workers of the metropolitan foreign-owned industry indirectly benefits from surplus value created by the workers employed in the production of basic consumer goods. This fact allows for the lowering of the relative rate of exploitation of the Western segment of the proletariat without lowering the actual rate of profit. This is an illustration of how both "labor aristocracy" and super-profit co-exist in the economy at large.

It is following this analytical logic that we have concluded the above ranking; and that we try further to identify who tends to belong to the "labor aristocracy" and who tends to be victimized by super-profit.

Second in this hierarchy comes co-operative (kibbutz and Histadrut) capital. It is increasingly merging with foreign capital; predominant in the kibbutz, veteran towns and moshav shitoufi; associated mainly with the early settlers and their Israeli-born generation, and with heavy industry and skilled labor. Within this cluster of relationships and by the rate of exploitation, this sector ranks as second-highest in the capital hierarchy, as its rate of exploitation is the second-lowest in the country. The fact that the rate of exploitation in the co-operative sector is lower than that of other State and local private capital, yet higher than in employment by foreign capital, can be explained in the following terms:

(a) Because a large portion of the labor force belongs to forms of habitat where subsistence cost is relatively low, owing to their co-operative or communal organization and/or subsidies from the public sector. This is as far as simple reproduction of labor power is concerned:

(b) Unlike the case in foreign capital-owned industries, the training of this labor force and the generational reproduction of its labor power is predominantly endogenous, not exogenous, to the system.