Brazil, Russia, India, China, South Africa

The BRICS: subimperialism, global governance, accumulation, class struggle and resource extractivism

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The 'new imperialism' debate suffers from the omission of subimperialism. A review of recent analysis of the BRICS countries (Brazil, Russia, India, China and South Africa), focusing on global governance, accumulation, class struggle and resource extractivism.

Two leading critics of imperialism – John Smith and David Harvey – have recently fought bitterly at the *Review of African Political Economy* website (http://roape.net) over how to interpret geographically-shifting processes of super-exploitation.

The risk is that they obscure crucial features of their joint wrath: the unjust accumulation processes and geopolitics that enrich the wealthy and despoil the world environment. Another leading Marxist, Claudio Katz, has recently reminded of one such feature that deserves far more attention: Rau Mauro Marini's 1960s-70s theory of subimperialism, which fuses imperial and semi-peripheral agendas of power and accumulation with internal processes of super-exploitation.

The concept of subimperialism can resolve some of the Smith-Harvey disputes. Smith's book *Imperialism in the 21st Century* has as its foundation this formula:

"the imperialist division of the world into oppressed and oppressor nations has shaped the global working class, central to which is the violent suppression of international labour mobility. Just as the infamous pass-laws epitomised apartheid in South Africa, so do immigration controls form the lynch-pin of an apartheid-like global economic system that systematically denies citizenship and basic human rights to the workers of the South and which, as in apartheid-era South Africa, is a necessary condition for their super-exploitation." [1]

This is a start but a rounded Marxist-feminist-ecological-race-conscious critique of imperialism needs a stronger foundation. Smith's problems begin with the South Africa metaphor and extend to the unconvincing binary of oppressed and oppressor nations, whose main shortcoming is that it underplays national ruling classes aspiring to shift from the former to the latter.

The analysis also fails to incorporate aspects of 'deglobalisation' that are increasingly apparent in this conjuncture (even before the Trump trade war fully breaks out and current financial market mini-crashes lead to another generalised meltdown). Neglect of multilateral power relations and geopolitical bloc formation also characterises the partly-sterile, partly-inspiring debate that Smith strikes up with Harvey in his 2016 book *Imperialism in the Twenty-First Century*, in *Monthly Review Online* in 2017 and in the *Review of African Political Economy* in January-March 2018. [2]

The missing links in contributions from both Smith and Harvey relate to processes of subimperial accumulation and class struggle, especially at a time that so-called global governance (multilateralism) has successfully assimilated the potential challenge by the main bloc of semi-peripheral countries: Brazil, Russia, India, China and South Africa (the BRICS).

To be sure, this category was at least briefly deployed by Harvey (in his 2003 book *The New Imperialism*):

"The opening up of global markets in both commodities and capital created openings for other states to insert themselves into the global economy, first as absorbers but then as producers of surplus capitals. They then became competitors on the world stage. What might be called 'subimperialisms' arose … Each developing centre of capital accumulation sought out systematic spatio-temporal fixes for its own surplus capital by defining territorial spheres of influence." [3]

This is the most vital component: the displacement of over-accumulated capital into geographically-dispersed sites, especially the BRICS, and the re-deployment of this capital into *even more super-exploitative sites of surplus extraction*, as Marini had projected, including the extractive industries of Africa – although not without debilitating contradictions that must be raised forthrightly. Hence a slightly renovated system for global management of these contradictions has also emerged, even if downplayed by Smith and Harvey in this recent debate. [4]

In short, the power structures of global neoliberalism seamlessly drew in the BRICS over the past decade, especially in relation to world finance (during the 2010-15 International Monetary Fund reform era), trade (at the World Trade Organisation in 2015) and climate policies (at the United Nations from 2009-15). The multilateral 'reforms' promoted by subimperial powers extend their own corporations' accumulation and displace their own class, social and ecological backlashes – again albeit with profound contradictions. And there are few places where these kinds of processes are more obvious than here in South Africa.

Apartheid's complex geography of super-exploitation

First, any South African metaphor needs more nuance than the typical white-black super-exploitation narrative. The apartheid system super-exploited workers, not merely by denying citizenship and basic human rights at the point of production.

There were also profound geographical relationships: urban segregation (the "Group Areas Act" regulating residency); national and regional scales of migrancy regulated by the Pass Laws and Southern African military-enforced political power over labour supplies; and South Africa's role in the global division of labour and geopolitics. [5] These all allowed the supply of black bodies to serve not only transnational corporations, but also locally-grounded processes of capital accumulation (e.g. the Oppenheimer and Rupert family fortunes), class formation, racism, gendered power relations and ecological stress. [6]

Smith's point here, correct but incomplete, is that apartheid supplied labour power below the cost of reproduction across what is normally a worker's life-cycle: the childhood rearing of workers is in a typical advanced capitalist country subsidised by day-care centres and schools; their illnesses and injuries are covered by medical aid systems whether public or private; and their retirement expenses are the result of savings, pensions and social security, all supported by employer programmes or taxation of corporations. During apartheid's prime, none of these aspects of social reproduction were provided to black workers. That left women in the homelands to look after retired workers, sick workers and pre-workers – children – aside from the few schools run by religious missions. As a result, corporations paid much lower taxes and benefits. Indeed they enjoyed super-profits, amongst the world's highest, until the system began to experience severe stresses during the 1970s. [7]

Smith uses the apartheid metaphor properly at a rudimentary level, insofar as the migrant relationship witnessed tens of millions of black male workers moving (11 out of 12 months each year) to the white-controlled and spatially-delineated cities, mines and plantations, as 'temporary sojourners' on the stolen land. But he might have pointed out that payment for their labour power below the cost of its reproduction was subsidised by the oppression of women displaced to rural areas by apartheid and regional colonialism, with consequent stresses to local ecologies – often to the point of breakdown and the formal destruction of the once self-sufficient peasantry. (In the Marxist literatures on South Africa's "articulations of modes production" [8] and its "uneven and combined development", [9] this geographical aspect of super-exploitation is a central theme, although in both literatures more could still be done to draw out the gendered and environmental aspects. [10])

What Smith does not consider properly either in this case or globally, was the obvious *political relationship* between the Pretoria regime and its patrimonial allies. This relationship assured a broader systemic reproduction of cheap labour in both the internal Bantustans [11] and the neighbouring colonial and later neo-colonial regimes which facilitated this super-exploitative labour relationship until 1994. To write of apartheid simply as a racialised capital-labour relationship, without these gendered aspects, or the ecological stress associated with Bantustan overcrowding, or the overarching state apparatus that arranged and maintained super-exploitation, is to leave out the bulk of the story. Also, in the process, such neglect implicitly negates a major part of the anti-apartheid resistance movement.

Today, South Africa's rejuvenated (post-1994) modes of super-exploitation deserve similar attention. Strong signals about new varieties of super-exploitation, including within a usurious micro-credit system, were sent in August 2012 at Marikana, a two-hour drive northwest of Johannesburg. There, three dozen migrant mineworkers were shot dead and scores more seriously wounded, many crippled for life one afternoon; they were amongst four thousand engaged in a wildcat strike against Lonmin platinum corporation, demanding US $1000/month for rock-drilling. They were treated by police as "dastardly criminals" at the explicit (emailed) request of Cyril Ramaphosa, who was the London firm's main local owner. [12] In 2014 he became Deputy President and in February 2018 replaced Zuma as president in a palace coup, 15 months before Zuma's retirement date.

Bearing this in mind, Smith's book makes only a half-hearted effort to scale up the useful apartheid metaphor to the present mode of imperialism. To scale up more convincingly requires, in my view, extension of Harvey's conceptual apparatus to the level of subimperial power relations that are so well personified by Ramaphosa. Like the old Bantustan tribal warlords which the Pretoria regime escalated to power, there is now a global-scale buffer elite emerging which the imperial powers generally find useful in terms of legitimation, financial subsidisation and deputy-sheriff duty – even when anti-imperial rhetoric becomes an irritant, e.g. as under Zuma's 2009-18 rule.

From local to global apartheid – adding the BRICS as subimperial 'Bantustan elites'

Smith utilises the (very convincing) analysis of mining scholar-activist Andrew Higginbottom in which South African apartheid super-exploitation is considered in theoretical terms, [13] and from there he reminds us of powerful aspects of Samir Amin's Africa-centric dependency theory and Ruy Mauro Marini's Brazilian-based analysis. Both stress super-exploitation, but both do much more:

- Amin has always been concerned with the overall geopolitical balance of forces at global scale –

not just in terms of South-to-North value transfers – and he regularly takes special care to work out how neoliberal global governance has emerged to accompany Washington's neoconservative military prowess. [14]

Marini focused on the elaboration of subimperial power wielded by states that are incorporated into the Western system as regional agents of imperialism, in which, Smith agrees, "dependent economies like Brazil seek to compensate for the drain of wealth to the imperialist centres by developing their own exploitative relationships with even more underdeveloped and peripheral neighboring economies." [15]

Smith is correct to remind of these writers' (and others') commitment to a "dependency thesis" based on "the reality of the extreme rates of exploitation in Bangladeshi garment factories, Chinese production lines, South African platinum mines, and Brazilian coffee farms." But aside from the tokenistic nod to Marini – followed immediately by a confession, "not discussed here" – at only one point in the book does Smith consider the ownership and accumulation processes associated with these sites of subimperial surplus value extraction. Sadly though, it comes in a dismissive footnote after he attacks Ellen Wood for:

- reducing imperialism to interstate rivalry between great powers before extinguishing it entirely: The "new imperialism [is] no longer … a relationship between imperial masters and colonial subjects but a complex interaction between more or less sovereign states." Alex Callinicos has the same idea: "The global hierarchy of economic and political power that is a fundamental consequence of the uneven and combined development inherent in capitalist imperialism was not dissolved, but was rather complicated by the emergence of new centres of capital accumulation," producing what he calls subimperialisms, a broad category that includes Vietnam, Greece, Turkey, India, Pakistan, Iran, Iraq, and South Africa. [16]

Yet Wood's and Callinicos' descriptions of power relations are perfectly reasonable, coming at a time of heightened multilateral neoliberal imperialism, as the Clinton-Bush-Obama neolib-neocon era gathered strength and assimilated its opponents. That assimilation process is critical. The main site for it is the global governance process in relation to a variety of political, economic, social and environmental problems. It would be impossible to talk about post-War imperialism without its multilateral economic grounding in the 1944 Bretton Woods System. Indeed, Smith is entirely conscious of the many complicated ways that the International Monetary Fund (IMF) and World Bank, World Trade Organisation (WTO) and United Nations agencies still today manage global imperial power relations to the benefit of major corporations.

So why are such arrangements so difficult to conceptualise in the 21st century, at a time Xi Jinping earnestly promotes corporate globalisation against the Trump spectre of retreat from liberalised trade, global climate management and other uses of the U.S. State Department's soft-power arsenal? A profound shortcoming of *Imperialism in the 21st Century* is Smith's inability to grapple with 21st century global governance institutions, especially the United Nations Framework Convention on Climate Change (UNFCCC) and the G20 and G8 (until 2014, and now G7 without Putin's Russia). Had he considered these, Smith might have found his way beyond the old-fashioned binary of oppressed and oppressor nations.

For example, the BRICS bloc's role in imperialist multilateralism requires careful treatment, yet the bloc gets not one mention by Smith. For context, recall how in 2014 Barack Obama revealed to *The Economist* his agenda for incorporating China into imperialism's pseudo-multilateral system.

The Economist: "… that is the key issue, whether China ends up inside that [global governance] system or challenging it. That’s the really big issue of our times, I think.”

Mr Obama: “It is. And I think it’s important for the United States and Europe to continue to welcome China as a full partner in these international norms. It’s important for us to recognise that there are going to be times where there are tensions and conflicts. But I think those are manageable. And it’s my belief that as China shifts its economy away from simply being the low-cost manufacturer of the world to wanting to move up the value chain, then suddenly issues like protecting intellectual property become more relevant to their companies, not just to US companies.” [17]

Though Smith ignores the BRICS as either a unit of analysis or marker of ascendant economic power, the bloc’s assimilation into imperialism has amplified unfair and inequitable world order processes, especially when pursuing global finance, trade and climate governance:

- The IMF’s 2010-15 board restructuring left four of the BRICS much more powerful (e.g. China by 37 percent) but most African countries with a much lower voting share (e.g. Nigeria’s fell by 41 percent and South Africa’s by 21 percent). BRICS directors thrice (in 2011, 2015 and 2016) agreed with Western counterparts to endorse leadership by IMF managing director Christine Lagarde, even though she was prosecuted – and in 2016 declared guilty of negligence – in a €400 million criminal corruption case dating to her years as French finance minister. Moreover, the BRICS €84 billion Contingent Reserve Arrangement strengthens the IMF by compelling borrowers to first get an IMF loan before accessing 70 percent of their quota contributions during times of financial emergencies, while leaders of the BRICS New Development Bank – which has no civil society oversight – brag of co-financing and staff sharing arrangements with the World Bank. [18]

- The 2015 Nairobi World Trade Organisation summit essentially ended agricultural subsidies and hence food sovereignty thanks to crucial alliances made with Washington and Brussels negotiators, from Brasilia and New Delhi representatives, with China, South Africa and Russia compliant. [19]

- The 2015 UNFCCC Paris Climate Agreement left Africa without any ‘climate debt’ options against the West and BRICS, since legal claims for signatories’ liability are prohibited. As was prefigured by four of the BRICS’ role (with Obama) in the 2009 Copenhagen Accord, the Paris commitments to emissions cuts are too small and in any case non-binding. Military, maritime and air transport emissions are not covered, while carbon markets are endorsed. Thus climate catastrophe is inevitable, mainly to the benefit of a residual profit stream for high-carbon industries in the rich and middle-income countries. [20]

BRICS elites were vital allies of the West in each recent site of global malgovernance, serving power much the way South Africa’s Bantustan leaders did during apartheid. However, the short-term victories such as at the IMF, WTO and UNFCCC that today benefit their neoliberal, pollution-intensive corporations and parastatal agencies come at a difficult time, given deglobalisation processes: the relative decline in trade (even pre-Trump), foreign direct investment (FDI), and cross-border finance measured in relation to GDP.

Likewise, the commodity super-cycle’s 2011 peak and then the crash of world minerals and petroleum prices in 2015 not only ended Africa Rising rhetoric. Just as importantly, since there fewer profits to be had from high prices, many transnational corporations made up for this by increasing the volume of extraction so as to seek a greater mass not rate of profit.

BRICS corporates exemplify super-exploitation

BRICS firms became some of the most super-exploitative corporations engaged in accumulation not only on their home turf but also in Africa. To illustrate the extraction of surpluses, from 2000 to 2014 the value of Africa-BRICS trade rose from US $28 billion to US $377 billion, before falling in 2015 by 21 percent due to the commodity price crash. [21] The bilateral investment treaties that facilitate these transfers from Africa to the BRICS are just as notoriously one-sided as those with Western powers, according to the main scholar of this problem, Ana Garcia. [22]

To take the example of Mozambique, Carlos Castel-Branco shows how its rulers aimed for "maximisation of inflows of foreign capital – FDI or commercial loans – without political conditionality" (much of which came from the BRICS as well as Portugal) in a super-exploitative context: "the reproduction of a labour system in which the workforce is remunerated at below its social cost of subsistence and families have to bear the responsibility for maintaining (especially feeding) the wage-earning workers by complementing their wages," a common phenomenon across the continent. [23]

While there may occasionally be an exception, [24] consider a few of the most egregious examples involving the BRICS, [25]

- Brazil's major subimperial construction firm Odebrecht admitted paying bribes of US $51 million to officials in Angola and Mozambique (but the actual amounts are likely to be much higher), and both Odebrecht and the world's second-largest mining company, Rio-based Vale, have faced regular protests over mass displacement at construction projects and coal-mining operations in Tete, Mozambique, as has the Brazilian government (dating to Workers Party rule) over its ProSavana corporate-agriculture land-grab. [26]

- Russia's Rosatom nuclear reactor deals across Africa – in South Africa, Egypt, Ghana, Nigeria and Zambia – are increasingly dubious, especially after the only country with an existing nuclear reactor, South Africa, witnessed an intense debate due in part to widespread corruption at the implementing agency (Eskom). As a result of growing fiscal crisis, the Rosatom deal appears to have fallen away. But Rosatom [27]

- Indian companies in Africa have been especially exploitative, led by Vedanta chief executive Anil Agarwal – caught bragging to investors of having bought the continent's largest copper mine for just US $25 million after fibbing to Zambian president Levy Mwanawasa and each year returning US $500 million to US $1 billion in revenues. ArcelorMittal's Lakshmi Mittal's major African steel operation, South Africa's former state-owned ISCOR, was accused by even Pretoria's trade minister of milking the operations. Jindal's super-exploitative arrangements in Mozambique and South Africa are regularly criticised. But the most egregious state and private sector mode of accumulation by Indian capital in Africa must be the combination of the Gupta brothers and (state-owned) Bank of Baroda, whose corruption of South Africa's ruling political elite led first to massive looting of the public sector (and illicit financial flows via Bank of Baroda) and then the fall of Jacob Zuma and allied politicians, as well as other South African and international firms caught up in the Gupta web (including western corporations Bell Pottinger, KPMG, McKinsey and SAP). [28]

- Chinese firms – both state-owned and private – have been accused of major financial, human rights, labour and environmental abuses in Africa, perhaps most spectacularly in the case of Sam Pa whose operations included mining diamonds in eastern Zimbabwe. In 2016, even President Robert

Mugabe alleged that of US $15 billion in revenues, only US $2 billion were accounted for, in mines mainly controlled by the local military and Chinese companies. (In late 2017, coup leader Constantino Chiwenga travelled to Beijing and received permission from the Chinese military to proceed with Mugabe's overthrow). In South Africa, the China South Rail Corporation played a major role in the Gupta corruption ring, in relation to multi-billion dollar locomotive and ship-loading crane contracts with the parastatal railroad Transnet. [29]

South African businesses have a record of looting the rest of the continent dating to Cecil Rhodes' (19th century) British South Africa Company, the Oppenheimer mining empire, and more recently current President Ramaphosa's pre-2012 chairing of Africa's largest cell-phone company, MTN. The latter was exposed – along with two other companies he led, Lonmin and Shanduka – in 2014-17 for having offshore accounts in Bermuda and Mauritius used to illicitly remove funds from Africa. South Africa's corporate elites regularly rank as the most corrupt on earth in the biannual PwC Economic Crimes survey, with one recent report showing that "eight out of ten senior managers commit economic crime." [30]

Once profits are gained in this process, they are systematically removed through accounting techniques as misinvoicing and other tax dodges. Illicit financial flows that accompany FDI, Smith observes, are Net Resource Transfers (NRT) "from poor countries to imperialist countries in 2012 exceeded US $3 trillion." Specifically, the NRTs from Africa "to imperialist countries (or tax havens licensed by them) between 1980 to 2012 totalled $792 billion" (about US $25 billion annually). [31]

But the sleight of hand here is the ability of *local* elites – not just Western or BRICS corporations – to accumulate offshore in places like Mauritius (the African continent's leading hot money centre). This part of the outflow is not a function of 'imperialism' but local greed and higher profits gained by an unpatriotic bourgeoisie who can hold funds offshore (even idle), instead of investing in African economies whose currencies are often rapidly declining in value. [32] South Africa's peaked at R6.3/US $ in 2011 but fell to R17.9/US $ in 2016 before recovering to the R12/US $ range recently.

Naturally the City of London, Wall Street and Zurich are crucial sites for parking illicit flows. But so too are the BRICS. The United Nations Economic Commission for Africa estimated that US $319 billion was transferred illicitly from Africa during the commodity super-cycle, from 2001 to 2010. The United States was the leading single destination at US $50 billion; but China, India, and Russia were responsible for US $59 billion (Brazil is not recorded in the top 17 and South Africa is not included). [33]

One of Smith's rebuttals is that China is also a victim of illicit financial outflows, not just a villain. This is true, for capital flight is one reason China's peak US $4 trillion in foreign reserves in 2013 fell to US $3.3 trillion by 2016, at a pace rising to a record US $120 billion/month outflow by the end of 2015. Beijing's imposition of tighter exchange controls in mid-2015 and early 2016 slowed the process. But with the ambitious One Belt, One Road (OBOR) Initiative to move westward, there will be many more projects in which surplus capital will identify spatial fixes outside China.

Global Financial Integrity measured annual illicit financial flows from China at an average US $140 billion from 2003-14. The point, however, is that these flows are not necessarily transfers from 'China' to the 'imperialist' countries, although Western firms no doubt transfer as much as possible to the home countries (usually through R&D royalties and licenses). The illicit flows measured by Global Financial Integrity are, in part, Chinese elites' own strategies for accumulation.

Unfortunately, both Smith and Harvey ignore another vital outflow of poorer countries' wealth, in the form of non-renewable resources whose extractive value – termed "natural capital" – is not compensated for by reinvestment. The volume of the losses to Africa here far outstrips the financial outflows, and a great deal goes to firms from the BRICS. This category includes the net value of extracting minerals, oil, gas and other non-renewable resources which, from 1995-2015 were measured by the World Bank in *The Changing Wealth of Nations 2018* at more than US $100 billion annually from Sub-Saharan Africa. [34] (This figure does not include North Africa nor the diamond and platinum accounts due to regional definitions for the former and measurement difficulties for the latter). The net outflow is above and beyond the increased Gross National Income and direct investment generated in the extraction process, and far outstrips all the other financial mechanisms through which Africa's wealth is drained.

Indeed, in relation to depletion of non-renewable resources, one corrective to the Smith-Harvey debate comes from Amin's latest book, *Modern Imperialism, Monopoly Finance Capital, and Marx's Law of Value*, in which both super-exploitation and environmental appropriations are restated by Amin as the two core processes within world capitalism. As he argues,

- "capitalist accumulation is founded on the destruction of the bases of all wealth: human beings and their natural environment. It took a wait lasting a century and a half until our environmentalists rediscovered that reality, *now become blindingly clear*. It is true that historical Marxisms had largely passed an eraser over the analyses advanced by Marx on this subject and taken the point of view of the bourgeoisie – equated to an atemporal 'rational' point of view – in regard to the exploitation of natural resources." [35]

Capitalist rationality is to exploit without reference to the depletion of labour and resources over time. That China and India are now the most important purchasers of Africa's raw materials requires a rethinking of the ways super-exploitation of labour and environmental destruction are being amplified by capitalism's widening out from the historic European, US and Japanese core.

Altogether, these processes generate a form of subimperial accumulation that is implicit in Harvey's rebuttal to Smith, when he recognises "complex spatial, interterritorial and place-specific forms of production, realisation and distribution." The extraction of resources from Africa is undertaken by such firms, Harvey continues,

"even as the final product finds its way to Europe or the United States. Chinese thirst for minerals and agricultural commodities (soy beans in particular) means that Chinese firms are also at the centre of an extractivism that is wrecking the landscape all around the world… A cursory look at land grabs all across Africa shows Chinese companies and wealth funds are way ahead of everyone else in their acquisitions. The two largest mineral companies operating in Zambia's copper belt are Indian and Chinese." [36]

Perhaps it is Smith's old-fashioned binary North-South line of argument that prevents him mentioning – much less comprehending – the BRICS' amplification of both super-exploitation and ecological crises, especially those relating to Africa, or the even larger net natural capital losses. Still, to his credit, Smith's book acknowledges other crucial aspects of imperialism briefly discussed next: overaccumulation crisis, financialisation and remilitarisation. [37] Nevertheless, without exploring these aspects of imperialist political economy and geopolitics in a way that incorporates subimperialism, the potential for Smith to engage Harvey's overall concern about uneven geographical development is truncated.

Imperial-subimperial relations in an era of deglobalisation, over-accumulation, financialisation and remilitarisation

Crucially, the ebb and flow of capital across the world is not merely one of spatial extension, but also contraction – including the subimperial corporations that are active in Africa. From 2008-16, global trade/GDP declined from 61 percent to 58 percent. But China's trade/GDP rate fell from 53 percent to 36 percent; India's from 53 percent to 40 percent; South Africa's from 73 percent to 60 percent; Russia's from 53 percent to 45 percent; and Brazil's from 28 percent to 25 percent. [38] In the first two BRICS, the crash was a function of rebalancing through higher domestic consumption rather than export-led growth. Declining trade shares for South Africa, Russia and Brazil reflect peaking commodity prices just before the global financial meltdown that year, followed by subsequent recessions.

Behind this is an overall crisis of over-accumulated capital, to a large extend due to excessive expansion of capitalist relations in China, beyond its workers' and the world's capacity to consume the output. A 2017 International Monetary Fund report confirmed China's overcapacity levels had reached more than 30 percent in coal, non-ferrous metals, cement and chemicals by 2015 (in each, China is responsible for 45-60 percent of the world market). [39]

The subsequent shrinkage was the central reason for the massive crash of raw materials prices in 2015. *The Guardian's* Larry Elliott summarised IMF concerns over "methods used to keep the economy expanding rapidly: an increase in government spending to fund infrastructure programmes and a willingness to allow state-controlled banks to lend more for speculative property developments." [40]Another technique – expansion of financial markets to mop up the capacity – also became dangerous, with Chinese banks' high-risk ratio rising from 4 percent in 2010 to more than 12 percent since early 2015.

Financialisation is one symptom of global overproduction, in China and many other sites. Even though cross-border financial assets have fallen from 58 percent of world GDP in 2008 to 38 percent in 2016, the fast-rising domestic flows into high-risk (high-return) emerging markets and notwithstanding soaring overall indebtedness. In 2017, the Institute of International Finance announced that global debt reached US $217 trillion (327 percent of world GDP), up from US $86 trillion (246 percent of GDP) in 2002 and US $149 billion (276 percent) in 2007. Since 2012, emerging markets led by China have been responsible for all the addition to net debt. [41]

The next recession – which in mid-2017 HSBC, Citigroup and Morgan Stanley economists acknowledged is imminent due to vastly over-priced stock markets and unprecedented corporate indebtedness – will also confirm how optimists have become over-exposed locally, even as they lose appetite for global markets. [42] The early-2018 gyrations in world stock markets, including losses of US $4 trillion in a matter of days, signal that nothing was done after the 2008 meltdown to halt the bursting of financial bubbles.

Moreover, deglobalisation is now fully underway, as it was in prior eras such as the 1880s and 1930s. [43] For example, annual FDI was US $1.56 trillion in 2011, fell to US $1.23 trillion in 2014, rose to US $1.75 trillion in 2015, and then dipped to US $1.52 trillion in 2016, a decline as a share of GDP from 3.5 percent in 2008 to 1.7 percent in 2016. According to the UN Conference on Trade and Development, the attraction of Africa was waning from the US $66 billion peak inflow in 2008 to a 2016 level of US $59 billion. [44]

Although a late-stage recovery appeared underway in early 2018, there is no hope of a decisive upturn on the horizon, despite hype surrounding China's mega-infrastructure projects. OBOR is touted for restoring some market demand for construction-related commodities. However, at a deeper structural level, China suffers from the apparent exhaustion of prior sources of profitability. The OBOR appears as a potential US $1 trillion mirage, and one that may in the process even crack the BRICS, in the event the Kashmir OBOR routing continues to cause extreme alienation between

Xi Jinping and Narendra Modi.

Another challenge to China comes from within: the ebbing of super-exploitative opportunities because of rising wages. Smith is incredulous: "It is true that ultra-low wages in southern nations are being used as a club against workers in imperialist nations, but it is preposterous to suggest that the North-South gulf in wages and living standards has been substantially eroded." [45] But global income studies and the "elephant curve" distribution by Branco Milanovic reveal a rise of these workers' wages compared to the stagnant labour aristocracies of the North. [46]

In this context, the status of subimperialism is fluid, especially within the deeply-divided BRICS. This will be evident in July 2018 when the bloc meets in Johannesburg. The South African host is no longer the faux anti-imperialist Zuma, pushed out in a February 2018 coup by Ramaphosa in spite of begging to stay six more months so as to chair the BRICS, which he believes is his major legacy. For years Zuma complained that he was 'poisoned' by Western agents – working through his fourth wife in mid-2014 – due to his support for the BRICS (he was indeed poisoned and then recovered in Russia, but it is not yet certain why this occurred). [47]

The Brazilian leader Michel Temer will soon be replaced as president, in a society with rampant elite self-delegitimation once the most popular candidate, Lula da Silva, was framed on bogus corruption charges, jailed and prevented from running in the October 2018 election. From India, Modi has openly embraced the Trump regime. The Chinese and Russian leaderships are remarkably stable: Xi's lifetime premiership was awarded in early 2018, just prior to a Russian electoral landslide won by Putin (after his main opponent was prohibited from contesting) which appears to extend his 18th year in power for many more.

In this context, at least, Smith makes valid political points about the class character of Chinese expansionism:

- "Imperialism is inscribed in the DNA of capitalism, and if China has embarked on the capitalist road, then it has also embarked on the imperialist road… Chinese state capitalism (for want of a better term) shows signs of developing a strategic challenge to Japanese, European and North American dominance in key industries... Class-conscious workers must maintain independence from both sides in this looming conflict … [by] opposing Chinese capitalist expansion and the Chinese Communist Party's attempts to forge an alliance with reactionary capitalist regimes in Myanmar, Pakistan, Sri Lanka and other countries." [48]

The rise of subimperial powers and their domination of hinterlands is taking place decidedly *within* and not *against* imperialism, and not just in terms of those multilateral processes discussed above. The world is much more dangerous since the BRICS took their present form in 2010: in Syria and the Gulf States, Ukraine, the Korean Peninsula and the South China Sea.

Even the Chinese-Indian border is rife with confrontations: mid-2017 fighting between the two giants at an obscure border post in Bhutan nearly derailing the BRICS annual meeting, and Modi's boycott of the OBOR summit in May 2017 was due to Beijing's mega-project trespassing on what New Delhi considers its own Kashmir land now held by Pakistan. For Xi it is the crucial turf linking western China to the Arabian Sea's Gwadar port. There is no resolution in sight. [49]

Acting as a geopolitical bloc, the BRICS' public security interventions have occurred strictly within the context of the G20: first, to prevent Barack Obama from bombing Syria using pressure at the larger group's September 2013 summit in St Petersburg, and then six months later in Amsterdam, supporting the Russian invasion (or 'liberation') of Crimea once the West made threats to expel Moscow from the G20 – just as the U.S. and Europe had thrown Putin out of the G8, now G7.

However, when Trump came to last July's G20 summit in Hamburg, the BRICS leaders were extremely polite notwithstanding widespread calls to introduce anti-US sanctions (e.g. carbon taxes) due to Trump's withdrawal from global climate commitments just a month earlier.

Fortunately for Southern Africa, remilitarisation is not a major factor in geopolitics today, in part because the apartheid regime gave way to a democracy in 1994 and ended destabilisation policies. More than two million people were killed by white regimes and their proxies in frontline anti-colonial and anti-apartheid struggles during the 1970s-80s. More millions died in the eastern Democratic Republic of the Congo (DRC) during the early 2000s' period of extreme resource extraction, a process that continues at low levels.

The two recent armed interventions by Pretoria in the region were to join United Nations peacekeeping troops in the DRC (2013-present) and aid the beleaguered authoritarian regime in the Central African Republic (2006-13). Both are considered political-military failures insofar as violence continues in both sites. In the latter's capital city Bangui, more than a dozen South African troops were killed in 2013 defending the Johannesburg firms pursuing lucrative contracts, just days before a BRICS "Gateway to Africa" summit in Durban. [50]

Marini, Katz, Amin, Prashad and Chibber on subimperialism in the political conjuncture

With Smith and Harvey engaged in a fierce debate, what have other leading Southern contributors said of these matters? Claudio Katz simultaneously reminded in March 2018 of Marini's best-known contribution to Marxist theory, namely the theory of subimperialism:

- "The simple centre-periphery polarity is less sufficient than in the past in understanding globalisation. Value chains have enhanced the relative weight of the semi-peripheral countries. Multinational firms no longer prioritise the occupation of national markets to take advantage of subsidies and customs barriers. They hierarchise another type of external investments. In certain cases they ensure the capture of natural resources determined by the geology and climate of each place. In other situations, they take advantage of the existence of large contingents of a cheap and disciplined work force. These two variants – appropriation of natural wealth and exploitation of employees – define the strategies of transnational corporations and the location of each economy in the global order… This relegated positioning is corroborated even in those economies that managed to forge their own multinational companies (India, Brazil, South Korea). They entered a field that was monopolised by the centre, without modifying their secondary status in globalised production." [51]

Adds Samir Amin,

"The ongoing offensive of United States/Europe/Japan collective imperialism against all the peoples of the South walks on two legs: the economic leg – globalised neoliberalism forced as the exclusive possible economic policy; and the political leg – continuous interventions including preemptive wars against those who reject imperialist interventions. In response, some countries of the South, such as the BRICS, at best walk on only one leg: they reject the geopolitics of imperialism but accept economic neoliberalism." [52]

The militarist agenda of imperialism is now being somewhat more effectively balanced by the likes of China's navy and Russia's missile systems, both capable of engaging in debilitating strikes that would evade U.S. prevention. But even while rejecting imperialism's geopolitics, it is the BRICS' assimilation into neoliberal multilateral politics that stands out even more.

And even though Vijay Prashad does not believe the BRICS can "counter the military dominance of the U.S. and NATO," and indeed even though "Overwhelming military power translates into political power," and even though "BRICS have few means, at this time, to challenge that power," Prashad does agree that the BRICS have accepted economic neoliberalism:

- "The BRICS bloc – given the nature of its ruling classes (and particularly with the right now in ascendency in Brazil and in India) – has no ideological alternative to imperialism. The domestic policies adopted by the BRICS states can be described as *neoliberal with southern characteristics* – with a focus on sales of commodities, low wages to workers along with the recycled surplus turned over as credit to the North, even as the livelihood of their own citizens is jeopardised, and even as they have developed new markets in other, often more vulnerable, countries which were once part of the Third World bloc… In fact, the new institutions of the BRICS will be yoked to the IMF and the dollar – not willing to create a new platform for trade and development apart from the Northern order. Eagerness for Western markets continues to dominate the growth agenda of the BRICS states. The immense needs of their own populations do not drive their policy orientations." [53]

Vivek Chibber also sees BRICS elites as assimilationist, in a recent South African interview: "the world is moving toward a more multi-centred political set of alignments. Economically, right now what we are seeing happening is the convergence of ruling classes in the global south and the global north into a common committee of global capitalist interests. That it seems to me is a new phenomenon." [54]

Such features of global capitalism go some way towards resolving the contradictions Smith and Harvey raise in their accounts. Most importantly, by more clearly naming the BRICS threat as an *amplifier* of imperialism, not an alternative bloc, a critique of the subimperial location will pave the way for a better understanding by the world's anti-capitalist forces, so that no further confusion need spread about the potentials for allying with BRICS elites (or for that matter, for world elites agreeing to a Kautsky-style global new deal). Although in many cases there is an 'anti-corruption' veneer, the democratic space for progressive politics is closing in most of the BRICS, alongside intensified economic exploitation and worsening environmental conditions.

The first weeks of 2018 witnessed the arrest of Brazil's popular former President Lula da Silva as he appeared likely to win the October election; the failure of Putin to allow credible electoral competition; growing state-sponsored fascism within India; the ending of term limits in China at the same time as worsening surveillance and repression; and a popular regime change in South Africa that was immediately followed by intense budgetary austerity and an attack on workers' right to strike.

In the last week of July 2018, when the BRICS bloc heads of state meet in Johannesburg's Sandton business district, the counter-summit of radical activists and intellectuals gathering under the banner of 'brics-from-below' will take forward critiques of both local/regional super-exploitation, ecological threats, democratic deficits and the global process which creates BRICS subimperialism. Marxist theorists should consider how recognition of these processes can be done in both practice and through a broader theory of imperialism.

Patrick Bond

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Footnotes

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[1] John Smith, *Imperialism in the 21st Century*, New York: Monthly Review, 2016, p.104.

[2] John Smith, 'David Harvey denies imperialism,' *Roapenet*, 10 January 2019, http://roape.net/2018/01/10/david-harvey-denies-imperialism/; David Harvey, 'Realities on the ground,' *Roapenet*, 2 February 2018, http://roape.net/2018/02/05/realities-ground-david-harvey-replies-john-smith/; John Smith, 'Imperialist realities vs. the myths of David Harvey,' *Roapenet*, 19 March 2018, http://roape.net/2018/03/19/imperialist-realities-vs-the-myths-of-david-harvey/

[3] David Harvey, *The New Imperialism*, Oxford: Oxford University Press, 2003, pp.185-86.

[4] The initial stages of the debate are reviewed in Patrick Bond and Ana Garcia, *BRICS: An anti-capitalist critique*, London: Pluto Press, 2015; Patrick Bond, 'BRICS banking and the debate over subimperialism.' *Third World Quarterly*, 37, 4, 2016, pp.611-629, https://www.tandfonline.com/doi/full/10.1080/01436597.2015.1128816; and Matthias Luce, 'Subimperialism, the highest stage of dependent capitalism,' in P. Bond and A. Garcia (Eds), *BRICS*, Johannesburg: Jacana Media, pp. 27-44.

[5] Smith also mentions in passing but does not theoretically elaborate one crucial feature of apartheid: regional military hegemony, in which Pretoria served as local gendarme of Western imperialism during the Cold War, until the Cuban-Angolan victory at Cuito Cuanovale in 1988 which he correctly judges as a profound moment in the power-shift that enabled the deracialisation of South African subimperialism.

[6] It is a shortcoming that Smith – whose work is so impressive on labour super-exploitation – is so very weak in incorporating gender, environment and the political sphere into the core of his analysis (the way Harvey does in his 2017 book *Marx, Capital and the Madness of Economic Reason*). All these go hand in hand, and in that respect his critique of Harvey (disclosure – my doctoral supervisor) could be strengthened, and their analyses at least partially reconciled.

[7] John Saul and Patrick Bond, *South Africa: The present as history*, Oxford: James Currey, 2014.

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[10] Annette Kuhn and AnnMarie Wolpe (Eds), *Feminism and Materialism: Women and modes of production*, London: Routledge and Paul, 1978.

[11] These were ethnic-based black 'homelands', e.g. KwaZulu, the Transkei, the Ciskei, Bophuthatswana, Venda and several others to which at peak about half the black population was forcibly removed. They are now reincorporated within South Africa's borders.

[12] Saul and Bond, South Africa; and more details are in Patrick Bond, 'Money and mining in *Marikana,' in Y. Rodny-Gumede & M. Swart (Eds.), Marikana: A turning point in South African post-apartheid history*, Cape Town: Juta, 2018.

[13] Andrew Higginbottom, 'The system of accumulation in South Africa: Theories of imperialism and capital,' *Économies et Sociétés* 45, 2, pp.261–88.

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[23] Carlos Castel-Branco, 'Growth, capital accumulation and economic porosity in Mozambique,' *Review of African Political Economy*, 41, Issue Sup 1, 2015, pp.S26-S48, https://www.tandfonline.com/doi/abs/10.1080/03056244.2014.976363

[24] The best-known exception to this process of super-exploiting Africa was the acquisition – for tens of millions of HIV+ people – of generic AIDS medicines, initially from the Indian pharmaceutical company Cipla, assisted by Intellectual Property violations by the Brazilian government. But instead of being a coordinated semi-peripheral attack against the WTO, this was a case in which decommodification of a vital basic need was driven by South African activists in the Treatment Action Campaign (working against the Mbeki government's opposition to supply of the medicines). The activists compelled the WTO to make medicines an exemption. Both the Indian and Brazilian governments subsequently became much more conservative in relation to protection of corporate property rights.

[25] Prior to 2015, there were many other cases, as documented in Bond and Garcia, *BRICS*, 2015. These cases are discussed in Patrick Bond, 'The BRICS re-scramble Africa,' in R.Westra (Ed.), *The Political Economy of Emerging Markets: Varieties of BRICS in the age of global crises and austerity*, London: Routledge (Frontiers of Political Economy Series), 2017; and Patrick Bond, 'Can BRICS re-open the "gateway to Africa"? South Africa's contradictory facilitation of divergent Brazilian, Russian, Indian and Chinese interests,' in C. Mutasa and D. Nagar (Eds), *Africa and External Actors*, London: IB Tauris, 2017.

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[46] Branco Milanovic, *Global Inequality: A new approach for the age of globalisation*, Cambridge: Harvard University Press, 2015. To be sure, Milanovic has been criticised on two grounds by C.P. Chandrasekhar and Jayati Ghosh:

First, the “elephant curve” is based on proportionate increases in per capita incomes of each percentile – and obviously, the proportionate increase will be greater the lower the initial income. If incomes are lower to start with, a higher proportionate increase may amount to much less increase in absolute terms… When absolute changes are considered, the middle hump of the elephant disappears: the graph looks more like a hockey stick, with very little increase except for the top groups, which show very sharp increases.

Second, they argue,

There are many reasons to believe that PPP measures overstate the incomes of people in poor countries, thereby underestimating global inequality… By 2015, the difference between the two estimates had doubled to ten percentage points – which means that that the PPP measures increasingly underestimated global inequality over this period.

See C.P. Chandrasekhar and Jayati Ghosh, 'How unequal are world incomes?,' Network Ideas, March 2018, http://www.networkideas.org/featured-articles/2018/03/how-unequal-are-world-incomes/

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P.S.

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