The System of Accumulation in South Africa: Theories of Imperialism and *Capital*

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**ABSTRACT**

This paper reconsiders the impact of South Africa on the theory of value in the first phase of modern imperialism. It confirms that the system of accumulation imposed by mining capital through colonial expansion was pivotal in forming the South African political economy (Fine and Rustomjee, 1997).

As well as Hobson, classical Marxist theorists Hilferding, Luxemburg and Lenin all drew on the South African experience to theorise imperialism. The paper re-examines these theories of imperialism and capital accumulation in Britain, especially in respect of their theoretical impact on reading Marx’s *Capital*. It draws attention to the significance of Hilferding’s work on fictitious capital, extending Volume 3. It argues that although Luxemburg was mistaken in her contention that Volume 2 is in error, something of the spirit of her approach needs to be preserved in addressing value theory in the new social conditions. It argues that Lenin’s synthesis combining national oppression and exploitation internal to the capital relation is a more adequate framing, but one that needs further articulation by analysing the new form of the capital – labour relation.

The paper argues that:

a) the concept of ground rent as expressed in *Capital* Volume 3 needs revision to meet the new property relations in mining production, while the origin of ground rent as surplus value transformed to revenue still applied, the rent contributed to monopoly profits of capital rather than a separate landed interest;

b) the notion of continuing violent accumulation by dispossession needs to be re-conceptualised, not as ongoing primitive accumulation but as imperialist accumulation combining enforced dispossession and proletarianisation;

c) under colonial capitalism the systematic payment of wages to oppressed African workers radically below hitherto accepted European wage levels changes the ontological status of this form of surplus value extraction, from episodic competition to the structural.

The paper will investigate alternative hypotheses that these changes can be ascribed to, and limited to, the specifics of the system of accumulation in South Africa, e.g. production of gold as the world money commodity, or whether they are better understood as fundamental and defining characteristics of imperialism, sharply present in South Africa and reproduced in other late colonial and neo-colonial systems of accumulation.
I. INTRODUCTION

This paper reconsiders the impact of the South Africa experience to the theory of value in the first phase of modern imperialism. It confirms that the regime of accumulation imposed by mining capital through colonial expansion was pivotal in forming the South African political economy. The theoretical focus is the mode of exploitation of labour, as conceptualised in terms of the creation, appropriation and accumulation of surplus value. I am concerned to contribute to a labour theory of imperialism. ¹

The paper presented here is a shortened form of a wider study.

Theoretical orientation relative to contemporary approaches

We do not have space to evaluate either the Social Structures of Accumulation (SSA) school or the Regulationist school at any length, given the orientation of this panel it is desirable to at least declare how I situate my approach with respect to them. What we have in common is a concern for the interaction of the political with the economic in phases of capitalism.

As far as my reading of the SSA literature goes, I share their theoretical concerns with the stages of capital accumulation, social structuring, the labour process and the segmentation of labour markets. As a school however, SSA does not work within the classical Marxist theories of imperialism. The attempt to synthesise SSA with Lenin’s analysis of imperialism as a stage of capitalism is a welcome rare exception (McDonough 1994), but this alignment appears to be rare in SSA. SSA analyses are heterogeneous, as exemplified in two concrete analyses of South Africa. Nattrass engages with SSA to highlight “the absence of any happy marriage of apartheid and capitalism” (1994: 253). Heinz (2010) counters, arguing the opposite case that apartheid and capitalism were compatibly combined, in an ‘apartheid social structure of accumulation’ that was firmly in place from the 1940s to the 1980s. What we have here are two sharply contrasting positions reflecting in SSA terms the already existing and extensive debate between liberalism and Marxism on the origins of capitalism and apartheid, that forms an intellectual pre-history to the SSA concept of the ‘mineral-energy complex’ (Fine and Rustomjee, 1997).

The mineral-energy complex idea is applied to the inter-war period onwards. Although it is evident from various references that the writers are well informed on the earlier period, both historically and theoretically, nonetheless in this work Fine and Rustomjee take as a given the foundation of modern capitalism in South Africa. These very processes, and especially how they are to be interpreted in terms of Marxism, are the issues that I want to return to, because of

¹ A similar approach has been adopted by Smith (2010), on the off-shoring of production.
their broader significance. I want to re-open fundamental issues that were apparently settled long ago!

With respect to the Regulationist school, its founding authors do engage with fundamental Marxist concepts. Within his theoretical system, Aglietta distinguishes between the status of surplus value and imperialism: surplus value is *in*, imperialism is *out*. Indeed, Aglietta’s point of departure is an extensive dialogue with Marx’s theory of the creation and accumulation of surplus value. I note here two points of discord with Aglietta’s approach. Firstly, Aglietta supports (what he believes is) “Marx’s refusal to postulate an *immutable essence* underlying the variability of phenomena” (1976: 15) (my emphasis), and from that Aglietta rightly states Marx’s epistemology a tension “between abstract and concrete within the development of theory itself” (ibid). Aglietta misleads us however on the supposed lack of essentialism in Marx. Marx’s theory of value rests on the tension between abstract labour and concrete labour in the real world of capitalist social relations, his labour theory of value postulates the essence, a *mutable* essence but an essence nonetheless, of value as human labour in the abstract. Marx’s labour theory of value runs through, in appropriately mediated and modified forms, all categories and layers of his analysis of capitalism, Marx is an essentialist. It is a great strength in Marx, and an indication not only of his intellectual power but his class commitment, that he guides us to the connections between essence and appearance. I will return to this further on in the argument, where it builds on Marx’s investigation of ground rent; which is essentially a surplus-labour theory of rent with the inner relation of exploitation that appears, takes outward form, as streams of revenue that prompt naturalistic explanation.

Aglietta’s exposition and historical analysis of the US is confined by his decision to treat imperialism as “an ambiguous notion not studied in this work” (1976: 29). One has to question the viability of a study of capital accumulation in the US without imperialism, ambiguous or not. Aglietta argues that “imperialism is not a notion that can form the object of any explicit definition that originates from economic concepts” (1976: 30) His view is that “imperialism can only be grasped on the basis of a fully developed theory of the state, capable of studying the significance of inter-state relations in all these mediations and showing that these express the most complex form of capitalist socialization” (ibid). I argue, contra Aglietta, for a concept of capitalist imperialism that originates in socio-economic relations, whilst accepting that the concept of imperialism must be developed dialectically to include the state, state-society and inter-state relations. The issue is not whether the economic and political approaches to defining imperialism are connected, but at what level of analysis the connection takes place. Before proceeding to address this point directly, let us briefly consider another regulationist theorist, Boyer with whom we share the concern to renovate Marxism. The ‘crisis of Fordism’ is the subject of Boyer (1990). Boyer sets out a methodology as ‘establishing a hierarchy of
intermediate concepts’: starting with modes of production and their articulation; from there he posits the regime of accumulation as a first intermediate notion; then defining the exact configuration of the institutional forms before establishing the overall regulation regime (1990: 32-48). Again, we see the subject’s limits are drawn in such a way as to marginalise imperialism. The problem lies with the starting point, the characterisation of the object of study as the capitalist mode of production articulated with other modes. For favourable explanations of the theory see (Fine and Harris 1979; Wolpe 1980). The problem is that the articulation does not touch on the analysis of the western citadels of capitalism, or capitalism as a world system, it concerns the underdeveloped periphery. What goes on in the periphery is conceptualised as an articulation of capitalism with other modes, leaving the pure capitalist mode for the heartlands. Such an orientation gives a mechanical picture which has a double negative effect: it leaves capitalism as such untouched and underestimates the effect of imperialism (as with Aglietta); and it presents the contradictions in underdeveloped countries as something other than internal to capitalism.

Conquest and change within the capitalist mode of production

In contrast to the articulation of modes of production school, my approach seeks to synthesise classical theories of imperialism and the dependency school in laying stress on the concreteness of historical changes within the dominant mode of production. Capitalism is a mode of production that not only achieved its dominance by conquest, the so-called primitive accumulation, but prolonged and broadened its existence in a second spate of expansionism and conquest at the end of the nineteenth century. In a passage of the Grundrisse discussing the interaction of production and distribution, Marx makes a general observation of how conquest might condition the mode of production:

“In all cases of conquest, three things are possible. The conquering people subjugates the conquered under its own mode of production (e.g. the English in Ireland in this century, and partly in India); or it leaves the old mode intact and contents itself with a tribute (e.g. Turks and Romans); or a reciprocal interaction takes place whereby some thing new, a synthesis, arises (the Germanic conquests, in part). In all cases, the mode of production, whether that of the conquering people, that of the conquered, or that emerging from the fusion of both, is decisive for the new distribution which arises. Although the latter appears as a presupposition of the new period of production, it is thus itself in turn a product of production, not only of historical production generally, but of the specific historic mode of production”. (Marx 1973: 97-98)²

² I am grateful to Magubane (1979 : 51) for this reference.
Under which of the three scenarios outlined above – subjugation, tribute, fusion - do we place the new imperialism, or does it present a genuine fourth case? What, specifically, constituted ‘the new period of production’ that arose from the second round of conquest? And what were its new distributional forms? In other words, how are we to locate this later round of conquest with respect to the relations and contradictions of the capitalist mode of production as a whole? This is the first statement of theoretical challenge.

Strength and Incompleteness in Lenin’s Theory of Imperialism

As well as Hobson (1900; 1902), classical Marxist theorists Hilferding (1910), Luxemburg (1913) and Lenin (1916) all drew extensively on the South African experience to theorise imperialism. The fuller version of this paper will re-examine these theories of imperialism and capital accumulation in Britain arising from the new system, especially in respect of their theoretical impact on Marx’s *Capital*. It draws attention to the significance of Hilferding’s work on fictitious capital, extending Volume 3. It examines Luxemburg’s argument that Volume 2 is in error. Whether or not Luxemburg was right on the particular point, something of the spirit of her approach needs to be preserved in addressing value theory in the new social conditions. The fuller paper expands my argument that Lenin’s synthesis combining national oppression and exploitation internal to the capital relation is a more adequate framing, but one that needs further articulation in value theory.

Lenin’s writings on imperialism go further than any other of his contemporaries in addressing the challenge stated above. Lenin (1916: Ch 4) argued that the export of capital as distinct from the export of commodities and the domination of finance capital were determinants of a new stage of capitalism, monopoly capitalism. We cannot here do justice to the richness of Lenin’s contribution, except to draw out certain themes and unresolved issues that have a bearing on this paper.

Lenin’s conception of imperialism was holistic, it concerned ideological, social and political aspects as well as the economic. This insight is lost to commentators who limit their recovery of Lenin’s theory to *Imperialism the Highest Stage of Capitalism* without placing it in the wider context of his writings from 1914 onwards. The politics are marked on the one hand by the collapse of official socialism in Western Europe, and on the other by the re-emergence of national liberation movements as a revolutionary subject and strategic ally of the working class.³ Lenin seeks out the common root of these parallel developments, and finds it in the systemic division between oppressor and oppressed nations. The extra dimension of analysis,

³ The best explanation that I am aware of in the academic literature is Blaut (1997)
of national oppression as well as class exploitation, leads on to two contrasting statements attempting to capture the essence of the system as a whole:

“If it were necessary to give the briefest possible definition of imperialism we should have to say that imperialism is the monopoly stage of capitalism” (Lenin 1916: 266)

“The characteristic feature of imperialism consists in the whole world, as we now see, being divided into a large number of oppressed nations and an insignificant number of oppressor nations, the latter possessing colossal wealth and powerful armed forces.” (Lenin 1920: 240)

Lenin resolves the dual definition of imperialism between its economic and political aspects of in a determinant fashion as follows:

“The principal feature of the latest stage of capitalism is the domination of monopolist associations of big employers. These monopolies are most firmly established when all the sources of raw materials are captured by one group, and we have seen with what zeal the international capitalist associations exert every effort to deprive their rivals of all opportunity of competing, to buy up, for example, ironfields, oilfields, etc. Colonial possession alone gives the monopolies complete guarantee against all contingencies in the struggle against competitors, including the case of the adversary wanting to be protected by a law establishing a state monopoly” (Lenin, 1916: 260)

The contradiction is manifest as the drive towards colonial possession by ‘monopolist associations of big employers’. Note that this resolution of the contradiction brings forth further contradictions, and is historically specific to the moment of capitalism at the beginning of the twentieth century, the marked tendency to inter-imperialist rivalry and war. Lenin precedes the above paragraph with the following methodological comment:

“Colonial policy and imperialism existed before the latest stage of capitalism, and even before capitalism. Rome, founded on slavery, pursued a colonial policy and practised imperialism. But “general” disquisitions on imperialism, which ignore, or put into the background, the fundamental difference between socio-economic formations, inevitably turn into the most vapid banality or bragging, like the comparison: “Greater Rome and Greater Britain.” Even the capitalist colonial policy of previous stages of capitalism is essentially different from the colonial policy of finance capital.” (ibid.)

Lenin’s subject is not imperialism sui generis, nor even capitalism’s plunder overseas through all its stages, but the imperialism of capitalism in its latest stage. We have moved on a step further than the Grundrisse’s typology of colonial conquest. The colonial policy of capitalism at this stage is firmly tied to ‘finance capital’; the policy without is associated historically with the
transformation of capitalism within, summarised alternatively as monopoly capitalism or the domination of finance capital. Colonial conquest by finance capital stems from the drive at this stage to secure monopoly over the sources of raw materials.

We will return to the association between finance capital and colonial conquest in the case study but recognise here, from a deep appreciation of Lenin’s theory, that the necessity of the connection is not ‘deduced’ theoretically from the internal contradictions of the capitalist mode of production, nor established by a re-working of the system-logic through mediated levels of abstraction, as Marx achieved in *Capital*. Lenin does not theorise imperialism with respect to the rising organic composition of capital or the tendency of the rate of profit to fall, as Dussel (2001, 2003) points out. This theoretical incompleteness in the study of imperialism is atypical of Lenin, and stands in marked contrast with his own economic analyses of the development of capitalism on Russia, which are firmly based on the categories of *Capital*, especially the organisation and content of stages of capitalism; and with Lenin’s contemporaneous political writings on national liberation, the formation of a labour aristocracy and the state all of which rely explicitly on the recovery of Marx and Engels’ thought on these topics (as Lenin was wont to point out in his sustained polemic against Kautsky after the latter’s abandonment of the socialist revolution).

Whatever else, it cannot be argued that Lenin’s *Imperialism* accomplishes a like synthesis between the categories emerging from the mass of empirical data that he successfully articulates, an enormous achievement of itself, and Marx’s writing on the corresponding topics. The theoretical task is of a different order, beyond the application of *Capital* to a specific social formation, to the systematic theorization of a stage of capitalism that itself went beyond the stages theorised in *Capital*.

With his emphasis on the export of capital as a characteristic of the new stage, Lenin has already identified a vital starting point from which to deepen the analysis. What ensues from the export of capital as a key characteristic of the system? The export of capital means that there must be a new type of capital-labour relation, between northern capital and southern labour, it means the *export of the capital-labour relation under terms of national oppression*. There needs to be an investigation combining the concrete and the abstract aspects of this new relation. The labour processes arising out of the export of capital were in the first period largely the application of modern industry to raw material extraction, notably mines and plantations, and furthermore oil. There is in Bukharin’s work an indication of a point in the elaboration of Marx’s system where this connection could begin to be made at the more abstract level, with respect of the declining rate of profit and its counteracting influences. Under the heading
‘foreign trade’, although strictly speaking we are now treating with foreign *investment*, Marx notes that:

“As concerns capitals invested in colonies, etc., on the other hand, they may yield higher rates of profit for the simple reason that the rate of profit is higher there due to backward development, and likewise the exploitation of labour, because of the use of slaves, coolies, etc. Why should not these higher rates of profit, realised by capitals invested in certain lines and sent home by them, enter into the equalisation of the general rate of profit and thus tend, *pro tanto*, to raise it, unless it is the monopolies that stand in the way.” (Marx 1974c: 237. Cited in Bukharin 1915: 85-86; 1925: 244-245)

There remains, however, a real problem, which is Marx’s own marginal positioning of the counteracting influences within his system. This is especially marked in the passage immediately preceding the above, where Marx cites the “depression of wages below the value of labour-power” as the first counter influence, but comments:

“This is mentioned here only empirically, since, like many other things which might be enumerated, it has nothing to do with the general analysis of capital, but belongs in an analysis of competition, which is not presented in this work. However, it is one of the most important factors checking the tendency of the rate of profit to fall.” (Marx 1974c: 235)

Even at the level of a system of many capitals in competition and the system as a whole, that is the subject of Volume 3, Marx solves the transformation of value into price and host of related issues based on the assumption of a common rate of surplus value. But if Lenin is right that the new stage of capitalism, also of the system as a whole, involves the export of capital and hence differential rates of surplus value within the capital-labour relation, how is that to be incorporated theoretically?

The problem relates not only to the movement of ideas in Lenin’s own work, to what for the sake of better phrase we might term ‘the late Lenin’, i.e. Lenin’s thought post-1914; there is the discrepancy between the late Lenin and Marx in terms of defining the actually existing stage of capitalism. Perhaps it also links with, and retrospectively throws light on, the challenges to integration we meet in ‘the late Marx’, that is between Marx’s varied ethnographic and country studies in the last twenty years of his life and the economic systemic analysis in *Capital*. Both thinkers were coming to terms with a vast range of phenomena, in this sense history must precede theory.

We are now able to restate the theoretical challenge in a second form. If imperialism is indeed a new stage of capitalism, what distinguishes it from the ‘developed capitalism’ of *Capital*?
Summary of Argument

The experience of South Africa from the 1870s to the First World War confirms, to an accentuated degree, Lenin’s basic theses on imperialism, that it constitutes a new stage of capitalism combining monopoly capitalism and national oppression.

Secondly, that taking into account the incompleteness to Lenin’s research, especially concerning the labour process invoked by the export of capital, further investigation supports the adequacy of Lenin’s theory of imperialism as capitalism transformed rather than Luxemburg’s as capitalism requiring sources of value external to it.

Thirdly, that Marx’s categories of the capitalist mode of production illuminate and deepen the analysis, but they require modification including even at the most abstract level.

In more detail, I will argue that the changes to capitalism at the beginning of the twentieth century, the outward characteristics of which were famously summarized by Lenin, go even further in their theoretical ramifications for Marxism:

a) the concept of ground rent as expressed in Capital Volume 3 needs revision to meet the new property relations in mining production and resource extraction, while the origin of ground rent as surplus value transformed to revenue still applied, except the rent contributed to the super-profits of monopoly capital rather than a separate landed interest;

b) under colonial capitalism the systematic payment of wages to oppressed workers at rates radically below hitherto accepted levels changes the ontological status of this form of surplus value extraction, from the episodic to the structural, and hence has to appreciated theoretically in the concept of super-exploitation;

c) the notion of continuing accumulation by dispossession needs to be reconceptualised, not as an ongoing ‘primitive accumulation’ but as imperialist accumulation and reproduction combining enforced dispossession and proletarianisation through the international reserve army of labour.

The shorter form of the paper presented here investigates one of the alternative hypotheses that these changes can be ascribed to, and limited to, the specifics of the system of accumulation in South Africa, e.g. production of gold as the money commodity. The paper concludes that they are better understood as fundamental and defining characteristics of the stage of capitalism called imperialism, and as such can be anticipated in other late colonial and neo-colonial systems of accumulation.
II. COLONIALISM OF A SPECIAL TYPE, OR CAPITALISM OF A SPECIAL TYPE?

Williams article ‘An Analysis of South African Capitalism - Neo-Ricardianism or Marxism?’ (1975) ascribes capitalism’s “bloody and brutal assault” on the African people to a highly specific mode of exploitation, unique to production of gold as the money commodity. He writes at a demanding level, drawing on Marx’s theory of money, his theory of rent and the transformation of values into prices, and the tendency of the rate of profit to fall, which he is right to apply to the case in hand.  

However, I shall argue, that these theories themselves need to be adapted dialectically to the changed context. I follow but seek to improve Williams argument. The harsh South African realities that Williams explains as moments of gold production, I assign more broadly to common characteristics of raw material extraction under colonial capitalism, to the stage of modern imperialism.

Point of departure – Wolpe and colonialism of a special type

The point of departure is to critique the notion of ‘colonialism of a special type’, the principal analysis of the SACP (South African Communist Party), and hence broadly influential on the left. Williams notes that colonialism in South Africa only special "if it could be shown that the way in which surplus-labour is pumped out of the ‘exploited nation’ in South Africa is qualitatively

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4 It is hard to gauge the intellectual influence of Williams (1975) through the literature. A historiographical paper by Tatham (1990) recognises the contribution of Williams and Morris (1976; 1977) as part of a ‘second generation of Marxists’, scholars who ‘suggested that segregation could only be understood in terms of the inner logic of capitalism’ (1990: 10). A more recent review by Freund (2010) does not mention Williams or his approach. The work crops up in the footnotes of other specialist contributors to the debate. It is cited but not discussed by several (Legassick and Wolpe 1976; Bienefeld and Innes 1976; Davies 1976; 1979 and Innes 1984). In an insightful review of Wolpe’s work, (Mafeje 1981) discusses Williams’ ideas briefly. Williams was recently cited more fulsomely, if again in a footnote: “the first, and perhaps most powerful critique of Wolpe’s thesis (focusing on the tenuous link between the Bantustans and cheap labour), was by Michael Williams (1975), while Martin Legassick’s (1974) work on the increasing capital intensity of manufacturing offered a different and in many ways more fertile direction of inquiry.” (Bond 2007:21). Overall, the academic impact of the article is apparently only slight. The article seems to hover at the margins, an unseen reference point whose argument certainly deserves to be made available to contemporary readers.
distinct from the process of surplus-value extraction which is carried out within the other metropolitan centres" (ibid:2)

Williams constructs his own case by first critiquing Wolpe’s far better known ‘articulation of modes of production’ theory. Wolpe argues, in summary, that in South Africa:

“The supply of African migrant labour-power, at a wage below its cost of reproduction, is a function of the existence of the pre-capitalist mode. The dominant capitalist mode of production tends to dissolve the pre-capitalist mode thus threatening the conditions of reproduction of cheap migrant labour-power and thereby generating intense conflict against the system of Segregation”. (Wolpe 1972: 425)

Williams praises Wolpe for raising the need to identify a “specific mode of exploitation and domination characteristic of internal colonialism which purports to differentiate it from class exploitation and domination”, but does not agree with Wolpe’s solution approach which means that “the dominant contradiction of South African society is not yet to be found with the capitalist process of production.” (Williams 1975: 3).

The suggestive term ‘the mode of exploitation’ unfolds as a vital concept, and not only for South Africa; as a series of passages from different authors arguing the internal colonialism thesis makes clear the mode of analysis is with respect to Latin America and more generally.

Let us here take the argument at its most abstract point, which turns on the law of value and the reproduction of labour-power. Wolpe states that:

"There are a number of ways in which the proportion of the working day which is allocated to necessary labour may be decreased. Thus, for example, the value of labour-power may be decreased or, again, the length of the working day may be increased and most importantly for the present argument, labour-power may be acquired at a cost below its value." (Wolpe 1975:247)

Williams comments on the above:

“The first two ways of increasing the rate of exploitation outlined by Wolpe correspond to the forms of surplus-value dealt with in Volume I of Capital, namely relative surplus value (decreasing the value of labour power) and absolute surplus value (lengthening the working day). For the sake of brevity and for want of a better expression we will define the third method (the reduction of wages below the value of labour power) as the production of archaic surplus-value.” (Williams 1975: 6)
The identification of a ‘third method’ to increase exploitation is the breakthrough. Williams does not explain why he uses the adjective ‘archaic’ to name this third category of surplus-value, it suggests an ancient, pre-capitalist or out-dated form, which is contrary given that its genesis is the rapid establishment of capitalist mining in the late nineteenth-century, the foundation of modern South Africa. Nonetheless, Williams is to be commended in developing the question on again from Wolpe. Does the mode of exploitation suggest a third category of surplus value that, as its defining characteristic, relies on labour power at a price below its value?

Williams’ argument – capitalism of a special type

Up to this point in the argument I agree with Williams’ presentation, now comes the first point of difference. Williams argues that the departure of value from the price of labour-power lies in the specificity of the production of gold as the money commodity.

“The gold mining industry is unable to produce surplus-value in its specifically relative form. In its capacity as the money-material, gold can in no way enter into individual or productive consumption.” (1975:6)

Williams draws on Capital Volume 2 (Marx 1974b:139), but the cited reference supports the second statement only, i.e. that as money-material gold does not enter individual or productive consumption. To bolster the case that gold mining does not produce relative surplus-value, Williams relies on another quote, this time from Theories of Surplus Value (TSV) Part 3, viz:

“cannot produce any relative surplus-value and, in general, cannot produce that form of surplus-value which results from the growing productivity of industry as such” (Marx 1972: 350)

In Marx’s original passage, the non-application of relative surplus value applies not only to gold, but to luxury production in general, as by definition no luxury articles enter into the consumption of the workers, even indirectly. It does not, however, follow that gold mining capitalists will not introduce technical productivity increases as a means to extract the gold more profitably. This is a crucial issue to be addressed in more detail.

In Capital Volume 1 Marx introduces the concept of relative surplus-value from the general, social standpoint, “from the growing productivity of industry as such”; it matters in his analysis that productivity increases in those branches whose commodities are consumed by the workers in the reproduction of labour power. With regards to the other branches he argues that “an increase in the productiveness of labour in those branches of industry which supply neither the necessaries of life, nor the means of production for such necessaries, leaves the value of labour-power undisturbed” (Marx 1974a: 299).
Marx proceeds to explain the process by which ‘relative surplus value’ comes about, as a decrease in the ‘individual value’ against the ‘social value’.

“The individual value of these articles is now below their social value; in other words, they have cost less labour-time than the great bulk of the same article produced under the average social conditions.” (Marx 1974a: 300-301)

In Volume I the individual capital is treated as representative of capital-in-general. Any individual capitalist will pursue increases in labour productivity, adopt a new techniques or chemical processes, if that reduces the ‘individual value’ of each commodity his workers produce. This is confirmed by the analysis, of the individual capitalist introducing a new method of production for his commodities, at the level of costs of production and prices of production (cost of production plus average profit) in Volume 3.

“No capitalist ever voluntarily introduces a new method of production, no matter how much more productive it may be, and how much it may increase the rate of surplus-value, so long as it reduces the rate of profit. Yet every such new method of production cheapens the commodities. Hence, the capitalist sells them originally [ie before the new method has become generalised] above their prices of production, or, perhaps, above their value. He pockets the difference between their costs of production and the market-prices of the same commodities produced at higher costs of production. He can do this, because the average labour-time required socially for the production of these latter commodities is higher than the labour-time required for the new methods of production. His method of production stands above the social average.” (Marx 1974c: 264-265)

The impetus to adopt a new technique does not depend on its subsequent effect on the value of labour-power, but on the decision by an individual capitalist to increase his individually appropriated surplus value. Even where the capital is producing commodities that are means of production, or luxuries, or the money-material there is an incentive for the individual capital to mechanise if it reduces the cost of production (and ‘individual value’) of his articles, and increases the realised surplus value that becomes profit.

“The value of a commodity is, in itself, of no interest to the capitalist. What alone interests him, is the surplus-value that dwells in it, and is realisable by sale.” (Marx 1974a: 320)

The domination of surplus value over value applies even in gold production under capitalist terms. The gold mining capitalists are concerned to apply as much labour-power as possible to
increase the mass of their surplus value. Their optimum would be to combine mechanised production with a greater extent of production. There is therefore in capitalist gold production only a partial effect of the aggregate social process that Marx included in his definition of the concept of relative surplus value: the use of productivity to decrease the ‘individual value’ and cost price of commodities; without the enhanced productivity in this branch of production in and of itself affecting the value of labour power in any way. There is a tension in the essence of the concept of relative surplus value between the driving motive of capital as the individual capitalist and the unplanned social tendencies that arise in capitalist production as a whole, which in Marx’s treatment becomes the tendency of the organic composition of capital to rise.

We have to consider three points from the fuller passage in TSV Part 3. Firstly, a recognition that the capitalist application of technique occurs in the extraction of raw materials from natural resources:

“Productivity in the luxury industries can only increase in the same way as it does in all others—either because natural resources such as the land, mines, etc., from which the raw materials for the luxury industries are procured, become more productive, or new, more productive sources are discovered; or again by application of the division of labour, or, especially, by the use of machinery (or of better tools) and of natural forces. <The improvement of tools, as well as the production of more specialised ones, belongs to the division of labour.> (One should not forget chemical processes.)” (Marx 1972: 349)

Gold production is gold mining and as such considerations of the interaction between natural fertility and labour productivity under capitalist domination applies. In his explanation of agricultural ground rent, Fine (1990) points out that the fertility of the soil is not an absolute, but interacts with the technical capacity of capital at any given stage of its development. What Fine here draws attention to is an interaction between the two forms of differential rent in the dynamics of capital accumulation: capital may be applied to new ground, or added as extra investment on existing ground, depending on the capacity and effect on production output under a ‘normal capital’ in the two cases. These same observations apply to mining, appropriately modified to the parameters of the industry. To illustrate, capital entering gold production could either take out claims for a new mine, which would also potentially involve the payment of an absolute rent, or dig deeper in an existing mine and hence apply capital in the underground infrastructure – both options are types of extension focussed on excavating more ore from the ground; or capital may focus its investment on surface activities to extract more gold from the ore. The parameters of this choice changed with the new chemical processes using cyanide to extract more gold from the crushed ore, enhancing the ‘fertility’ of the ore through higher productivity. The claim that relative surplus value does not apply
Secondly, although greater technique is applied by gold mining capitalists, they are nonetheless gold mining capitalists and any variations in the value of gold as money material which do not enter workers consumption and, as such, do not vary the rate of surplus value. In this respect gold is positioned the same as luxury commodities:

“Let us now assume that the production time for luxuries is reduced due to machinery (or chemical processes), that less labour is required to produce them. This cannot have the slightest influence on wages, on the value of labour-power, since these articles do not enter into the consumption of the workers (at least never into that part of their consumption which determines the value of their labour-power). (It can influence the market price of labour, if workers are thrown onto the streets as a result of these developments and the supply of labour-power is thereby increased.) Increased productivity in the luxury industries, therefore, has no influence on the rate of surplus-value nor, consequently, on the rate of profit insofar as this is determined by the rate of surplus-value. Nevertheless, it can influence the rate of profit insofar as it affects either the amount of surplus-value or the ratio of variable capital to constant capital and to the total capital.

If for example, [in the production of luxury articles] machinery makes it possible to employ 10 workers where 20 were previously employed, then, indeed the rate of surplus-value is not modified in any way. The cheapening of luxury articles does not enable the worker to live more cheaply. He requires the same amount of labour-time to reproduce his labour-power as he did previously.” (Marx 1972: 349-350)

Thirdly, there is the issue of depression of wages. In the same passage again, Marx goes immediately on:

“<In practice, therefore, the manufacturer of luxury articles seeks to depress the wages of labour below its value, [below] its minimum. This he is able to do because of the relative surplus population engendered by increasing productivity in other branches of industry, for example among knitters. Or—as likewise happens in these branches—he seeks to extend the absolute labour-time, thus, in fact, producing absolute surplus-value. It is correct, however, that productivity in the luxury industries cannot reduce the value of labour-power, it cannot produce any relative surplus-value and, in general, cannot produce that form of surplus-value which results from the growing productivity of industry as such.>“ (Marx 1972: 350)

The depression of wages below the value of labour power brings us back again to the general concept of relative surplus value, and the statement of a consistent definition of what it is and what it is not. Relative surplus value does not include paying wages below the value of labour power, nor does absolute surplus value. Yet our subject is gold mining capitalists who not only
sought but in practice have succeeded in depressing wages for a century and more. The only way out of this conflict between Marx’s theory, and the practice of this persistent social relation, one might say a defining characteristic of the social structure or system of accumulation, is to continue to deem the long term suppression of wages a non-essential phenomena.

From outer contradiction to inner contradiction

Summing up so far, Williams has discarded Wolpe’s outer contradiction with pre-capitalist modes as the source of extra surplus value. Moreover he has argued that “gold mining industry is unable to produce surplus-value in its specifically relative form”.

Having disposed of these alternative theories Williams offers another explanation for the gold industry’s surplus-profits, and sets out by drawing attention to the general tendency of the organic composition to rise and the rate of profit to fall (TRPF), which he presents as the law expressing the inner contradiction of capitalism most fully. This approach another major merit in Williams, in addressing the specific ‘mode of exploitation’ he is simultaneously seeking an explanation of the particular within the logic of the contradictions of capitalism as a whole.

We should note here that for Marx the TRPF is not itself the inner contradiction, but its outward expression. The inner contradiction refers to the effect of the greater productivity of labour under capitalist relations of production, as expressed as the rising organic composition. Marx’s general statement of the law is:

“If it is further assumed that this gradual change in the composition of capital is not confined only to individual spheres of production, but that it occurs more or less in all, or at least in the key spheres of production, so that it involves changes in the average organic composition of the total capital of a certain society, then the gradual growth of constant capital in relation to variable capital must necessarily lead to a gradual fall of the general rate of profit, so long as the rate of surplus-value, or the intensity of exploitation of labour by capital, remain the same” (Marx 1974c: 212).

(Emphasis in original) I here draw attention to the final qualifier: “so long as the rate of surplus-value, or the intensity of exploitation of labour by capital, remain the same” for “a certain society”. It is precisely this qualifier that imperialism changes.

Williams considers “the inner-contradiction of South African capital” is to be found in exploring the tendency of the rate of profit to fall and the reproduction of the money material. (75:22) He indicates that the law applies to luxury industries; “notwithstanding the fact that they are
unable, by their own efforts, to produce relative surplus value”, but that “it is otherwise with gold capital” (Williams 1975: 23).

To construct his theory Williams declares two working assumptions “For the sake of simplicity we shall assume that gold alone is the circulating medium and that there is a uniform grade of ore throughout the industry.” (75: 22) This is my second point of disagreement with his argument. We will see that both assumptions anticipate a certain result in their presuppositions; they lead away from appreciating the gold mining industry’s acute sensitivity to cost issues in determining which mines were in or out of production, that is to say the capitalist gold mining in South Africa had precisely as the condition of its existence making sure that rate of surplus-value, or the intensity of exploitation of labour by capital, did not remain the same, thereby breaking the very condition of the tendency of the average rate of profit to fall.

On the first assumption, Williams argues, faithful to Marx, that it is impossible for gold to have a price, but have a price it did, the price of gold was expressed in pound sterling under the gold standard. The sterling price of gold comes with a separation of its functions between store of value and means of payment. Gold producers in the pre-capitalist exchange with other commodity producers did indeed exchange their money commodity directly for other commodities - see (Rodney 1972: 65) for an example - but this is not the case within capitalism, once the mode of production is established. The capitalist gold producer converts their money commodity as money material gold into currency, pound sterling, as the medium of circulation. This is necessary for the gold producing capitalist to function as a capitalist through the cycle of purchasing means of production and paying wages. Thus the cost-price of production, the selling price of gold, and the profits obtainable in gold production, are habitually measured in pound sterling terms, not in ounces of gold, as the unit of account. This is the case for the quantitative results in Williams own paper.

Williams is correct insofar as unlike in the production of luxury commodities, gold producers have a guaranteed price (in sterling) for as much gold as they can produce. There are other relevant characteristics of gold production: more stable compared to diamonds; takes fixed price in sterling – represents value of gold at prevailing production conditions. Production in South Africa would need to be compared to other gold producers (in California and elsewhere). Nonetheless, as we have argued, lowering costs is to the benefit of each capital and high cost producers can still be unprofitable. 5

5 This section needs to be developed historically (Katzen 1964; Yudelman 1984) and theoretically (de Brunhoff 1976).
Turning to the second assumption, by assuming a uniform grade of ore Williams makes one category of differential rent disappear, but highlights another category of rent. He argues:

“There is also another reason why gold-mining capitalists will have a direct interest in maintaining an organic composition of capital which is lower than the social average... as long as the organic composition of gold capital stands below the social average, gold capitalists will earn a higher than average profit. In short, the gold mining industry is in a unique position to reap the benefits of exploitation directly in accordance with the quantity of immediate labour it employs” (1975: 23)

That is to say, absolute rent. Differential rent arises within a sector, whereas absolute rent made possible because of differences in organic composition between sectors, this is linked with the transformation problem. Once again Marx’s solution to the transformation of value into price was worked out on the assumption that the degree of exploitation is the same. Leaving aside the internal inconsistency of Williams arguing at one point that gold cannot have a price of production, and at another that absolute rent made possible because of a lower sector price of production than value, the presence of a sector with a higher rate of exploitation throws the assumption on which the transformation problem was sold completely out.

If the scope of analysis is British capital, then investment in South African gold and diamonds mining becomes either separately or conjoined a sector. Let us take this to be SA Mining for now. In SA mining, the living labour employed is far greater for a given value composition, than in other sectors because of the huge wage differential. On the figures we have, it is quite conservative to set the rate of exploitation in this one sector at 300% compared to the 100% that Marx used as the social rate of exploitation. In Marx’s treatment of the transformation problem there is no great point to distinguishing between the organic composition and the value composition of capital as the average within each sector. However with a differential rate of exploitation the picture changes entirely. There is every point to make clear average value composition of a sector is a compound of the combined effect or rate of exploitation and organic composition.

The gold could not be extracted except by increasing the productivity of labour, and hence a corresponding increase in the organic composition of capital. Although subject to a number of qualifications, the figures available from Davies (1973: 50) and Wilson (1972: 159-160) suggest a tendency for the value composition of capital to rise, if only slightly, over the 60 years from 1911 onwards. Given that working depth of the mines went down several times, and as the
mines go deeper an ever increasing infrastructure of fixed capital is required, it might be surprising that the increase in value composition was not greater than it actually was. It is here that it is vital to confirm the distinction between the organic composition and value composition of capital. The organic composition reflects the technical composition, albeit in a contradictory fashion, at a given degree of exploitation. The contradiction arises because the organic composition of capital can never be more than a mediated and incomplete expression of the technical composition. This because the technical composition of capital is an expression for the concrete living labour with the use-values and machinery that it sets in motion in the labour process. The organic composition is the ratio of constant capital to variable capital, as it reflects the technical composition. But variable capital is not living labour, it is that portion of capital that purchase the labour-power that once set in motion as living labour bestows new value. That is why variable capital cannot be more than a partial and incomplete proxy for the value creating living labour actually spent in production, and variable capital’s ratio with constant capital no more than a proxy for technical composition. The value of composition of capital may increase for another reason; that a given amount of living labour is under the command of capital for a lesser expenditure of variable capital, i.e. the rate of exploitation is increased. Thus, the value composition of capital may increase and the workers be more exploited for reasons other than their increased productivity.

The systematic down pressure on African wages kept them at the same abysmal levels despite rising productivity. According to estimates by Davies the rate of exploitation of the African workers doubled from 180% in 1911 to an average around 360% in 1971 (1973: 50). Although only about one ninth in number of the African workers, the wage bill of white employees was larger than to African workers. On average over the period, the African workers were paid one tenth of whites. Taking a view on the value contribution of white employees has important consequences for any estimate of the rate of surplus value of African worker. Under critique from Simson (1974) and Wolpe (1976), Davies modified his position to take account of the transition of white employees at the point of production from skilled labourer to supervisor, Davies (1979).

The real hidden contradiction of South African mining capital was the permanent down pressure at inhuman levels on the wages of those very workers whose massive alienated labour propped up not only the gold capitalists, but extended the longevity of the British empire and the privileged white society to boot.

6 A generalisation itself subject to qualification. These issues are explored further in the full paper.
The productivity of the gold workers emerges as a key issue. What, in the gold industry, is productivity? It is not an idle question. The number of workers per ton of ore milled puts emphasis on the underground operation, but the surface milling process may in and of itself have different rates of recovery of the gold according to technique. The fuller productivity measure might then be the number of workers employed per final ounce of gold produced. The Chamber of Mines had a debate precisely on which measure to use. There then arises the question of the worker as a subject whose labour provides the substance of new value, the role of the black workers and the white employees in the production process, and whether their productivity can be measured differentially.

In capitalist gold production increased productivity may open up mines, or levels in existing mines. Hence, increased productivity need not reduce the number of workers, and therefore the mass of surplus value. It is at this point in the argument that Williams insistence on the uniqueness of the production of gold as the money commodity is quite right. Indeed, increasing the ounces produced per worker may have the contrary effect to decreasing the total workforce, it will allow the gold mining capital to increase the number of workers because of working the ground either more intensively (more gold may be recovered from the ore), or more extensively (more ore may be excavated). Increased productivity will tend to lower the payable limit, that grade of ore at which production is profitable. Increased productivity of gold workers need not reduce their number, there is no inevitable consequence that the amount of surplus value will decrease. Nor will they inevitably increase, the relationship between the productivity of the gold mine workers and their number, and hence the amount of surplus value, is entirely contingent on the interaction of the technology and gold yielding properties of Nature.

Also the socially necessary labour to produce gold would not have been incurred at all if surplus value could not have been extracted. The effect of the cheap labour-power is to bring fields that would have otherwise been uneconomic into the realm of profitable production. In capitalist gold production the capacity to extract surplus value over-determines the production of value. To state the operation as gold production of the money commodity is not yet specific enough, it is capitalist production of the money commodity. Moreover it is capitalist mining of gold. Even that is not sufficient, it is imperialist mining of gold.

Williams has a tendency to employ the concepts of *Capital* and *Theories of Surplus Value* without fully recognising the change in social relations that needs to be taken into account. Does the question of the characteristics of gold production in South Africa arise because of the sector or are the characteristics more generally constitutive of the stage: that is the production for export of commodities that workers produce but do not consume. This is a general
characteristic of gold producers, but also of diamond producers and other luxury production. Is it a general characteristic of low-wage production for export under imperialist relations?

It is unclear from all that has gone before why lengthening the working day; and the indirect, unintentional and mediated effect of increasing labour productivity on decreasing the value of labour-power belong to the inner nature of capital, while capital directly decreasing wages does not. All three mechanisms increase the rate of surplus value. Not only is direct wage decrease the mechanism that is crucial to understanding the mode of exploitation of capitalism in South Africa (as both Wolpe and Williams acknowledge); it is by extension crucial to the analysis of capitalism as imperialism and a world system, a point made by Williams when he concludes that:

“World capitalism is in the throes of its greatest crisis ever. The attack on the rights and living standards of the workers grows daily as intra-imperialist rivalry intensifies and the process of capitalist accumulation enters increasingly into contradiction with itself. More and more, the world bourgeoisie is placing archaic surplus-value extraction on the agenda, as it has already done in South Africa, not because labour has become less productive but because it has become more productive, not because the worker is less exploited, but because he is more exploited” (75:27).

However, the detail of Williams article relies on the contrary proposition, that the gold workers have not been allowed to become more productive, at least gold mining capital has an interest in keeping them less productive than the social average, thus allowing gold producing capital to appropriate absolute rent. If this were right it would be questionable to generalise from the specific conditions of the gold sector. I have modified Williams argument, the extra surplus value from the gold workers stems from two conjoined factors, increasing productivity under conditions of super-exploitation. This combination turns out to be the true capitalist nirvana.

Summing up this section, Williams makes a serious contribution by applying Marx’s value theory to explain the contradictions of capitalism in South Africa. His analysis proceeds from the theory of the declining rate of profit, but fails to bring out fully tensions in the concept of relative surplus value. He wrongly argues that gold producers have an interest in maintaining an organic composition of capital lower than the social average; he thus overstates the significance of absolute rent, and understates the role of differential rent in generating the surplus-profits of South African gold mining.

Importantly, Williams introduces the notion of ‘archaic surplus value’ to encapsulate paying wages below the value of labour power. This is not a practice that is specific to gold production, although South African gold production was one of its original and sharpest manifestations.
Whereas Williams attempted to theorise the capitalist production of gold, his theory needs to be reinterpreted as the imperialist production of gold. It is not just that monopoly capital confronted a new opportunity with the opening up of the Rand. We are here witnessing the birth of monopoly capitalism. Systemic oppression to force the price of labour power below its value is not at all archaic; rather it is the principal factor offsetting the declining rate of profit in modern imperialism. The same idea is better termed super-exploitation.

III. GENERAL CONCLUSIONS

Modern imperialism comes into being as a fusion of ‘colonialism of a special type’ and ‘capitalism of a special type’, that is as a system with forms of colonial capitalism.

The question of monopoly is not just about the quantitative size of capital, nor even the centralisation of capitals, above and beyond concentration. A set of interrelated qualitative changes took place within the mode of production, including in the capital wage-labour relation. The focus in the classical Marxist literature on imperialism has been on the transition in the forms of organisation of capital. What we see here is a transition in the ‘mode of exploitation’, that is to say the mechanisms of appropriation of surplus value.

Systematic super-exploitation is at the constitutive core of modern imperialism, more than systematic it is systemic. The wage labour relation is not only between capital and labour, but between northern capital and southern labour. In this sense, class exploitation and racial or national oppression are fused.

The idea of super-exploitation needs to conceptually generalised at the necessary level of abstraction and incorporated in the theory of imperialism. Super-exploitation is a specific condition within the capitalist mode of production. The super-exploitation of labour is the hidden common essence defining imperialism. The working class of the oppressed nations/Third World/global South is systematically paid below the value of labour power of the working class of the oppressor nations/First World/global North. This is not because the southern working class produces less value, but because it is more oppressed and more exploited.

South and the North are at polar ends of a new phase of capitalism, the differences between them are the experience of capitalism in an underdeveloped country and capitalism in an imperialist country. The issue then is not the articulation of capitalism with other modes of production, but the re-articulation of the capitalist mode of production itself.
The labour theory of imperialism needs to synthesis a renovated concept of ‘dependency’ in the sphere of circulation (Dussel, 2003: Ch 13) with super-exploitation in the sphere of production.

Experience of modes of oppressive exploitation is so overwhelming that not to include it in Marxism as a theoretical expression of capitalism as a world system would render Marxism itself obsolete. What has gone on thousands of feet underground for a hundred years and more affects the deep structure of capital, and hence the deep structure of Capital.
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