What can GVC literature learn from stratification economics?

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Abstract

Using historical and empirical documentation of the ongoing legacy of colonialism and case-studies on low value-added firms in low-income nations, I demonstrate that it is appropriate to use the stratification economics approach in the international context. GVC literature documents the production process of goods completed through international trade in intermediate goods by independent firms. Given recurring evidence that low value-added activities tend to take place in low-income nations while high value added activities take place in high-income nations, much of the GVC literature advocates for firm-level economic upgrading as a national development strategy. Stratification economics begins from the following premises: 1) under-resourced groups experience difficulties transferring wealth over generations, 2) wealthy groups have a vested interest in maintaining this group-based disparity, 3) policy interventions are required to disrupt patterns of inequality, 4) individual success does not demonstrate the reversal of inequality and may further entrench power imbalances, and 5) group-based inequality is not explained by individual failures. As such, stratification economics provides GVC literature with a more appropriate social and political context, explains the inconsistent outcomes of economic upgrading strategies, and suggests why most GVC literature limits itself to contemporaneous analysis. Ultimately, standard conclusions from stratification economics suggest a wealth distributive policy approach, indicating that a move toward reparations and loan forgiveness may be a more effective strategy for national development.

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Introduction

Trade increased dramatically over the last half of the 20th century, facilitated by increased mechanization, reduced transportation costs, and ease in transmitting detailed information across space (Baldwin, 2013; Gereffi & Fernandez-Stark, 2016; Milberg & Winkler, 2013). The increase in trade was marked by an increase in the division of final products to several intermediate parts while jobs in sectors once thought incapable of outsourcing have crossed borders through increased communication technology (Baldwin, 2013; Milberg & Winkler, 2013; Timmer et al., 2014). Eventually, transaction costs diminished sufficiently to reward the division of corporate legal entities throughout the production process as well. The resulting international, multi-firm supply chain has come to be known as the Global Value Chain (GVC).

Using historical and empirical documentation of the ongoing legacy of colonialism and case-studies on low value-added firms in low-income nations, I demonstrate that it is appropriate to use the stratification economics approach in the international context. Stratification economics provides GVC literature with a more appropriate social and political context, explains the inconsistent outcomes of economic upgrading strategies, and suggests why most GVC literature limits itself to contemporaneous analysis. Ultimately, standard conclusions from stratification economics suggest a wealth distributive policy approach, indicating that a move toward reparations and loan forgiveness may be a more effective strategy for national development. Because this argument extends across several fields, multiple avenues emerge for additional study. The modest purpose of this particular piece is to demonstrate how the framework of stratification economics maps onto research surrounding GVCs.

What follows is an analytical argument drawing upon empirical and theoretical research across several fields arguing that the stratification approach is an appropriate lens for observing international trade as observed in GVCs. In the next section, GVCs are introduced as a unit of analysis, a theoretical framework, and a site of potential economic development for nations. Stratification economics is then briefly described, drawing attention to the pillars of the discipline. This allows for a comparison between the observations of GVCs and stratification economics, establishing the case for the relevance of the stratification framework to the GVC context in the subsequent section. The article is finished with a summary of the main points of the argument plus several suggestions for further research to operationalize and deepen the connection.

Global Value Chains

Unit of Analysis

The unit of analysis I refer to as a GVC has also been called a Global Production Network (GPN) and a Global Commodity Chain (GCC). While each of these terms comes from a particular academic lineage with divergent theories, they all aim to observe the same interrelated production processes. The historical and theoretical differences between these fields have been explored at length elsewhere (see, for instance, Bair, 2005; Bair & Palpacuer, 2021; Barrientos, Knorringa et al., 2016; Coe et al., 2008; Gereffi & Fernandez-Stark, 2016; Grinberg, 2016; Havice & Pickels, 2019; Patel-Campillo, 2011; Rainnie et al., 2013; Sturgeon, 2001). The nature of the inconsistencies between theories can be summarized as disagreements regarding the role of historical and political context in the establishment of relative bargaining power. As such, different authors from different disciplines suggest the treatment of GVCs as a collection of market-based interactions, opportunities for national development, or geo-political sites of extraction. Nonetheless, these terms will be used interchangeably when we refer to GVC as a unit of analysis as we are ultimately observing the same thing simply through different lenses.

Where the terms GCC, GVC, and GPN, appear in this paper, they refer to a unit of observation involving the production of a good from research and development to final sale during which intermediate goods are traded between firms legally owned in two different nations at least once. This definition allows us to identify a GVC as a series of market-based interactions upon which we can project whatever theory on the nature of inter-firm international interactions. GVCs emerge as a continuation of international division of labor and, with them, new opportunities and challenges for economic development and well-being.

The GVC is distinguished from the multi-national corporation (MNC) in that an MNC's cross-border transactions are intra-firm, whereas the production process in a GVC involves independent firms operating in different nations. Hymer (1970) describing the inverse u-shaped curve representing the relationship between the size of the organization and business efficiency, indicates that MNCs emerge as, "[b]igness is thus paid for, in part, by fewness, and a decline in competition since the size of the market is limited by the size of the firm" (p. 443). The size of the firm then permits the "process of capital accumulation has become more and more specialized through time" (Hymer, 1970, p. 442) as different tiers of production agglomerate in different regions of space.

As coordination costs continued to decrease with the second unbundling (Baldwin, 2013), firms no longer needed to trade off bigness and fewness. Through outsourcing, firms are able to maintain limited competition in a particular link in the chain while outsourcing reduces the scale of in-firm production. What the World Bank Group (2020) calls "hyperspecialization" is lauded as one of the primary benefits of GVCs as it proffers the supposed gains from trade in comparative advantage (Aggarwal, 2017; Milberg et al., 2014; World Bank Group, 2020).

While GVCs vary in administrative structure, activities at the "top" (e.g. design) and "bottom" (e.g. retail, advertisement) of the chain are typically located in high-income countries while firms in the "middle" (e.g. assembly) of the chain typically garner less value-added and are located in lower-income countries (Aggarwal, 2017; Baldwin, 2013; Bhatia, 2013; Milberg et al., 2014). The final good stage of GVC production is owned by the brand. Brands are frequently referred to as the "lead firm" if they also have a higher bargaining power relative to the other firms in the chain[2] (Borrowman & Milberg, 2013; Labowitz and Baumann-Paly, 2014; Milberg & Winkler, 2013).

Because of the increased division of labor, many industries enjoy easy to perform manual tasks. Because supplying firms are independent legal entities from the buying firms, suppliers do their own investment in production. Therefore, the buyer does not need to foot the bill for establishing capital, only the intellectual property of production. Once the means of production and available labor are established, supply source can be easily relocated with negligible change in cost to the buyer.

[2] Some authors also use MNC to refer to a lead firm positioned with many supplying firms around the world.

As Theoretical Framework

While the majority of this paper dilutes the distinction between the theories underling the terms GPN, GCC, and GVC, it is worthwhile to briefly discuss divergences within the discussion of international inter-firm trade in production. Predated by the GPN concept in world-systems analysis, GCC was initially defined in 1977 by Terrence Hopkins and Immanuel Wallerstein, rearticulated in 1986 as "'a networking of labor and production processes whose end result is a finished commodity" (as cited in Bair, 2005, p. 155). GCC work moved away from world-systems to embrace a sociological approach leading to the incorporation of case studies. The resultant development policy suggestions heralded the dawning of GVC concepts (Bair, 2005). An alternative account suggests that the GVC emphasizes the division of labor and value added as opposed to merely a sequence of input-output processes of the supply chain (Baldwin, 2013). Yet another suggests that the difference between GCCs and GVCs was the source of power, hegemony and market-based chain governance, respectively (Dallas et al., 2017).

In essence, some authors see political and resource-based borders as the relevant geographical setting for international trade. This tradition sees GVCs as an emergent pattern representing national development opportunities and considers how regionalism may alter network strategy and how local resources may generate opportunities for increasing value-added. For others, particularly from Marxist and world-systems traditions, geography transcends political and regional boundaries. The relevant geography for these literatures is mapped with capital flows rather than statehood (Starosta, 2010; Starosta & Fitzimons, 2018). An accurate depiction of space, then, resembles a heat map of capital concentration or profitability on the one side, and a globally dispersed laboring class on the other, a geography informed by historical patterns of primitive accumulation, accrued power, and colonial legacies.

As Developmental Tool

Much of the development policy approach has focused on the determinants of the division of value added as an emergent property of conditions of production including, largely, the availability of resources and the specificity of skill required for production. The three most common developmental strategies offered in the GVC context are engagement with the value chain, moving up the value chain, and direct, strategic sources.

Engagement with the Value Chain

Integration of domestic production in international markets is commonly thought necessary for development strategies (Fernandez-Stark et al., 2012; World Bank Group, 2020). There does tend to be a positive association between GVC engagement and growth (IMF, 2013). The existence of GVCs create the opportunity for firms to enter the global market without having to develop an entire supply chain on their own (Baldwin, 2013; Barrientos, Knorringa et al., 2016; Gereffi & Fernandez-Stark, 2016; Hymer, 1970; Milberg & Winkler, 2013). Kaname Akamatsu's flying geese model supports the possibility of positive spillover effects for learning when engaging in a supply chain which can then extend into neighboring nations (Aggarwal, 2017). This process is witnessed by Baldwin (2013) in, "[t]he industrialization of first Japan and then the Republic of Korea; Chinese Taipei; Hong Kong, China and Singapore [which] raised local wages that in turn triggered offshoring to Thailand, the Philippines, Indonesia, Malaysia and, after 1990, China. As wages have begun to rise in this new set of 'tigers,' low-skill jobs are increasingly offshored to nations such as Bangladesh and Viet Nam" (Baldwin, 2013, p. 50).

Moving Up the Value Chain

Once within a GVC, firms are encouraged to upgrade, harnessing the opportunity, "for smaller countries to leverage low costs and proximity to large markets to build export capacities in specialized GVC niches…" (Gereffi & Sturgeon, 2013, p. 8). The policy prescription to "move up the value chain" has begun to displace recommendations of vertical integration (Milberg & Winkler, 2013; Milberg et al., 2014). Moving to higher value-added sectors in one production process rather than going through the capital-intensive process of creating an entire value chain within a country puts somewhat less pressure on technological upgrading within the country (Baldwin, 2013). Most of the intermediate goods will be produced elsewhere so as to focus all the effort on the highest value-added intermediate step.

Chain upgrading is not only believed to be good for the firm, it is considered, "important for economic development and job creation in the global economy, where competition remains intense and production has become fragmented and geographically dispersed" (Gereffi & Lee, 2016, p. 25). If suppliers can move to higher value-added sectors this will mean an increase of GDP for the hosting nation as well and, ostensibly, gains for laborers (Gereffi & Sturgeon, 2013; Milberg & Winkler, 2013; World Bank Group, 2020).

Upgrading can be economic or social. Economic upgrading refers to increasing value added at the firm level. Because GVCs are comprised of a group of multiple legal entities, economic upgrading need not occur across the whole chain at once. This means that higher value added for any one firm within a value chain can occur by increasing price downstream or reducing costs upstream. Social upgrading refers to augmenting wage bill payments and is often measured in terms of its components: price of labor hours and total hours worked. It does not necessarily refer to the labor share of value added as some policy recommendations encourage strategies that benefit profit and labor in tandem. It is also not, nor does it claim to be, a measure of well-being, informality, or community welfare outside the value chain (Milberg & Winkler, 2013; Barrientos, Gereffi et al., 2016; Gereffi & Lee, 2016).

Direct, Strategic Sourcing

Direct, strategic sourcing is often advocated for by labor rights strategists because of its positive impact on labor standards (Compa, 2008; Labowitz & Baumann-Paly, 2014; Riisgaard & Hammer, 2011). Direct, strategic sourcing is a supply chain method that increases coordination along stages in the GVC. In this framework, lead firms make long-term contracts and business relationships with supplying firms. While remaining independent legal entities, long-term contracts ensure lead firms are concerned with the ongoing profitability of supplying firms to ensure quality production and sufficient profit to reinvest in cost reducing upgrades such as crumbling infrastructure or intermittent electricity.

Stratification Economics

Stratification economics emerges from a need in economics to better understand persistent intergroup economic inequalities. Standard economic analysis — prioritizing the individual as a unit of analysis and postulating that inefficiencies will self-correct through market forces — can only understand persistent, group-based inequalities as a result of self-defeating individual choices (preferences), internal group-based resource differences (endowments), or impediments to free movement of the market (Darity et al., 2014; Moore et al., 2018; Chelwa et al., 2022). At best, standard economic analysis attributes the existence of group-based discrimination as irrational behavior of the advantaged which, too, can be resolved through the unfettered movement of the market (Becker, 1957; Moore et al., 2018; Chelwa et al., 2022).

Empirical research demonstrates that none of these explanations are satisfactory to describe group-based inequalities. This has been particularly well established in the case of race in the United States. Cultural and biological differences between groups, in so far as they impact economic attainment (as in preferences for education, willingness to invest in future generations, etc.), do not exist (Darity, 2009; Moore et al., 2018; Darity, 2022). Market-based inefficiencies have also lacked explanatory power for persistent group-based inequalities (Chelwa et al., 2022). As for resource endowments, it is widely observed that people of color, for instance, routinely have poorer outcomes when compared to white people of identical skill and training (Darity et al., 2014; Chelwa et al., 2022). Nonetheless, stratification economics does observe that inequalities in endowments of wealth and access do tend to persist over generations.

The conceptualization of groups and observation of persistent empirical group-based inequalities leads to the following observations and fundamental principles which describe the framework of stratification economics: 1) under resourced groups have experienced and continue to experience disruptions to intergenerational wealth transfer, 2) wealthy groups have a vested interest in maintaining this group-based disparity, 3) policy interventions are required to disrupt patterns of inequality, 4) individual success does not demonstrate the reversal of inequality and may further entrench power imbalances, and 5) group-based inequality is not explained by individual failures (Darity, 2005, 2022; Davis, 2015).

Disruptions to Intergenerational Wealth Transfer

Obstruction of intergenerational wealth transfer can occur through large disruptive events (for instance: use of internment camps in the U.S. during the second World War, seizure of purchased lands, white terrorism, indigenous massacres, treaty forfeit, etc.) and/or are proliferated through quotidian impediments (for instance: wage bargaining, promotions, loan approval, stereotype threat, implicit bias, gentrification, etc.) (Chelwa et al., 2022; Darity, 2005, 2008, 2009; Davis 2015; Hamilton, 2020). To illustrate, from the 1500s-1800s, the Atlantic slave trade not only generated tremendous loss of resources among and belligerent violence inflected upon people enslaved and kidnapped from Africa, communities in Africa, and communities throughout the Americas, it also generated substantial wealth to European nations, settler colonial states like the United States, and individuals who were entitled to owning wealth and representing those nations (Darity, 2008, 2022; Nunn, 2007, 2008; Rodney, 1972/2018). The category race was developed to justify "…a redistribution of resources from subaltern group to the dominant group, while preserving and extending the latter's relative advantage" (Darity, 2022, p. 405). Ultimately, the persistence of the racial category has encouraged the continual disruption of wealth transfer in the United States from people of color in favor of white people (Chelwa et al., 2022; Darity, 2022; Darity et al., 2006; Quijano & Ennis, 2000; Rodney, 1972/2018). Wealth, here, does not only include financial capital or stores of value. Disruptions to the transmission and accumulation of wealth include, "economic freedom and authentic agency in resources (political, social, psychological and, especially, material)" (Chelwa et al., 2022, p. 385). We see this in ongoing redlining practices, gentrification, the use of force against children in school, results of callback studies, and hate crimes attacking community centers and places of worship of marginalizes peoples.

Wealthy Groups Have Vested Interest in Maintaining Inequality

The interruption to intergenerational resource transfer for under-resourced groups is due to the intentional, though not always conscious, interference of wealthy groups (Darity 2005, 2008, 2009). As groups are created in order to justify the extortion of resources, these groups are proliferated, consciously or not, because they accrue some kind of benefit to the resourced group who then, due to greater resources (including access and entitlements) is able to maintain the status quo (Darity, 2009, 2022). Being socially determined, "[r]ace is certainly not objectively real – certainly not in a biogenetic sense—but it is substantively meaningful" (Darity, 2022, p. 410). While the current mainstream of economics has us focus on endogenous differences between groups, stratification economics contends, "…whatever cultural differences exist will be emphasized and accentuated to justify the dominant position of the conquering group, but cultural differences are not the fundamental cause of the separation. Exploitation is the fundamental cause" (Darity, 2022, p. 405). That is, "identity markers like race as social and political categories…are *weaponized* in the construction of social hierarchies" (Chelwa et al., 2022, p. 380, emphasis original). Boundaries between groups are maintained not only through the admittance to or denial of resources, but with violence and the threat of violence as well (Chelwa et al., 2022; Darity, 2022).

Drawing from Becker's classic work, neoclassical economics tends to see this prejudicial behavior as irrational, noting that gains to labor and women would be greater if drawing on the collective power of a larger group of people (Bahn & Sanchez Cumming, 2022; Moore, 2020). As regards biased hiring practices, this is considered, at best, the result of weak information on the part of white employers (Moore, 2020). Rather than due to an arbitrary preference or imperfect information, "…stratification economics views race prejudice as largely a **defensive reaction**; a protective mechanism that is intentional in its preservation of social hierarchy" (Chelwa et al., 2022, p. 380, emphasis original). In this framework, discrimination is a rational action that minimizes competitors to resource for members of the privileged group (Darity, 2022).

Policy Interventions Required to Resolve Group-Based Inequality

Because discrimination is a rational decision and multiple equilibria are able to be maintained through violence in service of the privileged groups, the market is incapable of resolving group-based inequality on its own (Chelwa et al., 2022; Darity 2005, 2009). To the extent that we have seen reductions in group-based inequality, it has come from so-called distortionary interventions such as unionization and minimum wage legislation (Bahn & Sanchez Cumming, 2022; Derenoncourt & Montialoux, 2020). As such, policy interventions are required to disrupt patterns of inequality. Indeed, “[s]tratification economics leads to policy solutions in which government directly competes with and crowds out inferior ‘private options’ that do not ensure universal and quality health care, housing, schooling, financial services, capital, and free mobility without the physiological (and physical) threat of detention or bodily harm at the hands of state-sanctioned terror because someone’s social identity is linked to a vulnerable and stigmatized group” (Chelwa et al., 2022, p. 395). Critically, appropriate policy interventions are redistributive, non-market interventions, that is, they are not a system of incentives geared toward private interests but a direct transfer of resources (Darity, 2008).

Individual Success Not Harbinger of Lessening Inequality

Because stratification economics highlights systemic inequalities, the ability of one individual or group of individuals to attain wealth does not indicate that the entire system has been disrupted. The logical fallacy that suggests that the conditions of growth in one case are both knowable and generalizable to all other cases is known as the “model minority myth." For instance, while Asian populations often attain similar levels of wealth and income as white people in the U.S., this is largely the result of Asian immigrants arriving to the U.S. with higher-than-average wealth and education rather than being upwardly mobile after arrival (Darity, 2005). This result in light of the extreme hardships faced by Asian communities can lead to the faulty conclusion that Black and indigenous communities should likewise be able to ascend in wealth. Given the bias towards high wealth among Asian immigrants, however, it is more notable that Asian incomes and wealth are not higher than the white population rather than that they are as high (ibid.).

Group-Based Inequality Is Not Explained by Individual Failures

Darity (2005) emphasizes the role of the “master narrative” in the United States as a key defense that wealthy groups implement against accusations of systemic discrimination. Also known as The American Dream, this narrative suggests that anyone, regardless of background, can ascend to wealth through hard work and perseverance. From this individualist, meritocratic perspective, failure to move out of poverty is perceived as a personal failure. Likewise, the wealthy are assumed to have attained wealth from hard work, importantly, harder work than their impoverished counterparts.

However, empirical observation demonstrates that “[m]embers of a subordinate group… attain higher education and [are] highly motivated, hardworking, and frugal, [they do] not receive the level of rewards received by similarly accomplished members of a dominant group” (Darity 2022, p. 402). While anyone who has experienced poverty can attest to the difficult of survival in those conditions, the wealthy nonetheless hide behind this narrative to justify profound inequality.

Efforts to attain a higher socio-economic status may, ultimately be self-defeating, perpetuating group-based economic inequalities. Given the massive wealth disparity between white families and families of color, it requires significantly more debt for students of color to attain the same level of education as white students (Chelwa et al., 2022). Additionally, education is not the panacea it is often thought to be. Black families where the head of household has attained a college degree typically have less wealth than white families where the head of household has not graduated college (ibid.).

Furthermore, access to resources protected by a dominant group may require acclimation to the dominant group culture (Moore et al., 2018). Access to resources protected by the dominant group, therefore, may come at a significant cost for the individual (Darity et al., 2006; Hamilton, 2020; Moore et al., 2018). It may even be the case that adherence to the dominant culture reifies the power differential if gains to members of the under resourced group come with contingencies that prevent wealth transfer further within the under resourced group.

Connecting Global Value Chains to Stratification Economics

The inability of economics to meaningfully explain persistent group-based inequalities extends to the international case (Darity & Davis, 2005). Models of imperfect competition and applications of the comparative advantage theorems also struggle to provide theoretical underpinnings for empirical observations (ibid.). The limitations of economics thus far is due to undue attention to nations and firms as units of observation and an inadequate regard for the role of history in determining contemporary outcomes.

Arms of the GVC literature that adhere to national boundaries as the relevant geographical setting suffer from the same issues that individualism creates in the neoclassical, microeconomic case. Seeing firms and nations as discrete units hides global flows of capital which, while subject to national and international law, is not bound by principality or region (Dallas et al., 2017; Starosta, 2010; Starosta & Fitzsimons, 2018). Instead, a group-based analysis has the flexibility to account for movements of nations and firms across value-added lines while still observing the persistence of group-based inequality in general.

Stratification economics has been extended to many cases around the world with group distinctions including race, gender, caste, and so on (Darity, 2022). Stratification economics is a relevant lens to group-based inequalities if groups demonstrate, “exogeneity and permanence” (Darity et al., 2006, p. 293). That is, membership to a group is not chosen by the individual and cannot be changed in time, though some flexibility within these conditions is permitted and observed (Darity, 2022). Therefore, the connection between GVC and stratification literatures requires the establishment of permanent, exogenously determined groups. More time should be spend on identifying specificity around the relevant groups in the GVC context but this criterion can be met in a general way here.

There are several group categories identified within development and international trade literature relevant to the unequal transfer of wealth that exhibit exogeneity and permanence. The most obvious of which is the core/periphery distinction used by world-systems and dependency theory from which the GVC unit of observation originates. Other potential categories that encompass similar groupings include North/South, first-/third-world, or even high-/low-skill. These easily pass the exogeneity requirement as membership to these groups is determined through emergent distinctions and individuals are not responsible for the place of their birth. Furthermore, the conditions of one's birth does not change over time regardless of where they may ultimately relocate. The status of a nation or region as "periphery" or "core" is malleable but this does not present a problem as these changes tend to be slow and are resisted by the core group in an effort to maintain the privileges accrued from stratification.

Class, another potential grouping, is global, only realized at the national level (Grinberg, 2016; Patnaik, 2015; Starosta, 2010; Suwandi, 2019). A lack of mobility in wealth generally, compounded by other group-based differentials, creates conditions of exogeneity and permanence in and of itself. This quasi-fixed nature is, as we will see below, part of what results in the continued concentration of wealth and therefore persistent inequality (Patnaik, 2015). Recalling that wealth in this context includes access as well as material bounty, capitalists (particularly capitalists of the core) maintain access to property rights, markets, and bargaining power largely inaccessible to laborers (particularly laborers of the periphery) (Starosta, 2010). To be clear, class does not dominate other group memberships in creating unequal outcomes. In fact, the centralization of capital away from laborers amplifies other group-based inequalities such as race and gender (Mezzadri, 2015; Moore & Ghilarducci, 2018; Weller, 2009).

Ultimately, what all these groupings have in common is their relationship to a colonial history. This is true even in the domestic U.S. case. Historical patterns of violence have long term, persistent impacts, the outcomes of which persist for centuries without meaningful intervention. As discussed above, these groups are the result of, not the impetus for, large scale resource transfer.

Disruptions to Intergenerational Wealth Transfer

Any program of international development that takes, as its starting point, vast differences in average incomes at the national level in present day is incapable of addressing the root cause of inequality. Naturally, inability to pinpoint the cause leads to irrelevant suggestions for improvement. In contrast to the view that power dynamics within chains are largely determined by the production process necessitated by the commodity being produced, Patel-Campillo (2011) instead finds that, "chain governance is dynamic and influenced by actor's strategies, historical processes, and particular regulatory contexts" (p. 81).

Colonial practices have resulted in the transfer of resources away from the periphery to the core. This includes the displacement and resource extraction from people who remain on their indigenous lands but without free access to indigenous practices. These power differentials have been maintained over the centuries through ongoing primitive accumulation and violence. Colonial policies in Africa and Latin America resulted in the over exploitation and expropriation of resources and significant loss of life.

Between the practice of slavery and subsequent colonial policies of extraction, Africa experienced a several-generations-long process of extraction (Darity, 1992; Nunn, 2007; Rodney, 1972/2018; Suwandi, 2019) upending a natural process of intergenerational wealth transfer that might have otherwise taken place, both removing resources from the African continent but also contributing significantly to the wealth transferred to Europeans and their descendants (Rodney, 1972/2018). It would be absurd to enumerate the extent of the violence associated with colonialism in general and the Atlantic slave trade in particular in this paper. Part of the argument made here is that failure to take a historical approach in economics is egregious provided thorough existing documentation. Further, the stratification economics lens suggests that there is a vested interest of economists from high-income nations to undermine and ignore the role of colonialism in the wealth of Global North economies.[3] It should come as no surprise that centuries of imposed violence have left an observable impact on communities who were most intensely impacted (Darity, 1982, 1992; Nunn, 2008; Nunn & Wantchekon, 2011; Quijano & Ennis, 2000; Rodney, 1972/2018). Furthermore, the subsequent and ongoing political disruptions of former colonies create meaningful barriers to the agency of communities in Africa and Latin America.

While the historical narrative of colonialism should leave no doubt that resource extraction and violence from the core against the periphery has had long-lasting impacts, there have also been notable empirical and model-based studies on persistent multiple equilibria in the field of economic development. Darity (1992) catalogs early general equilibrium models noting that, "[t]he neoclassical trade framework is not readily amenable to displaying the phenomenon…structural transformation" (p. 163). He also describes contributions highlighted through the Keynesian multiplier approach to modeling which is further reinforced by primary historical documents of economists and enslavers of the time (Darity, 1992).

Nunn (2007) creates a model where a sufficiently extractive colonial strategy removes incentives to productive labor, resulting in a low production equilibrium characterized by high levels of unproductive labor. Nunn (2008) is able to estimate a negative relationship between amount of people enslaved in a particular region and GDP in year 2000 and establish a degree of causality. Differences in outcomes now may also be the result of fractured trust as a result of this history (Nunn & Wantchekon, 2011).

Disruptions to wealth transfer persist as a result of capitalism itself, which facilitates the accumulation of capital (Shaikh, 2005; Starosta, 2010; Starosta & Fitzsimons, 2018). This is not a matter of individual nations failing to harness the power of the market but a consequence of the ability of capital to seek labor in many firms around the world. The decentralization of the production process on a global scale has rendered labor more precarious and facilitated the accumulation of capital. As Suwandi (2019, p. 66, emphasis original) states:

> Flexible, globalized production means that the most labor-intensive links in global commodity chains are located in the Global South, where the reserve army of labor is larger, unit labor costs are lower, and the rates of exploitation are thus correspondingly higher. The result is much higher profit margins for multinational corporations, with the additional value generated often credited to the production in the center itself and with the overall process leading to the amassing of wealth in the center, via a kind of *profit by expropriation — unequal exchange involving value capture.*

Wealthy Groups Have Vested Interest in Maintaining Inequality

[3] For the reader requiring further evidence that colonialism has been and remains deeply impactful on economic outcomes, please consult Rodney (1972/2018) or visit the reading lists put together by Diversifying and Decolonising Economics at https://d-econ.org/reading-lists/

Despite the preponderance of evidence, many economists remain resistant to the idea that colonialism could have anything to do with current differences in income (Darity, 1992, 2022). This is largely due to the ahistorical and in some cases, atemporal approaches invoked by such scholars. Despite rocky foundations and inconclusive results, the tendency in the literature is to use phrases like 'the iron law of convergence' to characterize their findings as indisputable (Darity & Davis, 2005). As with race-based inequality in the United States, GVC authors routinely find evidence that power rests squarely in the hands of lead firms in high-income nations (Bair, 2005; Bair et al, 2021; Dallas et al,. 2017). Nonetheless, "it seems clear that the concept of power in mainstream literature on GVC governance was left under-theorized" (Dallas et al., 2017, p. 6).

International institutions exist supposedly exist for the purpose of supporting growth in low-income nations. The policy proposals that have emerged out of GVC writings claim to have the same goal at hand. Regardless of the earnestness of these appeals, these strategies typically come with conditions or limitations. Policy recommendations that suggest engagement with and upgrading within GVCs are adjustments to efficiency of production, openness to trade, and governance that facilitates foreign business investment (Bair, 2005). This focus follows the implication born out of neoclassical study that convergence is possible if only pro-business conditions are present (Darity & Davis, 2005).

Circumventing the question of whether international institutions are concerned with welfare of low-income nations, this argument is, to some extent, functional. Given existing power imbalances, feasible development strategy must appeal to the needs of business, namely, profitability (Delamonica et al., 2014; Shaikh, 2005). In order to access sufficient demand to grow a market, nations must undergo a program of development that cultivates higher demand domestically (which is costly and not generally accessible) or access a high-income market which is typically done through accessing lead firms in high-income nations.

Engagement in Value Chain

Engagement in the value chain has been lauded as an opportunity to experience increased economic growth with less initial investment than if a nation were to build an entire industry from the ground up (Baldwin, 2013; Milberg & Winkler, 2013). Regardless, given the prevailing wind of trade through GVCs, abstention from the structure is not always an option (Bhatia, 2013). As the World Bank Group (2020) notes, "[l]arge firms dominate the global economy. For 32 developing countries, the five largest exporters in a country account on average for a third of its exports and nearly half of its export growth" (World Bank Group, 2020, p. 104).

Leaving aside the question of whether gains to GDP translate to gains for the populace, engagement with GVCs requires appealing to the needs of the global economy, sacrificing some amount of local sovereignty. Trade in intermediates results in the interdependence of market conditions across borders. Marginalized groups tend to bear the brunt of adverse economic shocks. The same is true in the GVC context as integration into the value chain creates greater risk and dependency on the success of high-income markets in order to maintain exports at the local level (Bhatia, 2013; Pahl et al. 2022; World Bank Group, 2020). Observing initial shocks associated with the COVID-19 pandemic, Pahl et al. (2022) found that the impact of the shock on low-income economies depended on the extent to which that nations exports along an impacted chain.

Integration into a value chain requires shifting production away from domestically useful goods to goods relevant to the foreign market (Barrientos, Knorringa et al., 2016; Compa, 2008; Nunn, 2007; Patel-Campillo, 2011; Riisgaard & Hammer, 2011). Focusing on finding a niche within an existing value chain is hyper specialized export-oriented development. Such policies leave low-income nations vulnerable to the whims of their trade partners as "…developing countries are shifting away from the production of basic stable foods, including grains, to the production of high-value nontraditional export crops (NTAES) such as exotic fruit, fresh vegetables, and flowers" (Patel-Campillo, 2011, p. 80). When trends change and demand for tropical rarities shift, suppliers must restructure or risk losing demand.

This is not accidental. Strategies of international financial institutions, "often emphasize that countries in the Global South have to maintain their 'competitiveness,' a word that is really a euphemism for 'exploitable'" (Suwandi, 2019, p. 166). 'Strategic downgrading' is a method encouraged in low-income regions whereby firms in low-income nations intentionally deprive themselves of value added to fit into a chain at a low enough production cost to satisfy lead firms (Barrientos, Knorringa et al., 2016). Even while the World Bank Group (2020) is concerned over high levels of specialization in developing country exports, increasing small economies' vulnerabilities to swing in high-income markets, they encourage specialization on the basis that it facilitates value chains.

By outsourcing production to independent firms, lead firms are able to externalize cost-cutting problems at different levels of production. By maintaining relationships with multiple suppling firms around the world, buyers are able to quickly change suppliers to avoid rising costs that arise due to local issues such as natural disaster, local labor organizing, national tax policy changes, or poor raw material output (Gereffi & Sturgeon, 2103; Milberg & Winkler, 2013; Suwandi, 2019). When brands have a concentration of power, they are able, "to choose and switch between suppliers allow[ing] them to demand additional services and ever-lower real unit prices from suppliers…" (Dallas et al., 2017, p. 6). Bargaining power between capitals along a value chain determine the value added and ultimately influence the profit rate for each link in the chain. Naturally, non-competing or "small" capitals are at a disadvantage when negotiating contracts and are therefore hard pressed to maintain profit rates (Starosta, 2010).

While the flying geese model of development suggests that entrance into a supply chain will result in benefits to the nation through inter-firm learning (Aggarwal, 2017), knowledge sharing not a generally applicable condition (Suwandi, 2019; World Bank Group, 2020). In fact, "…new capabilities may be especially difficult to gain when lead firms in GVCs tightly control their technology" (World Bank Group, 2020, p. 72). Nonetheless, this strategy is suggested in agro-farm industry (Fernendez-Stark et al., 2012) as well as the garment sector in Bangladesh (Labowitz & Baumann-Paly, 2014).

When MNCs engage in low-income countries, "…profits are often repatriated and FDI tends to lag rather than lead economic development" (Milberg & Winkler, 2013, p. 241). GVCs, comprised of multiple firms linked through market interactions are each engaged in their own process of profit maximization. As such, cost minimization at one firm will be experienced as downward pressure on prices upstream. In turn, price increases on intermediate goods will be experienced as upward pressure on costs downstream. Therefore, profit maximization will occur along a GVC not in accordance with efficiency gains along the entire chain but in response to relative bargaining power (Milberg & Winkler, 2013; Bair et al., 2021). The positionality of a lead firm, therefore, grants access to the flow of surplus value away from non-competing suppliers (Starosta, 2010).

The trend of value added to accrue toward early and late stages of production is referred to as the "smile curve" (Aggarwal, 2017; Antràs & Chor, 2018; Baldwin 2013; Bhatia, 2013). These activities tend to resist offshoring (Bhatia, 2013; Calì et al., 2016; Milberg & Winkler, 2013; Rungi & Del Prete, 2018; Timmer et al., 2014; World Bank Group, 2020), supporting claims that lead firms are successful in securing higher profit rates than their smaller suppliers in low-income nations. This is in part because barriers to entry are high at the top of the value chain such that firms in low-income countries are likely to enter low value-added sectors where entry barriers are low (Milberg & Winkler, 2013).

High competition across low value-added sectors and downward pressure from lead firms means that, "factory owners at the bottom of the sector cannot afford the most basic investments to improve safety and working conditions" (Labowitz & Baumann-Pauly, 2014, p. 17). As such, engagement may not result in positive outcomes for sustainable development. While Suwandi (2019) finds that suppling firms are focused on innovation, "…most of the time… what is considered innovation is… finding a product mix that better suits the customer" (p. 106).

Engagement in the value chain also requires supplying firms to adapt to lead firm business practices in order to experience success (Fernandez-Stark et al., 2012; Labowitz & Baumann-Paly, 2014; Milberg et al., 2014; Suwandi, 2019). This can lead to a supplying firm being, "exploitative of its own labor" (Suwandi, 2019, p. 102). In the plastic film industry, lead firms in high-income nations are known for being fickle, asking for unrealistic conditions and making decisions that result in the spoiling of inventory for supplying firms. Nonetheless, supplying firms maintain these relationships in order to retain access to markets that regard lead firm engagement. Despite several findings suggesting that value chain engagement carries significant risks, the World Bank continues to proffer trade openness as the solution for low-income nations so long as, "all countries enhance social and environmental protection" (World Bank Group, 2020, 1).

Moving Up Value Chain

Moving up the value chain can theoretically compensate for the lack of sovereignty initially experienced due to engagement in the value chains. Economic upgrading requires, "raising productivity and skills through mechanization and the introduction of new technologies" (Milberg et al., 2014, p. 172). In so far as bargaining power between firms within the same supply chain differs, lead firm strategy will shape parameters in which supplying firms try to upgrade. Pressures to reduce costs from lead firms severely minimizes the ability of supplying firms in low-income nations to improve their economic position (Bair et al, 2021; Dallas et al., 2017; Rainnie et al., 2013).

The translation of capital (physical and human) into new tasks is not automatic (Milberg & Winkler, 2013). Attempts to upgrade into higher value added require investment of some kind. Funding for investments in working conditions at the national level comes from taxation on both labor and capital (Delamonica et al., 2014). For low-income nations without large stores of wealth, they cannot subsidize high costs of productivity growth by providing better infrastructure. If revenue cannot be secured at the local level, upgrading efforts must be secured form external sources (Fernendez-Stark et al., 2012). Furthermore, the downward pressure on profits to supplying firms in this situation, “leaves them unable to innovate and resistant to improvements in wages or labor standards” (Milberg & Winkler, 2013, pp. 280-1).

Calls for firm upgrading as national development strategy ignore the global context and therefore miss external limits experienced by firms in the periphery (Bair, 2005). Because wealth transfer through value chains is global and systemic, upgrading by firms in one place can create additional pressure on supplying firms elsewhere. When, “…lead firms seek to leverage their market power over a global supply base by exerting downward pressure on supplier prices, […] this persistent cost pressure frustrates the efforts of many developing countries to move up the value chain” (Bair et al., 2021, p. 1261).

Specifically, supplying firms will compete to secure contracts with brands by offering shorter completion windows or lower costs. When lead firms with buyer power set prices and volume, they can knowingly set unrealistically quick turnarounds with the implicit yet deniable awareness that supplying firms will have to contract out to unregulated firms (Barrientos, 2008; Mezzadri, 2015). Unregulated firms sit in the informal sector and are not subject to labor regulations. This is what is known as subcontracting and it implies that gains due to engagement in the value chain come at costs to labor beyond what is documented in the formal sector (ibid.). This problem is complicated by the involvement of intermediaries. Intermediaries can facilitate business transactions between buyers and suppliers but this type of coordination decries a lack of transparency and can result in worsened labor and safety conditions (Fernandez-Stark et al., 2012; Labowitz & Pauly, 2014; Milberg & Winkler, 2013). The extent of this problem is underestimated and misunderstood by the ILO and the World Bank (Bair et al., 2021; Selwyn, 2013)

Direct, Strategic Sourcing

Many authors are mindful of the pressures to cut costs and subcontract that come with entry into a GVC at the same time that they promote involvement (Fernandez-Stark et al, 2012; Labowitz & Baumann-Paly, 2014; Lund-Thomsen, 2008 for example). To mitigate those pressures, GVC literature tends to advocate the direct, strategic sourcing method of economic upgrading to generate socially desirable outcomes (Barrientos, 2008; Compa, 2008; Labowitz & Baumann-Paly, 2014; Locke et al., 2007; Milberg et al., 2014). Direct, strategic sourcing is a valuable option because it not only alleviates downward pressure on profits and wages in supplying firms in low-income nations, it also provides buying firms in high-income nations with consistent quality, increased labor productivity upstream, and potential benefits on the consumer end associated with high-quality labor practices.

Unfortunately, increasing value added by increasing labor productivity does not remove the incentive to decrease wages (Barrientos, Knorringa et al., 2016; Delamonica et al., 2014; Grinberg, 2016; Shaikh, 2005) so fostering direct, strategic sourcing relationships in chains that do not already have economic incentives for that arrangement does not necessarily make social downgrading less attractive. Maintaining long term relationships with lead firms amplifies the need for supplying firms in the periphery to, “[fit] into existing corporate strategies and connecting closely with a diverse set of lead firms” (Milberg et al., 2014, p. 172). Naturally, firms are compelled to pursue any activities necessary to secure profit and, to avoid extra spending, will likely choose the former strategy (Compa, 2008; Labowitz & Baumann-Pauly, 2014).

Policy Interventions Required to Resolve Group-Based Inequality

The GVC literature is not averse to the inclusion of local and international government policy. A general theme is that the national government should pick winners, supporting domestic business to enter and upgrade in value chains where strategic opportunities are present. As regards direct strategic sourcing, the suggestion is that the national government should remain hospitable to foreign business to facilitate long-term contracting relationships.

However, these strategies are heavily market-oriented. For instance, Milberg et al. (2014) argue that, "[t]rade policy alone is not an adequate industrial policy to guarantee growth and development. Industrial policy will need to promote business directly and to build skills and capacity in response to private sector needs" (Milberg et al., 2014, p. 169). Likewise, "CSR regimes may also have the greatest chance to succeed if they are combined with favorable market conditions, multi-stakeholder coalitions, government willingness and capacity to act, and sustained pressure from organized workers and other civic activists" (Gereffi & Lee, 2016, pp. 34-5).

Even with support from local and international government, it is unlikely that market-based solutions will resolve global inequalities. This is both because bargaining power between the core and periphery has been historically structured asymmetrically, and because capitalist market forces tend towards increased inequality.

As supplying firms work to increase value added, lead firms are able to capture the additional surplus value (Starosta, 2010; Suwandi, 2019). Drawing on the Baran and Sweezy understanding of monopoly power as capacity for price setting, Suwandi (2019) demonstrates that lead firms in high-income nations are able to secure this capacity through the division of labor. Decentralization of activity, therefore, is not the same as decentralization of decision making (Suwandi, 2019). While many sociologists and political economists refer to the "monopolization" of the market, the cause of the ability to set prices seems to be in disagreement.

Models of imperfect competition that the nature of bargaining power has to do with firm-size and number of competitors. Hymer (1970) thus describes the differentiation in competition as resultant from the firm concentration. "The multinational corporation tends to create a world in its own image by creating a division of labor between countries that corresponds to the division of labor between various levels of the corporate hierarchy. It will tend to centralize high-level decision-making occupations in a few key cities in the advanced countries (surrounded by regional subcapitals) and confine the rest of the world to lower levels of activity and income; i.e., to the status of provincial capitals, towns, and villages in a New Imperial System" (Hymer, 1970, p. 446)

However, it is not clear that firm size is the driver of bargaining power in GVCs (Coe et al., 2008; Milberg & Winkler). Rather, "the firms in the weakest position are those producing what are in effect commodities that are easily replaced" (Coe et al., 2008, p. 276). As described above, easily replaceable production will perpetuate itself where barriers to entry are low, in low value-added production. For instance, "[w]hereas there is evidence of growing power of large, first-tier suppliers, who have market power of their own, there is also surprisingly little pricing power for very large contract manufacturers in China. Scale alone, it seems, does not guarantee the ability to raise value added per worker" (Milberg & Winkler, 2013, p.281). This is not so different an argument than the imperfect competition crowd. Competitiveness refers to the availability of an alternative. While this is usually based on the number of alternative firms, the number of alternative firms might be based on the relative availability of the product or the relative availability of consumers.

If bargaining power arises, not as a result of the size of the firm or the number of competitors, but as an innate part of the relationship between capitalist and laborer, then the firm is not an appropriate unit of observation for a global value chain. While each firm as a link in the chain will carry out capital/labor bargaining, a similar bargaining process takes places between firms as well. In particular, labor-intense production will be at a disadvantage to capital-intense production for the same reasons that labor is generally at a disadvantage to capital within one firm, access to the means of production. Laborers, though many, can only exercise power over the capitalists in unity. Between firms, lead firms have access to consumers which intermediate firms cannot gain themselves.

The source of bargaining power for brands, however convenienced by the fewness of competitors, is upheld by concentration of access to markets and to capital (Dallas et al., 2017; Havice & Pickels, 2019). Suppliers of intermediate goods located in low-income nations have access to neither markets nor capital without the facilitation of final good producers in high-income nations. This is not simply a matter of bottlenecked stages of production but also a result of the legacy of colonialism.

Individual Success Not Harbinger of Lessening Inequality

Drawing on the experiences of Korea, Indonesia, and China, Kvangraven (2020) highlights the role of colonial relationships and geo-political conditions in the possibility of upgrading among these nations and comes to the same conclusion that, "…the ability of some countries to transition from the 'periphery' to the 'centre' does not invalidate the core hypothesis of the dependency research programme — that capitalism tends to generate uneven development" (Kvangraven, 2020, p. 94). Much as the model minority myth perpetuates the idea that individuals can liberate themselves from group-based inequality through hard work, in the international context this is seen as particular cases being improperly generalized.

For example, China's recent success is frequently referenced as inspiration for other "Global South" countries (Bair et al., 2021; World Bank Group, 2020), however China's strategy may not be generally applicable (Aggarwal, 2017; Kvangraven, 2020; Quan, 2008; Suwandi, 2019). The success of China's economic development can be attributed to, "…vertical consolidation of functions in the value chain [which] cannot be matched by many other places in North America, Latin America or Southeast Asia" (Quan, 2009, p. 100). While both considered emerging economies, India has not been able to emulate the success experienced by China (Aggarwal, 2017). Likewise, while South Africa is taking a "supply side approach," focusing on vertically integrated resource extraction, Gereffi and Sturgeon (2013) find that it is not clear that this strategy has potential throughout the rest of sub-Saharan Africa. Success of individual nations is often minimized to a story which supports the dominate narrative of open market trade as sufficient and necessary for economic growth (Bhatia, 2013; Chang, 2002). This parallels the observation of stratification economics that, "[s]ocial hierarchies are stable and perpetuated through time via the dynamic adaptation of legitimizing myths" (Chelwa et al., 2022, p. 383).

Group-Based Inequality Not Explained by Personal Failure

Development literature in economics suffers from a short memory. In the same way that the meritocratic master narrative reinforces the notion that failure to attain wealth is a matter of personal failing, the GVC frameworks have a master narrative of their own. The primacy on individualist narratives includes at the national level, as though each high-income nation, through its own resolve, picked itself up by its bootstraps. Stratification economics offers a historical lens to provide meaningful, rather than arbitrary, starting places for intervention (Chelwa et al., 2022). High-income nations continue to hide behind the myth of the invisible hand. The ahistorical approach of free market advocates is an irrelevant and misleading lens for development economics. The choice to avoid historical context is a normative one (ibid.) with disastrous implications for international relations.

The GVC formation compounds the process of capital accumulation (Havice & Pickels, 2019; Starosta 2010; Starosta & Fitzsimons, 2018). Specifically, "[i]n 134 countries, the average global markup increased by 46 percent between 1980 and 2016, with the largest increases accruing to the largest firms in Europe and North America and across a broad range of economic sectors" (World Bank Group, 2020, p. 83). Lead firms, "…have seen rising markups and profits, suggesting that a growing share of cost reductions from GVC participation are not being passed on to consumers. At the same time, markups for the producers in developing countries are declining" (World Bank Group, 2020, p. 3). This suggests that solutions focused on economic growth are unlikely to resolve group-based inequality. Rather, "…wealth inequality will not be eliminated without direct redistribution" (Chelwa et al., 2022, p. 389).

Globalized markets limit the bargaining power of labor as businesses have expanded operations globally while laborers are slower in networking on a global level (Riisgaard & Hammer, 2011). At the same time, some models of participatory labor organizing emphasize how pressure from workers can push on local organizers and reach out to more international movements (Quan, 2008). Indeed, many authors who observe these imbalanced power dynamics in supply chains emphasize the potential and realized power of international labor organizing to improve outcomes for laborers (Compa, 2008; Rainnie et al., 2013; Riisgaard & Hammer, 2011; Selwyn, 2013; Suwandi, 2019), highlighting the global nature of the disruption of resource transfer. The global terrain of the labor market creates opportunities as, "…the way in which small firms are geographically connected to other firms and how they are spatially embedded allows us to see that they and the workers who labour in them can in fact have significant agency" (Rainnie et al., 2013, p. 178). Due to the incentives for subcontracting at the firm level, and the severe imbalance of power between core capital and periphery labor, many authors argue that the protection of labor rights needs to come from stakeholders worldwide whether consumers, capitalists, laborers, academics, or organizations (Barrientos, 2008; Labowitz & Baumann-Pauly, 2014; Locke et al., 2007; Lund-Thomsen, 2008; Mezzadri, 2015; Milberg & Winkler, 2013; Quan, 2008; Rodríguez et al., 2016; Weller, 2009).

Discussion

The literature around development in the discipline of economics starts from current conditions and asks, how can low-income nations catch up to high-income nations? This is the wrong question for several reasons. First, an ahistorical approach absolves high-income nations for responsibility in the condition of low-income nations while supporting a false narrative around the origins of their status. Secondly, the focus on nations distracts from structural conditions which shape the movements of capital. A focus on national development that denies the moral character of markets lacks rigor and, "… does not give enough attention to the political actions that form, codify, shape, and maintain markets in the first place. These processes, by which markets are created and defined, are integrally related to group-based stratification" (Chelwa et al., 2022, p. 385).

To the extent that models of North/South trade and comparative advantage continue to suggest market-based solutions for addressing inequality, they are, consciously or not, contributing to the ongoing concentration of capital, worsening the issue they claim to address. Stratification economics provides GVC literature with a more appropriate social and political context to observe persistent inequalities and suggests why most GVC literature limits itself to contemporaneous analysis. Meaningful interventions will involve a combination of direct redistribution and state action (Darity et al., 2006). Ultimately, standard conclusions from stratification economics suggest a wealth distributive policy approach, indicating that a move toward reparations and loan forgiveness may be a more effective strategy for national development.

Having established the relevance of the stratification approach in the GVC case, there are several avenues to consider for further exploration. There should be more clear articulation of the groups on which stratification on the global level is based. Colonial histories worldwide can be examined to explore present day, group-based dynamics. Stratification economics draws, in part from Cheryl Harris (1993) piece, Whiteness as Property[4] — it would be worthwhile to draw connections from this piece to the GVC context and see what access to property rights are afforded with colonizer or core status. We may also interrogate the role of North-South trade and comparative advantage models in contributing to persistent inequality. Work on international reparation projects should be continued. We may also return to the classics as Darity and Starosta have done to explore the nature of surplus and what conditions are required to disrupt the tendency towards the centralization of capital.

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