Andy Higginbottom - 'Imperialist rent' in practice and theory

Abstract

This article is a critical extension of Amin's concept of 'imperialist rent'. In practice this phenomena is of crucial importance to the world system in general, and especially so for understanding the specific character of British imperialism. Two of the three most important sectors on the London Stock Exchange are mining and oil (the third is banking).

Providing a substantive and systematic explanation for imperialist rent presents a theoretical challenge. The paper addresses the concept of imperialist rent as a particular form of surplus value, surplus profits or extra-surplus value. The paper revisits Marx, bringing in the further crucial variable of wages below the value of labour-power, or super-exploitation.

Andy Higginbottom a.higginbottom@kingston.ac.uk

Introduction

This article builds on the work of Samir Amin and the concept of 'imperialist rent' and its related concept of 'globalized value'. Although I offer a modified derivation, I support

Amin’s view of imperialist rent as a strategically vital concept, certainly one that is required to explore the basis of international workers solidarity.

Imperialist rent refers to the above average or extra profits realised as a result of the inequality between North and South in the global capitalist system. Imperialist rent is a case of above average super-profits or monopoly profits. Since normal profits derive from surplus value and the exploitation of workers, the presence of super-profits indicates intensified or additional mechanisms of exploitation. From the outset then it is important to stress that imperialist rent arises not only in the realm of distribution of profits, nor in the circulation of commodities, but that it includes and derives from distinctive social relations in the production of surplus-value.

The article starts by outlining some of the features of imperialist rent in practice, it then moves to identifying the theoretical challenge that these phenomena represent. The arti and plots a solution path [signpost argument]

Imperialist Rent in Practice

To give an example of ‘imperialist rent’, Latin America loses over $100 billion per annum, about 4 per cent of its annual production (as quantified imperfectly as GDP), in the form of property income transfers to Europe and North America (ECLAC 2011). Most of the outflow are profits on foreign direct investment, with a large proportion in the extractive sectors, dominated by hydrocarbons (oil and gas), and mining. In 2008 from an outlay of $15.3 billion invested in Latin America, UK based investments received US $3.6 billion, a rate of profit of 23.7 per cent, around three times average industrial profit (ONS, 2009) http://www.statistics.gov.uk/pdfdir/fdi1209.pdf

The corollary of such continental scale exodus of surplus value is the centrality of multinational corporations in the extractive industries alongside the banks at the very heart of imperial economic and political power. Within the global system, the UK's political economy is especially shaped by large extractive corporations. In recent years there has been a marked concentration of extractive industry multinationals at the top end of the London Stock Exchange, reflecting the boom in commodity prices that these corporations have positioned themselves to take advantage of. Just three oil and gas corporations (BP, Shell and British Gas) account for over 33 per cent of the market capitalisation of the top 20 corporations, or about 15 per cent of the entire stock exchange. Mining corporations are similarly represented at the top end, with five corporations accounting for nearly 23 per cent of the capitalisation of the UK top 20. As this article is being finished, two mining corporations, Xstrata and Glencore, have announced their plans to merge at a projected capitalization of £36 billion (*The Financial Times*, 9 February 2012), an example of what Marx terms the 'centralisation of capital' which he situates as part of the general law of accumulation of capital (Marx, 1976: 777). Again, the mining sector is highly concentrated. Between them, these eight (soon to be seven) oil, gas and mining mega-corporations reported £56.9 billion in profits during the financial year ending in 2011 (ADVN, 2012 http://uk.advfn.com/world/uk)

Three aspects of the extractive mega-corporations are worth drawing attention to fill out the determining characteristics of imperialist rent. Firstly, the mega-corporations' rate of profit, as measured in this instance by net profits over market capitalisation, has been extraordinarily high compared to average profit rates of industrial companies. In 2005 pre-tax profit rates of the UK oil, gas and mining corporations averaged over 16 per cent (*The Observer* 27 August 2006). Mining corporations were reporting returns on capital employed of 22 and 23 per cent at the height of the boom in 2006 and 2007 (PCW 2008:7 http://www.pwc.co.za/en_ZA/za/assets/pdf/pwc-mining-survey-08.pdf). No wonder the industry investor survey was subtitled 'Mine - as good as it gets?'. Fortune 500 data on the US reports a similar pattern of high profitability in the oil and mining sectors at this time (CNN, 2008 http://money.cnn.com/magazines/fortune/fortune500/2008/performers/industries/profits/)

If not justifiable morally, on these figures Lenin's preferred term 'super-profits' is justified empirically. At rates of return approaching 23 per cent, were profits retained exclusively for accumulation then corporations could double their capital within four years. In practice a proportion of the profits is distributed as dividends to shareholders, socialising the surplus value through pension funds and taxation. It can be claimed on their behalf that extractive corporations operate at high risk in demanding areas and produce for volatile markets, and in this sense 'deserve' higher than average profits in the good times to offset performance in leaner years (the argument an economist colleague who has to remain anonymous put to me). But such super-profits have not only been reaped during the commodities boom of the last decade, they are typical of sectors of

British and other imperial capitals for the last century or more. They are part of what makes capitalism imperialist in a structural way. A fuller survey would have to investigate the long term pattern of these exceptional profits in detail, and whether capital movements tend to equalize them or whether differentials with other sectors persist.

The second characteristic is that the super-profits are remarkable when measured over the number of the corporations' employees. Working from company reports, the top three oil and gas corporations averaged £205,138 pre-tax profits per employee (*The Observer* 27 August 2006). The bald figures are open to a range of interpretations, amongst them: that through sub-contracting mechanisms the corporations actually command more labour-power than they formally report as employees which can change quite quickly (Anglo-American was an outlier in this regard, it has since reduced its number of permanent employees, down from to 195 thousand down to 107 thousand between 2005 and 2011); that the extractive mega-corporations deploy especially advanced techniques that render their workforce highly productive; that they pay their employees especially low rates (this runs counter to the corporations' tendency to only directly employ well paid technical and managerial staff) ; that they are successful in securing investment projects in high yield locations, that is where the costs of production of the extracted commodities are significantly lower than their selling prices. While all of these factors pertain, what the corporations have in common is that they all relate to capturing and retaining surplus value in the particular circumstances of raw material extraction mostly from under-developed countries, which leads us to the issues of territorial control and sovereignty.

Thirdly, then, the preeminence of oil and mining corporations is part and parcel of modern British imperialism alongside, it must be repeated, the overall domination of finance. As one financial journalist aptly notes, the City of London offers corporations "the desired combination of UK governance and attractive overseas assets" (*The Financial Times* 17 February 2012). Except these advantages did not fall as benign gifts, they have been constructed through active programmatic intervention to shape the world so. Most of the biggest mining corporations have strong connections with South Africa, from whence they relocated their headquarters at the end of the 1990s in order to take advantage of London's financial markets and its position as a platform for world-wide operations. Having retained their capital through the negotiated transition from *apartheid*, the major beneficiaries of a century of racial wage-slavery re-positioned themselves through their UK connections. In this sense *apartheid* was never fully defeated, it just went global. There is a similar colonial-capitalist genesis to the two oil giants BP and Shell, primarily through the Persian Gulf and links with Dutch colonialism in east Asia (Sampson, 1975; Mitchell, 2011). For the extractive mega-corporations, territorial possession remains an essential, necessary condition of their extraordinary profitability and a tendential pressure to military occupation in one form or another. This impulse to territorial control of extraction enclaves is not only true of Britain of course, although perhaps especially so, rather a characteristic of the global system that is unevenly distributed and a source of tension between the major powers, as continues to be the case concerning Iraq (Muttitt, 2011).

The problem of the politics and theory of imperialist rent

We now come to the problematic core which embraces both the theory and politics of imperialist rent.

The politics of imperialist rent

Politically, why is the concept of imperialist rent important for solidarity between workers in the global North and South? This question is usually simply ignored. Contemporary academic literature has mostly focussed the notion of 'rentier states' on the South, as a corrupting syndrome in the producer countries, for an up to date review see (Logan and McNeish, 2012). In my view it is essential to revisit Lenin's broad concept of the powerful countries as parasitic 'rentier states' (Lenin, 1916a http://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch10.htm). The argument posited here is that imperialist rent is part of a nexus of value transfers that underpin not only the states but social relations in the rich countries of the global North, what Mitchell (2011) goes so far as to designate 'carbon democracies'. If anything the *rentier* element became more pronounced during the post WW2 boom, the material basis of a lasting social pact, which is evidently now coming to an end. Arguably, this later extension of the rentier relation went further than the buying off of an upper stratum of workers, a 'labour aristocracy' that Lenin identified as crucial as one side of the split in the working class (Lenin, 1916b http://www.marxists.org/archive/lenin/works/1916/oct/x01.htm).

Samir Amin, like Lenin, sees that imperialist rent is not only a narrowly economic concept, but one with deep social and political ramifications. He contrasts the contours of class alignments in the periphery and centre nations, where "this entanglement is inseparable from the imperialist rent and its effects on the whole society (and not only on the volume of capital's profits). In the peripheries it gives the objective of national independence new scope." (2011:164) What is being referred to here is, in the periphery, popular movements against the interests of multinational corporations for sovereignty over natural resources, which in many parts of the world is the contemporary form of the struggle for national self-determination. The question becomes, what social forces in the North will align themselves against their 'own' multinationals and make common cause with popular struggles in the global South?

Amin takes the idea of social consequences one step further, and claims "the growth of the new middle class at the centre of the system is associated with imperialist rent" (2011: 175). These phenomena need to be integrated with an internal class analysis of particular forms in different countries that considers gender, race and other oppressions in the segmentation of labour markets; nonetheless, there is also a general pattern or condition that as imperialism goes through phases of accumulation, one can detect relative movements in the intermediate strata. Moreover, the strata that are waged but not proletarian express their interests through control of official labour movements and, in the last few decades, NGOs.

There is an absolute condition of inequality within labour structurally related to the division of the world by imperialism that must be taken into account even, or especially, as the system as a whole goes into crisis. That there is a real asymmetry with regard to value extraction does not render international workers solidarity impossible, but it does need to be brought into the analysis of a) why there has been little solidarity from the global North b) the terms of that solidarity and c) the conditions under which this can change.

The theory of imperialist rent

Turning to address the issue of imperialist rent theoretically, we note that Amin is apparently out on his own in the contemporary literature. Few other Marxist writers use the concept and so the debate as to its content is quite undeveloped. The only fair summary of the rest of the field is that confusion reigns as to what place rent might have in a systemic theory of imperialism that is also consistent with the labour theory of value. Logan and McNeish comment on the state of affairs, that

> "when critiques move away from the labour theory of value (which occupied Ricardo throughout his life) and prioritise the theory of rent, they appear to strike a limited bargain with the tenets of neoclassical economics. In this sense it may be argued that the application of rentier theory risks producing a self-fulfilling prophecy for the global south by wrenching the theory of rent from its

> counterpart, the labour theory of value, the latter being an integral concept that shaped development in the global north." (2012: 5-6)

One can attest various reasons for the separation of the theory of rent from the labour theory of value, starting with the immediate difficulty of relating the surging prices of raw material commodities with their significantly lower costs of production. The orthodox neo-liberal labelling as 'rent seekers' of all actors constituting what is seen as obstacles to perfect markets adds another layer of confusion. Most critical work on this complex subject generally fails to go beyond a left-wing version of the Ricardian view of agricultural rent based on declining fertility, and marginal lands being brought into use at zero rents. Of recent scholarly work, (Fine, 1979) seriously endeavours to recover Marx's theory of rent, and (Murray,1978) tackles issues of rent and the expansion of capitalism. The most significant sector works informed by Marx are (Nwoke,1987) on mining rent and (Bina, 1985) and (Mommer, 2002) on oil. In my assessment all of these works suffer from the weakness of not keeping in clear view that in Marx's theory, rent is a form of surplus labour, of surplus-value, a point that will developed in the later section on rent as extra-surplus value.

The intellectual materials for a solution to the problem posed by Logan and McNeish do exist. The overall point is that the labour theory of value does not only apply to workers in the global North, it applies to and is modified by the value creation of workers in the global South, and furthermore it underlies the current contagion of rampant imperialist land grabbing.

The merit of Amin's *oeuvre* is the consistent intent to synthesise the law of value with imperialism as experienced from the perspective of the popular classes in the global South. There is a movement of focus in his early studies from a debate framed by the contribution of Emmanuel and Bettleheim's response, the analysis of unequal exchange and its mechanisms of value transfer through price levels (Amin, 1974); to the other mechanisms of value transfer derived from property income, especially the imperialism of mining and other extractive industry investments (Amin, 1978). Both aspects, value transfers through unequal exchange and as property revenues, are required in a critical theory of the international political economy. Looking back on his earlier work, Amin writes:

> "Marx had not finished the opus that he had set out to complete, and that included not integrating the "global dimension" of capitalism into his analysis. So I have tried to do so. The central axis of the conclusions reached by my efforts is defined by the formulation of a "law of globalized value," coherent, on the one hand, with the bases of the law of value proper to capitalism as discovered by Marx and, on the other, with the realities of unequal globalized development.
>
> My major contribution concerns the *passage from the law of value to the law of globalized value,* based on the hierarchical structuring—itself globalized—of the prices of labor-power around its value. Linked to the management practices

> governing access to natural resources, this globalization of value constitutes the basis for *imperialist rent."* (Amin 2010: 11)

Amin identifies the departure of global prices from the value of commodities as a medium of unequal exchange, commodities from the global South tendentially being sold at prices below their value. Marx had already posited the departure of price from value due to commodities being the product of capitals each with a proportionate claim to the total surplus value, and thus commodities produced in economic sectors with higher than average organic composition would sell at prices of production above their value, while conversely commodities in sectors with lower than average organic composition would sell at prices of production below their value (1981: Ch 9). Thus, Marx argued the mechanism for the formation of a general rate of profit is through the transformation of commodity values into prices of production, where the price of production is cost-price plus average rate of profit times the cost–price.

One explanation for international transfers of value is then simply that more technically advanced sectors are located in the global North and less technically advanced sectors are located in the global South (Palloix, 1972; Mandel, 1975). With welcome exceptions, this productivity led approach is still the default position that northern Marxism has settled on, but it fails not only to bring in the factor of rent that Marx himself considered as a modification; more seriously, the approach understates the degree to which imperialism modifies the totality of social relations of capitalism.

Marx himself saw the need for a further step, to include capital invested in agriculture as a sector, or branch, of production, as well the industrial sectors. This is elaborated in Higginbottom (2008)

The transformation of value into price is governed by an internal contradiction in capitalism, the contradiction between value of commodities as the product of labour, and profit as the 'product' of capital. Marx discovered in price of production the essential 'inner connection' that mediates this contradiction (1981: 268). But with the qualitative leap to imperialism as the systemic stage of capitalism, Marx's simplifying assumptions of a general rate of surplus value and the equality of capitals as aliquot parts of total social capital *do not hold*. That is, value is systematically produced in one part of the world, and realised in another; where surplus value is produced in one part of the world and realised as profits elsewhere. This comprises a whole series of new contradictions, including for example the currency in which the commodity's price is expressed; the question of monopoly and the movement of capital. That is to say the transformation problem rather than being a narrow, technical problem to be forever 'solved', or 're-solved', has grown in complexity and is a massive unsolved problem. The issue is to *restate the transformation problem in the context of imperialism*, the transformation problem has itself to be transformed.

There are three further transitions needed for the transformation from commodity values to price under conditions of globalised imperialism:

a) the transformation of value into price of production has to be amended to take into account differential rates of surplus value corresponding to super-exploitation, that is differences in the cost-price of commodities due to more oppressive social relations;

b) there is a further transition from the price of production towards market price which includes different rates of profit, corresponding to various forms of monopoly, super-profits including rent and financial domination over industry;

c) the movement from market price in one currency to market price in another. Commodities have to be sold, exchanged for money, but money is itself expressed in different currencies that are not fixed but subject to capital movements.

Amin identifies the second and third of these transitions (2010: 28-29; 83-86). His argument would be more firmly anchored by including the first of these transitions, the concept of super-exploitation as posited by Marini (1973), as the necessary underpinning of a theory of globalised value.

In the above, I have suggested the necessary mediations between value and price from the point of view of a world system of capitalism. This is to approach the problem from a theory of the logic of an interconnected, internally contradictory totality or system. The other direction from which to tackle this is to follow moments of the history of the capitalist mode of production as it moved into the stage of modern imperialism, the construction of the world system of capitalist production as a new totality.

Three moments in the passage of capitalism to modern imperialism

Lenin's reading of Marx on Ireland

Lenin claimed Marx's writings on Britain and Ireland as an anticipation of his theory of modern imperialism: highlighting national oppression and the right of nations to self determination; and the emergence of a privileged layer, a labour aristocracy rising above yet controlling the working class of the imperialist countries. In his works directly citing Marx and Engels, (1916a; 1916b) Lenin's stress is on the political aspects of colonialism and imperialism. In terms of the economics of imperialism Lenin makes a huge leap in *Imperialism the Highest Stage of Capitalism* (*IHSTC)*, which addresses capitalism as a world system, as a new totality. The project is based on digesting and synthesizing a wealth of contemporary empirical sources. Although in this work he has not the time to reconcile his categories with those of *Capital,* again and again Lenin emphasises the leap from competitive capitalism to monopoly capitalism as a distinct stage.

Another respect that Lenin stood out as a theoretician was his appreciation of Marx's theory of ground rent, which he applied originally to Russian agriculture. Expert engagement with the theory of rent is a *leitmotif* running through Lenin's work from 1899 onwards, as is well illustrated by his encyclopaedia entry on Karl Marx written in late

1914. Indeed, the theory of rent and relations of landed property serve to qualitatively deepen Lenin's distinction between the class content of the democratic and the socialist revolutions. The rent *leitmotif* continues into *IHSTC,* where Lenin gives much attention on the one hand to the territorial expansion of capitalism through capital exports from the imperial powers, and the conflict for re-division of the world that ensues between them (1916a; Ch 6); and on the other to the putrescence of those same imperialist powers into parasitic, '*rentier* states' (1916a: Ch 8). From both these aspects there is implicit in *IHSTC* a modified Marxian theory of rent, rent as imperial super-profits. Rent as imperial super-profits is both the motive and the result of the expansionist drive of capital, seeking out especially raw materials as the natural basis of value extraction. Nonetheless *IHSTC* is, as its author was the first to recognise, no more than a 'popular outline', we do not find there an elaborated and systemic theory of the internal connections of imperialist capitalism, certainly not to the same degree of multi-levelled synthesis that Marx had achieved in *Capital* for the preceding stages of capitalism, grounded fundamentally on capital's domination of the labour process and the workers' production of absolute surplus value and relative surplus value. This is a matter of the incompleteness rather than incorrectness of Lenin's initial outline; indicating that theoretical reconstruction is required to arrive at the equivalent, essential grounding in surplus value a developed concept of capitalism in its imperialist stage.

To do this a double tactic is possible, as well as working back from Lenin, we can work forward from Marx. The argument will be advanced that in certain respects, although definitely not in all, Marx anticipates modern imperialism in his critical *socio-economic* exposition, as well as in the political responses presented as a model by Lenin. The leading example is again Marx's critique of British rule in Ireland embedded at various points in *Capital*, that can be interpreted retrospectively as a formative theory of imperialist rent, although given the concrete case it is better termed colonial rent.

Marx on Ireland and colonial rent

In the introduction to ground rent in *Capital* Volume 3, Marx states that his substantive analysis will be of "countries of developed capitalist production" (1981: 764), principally England, where the tenant farmer operates as a capitalist and, by way of contrast, not of the situation in Ireland where the tenant was at this time still typically a small farmer working the land. For Marx, conditions in Ireland exemplified the situation where "ground-rent, the mode of landed property corresponding to the capitalist mode of production, has a formal existence even though the capitalist mode of production itself does not exist, the tenant himself is not an industrial capitalist, and the manner of his farming is not a capitalist one" (ibid: 763). Nonetheless, Marx reveals the relation as one where the small farmer pays to the (English) landlord a rent that

> "often absorbs not only a portion of his profit, i.e. his own surplus labour, which he has a right to as the owner of his own instruments of labour, but also a portion of his normal wage, which he would receive for the same amount of labour under other conditions. The landlord, moreover, who does nothing at all here to improve the soil, expropriates from him the small capital which he incorporates into the

> soil for the most part through his own labour, just as a usurer would do in similar conditions" (Marx, 1981: 763)

Note that this form of rent stems from the appropriation of surplus labour in a situation of national oppression, or as Marx straightforwardly calls it "colonial plunder".

The extraction of revenue from the Irish small farmers prevented them from accumulating and becoming capitalist on the hand, and landless labourers on the other. Exorbitant rents gave rise to mass agitation for tenant rights, the Land League and decades of class struggle. We have seen that Marx portrayed this form of rent as existing "without the existence of the capitalist mode of production itself", that is without specifically capitalist methods of production. Yet in a broader sense, rather than being outside the capitalist mode of production, what occurred in Ireland in the decades immediately after the Great Famine is better conceived as the early stage of a *different* experience of capitalism, what can be termed 'underdeveloped capitalism'. At this stage, colonial capitalism concentrated the wealth of the absentee English landlords by retarding capital accumulation in rural Ireland, thus ensuring a later and different path to the genesis of the capitalist farmer than took place in England. In Ireland, then, a distinct underdeveloped capitalism was beginning to emerge alongside, dominated by and dependent on 'developed capitalism' in a common and mutually inter-related system. This is underdeveloped capitalism in the becoming.

For the Marx of *Capital* ‘developed capitalism’ is one where modern industry has seized hold the levers of production, where capital has revolutionized the labour process, the machine dominates the labourer and capital accumulation is driven by relative surplus value, the era of real subsumption of labour to capital. Yet the issue of colonial plunder is also present, albeit as a minor motif; it appears in the chapter on the general law of capital accumulation in Volume 1, where Marx writes:

> “England, a pre-eminently industrial country with fully developed capitalist production, and, would have bled to death under such a population drain as Ireland has suffered. But Ireland is at present merely an agricultural district of England which happens to be divided by a wide stretch of water from the country for which it provides corn, wool, cattle, industrial and military recruits” (Marx, 1976: 860)

Ireland, without itself having developed factory production, was nonetheless yielding agricultural commodities and labour-power to feed the production boom of industrial England. Despite the proximity of Ireland, ‘at present merely an agricultural district of England’, there is at the same time a qualitative difference in class relations because of the colonial relation. It was capitalism that was in both countries generating a ‘relative surplus population’ but, as Marx goes on to show, the complex internal movements of the reserve army of labour between town and country, industry and agriculture, were quite different in Ireland. Precisely because its agricultural social productive base was being devastated by market relations, Ireland appeared to confirm the Malthusian warning of absolute over-population. From the Great Famine on, colonial capitalism depopulated Ireland dramatically, and the English land magnates were urging ever more emigration to make way for more profitable uses of the land, to them. Marx concludes, “the accumulation of the Irish in America keeps pace with the accumulation of rents in Ireland” (Ibid: 870)., and with that the Fenian brotherhood that Marx saw as a source of hope, indeed their rebellion broke out the very year that *Capital* was first published.

That colonial oppression had called forth a revolutionary agency distinct from but alongside the working class was the very point that Lenin later generalised in his strategic approach to national liberation movements. What we stress here is the structural conditions also extended beyond the particular case of Ireland.

Summing up this section, by the third quarter of the nineteenth century processes of impoverishment were already set in motion in Ireland that would be later recognised as characteristics of capitalist underdevelopment. The colonial rents, destitute surplus population and cheaply produced commodities were all phenomena of a systemic plunder that Marx includes as elements within the overall framing concept of the general law of capital accumulation. This suggests that a distinct, combined geographical and historical singularity is to be recognised: although capitalist production relations did not yet obtain in Irish agriculture, the impoverishment of Ireland directly fuelled capital accumulation in England. In this sense Ireland was no longer a pre-capitalist country; rather it had been set on a distinct path, it was already an early phase of capitalist underdevelopment. Ireland is a formative case economically as well as politically.

Super-exploitation: Marini's crucial contribution

In parallel with Amin's engagement in the debate carried out in French registering the response of liberation forces in Africa and Asia to colonialism and imperialism, important theoretical breakthroughs were being made in Latin America. Here I agree with Latimer (2012) that the contribution of Marini deserves special attention for its continuing relevance.

Marini's theory of unequal exchange posits the super-exploitation of labour as the essential factor in capitalist underdevelopment.

> "The full development of capitalism in England was based on cheap food imports allowing full specialization on industry. Industrialisation and urbanization could not have taken place if they hadn't counted on agriculture means of subsistence supplied in large part from Latin America. This allowed the industrial countries to become world producers of manufactures." (Marini, 1991 [1973]: ?)

Unequal exchange here is an international yet internal relation, the unnoticed basis, Marini argues, for the transition of capitalism in England to production dominated by large scale industry. This is a theory of the genesis of the export-oriented capitalist dependent on industrial capitalism at the centre.   He argues that the international market price of raw materials and foodstuff commodities was below their value; and that to compensate for this squeeze on the their profits, Latin American producers suppressed wage levels. Marini's unequal exchange cannot be reduced to an extension of the capitalist market at the expense of pre-capitalist societies, rather it was the generation of a different type of capitalism, the formation of a peripheral or dependent capitalism within the developing capitalist mode of production as a whole. Neither is the unequal exchange that emerges within an apparently free trade relation specifically due to the export of capital, this unequal relation is more specifically configured as the reproduction of the capital wage labour relation through the import of commodities from the post-colonial periphery.

Marini approaches Latin America's condition of dependency dialectically. The Latin American economy presents peculiarities or deformations when measured against a 'pure capitalism'. It is therefore not accidental that some studies conceive of it as being pre-capitalist, but what needs to be understood is that capitalism in Latin America "will never be able to develop in the same way as it has developed in the capitalist economies that are called advanced." The challenge then is to study and explain "the particular form that dependent Latin American capitalism ended up adopting". The key is Marini's concept of the super-exploitation of labour which is formed in three respects:

> "the intensification of work, the extension of the working day and the expropriation of part of the necessary labour for the laborer to replace his labor power— configure a way of production founded exclusively in the greater exploitation of the worker, and not in the development of his productive capacity" (Marini, 1991 [1973]: ?)

By expropriation of part of the necessary labour, Marini refers to depressed wages. He continues:

> "In capitalist terms, these mechanisms … signify that the labour [power] is paid under its value, and they correspond, therefore, to a super-exploitation of labour." (Marini, 1991 [1973]: ?)

Marini places the necessity of super-exploitation of labour *before* the appearance of imperialism as a world system as portrayed by Lenin. Even more, the transition in England from production dominated by methods of absolute surplus to relative surplus value depended on cheap imports as well as greater productivity. Marini makes the point theoretically as well as historically:

> "Beyond facilitating quantitative growth, the participation of Latin America in the world market would contribute to the axis of accumulation of the industrial economy displacing from the production of absolute surplus value to relative surplus value, that is to say, that the accumulation depended more on the increase in productivity of the worker rather than simply their exploitation. Nevertheless, the development of Latin American production, that allowed the region to aid this qualitative change in the central countries, and is due fundamentally to a greater exploitation of the [Latin American] worker. It is this contradictary character of Latin American dependency, that determines the relations of production in the overall capitalist system…" (Marini, 1991 [1973]: ?)

Marini's argument illuminates and builds on Marx's theory of capitalism as a system, but it also contradicts on of its key assumptions To grasp how profoundly this dialectic of theory and perspective challenges inherited wisdom we need to recall the discussion in Chapter 16 of Volume 1 entitled 'Absolute and Relative Surplus Value' where Marx assumes that "Once the capitalist mode of production is established and become general … labour-power is paid for at its value [and] … wages are not to fall below the value of labour-power" (1976: 646)

Marini provides further argument that Marx's assumption does not hold, even in his time. The commodity labour-power is not a direct product of capital, rather it is the product of social reproduction through class society. What of labour-powers reproduced in significantly *different* class societies, rather than one given society, and also brought into comparison through the international exchange of commodities? It is exactly this possibility, *operating at the same level of abstraction as absolute surplus value and relative surplus value* within the established capitalist mode of production, that Marini's treatment obliges us to confront.

The export of capital and imperialist rent

The substantive basis of imperialist rent becomes marked in the first phase of modern imperialism, and is again a leading feature of the renewed expansion, it is the extra surplus value that capital acquires through the extraction of raw materials, or mining rent as Amin correctly refers. That is to say that Marx's theory of ground rent applies to mining and extractive industries more generally. I analyse the super-exploitation of African labourers in South Africa as pivotal to the birth of modern imperialism in Higginbottom (2010) and so do not repeat the analysis here. South Africa is an extreme but not atypical case, there was in the first decade of the twentieth century a generalisation of mining, plantations, oil extraction to fuel industrial production of the western powers.

Because of the particular historical path of its subjection to colonialism, Latin America experienced its post-colonial phase a century and a half earlier than Africa and Asia. This is still a high level of abstraction, nonetheless the regional comparison allows us to separate out certain elements of what would later became a more complex whole; by the mid-nineteenth century Latin America had experienced colonial extraction but not yet experienced the full force of neo-colonial extraction that was to come with the renewed onslaught of modern imperialism in late nineteenth century.

Rent, super-exploitation, productivity: the concept of extra surplus-value

Extra surplus-value as production

In this section I draw together three apparently disaparate mechanisms and suggest that they be considered as different examples of a common

The location of Marx's theory of rent towards the end of Volume 3 suggests that it is a based on the distribution of surplus value. Amin comments

> "Classic vulgar economics took an interest in natural resources only insofar as they became the object of private appropriation. Such resources were then treated as "factors of production," as such entitling their owners to an income (a rent) determined by its productivity. Contrariwíse, Marx analyzes these rents as categories of distribution, that is to say, as shares drawn from aggregate surplus-value. For him, natural resources create no value even though constituting an important foundation of social wealth." (Amin 2010: 94).

This is formally correct, given where Marx positions his analysis in the structure of *Capital*, but it's a point to reconsider. The key to understanding both the above statements is how natural wealth enters into capitalist relations *through a labour process under capital's domination*. This is the point to emphasise if we are not to lose the immanence of labour.

The extraction of minerals is a labour process and as such under capitalism combines both concrete and abstract labour. Thus differentiation in natural conditions renders a variable yield of use values (or fertility in the case of farming) as does greater labour productivity due to the application of additional capital, which Marx points out are the two bases of 'differential rent', and as such they belong to the sphere of the production of value and surplus value in this sector. They are opportunities for the immediate capital to extract extra surplus value that, with modern imperialism, is in the main not distributed as rent to the landlord but realised as super-profits by the multinational corporation and its financiers. Greater labour productivity includes the expansion of capital's sphere of direct operations into new territories of offering fertile extractive yields.

Marx's category of 'absolute rent' is conditional on contingent social and historical factors and does indeed, as Amin states, fall firmly in the sphere of distribution. Differential rent on the other hand is inherent in the capitalist mode of production and is moreover a category that comes to the fore with imperialism and should be conceived as spanning the production and distribution of surplus value. With imperialism a portion of the extra surplus value that was previously captured as differential rent by a separate landowning class is retained by capital and is realised as corporate super-profits. To emphasise, this means that labour in extractive industries is part of the production of surplus value and its mode of appropriation and accumulation, relocating the position of differential rent in the analysis of capitalism in the imperialist stage. Indeed, Marx touches on this when he comments

> "If we assume capitalist production, then, with all other circumstances remaining the same, and the length of the working day a given factor, the quantity of surplus-labour will vary according to the natural conditions within which labour is carried on, in particular the fertility of the soil" (1976: 648)

At the root of imperialist rent or super-profits is extra-surplus-value derived from new forms of labour exploitation. The concept of extra-surplus-value is surplus-value extracted at a higher rate of exploitation than would otherwise be achieved by competitive capitalism, the formation of extra-surplus value is tied to qualitative changes in the mode of production that are associated in one way or another with the formation of monopoly or, to put it conversely, exclusion. Extra-surplus-value can be extracted through three main mechanisms, acting separately or in combination: the super-exploitation of labour through low wage impoverishment and exhaustion of the labour force; the extractive exhaustion of non-renewable natural resources; and through the capture of technological knowhow as private monopoly.

The unity of these broad and apparently quite diverse mechanisms is that they are enhanced forms capitalist labour exploitation taking advantage of and reinforcing national inequality and social oppression. Extra-surplus-value is not then only a narrowly economic concept, rather it is underpinned by coercion as an extra-economic lever reproduced in capitalist social relations.

Extra-surplus-value in relation to absolute and relative surplus value

It is necessary, albeit briefly, to relate the concept of extra-surplus-value with the categories of surplus-value as first identified by Marx. In *Capital* Volume 1 Marx proves that surplus-value extracted from wage-labour is the essence of capitalism and then develops an account of capital laying hold and reshaping the labour process to serve its ends. He identifies two interdependent categories of surplus-value: absolute surplus-value based on prolonging the working day, thus procuring more hours of surplus labour; and relative surplus-value based on greater productivity of labour through technological improvements and machinery, with the social result of lessening the necessary labour time and hence again procuring more hours of surplus labour. In this section of Volume 1 Marx argues that a potential third mechanism for increasing surplus-value, lessening labour time more directly by reducing wages below the value of labour power, belongs to competition and outside the scope of his analysis of the capital wage-labour relation. Moreover, Marx argues, the value of commodities does not depend on wages.

It would seem that in order to make Marx's thought relevant to a world were the race to the bottom is ubiquitous, a prevalent commonsense fact of life, Marxists must square an impossible circle and either reject commonsense or deny Marx's legacy on a vital point. The majority tendency propounding Marxism in Britain adopts the former option and, in the name of Marx, denies an essential characteristic of a global low wage economy: the transfer of value from global South to North; and from there the effects on class relations in the South and the effects on class relations in the North. In other words they deny the reality of imperialist countries as *rentier* societies. The central economic thesis of this tendency is that the generally higher wages of workers in the North is due principally to their higher productivity, as distinct from the harsher exploitation of workers in the South. Incredible but true (Callinicos 2009, Choonera 2010; for critiques see Smith 2010 and Bellamy Foster et al 2011).

Are northcentric Marxists right in claiming an ally in Marx to bolster their denial of the social realities of imperialism? The answer is a qualified but definite no. Is Amin right in his claim that Marx had not integrated the ‘global dimension’ of capitalism into his analysis? The answer is less straightforward. There is an unfolding real contradiction in the body of Volume 1 of *Capital* itself, which might be summarised as an emerging tension between the system-logical and historical accounts of the capitalist mode of production. Moreover, the unresolved tension in *Capital* Volume 1 on this point is found again in Volume 3 with Marx’s analysis of the tendency of the rate of profit to fall, specifically the chapter on counteracting tendencies. Marx identifies foreign trade and ‘capital invested in the colonies’ using ‘slaves and coolies’ to gain a higher rate of profit (Marx 1991:345), and yet nonetheless comments that, while the reduction of wages below their value is ‘one of the most important’ counteracting factors, ‘it has nothing to do with the general analysis of capital’ (ibid: 344). Whilst the depression of wages is recognised by Marx as a persistently emerging empirical, historical fact it is not incorporated within the theory of the system as a whole, it does not acquire a matching concept in the system-logic of *Capital*.

The tension comes closest to being resolved in several passages in Chapter 24 of Volume 1 where Marx recognises the historical limits of the system-logic he has assembled with great thoroughness, and he begins to relax ‘for a moment’ the vital presupposition that wages are paid at or above the value of labour-power. Marx reaches the ‘general result’ that:

> “by incorporating with itself the two primary creators of wealth, labour-power and land, capital *acquires a power of expansion* that permits it to augment the

> elements of its accumulation *beyond the limits* apparently fixed by its own magnitude, or by the value and the mass of the means of production, already produced, in which it has its being." (1976 :752) (emphasis added)

We already have here in embryonic form our main thesis, that contemporary capitalism depends on forms of surplus-value production beyond the categories of absolute surplus-value and relative surplus-value.

Conclusion

There cannot be an adequate theory of monopoly capitalism without a foundation in the in the labour process sensitive to the forms of surplus value extraction. Analysis of the oligopistic organisation of capital is insufficient to explain the phenomena of super-profits. Monopoly capital is not the direct negation of competitive capital, any more than monopoly capitalists acquire their privileged profits solely at the expense of other capitals, rather the expansion of capitalism incorporating into itself sources of extra-surplus value becomes both the presupposition and the result of capital accumulation in the new stage of modern imperialism.

I do not argue that Marx was omniscient and correct on every point, even in his own time, as Marini's work shows. I do argue that Marx provides us with the ontologically necessary starting point, rooted in the production of surplus-value, from which to build a systemic theory of capitalism as imperialism.

A fuller, less northcentric, conception of what is the working class and where it is located follows from these conclusions.

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