review* 63, no. 6 (November 2011): 1–31.

[17] ↩ John Smith, *Imperialism in the Twenty-First Century* (New York: Monthly Review Press, 2016).

The result of this transformation was that Mexico became both the country with the lowest unit labor costs in Latin America and the largest provider of manufactured goods to the U.S. market. The U.S. automobile industry in the 1980s fled traditional industrial regions, such as Detroit and Flint, to the border cities of northern Mexico in the form of the maquiladora industry. This trend continues to date, as Mexico has become an enormous automobile manufacturing enclave dedicated to exporting finished vehicles and automobile parts to the United States.

Three million people working in the export manufacturing industry in Mexico, as more corporations moved production to Mexico in order to gain access to the superexploited Mexican workforce.

There are currently three million people working in the export manufacturing industry in Mexico, a figure that has grown since the 1980s, boosted by NAFTA and later, by the 2008 crisis, as more corporations moved production to Mexico in order to gain access to the superexploited Mexican workforce. This tendency is still being reinforced in the context of the commercial tensions between the United States and China, which generated an impulse by the U.S. government to promote patterns of "reshoring" and "nearshoring" to regionalise supply chains. Corporate media and politicians in Mexico and the United States have announced this recent restructuring with great fanfare through the launch of the United States-Mexico-Canada Agreement, as if this trade agreement would create convergences and greater benefits for the homogenisation of productive, technical, and working conditions between both countries. However, indicators tend to show clearly that, in any direction one looks, this shift will entrench the control of U.S. capital over Mexico and deepen unequal development patterns.[18]

U.S.-Mexico Unequal Exchange in the Manufacturing Sector

It is clear that the unequal and combined development that sustains the commercial relationship between Mexico and the United States has its basis in the enormous wage differences that predominate between the two countries. This phenomenon is unquestionable when analysing the economic integration between both countries. However, there is much more here than meets the eye, since the bulk of the literature, which focuses on an analysis of prices, not values, explains this wage difference only as a contrast in production costs. Analyses that stick to "prices" without understanding the difference between price and value fail in their omission of the immense amount of wealth being produced in and drained away from Mexico through nonremunerated labor time.

The exacerbated wage differences between Mexico and the United States, are the basis of hidden value transfers emanating from the Mexican manufacturing export sector and appropriated by U.S.-based transnational corporations.

If we pick up on the perspectives that emerged from Marxist theorists of unequal exchange, particularly Amin, we can understand that the exacerbated wage differences between Mexico and the United States, are the basis of hidden value transfers emanating from the Mexican manufacturing export sector and appropriated by U.S.-based transnational corporations. Although export goods manufactured in Mexico are sold in the U.S. market at average local prices, the wages paid to the workers in Mexico do not correspond to those prices, but rather to the average wages existing within Mexico. This operation guarantees surplus profit to multinational corporations manufacturing in Mexico and exporting to the United States. In the case of manufactured commodities produced in Mexico (with comparable productivity) and exported to the United States, the wages paid in Mexico should converge with those paid in the United States. However,

[18] ↩ Mateo Crossa, "Contorting Transformations: Uneven Impacts of the US–Mexico Automotive Industrial Complex," *Competition and Change* 26, no. 5 (2022): 533–53.

this is not the case due to wages being abysmally lower in Mexico, with the result that an enormous value transfer takes place.

To get a rough sense of the dimensions of value being drained away from Mexico through unequal exchange mechanisms, it is worth comparing wages received by Mexican workers in export sectors with what they would earn in the imagined case of wages in Mexico being equal to those in the United States. The difference between both is only an approximation of the amount of surplus profit appropriated by capitalists via wage differences.

This operation is shown in Table 1, which provides several indicators displaying how unequal exchange between Mexico and the United States operates in the manufacturing sector. The first thing worth identifying is that the number of workers in the export manufacturing industry in Mexico grew exponentially between 2008 and 2022, going from 1.5 million to nearly 2.4 million in that period (row 1). This shows that part of the response of multinational corporations to the 2008 Great Recession was a race-to-the-bottom in wage precarity by sending the manufacturing industry serving the U.S. market to Mexico in order to counteract the fall in the rate of profit.

Table 1. Indicators of Unequal Exchange between Mexico and the United States in Manufacturing

	Indicator	2008	2015	2022
1	Number of export manufacturing workers in Mexico	1,263,797	1,535,632	2,380,749
2	Average export manufacturing wage per hour in Mexico (USD)	4.6	4	3.4
3	Changes in average wage level, index (2008=100)	100	86	73
4	Labor productivity in export manufacturing sector, index (2008=100)	100	118	142
5	Average manufacturing wage per hour in the U.S. (USD)	22.63	25.53	31.4
6	Total wages for Mexican workers in export manufacturing to U.S. if wages were equal to average U.S. manufacturing wages (billions current USD)	54.9	75.3	143.5
7	Total export manufacturing wages in Mexico (billions current USD)	11.2	11.8	15.5
Value transfer from Mexico to the U.S. [row 6 – row 7]		**43.7**	**63.5**	**128**

Sources: Mexican data from INEGI, Banco de Información Económica, https://www.inegi.org.mx. U.S. data from the Bureau of Labor Statistics, Current Employment Statistics, https://www.bls.gov/ces.
Notes: Labor productivity growth index derived by dividing annual manufacturing exports by annual hours worked in the manufacturing sector. Data in row 6 derived by multiplying the total number of Mexican workers in export manufacturing industry by the average wages in the United States.

The information found in Table 1 includes the changes in wage level (row 3) and labor productivity (row 4). These data illustrate that an increase in labor productivity of Mexican workers in the export manufacturing sector by over 40 percent between 2008 and 2022 was accompanied by a drop in the average wage level of manufacturing workers over the same period by over 25 percent, contradicting the notion—commonly suggested in the economic development literature—that wage differentials levels are determined by changes in productivity. This is in line with Amin's thesis that unequal exchange is not primarily due to differences in productivity, but rather to the enormous wage differences between the Global South and North. The case of Mexico exemplifies this proposition.

The most important element in Table 1 is found in the final summary line on value transfer (based on subtracting row 7 from row 6), which illustrates the impressive level of value transfer produced by wage differences between Mexico and the United States. Taking 2008, the year of the Great Recession, as a starting point, the wages of Mexican export manufacturing workers would clearly be far higher were they being paid the average wage of the U.S. manufacturing industry. That difference can be considered the monetary representation of the surplus that U.S. capitalists drain from Mexico via uneven exchange based on wage differences. As shown in the table, the difference between what Mexican workers were paid and what they would have received in 2008 (if they were paid the average U.S. wage) was $44 billion. This figure then increased exponentially until it reached $128 billion, equal to 11 percent of Mexico's GDP. As shown by Smith in his enlightening conceptualisation of the "illusion of the GDP," this percentage of the GDP, because it is based on prices and not value, is not registered in Mexican national accounts, despite it being value generated in Mexico.[19] Rather, due to the prevailing unequal exchange dynamics, this value will appear in the U.S. official value-added figures, disguising the fact that this value was generated by the socially necessary labor time of Mexican workers.

If we turn this monetary amount into labor time (surplus profit/wage per hour), we would find that out of the approximately 2,000 work hours that make up a working year, capitalists appropriated a surplus value of 1,800 hours in 2022, which means that wages in the export manufacturing industry in Mexico are only 10 percent of what they would be if paid in line with U.S. wages.

Value being transferred from Mexico to the United States through global arbitrage is three times the monetary value registered to Mexico's manufacturing exports.

Value being transferred from Mexico to the United States through global arbitrage is three times the monetary value registered to Mexico's manufacturing exports (in 2022, total manufacturing exports were worth $43 billion, while the value transferred due to wage differences was $128 billion in 2022). Therefore, the celebratory narratives in corporate media that over and over again extol Mexico as an export manufacturing powerhouse omit the enormous value theft that is taking place due to the wage differential between the two countries.

These striking figures only serve as approximations with which to conceive the value being transferred from Mexico to the United States via manufactured exports. Extending this figure to all export activities—not only manufacturing—would reveal a scenario even more dramatic. For example, value transfers taking place in the agricultural export sector would include the enormous amount of labor time carried out by hundreds of thousands of agricultural jornaleros (day labourers) who work in these sectors (such as berry or avocado harvesting and packing) under conditions of superexploitation. If we were to add unpaid labor time in this sector, figures of value transfer from Mexico to the United States would be bloodcurdling.

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[19] ↩ John Smith, "The GDP Illusion," *Monthly Review* 64, no. 3 (July–August 2012): 86–102.

As a result, the triumphalist discourse that has been constructed around the large amounts of remittances coming into Mexico only darkens the overwhelming transfer of wealth being produced in Mexico and sent to the United States. Time after time, the corporate media and politicians announce with great fanfare the extraordinary figure for remittances to Mexico, which reached $58 billion in 2022, a figure higher than the currency income of any other economic sector in Mexico. However, amid this commotion, what remains unsaid is that the amount that the country receives in remittances is less than half the surplus transferred from Mexico to the United States via wage differences in the export manufacturing sector. In other words, the losses generated in Mexico due to low wages and withheld by large corporations through unequal exchange are much higher than the possible gains remittances may be generating.
It is not enough to claim there are differences in labor costs between Mexico and the United States. Even some neoclassical approaches agree with this statement. The main goal here is to demonstrate the enormous transfer of socially necessary labor time produced by and reinforcing this inequality. From this perspective, the growth of the export industry, far from making Mexico's economy more dynamic, has bled it dry beyond belief.

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