

7. The Informal Empire of London

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By Maria Dyveke Styve

I meet Andy Higginbottom at a café at the South Bank Centre in London, where people normally come to enjoy art, festivals and plays. But we are not here to talk about the delights of the bustling city, we are here to talk about its dark underbelly of neo-colonial relations with the Global South, and whether dependency theory is still relevant for understanding London's position today. After explaining how he came to do work on multinational corporations in the extractive industries in Colombia, first as an activist and later as an associate professor at Kingston University, I ask why he decided to ground his work on violent extractivism in dependency theory.

I would say on the Colombian left, and the left more generally in Latin America, the main tenets of dependency theory are taken as given. What are those main tenets? The first is that colonialism was the beginning of the process of Latin American underdevelopment. There is an ongoing relationship where Western Europe and then the United States became rich at the expense of Latin American countries. This is the mainstream position of the Latin American left. Then, of course with some important exceptions, Latin America in general received its formal independence in the 19th century, so you had the early incidence of free trade and informal empire with supposedly independent states. But in this period, rather than being under the direct control of Spain and Portugal, Latin America passed into the sphere of influence of Britain. So this informal empire was continuing the exploitation, but through different mechanisms. There was the mechanism of debt in particular, which started very early in the case of Colombia, and then later the cheap export-oriented model started in the 19th century. Then a bit later on, there was the incursion of foreign capital. These mechanisms of wealth extraction are quite familiar to most theoreticians in Latin America. With the high point of the left in the 1960s and the 1970s, these imperatives of history went beyond the left and were really popular narratives. And of course, this is part of what had to be destroyed in the process of the coups supported by the US

throughout the region. They needed to destroy this popular resistance against continued imperialism.

The dependency thesis in more narrow academic terms revolves around two key points, in my view. The first is that there is a transfer of wealth, in Marxist terms, of surplus value, from the Global South to the Global North. There is a second, and in my view, important development of that by a Brazilian writer by the name of Ruy Mauro Marini, who rooted this transfer of wealth in class experience in Latin America. He argued that Britain benefited from the export of cheap foodstuffs and raw materials from Latin America during the mid-19th century, which was the period of informal empire. These were supplied by a new capitalist class that was emerging from landowners in Latin America, who were able to make profits from the supply of these commodities only because they could super-exploit labour in Latin America.

With this, Marini meant that there was not only exploitation of the working class, which Marx identified in *Das Kapital* and other works, but also super-exploitation of the working class in Latin America. He gave three main characteristics of this: the exhaustion of the working class through long hours, low pay, and very exhausting and poor conditions at work. What these all point to is an increasingly different experience of world capitalism from workers in the Global South to an emerging layer of workers in the Global North. This is very important in terms of the consequences of the dependency thesis for international solidarity and the politics of finding unity on a world scale.

Dependency theory comes from a theorization of the social conditions of the working class in Latin America, through those who are able to articulate it in a systematic and intellectualised way. Dependency theory really has its precursors in thinkers like Jose Martí and Mariátegui. Jose Martí says “Our America,” we are not going to ape the West, or the North, we have our own experience, and we will find our own road. Mariátegui more consciously uses historical materialism to analyse the realities of Peru and finds himself in contradiction with the official communist parties of his time because he insists that the realities are not the same in Peru as in Western Europe and in Russia. So there is a very long intellectual tradition that dependency theory is following: of critical social theory generated from within Latin America, rather than simply aping the latest mode of thought from the North.

What is the relevance of dependency theory today?

Is it still true that the Global South is poor because wealth is being extracted from it? Within dependency theory itself, I have spoken about the left wing of dependency theory, which is personified by Marini. But there is also a right wing of dependency

theory, which is personified by Fernando Henrique Cardoso. Cardoso in a sense just attached himself to the fashion of the time, but his basic thesis is quite different to Marini's. They are completely opposed and they had very sharp debates. The debates between Cardoso and Marini are to this day fundamentally important. Basically, Cardoso's thesis when he was a Marxist sociologist, before he became president, was that the problem was that there was no entrepreneurial class in Brazil. If only they had the institutional process which would help generate their own entrepreneurial class, then Brazil would no longer be dependent. So the assumption that he has about where the agency for change comes from is in the formation of a genuinely independent national bourgeoisie. This is a very specific class perspective, it is not just an issue of individual will, it is a class position.

With the structural debt crisis of the 1980s, the national bourgeoisie in control of the state across the Third World accepted the neoliberal program, and the question is why? They found that they were prepared to enter into an alliance with the big powers of the world system in a common project of the exploitation of their own people because it conformed to their class interests. This alliance between local elites and the power of international capital, as a general condition, is neo-colonialism. Neoliberalism is not sufficient to explain this. Rather neoliberalism is the product of this relation and this needs to be named and analysed, in and of its own right. So I think the importance of the dependency thesis today is to explain the repeated patterns of neo-colonialism around the world.

So how would you place Venezuela, Bolivia, Ecuador and the ALBA project in terms of breaking with patterns of dependency?

I think sadly we are coming to the end of a chapter. The break from neoliberal policies, in Venezuela especially and less so in Ecuador, did have a sort of subjective and objective meaning to it. The subjective will that they had to break with anti-poor government policies was very real. The Caracazo uprising in 1989 was the basis for the popular support for Chavez, and Chavez was a genuine, if highly mediated, expression of the popular will. I have visited Venezuela twice, so I am not an expert; But you can see that there was a real process of grass-root organisation that predated Chavez and post-dates him. In a sense he was able to magnify and achieve a real mass resonance. Ever since he passed away, the project has really struggled, and it looks like there is a probability that it will be defeated. That is because the structural conditions have not really changed.

What would you say those structural conditions were?

There is still a huge capitalist class in Venezuela. Last time I looked, the billionaire

Cisneros was worth about \$5 billion. The rich that had left Cuba merged with the Venezuelan rich and created a new, highly criminal capitalist class. They are using every trick in the book to isolate the government because they still, unfortunately, control most of the levers of the economy, particularly food production. Although Venezuela is very biodiverse, with varied types of topography, it is importing food. We know that this is the obverse of the so-called 'Dutch disease', as it is cheaper to import food than to produce it at home. I visited Yaracuy where peasant farmers and agricultural workers took over production and where they drove the landlord class out for a period, but they did not control the whole of the commodity chain. Then the government, to its credit, set up production plants to process the food. But then all the chains of control up to the consumer in the city. I think that is one huge area of class struggle: about who controls the food chain. You can see that story repeated time and time again.

In Bolivia, the government has made hugely progressive moves against the power of multinational capital. At one stage, I would say that Britain and the United States were seriously considering intervention. They were not actually drawing active plans, but they were looking at the possibility. Bolivia did not nationalise oil and gas, but they increased the taxes that the state took in oil and gas. If it had gone that extra step, I am pretty sure that British Gas would have had enough say in the ruling class here in Britain to push for active military intervention. I am quite serious. I attended a seminar discussing the situation in Bolivia, and three very highly placed figures from the Ministry of Defence (MOD) were present at this academic seminar because they wanted to know what type of movement was taking shape in Bolivia. The conclusion from the seminar was that this was a rebellion, rather than a revolution. In other words, they could ride the storm.

Morales has a strong sense of needing to be accountable to the social movement, and it resulted in a small country standing up to the power of imperialism. We witnessed the imperialist power to intervene and isolate that country through a whole range of different mechanisms. One of the mechanisms used against Bolivia was the European Union process of negotiating free trade agreements with the Andean region. Peter Mandelson, the ex-Labour minister, then European Commissioner, was in charge of Euro-imperialism on a global scale for a while. He very pointedly tried to isolate Bolivia from the rest of the Andean countries as a militant regime that had to be separated from the moderates. And they succeeded in splitting the Andean community on the free trade agreements, so you had Venezuela and Bolivia on the one side, Colombia on the other side, and then Ecuador somewhere in the middle. So what I am saying is that these processes have been forcing dependency. It is not just an economic process. It is an active, strategic dependency created by the United States and Europe, and in the case of Latin America, Britain and Spain.

In one of your articles²⁸ you describe how the EU investments, especially the British and Spanish investments in Latin America, have increased massively. In what ways does it change power dynamics?

The effect of the rise of China on Latin America is interesting. China and India generate huge demands for commodities. The commodity boom is the objective basis of the survival of the ALBA countries pushing for social reforms. Although they may be on the way towards socialism, they were buoyed up by the commodities boom and therefore still dependent on the volatility of that boom. The economy goes well when the prices are high and badly when the prices are low. They have not escaped that dependency.

In order to understand who benefits from the boom, we cannot just look at the value chain. We must also look at the surplus-value chain and simply follow the money. We know the commodities end up in China, but we need to study where the money goes. In the neoliberal period, Spain and Britain took advantage of the boom through oil and mineral multinationals. They also took advantage of privatisation: telecoms and, especially in Spain, the banks were privatised.

London is the international centre of big mining, so there is this new geometry of imperialism emerging. The former South African companies, or *apartheid*-enriched capital, move to London in order to set up a platform for international operations, as well as to have access to lower rates of interest to finance their rapid expansion. Where does this money go? Well, one of the prime targets, but not the only one, was the Andean region. From the 1990s onwards, or rather the 1980s in some cases, there was a huge inflow of foreign direct investment in enclave extraction. If we follow the money, we see that an awful lot returns to London. A surprisingly large amount of FDI from Europe was channelled through the Netherlands, which is an onshore tax haven, so it is not quite known where the investment through Holland comes from.

So would you say that, even with the rise of China and India, European multinationals still find a way to benefit from this? How do they tap into that?

It is quite a complicated pattern. For the case of Latin America, British multinationals and, to some degree, Spanish multinationals took advantage of the commodities boom. They did so in order to gain what Samir Amin quite rightly calls imperialist rents, which is huge super-profits from natural resource extraction. With that came a wave of

²⁸ Andy Higginbottom, "The Political Economy of Foreign Investment in Latin America: Dependency Revisited," *Latin American Perspectives* 40, no. 3 (2016).

destruction of local communities, a wave of destruction of the environment, and a wave of criminalisation of protests against these huge extractive projects. This pattern is not so different when we look at Africa today. The configuration is slightly different, but not as different as you might suppose. There was an excellent report done by David Fig on the new scramble for Africa.²⁹ You would think from the popular press, and from what much of the left says, that China is the biggest investor in Africa. Far from it. The biggest investor in Africa today is the US and Britain, with China about ninth or tenth on the list. Of course, China does have a growing and important influence in Africa, but we have to compare it to the invisible centre: the continued presence of Britain, the US and France as imperialist powers. This is the part of the story that always gets left out, or is pushed to the background and left unsaid.

The relevance of dependency today is to draw attention back to the persistent role of economic, political and military imperialism in the world today.

Would you say that the reason that neoliberalism is pushed to the fore is also that it is somehow more comfortable for Western leftists to deal with the notion of neoliberalism rather than with imperialism?

I completely agree with you; I think that is the reason. There is one part of the world, certainly in Britain, which is accustomed to welfare-state capitalism. What is welfare-state capitalism based on? Where does the money come from? It is not just made by the struggle of the British working class; it is to a large degree paid for by the extraction of surplus value from other parts of the world. This is the other side of dependency. My very conservative estimate for Latin America is that 3-4% of GDP leaves every year in profits from direct investment and portfolio investment. Where does this money end up? It ends up here. And what does it pay for? It pays for the City of London and it pays for a degree of class peace. It does not eradicate class struggle, but it softens the severity of the struggle and the contradictions here. The relevance of dependency theory today speaks to the character of my country. When we talk about anti-neoliberalism, are we saying that we will defend the National Health Service welfare state in Britain on the backs of continued exploitation of people in Guyana, Pakistan, and the Philippines? This is not in any sense equitable.

Take extractive industries as an example. The industry is the second most important sector of the British economy, second only to the City of London. British involvement in the decolonisation process during the post-war period was geared towards ensuring that

²⁹ David Fig, "State of Extraction: The New Scramble for Africa," (Transnational Institute, 2014). Accessible at www.tni.org/sites/www.tni.org/files/download/state_of_extraction_chapter.pdf

a neo-colonial state would be left behind. Several African leaders trying to break free of the neo-colonial relation were assassinated. Leaders like Patrice Lumumba and Samora Machel became the targets because they had the position and the will to try to break free from these neo-colonial relations of domination. The British state was involved. It appeared in the *Guardian*³⁰ recently that the hit squad that got rid of Lumumba in a CIA-directed operation was made up of British agents in the Congo. With this capacity to intervene, if there is a potential of breaking free from the neo-colonial relation, it will be stopped through military means.

If you look at every aspect of the British state, you will find that we are the other side of neo-colonialism. The British economy, the British state, British society, even the culture. Britain, perhaps more than any other country in the world, punches above its weight on the world stage because of imperialism. The division of the world is not only by classes, but by North and South as well. And unfortunately the British left does not realise that, and the framing of being anti-neoliberal denies this differentiated reality. It is itself an expression of privilege within that reality. So in other words, this question of dependency from the position of Britain is that British capital and British society at large systematically benefit from this transfer of wealth. That is the reality that we have to change to become genuine citizens of the world. It will be a fight, but an honourable and necessary one. It is easier for a camel to pass through the eye of the needle than a rich man to enter the kingdom of heaven.

³⁰ <https://www.theguardian.com/world/2013/apr/02/mi6-patrice-lumumba-assassination>