

# **Rent, Mining and British Imperialism**

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# Abstract

- investment boom by mining corporations in the Andean region, and its counterpart movement of mining corporations re-establishing their position alongside oil corporations, the banks and finance corporations at the core of the British ruling class.
- the Marxist conception of rent is fundamental to analysing the role of multinational corporations in the extractive industries, specifically their ability to capture super-profits. The capacity of corporations to capture rents from natural resources depends on military-political power relations. Historically, Britain has benefited from super-profits drawn from the Gulf region and southern Africa.
- reconsider Lenin's conception of imperialist countries as rent societies, concluding that Britain's domestic as well as international relations are underpinned by parasitic, monopoly forms of rent extraction.

# Table 1: Top 40 Global Mining Corporatio ns by Country

<b>Country *</b>	<b>No of Top 40 Corps</b>
UK	8
Canada	5
China /Hong Kong	5
South Africa	5
US	5
Australia	4
India	2
Indonesia	2
Russia	2
Brazil	1
Chile	1
Peru	1
Switzerland	1
<b>Total</b>	<b>42 **</b>

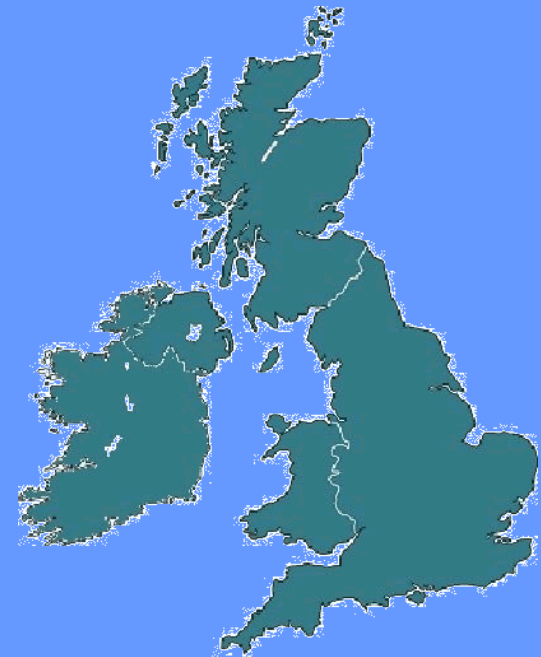
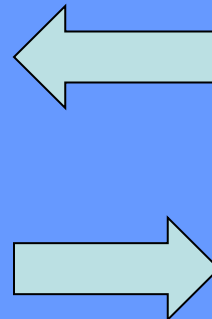
\* Country of listing, where the shares are publicly traded.

\*\* Two companies are dual listed in UK and Australia

Source: compiled from (PWC, 2008a: 49-50)

# Section 2.

- Neo-liberal Free Trade in Colombia
- Corporate Profits in Colombia
- Resource Exploitation Example
- UK Multinationals in Latin America
- UK Multinationals in the World and Britain



# Top 20 Company Profits in Colombia 2006, by Sector



Sector	US \$ million
Hydrocarbons	1,155
Telecoms	704
Mining	676
Finance	560
Confectionery	100
Vehicles	84
Total	3,279

# Top 20 Company Profits in Colombia 2006, by Country of Origin



Country	US \$ million
UK	944
Mexico	704
Colombia	630
US	575
France	261
Brasil	90
India	38
China	38
Total	3,280

# Resource Exploitation (Extraction)

- Hydrocarbons
  - BP (Total and Triton) in Casanare
  - Occidental and Repsol in Arauca
- Mining
  - Coal: El Cerrejon in La Guajira (Anglo-American, BHP Billiton, Xstrata)
  - Nickel BHP-Billiton
  - Gold Anglo-Gold Ashanti

# What this means for the UK

- UK Net Earnings from Latin America
- UK multinationals in the World
- Pre-tax Profits of Top 20 UK Corporations 2005, by Sector
- The historical genesis of a rentier society



# *Net earnings from direct investment, UK companies in selected Latin America countries*

	2001	2002	2003	2004	2005	2001-5
	<b>£ million</b>					
<b>Brazil</b>	344	378	291	652	701	2,366
<b>Chile</b>	156	199	273	820	1,141	2,589
<b>Colombia</b>	190	200	234	379	411	1,414
<b>Mexico</b>	- 48	295	207	485	452	1,391
<b>Totals</b>	642	1,072	1,005	2,336	2,705	7,760



# *UK Multinationals in the World*

- BP and Shell are
  - the second and third biggest private oil corporations in the world
  - combined market value is \$445 billion, 19% of the entire oil sector within the FT top 500.
- There are 7 mining corporations in the FT top 500
  - 4 of them are UK based, or UK/Australian, corporations
  - constituting 81% of the capital in the sector
  - UK based corporations preside over world mining.
- The biggest finance companies in the world
  - US based 36% of the value of this sector within the top 500.
  - UK banks and like make up 11% of world banking ... *significantly more than any other single European country*

# *Pre-tax Profits of Top 20 UK Corporations 2005, by Sector*

<b>Sector (<i>number of companies</i>)</b>	<b>Market Capitalisation £ billion</b>	<b>Profits £ billion</b>	<b>No of employees</b>	<b>Profit per employee £</b>	<b>Profits/ Capital %</b>
Banking Insurance (7)	332.87	36.4	719,142	50,574	10.93
Food Ag Process (2)	56.75	4.6	119,285	38,563	8.11
Mining (3)	90.82	15.0	263,322	56,964	16.52
Hydrocarbons (3)	262.70	43.2	210,590	205,138	16.44
Pharmaceutical (2)	130.05	10.2	164,803	61,892	7.84
Retail (1)	31.82	2.2	324,503	6,780	6.91
Telecomms (2)	94.10	-12.6	166,072	-75,871	-13.39
Totals (20)	999.11	99.0	1,967,717	50,297	9.91

# The historical genesis of a 'rentier society'

- UK banks, oil corporations and mining corporations are thriving on super-profits produced mostly from outside the UK
- Imperialism is more than a colonial legacy, although contemporary configuration draws on particular regions and empire as a system
- Oil (Gulf); Mining (South Africa); Banks (global)
- Deep and broad implications for UK

# Marx's Theory of Rent

- “Landed property is based on the monopoly by certain persons over definite portions of the globe, as exclusive spheres of their private will to the exclusion of all others.” Karl Marx *Capital* Vol 3, p 615

# Framing Observations

- Analysis of rent is historically specific to the capitalist mode of production.
- where rent appears in the chain of analysis, towards the end of *Capital* Vol 3 after the sections on the transformation of value to price, and the tendency of the rate of profit to fall. This suggests a logical priority in Marx's analysis, proceeding from the production of value and surplus value as products of capital to their distribution as revenue streams.
- rent, in all its multiplicity of forms, is always a realisation of surplus value; that is to say the source of rent is, like the source of profit, the exploitation of the working class.
- only analyses at length the capitalist mode of production in agriculture, he explicitly states that mining behaves in like manner. This implies that analysis of rent in mining drops out of the analysis of capitalist agriculture.

# Marx distinguishes three categories of ground rent within capitalism:

- differential rent (DR1) due to natural variations of land fertility and location
- a second differential rent (DR2) due to degrees of capital applied to the land – more or less productive capitals;
- absolute rent which arises solely due to the property relation of ownership of a definite portion of the globe

<b>Sphere of production</b>	<b>Rate of surplus value</b>	<b>Capitals</b>	<b>Surplus value s</b>	<b>Used up c</b>	<b>Value comms c+v+s</b>	<b>Cost price k = c+ v</b>	<b>Price of product = k +p</b>	<b>Deviation of price from value</b>
I.	100%	80c +20v	20	50	90	70	92	+2
II.	100%	70c +30v	30	51	111	81	103	-8
III.	100%	60c +40v	40	51	131	91	113	-18
IV.	100%	85c +15v	15	40	70	55	77	+7
V.	100%	95c +5v	5	10	20	15	37	+17
		390c+110v	110	202	422	312	422	
		78c+22v	22					



# Transformation with rent

Sphere of production	Rate of surplus value	Capitals	Surplus value	Used up c	Value comm s c+v+s	Cost price k = c+ v	Price of product = k +p	Rent r	Sale Price = k +p +r	Deviation price from value
<b>I.</b>	100%	80c +20v	20	50	90	70	87.5	0	87.5	-2.5
<b>II.</b>	100%	70c +30v	30	51	111	81	98.5	0	98.5	-12.5
<b>III. Agr</b>	100%	60c +40v	40	51	131	91	108.5	22.5	131	0
<b>IV.</b>	100%	85c +15v	15	40	70	55	72.5	0	72.5	+2.5
<b>V.</b>	100%	95c +5v	5	10	20	15	32.5	0	32.5	+12.5
<b>Totals</b>		390c+110v	110	202	422	312	399.5	22.5	422	
<b>Average</b>		78c+22v	22							

# Fine on Extractive Industries, Landed Property and Absolute Rent

- 1994 paper Investigation of verticality and horizontality. Vertical prefigures commodity chain analysis
- Three general conclusions:
  - Fragmented landholdings in diamond mines, obstacle to capital accumulation
  - Cartelisation developed out of upstream activity, for both oil and diamonds, prior to amalgamation in production.
  - “Thirdly, and not explicit in what has gone before, the cartelization ...is associated with a vertical displacement of the rent relation... It is no longer the owners of land as such who are able to appropriate the surplus profitability associated with capital intensive accumulation. Rather, this accrues to the cartel through its command over producers because of its exclusive access to markets” (Fine 1994 299)
  - Adds “There are other factors involved in mining systems. One of crucial importance is labour”. (P299)

# Rent, Surplus Profit, Super-exploitation

- The transformation and transfer of the right of landed property from the landlord as a separate social actor confronting the capitalist to the cartel. This process is not external to the transition to imperialism rather it was a fundamental constitutive element in the emergence of a new form of capital, monopoly capital.
- The mining capitalist takes on the main attributes of ownership of the land, hence of all means of production.
- These observations are *even more true* in case of oil,
- To capture these bifurcated class relations and their effect on the whole, we have to rework the transformation of value into price *with different rates of exploitation*. This goes against the assumptions of Marx.

