This is the accepted version of "Higginbottom, Andrew (2021) The imperialist multinational : concentration, fiction or rent? In: Herrera, Rémy, (ed.) *Imperialism and transitions to socialism*. Bingley N.Y., U.S. : Emerald Publishing Limited. pp. 39-57. (Research in Political Economy, (36)) ISSN (print) 0161-7230 ISBN 9781800437050", available at https://doi.org/10.1108/S0161-723020210000036003

The Imperialist Multinational: Concentration, Fiction or Rent?

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Abstract

This article investigates Marx's *Capital* as a theoretical resource for analysing both the form and content of the modern corporation. We assess two recent contributions critiquing the corporation. The article argues that Marx advanced from his initial ambivalent comments on the form of the joint stock company and the credit system to a more categorical critique. We assess Marx's concepts of the concentration and centralisation of capital, fictitious capital and rent in analysing the corporation. Next we note Engels important contribution filling in from the early limited liability company to monopoly capital and modern imperialism. The article ends with two examples of how these concepts apply in concrete analysis. The work is highly preliminary and is intended to open a more theoretically informed approach to analysis and critique of the multinational corporation.

Introduction

The socialist strategy for corporations is distinct from the reformist strategy, which sees them as legitimate wealth creators that have grown out of democratic control. The reform strategy is based on the liberal premise of separation between formal political equality, and the real social class inequality that is exploitation. Within socialism corporate reform began with its first frank enunciation by Eduard Bernstein; it then took on a more radical and populist turn in the US at the beginning of the twentieth century, where it was strongly influential again in the 1930s; and is back again today.

What about a specifically socialist strategy? How to tackle the power of multinational corporations in the transition to socialism? Is a socialist corporation possible? Can the existing corporate structures simply be laid hold of and transformed into progressive economic agents?

The corporate form as such presents a set of challenges to Marxist theory. This article investigates Marx's *Capital* as a theoretical resource for analysing both the form and content of the modern corporation. We start by evaluating two recent contributions critiquing the corporation. The article argues that Marx advanced from his initial ambivalent comments on the form of the joint stock company and the credit system to a more categorical critique. We assess the concepts of the concentration and centralisation of capital, fictitious capital and rent in analysing the corporation. Next we note Engels important contribution filling in from the early limited liability company to monopoly capital and modern imperialism. The article ends with two examples of how these concepts apply in concrete analysis. The work is highly preliminary and is intended to open a more theoretically informed approach to analysis and critique of the multinational corporation.

Review of Two Recent Contributions

In reviewing two leading examples from the contemporary literature my general purpose is to assess their analyses and to evaluate their socialist direction. The main area of theoretical concern is the need to deepen connections between the *legally defined form of* *the modern corporation* with the *socio-economic relations* of the corporation. Related to this is their political direction, are we talking reform or revolution?

Bakan's 'New' Corporation

Joel Bakan is well known for his earlier contribution *The Corporation*, made both as a film as well as a book (2000). Here I will focus on his latest work, effectively a follow up: *The New Corporation.*

The main purpose of this book is to expose as false the claims by big corporations that they are newly socially and environmentally responsible. Bakan does this by comparing their fine words, the selling of 'stakeholder capitalism' at great events such as the Davos summit, and their foul deeds, exemplified by Trump's fulsome welcome by the Davos elite for having cut their corporate taxes (2020:24). Bakan reveals the realities of corporate ambition behind their spin of good citizenship, as for example the drive to privatise education and other public services. This could have been taken further, for example the extensive interview and commentary with former chief executive of BP John Browne omits to mention the good Lord's recommendation to charge UK students fees for their higher education, or his role in covering up for death squads in Colombia. Even so, Bakan does show that corporations "are a large part of the reason things have gotten worse so dramatically and quickly over the last two decades" (2020:4). He sees that global resistance has surged as a counterforce in the last decade (2020:5), although again he could have noted that there have been generations of resistance in most parts of the Global South.

The economic leadership of capitalism, those supposedly progressive Davos devotees so effectively revealed by Bakan, are navigating a pathway of reform. The problem is that the very best they can possibly achieve is still well short of the minimum set of comprehensive actions required to save the planet from ecological disaster. On this point Bakan is right (2020:43), the heralded Paris Agreement was itself the result of heavy corporate lobbying and social democratic possibilism that fell well short of the target needed, a maximum of 1 degree Celsius. Taking this further, the target had been clearly stated but rejected at the previous Copenhagen COP summit. At time of writing a flurry of new forecasts on global energy usage are notably optimistic that the world can meet Paris targets for 2050, largely because of the cut in demand for fossil fuels wrought by Covid 19 (DNVGL, 2020). Choose your catastrophe.

Bakan points out that the 'new' corporation's adoption of wider values 'inevitably stop short of measures that interfere with profits or contradict business models' (2020:41). He argues that this restriction is not personal, rather due to institutional imperatives (2020:34,106). But it is here that Bakan's disciplinary grounding in the law becomes a shortcoming. For Bakan the compulsion to profitability stems from the legal definition of corporations: "Their legal makeup compels them to pursue profit and growth but say nothing about whether they have to abide by the law in doing so" (2020:57) For Bakan corporations are "created by law" and "that's a profound limit. And it's one that's dictated by law." (2020: 31)

That which was created in law can be changed by law, even ended. Bakan's analysis suggests significant scope for political-legal activism. This fits with his placing of social movements as support for an electoral political strategy, rather than the other way round (2020:147-175).

Here is the problem, Bakan's mode of analysis accepts an inversion. The law does not create the corporation in a one sided way. This is not an immaculate conception, but double parenthood between the capitalist state and society. We will argue that profit making is in the corporation's fundamental nature as the configuration of capitalist social relations, which has been recognised by and given final form in law. The particular corporate form is a legally specified construct, but not the essential social relations nor indeed their necessary general form of appearance as the intersection of productive capital and money capital. We can see in Bakan's approach the gap between institutional change *within* the system, and revolutionary change *of* the system.

Whyte's Corporate Ecocide

David Whyte's analysis is stronger and his politics sharper. He establishes the colonial roots and function of the joint stock company as a 'colonising machine' used by 'the European colonial powers to enclose land, organise slavery and monopolise trade (2020:81) He argues that these companies that were the preferred vehicles of West European expansion over centuries were capitalist entities, *pace* the position of Meikins Wood (2003) that these were non-capitalist organisations (2020:197). This judgement fits with the wider Eurocentric positioning of Woods and Brenner that fails to appreciate the colonial levers of capital accumulation (see Higginbottom, 2020).

For two centuries the joint stock company was the 'primary vehicle' that capital spread its colonial tentacles across the world (2020: 71). This is reinforced by Banaji's extensive study of early commercial capitalism driven, "by *joint-stock companies* that emerged from the maritime fringe of northwestern Europe and enjoyed the strong backing of the state" (2020:48).

A further strong point of Whyte's account, especially welcome from a socialist in Britain where the perspective is all too rare, is his recognition of the general role of corporations profiting from neo-colonialism. He works from Kwame Nkrumah's concept of nominally independent African countries still being subject to external economic control, especially in the 'Commonwealth' by UK and South African based multinational corporations continuing to extract wealth. Whyte identifies a repeating pattern, with three characteristics: a) corporations gain an advantage from the host state that allows them to exploit b) the host elite alone benefits and is put into opposition against its own population c) the corporations' home states act to cement these alliances (2020:94-95) It is these alliances of protected, accelerated corporate extraction especially of natural source that Whyte rightly identifies as the main driver of ecocide, killing off of the planet's ecosystems.

Whyte is surely right to emphasise the significance of neo-colonialism in the changing role of the corporation. In general terms multinational corporations not only profit from neo-colonial conditions, very often they have sufficient power to shape and order neo-colonialism as a condition that is highly propitious for them to make surplus-profits (see below for elaboration).

Whyte presents a socialist critique of the corporation making the *best* arguments for the radical reform approach, as he rightly states any green movement must take on corporate power and dismantle corporate impunity. His contribution is however still pitched the political space of 'left Labour', the possibility of democratic socialism opened up by the Corbyn-McDonnell leadership broadly similar to the Sanders project in the US. But the corporation will not be defeated by political reform, no matter how radical. In fact the 'green industrial revolution' promoted by Corbyn and McDonnell was barely radical, let alone socialist, and much closer to the politics of nudge, little more than a leftist gloss to the direction that financial markets and the Bank of England are heading in any case, as argued in (Higginbottom, 2019).

While agreeing with Whyte's principal theses I want to fill in some gaps and hopefully give more depth to his argument. The legal formation of the limited liability addition to the joint stock company form came about in the UK in 1855, in the US earlier (Whyte 2020:70). The question is why? Was there any new impetus within the relations and material forces of the mode of production for this change of form? The answer lies in the changing dynamics between industry and empire, with finance hovering astride both. Up to this time the main field of operation of British joint stock companies had been making profits from empire. The massification of industrial capital accumulation into larger and larger production units as capital revolutionised the production process in the first half of the nineteenth century required ever larger concentrations of capital. For the UK case this is more clearly linked with the consolidation of factory production and turning around 1850 into the further development of modern industry.

Deeper into *Capital*

The corporation in Whyte is the vehicle for capital's reproduction. This prompts reflection on the different perspectives from which Marx considered capital reproduction, across the three volumes of *Capital.* In Volume 1 the reproduction of capital is considered in relation to class. In a key section arguing the necessity of transition to socialism (see below) Marx anticipates and borrows from the arguments he was to fill out with greater thoroughness in the intended Volume 3. Volume 2 explains capital reproduction through aggregated commodity circulation. Then in the first parts of Volume 3, Marx shows that the formation of the rate of profit is the systemic driver. Individual capitals reproduce themselves through appropriating surplus-value to make profits. The common vector within this system of capitals competing across different commodity sectors is profitability. The rate of profit is the cardinal rule for the reproduction of industrial capital.

Marx commented that primitive accumulation comes into systemic combination in England at the end of the seventeenth century. The colonial corporation was a central component of that system. But then came the industrial revolution accelerating in the late eighteenth century specific class antagonisms and contradictions, most notably the industrial cycle marked empirically by a rising and falling general rate of profit. Another set of levers, to offset the declining rate of profit industrial capital, were increasingly put into place over the first half of the nineteenth century. The interests of industrial capital overcame resistance of landowner privilege and by 1850 were consolidated at the centre of the ruling class alongside the continuity of finance. This was the moment when the corporate form was renovated to suit the combined needs of capitalist industry as well as commercial empire.

It was at this moment that Marx's mature work was coming to fruition with the staggered, then delayed, publication of *Capital*. The unfolding of the work and the object of its study became intertwined.

From Concentration to Centralisation

The concentration of capital is, for Marx, the result of capital taking advantage of cooperation in the production process, bringing together the workers and means of production on an increasing scale (1976:446). The degree of concentration of capital in the hands of an individual capitalist becomes 'the material condition' for 'the extent of co-operation, or the scale of production, depends on the extent of this concentration." (1976:448). This combination of concentration of the workforce and means of production on the one hand, and the amount of capital required to set them in motion on the other, increases as the social productivity of labour increases in turn with manufacture and then large scale industry, based on machine production and the factory system.

In the general law of capitalist accumulation Marx explains that as the concentration of capital tends to increase its technical composition, and with that its organic composition, with relatively more capital advanced in constant capital than variable (1976: 775). Thusfar the individual capitals function as individual capitalists and their families. Marx notes that at a certain point capital accumulation in this form reaches its limits (1976:776)

He now introduces centralisation, the mechanism that is found to surpass this limit, as:

> concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals (1976:777)

Pradella (2013:126) points out that Marx revised the first German edition of Volume 1 (1867) to include in the later, French edition (1872-5) the distinction between the concentration of capital and its centralisation. The late introduction and emphasis on the concept of centralisation in Volume 1 is an indication that the joint-stock company was actively present in Marx's thinking even as it was still developing and pending his intended fuller exploration in Volume 3.

In the reworked Volume 1, Marx makes connections that situate his analysis of the corporation as a vehicle for the centralisation of capital and related to that, how the credit system accelerates the rising technical composition of capital.

> The world would still be without railways if it had had to wait until accumulation had got a few individual capitals far enough to be adequate for the construction of a railway. Centralisation, however, accomplished this in the twinkling of an eye, by means of joint-stock companies. (Marx, 1976: 780)

We will see that this is one side of the picture, as presented in Volume 1. But to reach that point we jump over to Volume 3, and catch Marx still working out his argument.

Marx's arresting ambiguity

The text of Volume 3 is a patchy draft, and the further one proceeds into Part 5 'The Division of Profit into Interest and Profit of Enterprise' the more evidently so. The part's heading is incomplete, for Marx looks at another relation of individual capitals with money capital, that which occurs through the purchase on the stock market of ownership shares, the formation joint stock company. The dividend payments yielded by equity shares had become another distribution of profit, beyond interest paid to the banks.

In Chapter 27, 'The Role of Credit in Capitalist Production' Marx sees the joint stock company as a positive development for the productive forces, he wrote that the institution allowed a ‘tremendous expansion in the scale of production, and enterprises which would be impossible for individual capitals’ (1981, 567). He then makes this truly arresting comment:

> Capital, which is inherently based on a social mode of production and presupposes a social concentration of means of production and labour-power, now receives the form of social capital (capital of directly associated individuals) in contrast to private capital, and its enterprises appear as social enterprises as opposed to private ones. This is the abolition of capital as private property within the confines of the capitalist mode of production itself. (1981:567)

How are we to interpret this? One can understand the contrast of joint stock ownership is a social grouping of private capital owners, as against one individual private capital, but not surely of socially owned capital, and not of ‘the abolition of capital as private property’? One way to see this is that private property itself was changing, split between titular or nominal ownership and real possession of the production process. Marx sees here the

> Transformation of the actual functioning capitalist into a mere manager, in charge of other people’s capital, and of the capital owner into a mere owner, a mere money capitalist (1981:567)

This certainly stresses the bifurcation between ownership and control in the modern corporation, anticipating what later theorists Berle and Means (1932) made so much of. There is one more surprise in store:

> This result of capitalist production in its highest development is a necessary point of transition towards the transformation of capital back into the property of the producers, though no longer as the private property of individual producers, but rather as their property as associated producers, as directly social property. It is furthermore a point of transition towards the transformation of all functions formerly bound up with capital ownership in the reproduction process into simple functions of the associated producers, into social functions. (1981:568)

This is apparently positing the joint stock company was a point of transition to socialism. Engels steps in to remind the reader just how much the subsequent generations of joint stock company have changed the form of industrial organisation. Even so, as it stands the above paragraph from Marx remains open to a reformist interpretation that the associated producers, the working class, can lay hold of the corporation and bend it towards socialist transition.

Indeed within a few years of the publication of Volume 3 in 1894, and after Engels had passed away, Eduard Bernstein seized on this quote to argue that Marx recognised that adjustments in the modern economy were beginning to render his own doctrine of class struggle obsolete. That in the new joint stock companies and the credit system that fed them, capitalism had found a way to diminish and even overcome its tendency to crisis. That with the growth of share ownership amongst the middle class and the emergence of a labour aristocracy all spoke to a strategic reorientation of social democracy (Bernstein, 1899)

Bernstein would have made his arguments with or without the claimed textual support from Marx. In her *Social Reform or Revolution?* young Rosa Luxemburg gave Bernstein's open revisionism the most robust of responses. Nevertheless, what Bernstein argued openly took covert hold in the West European labour movements of the Second International, and has stayed as a hallmark of social democracy ever since. Ultimately Bernstein's position was that of the consolidated labour aristocracy supporting the imperialism on which its privileges are based, and the refutation of which has to be in practice and not just words.

Had Marx taken a late right turn? I suggest that the ambiguities of Marx's initial assessment of the joint stock company in Volume 3 Chapter 27, that Bernstein made so much of to bolster his avowedly reformist position, are superseded in three ways:

- by Marx's polemical re-presentation of the contradictions in a decidedly revolutionary manner as the affirming climax of Volume 1
- through many indications in Marx's notebooks and correspondence in the last 15 years of his life to 1881 - on this see (de Paula et al, 2014/5)
- in Engels additions to the text in Part Five and his Supplement on the Stock Exchange at the end of Volume 3.

Back to Volume 1: Centralisation of Capital as the Threshold of Revolution

The famous passage in Volume 1, Chapter 31 *The Genesis of Industrial Capital* gives a completely different emphasis to the dialectical point already noted from Volume3, that joint stock companies had brought society of both the possibility and the necessity of a transition to socialism. Marx notes that at a certain point large capital became sufficiently dominant that it was eating up not only self-employed workers but even other large capitalists as well, continuing:

> This expropriation is accomplished through the action of the immanent laws of capitalist production itself, through the centralisation of capitals. One capitalist always strikes down many others...The centralisation of the means of production and the socialization of labour reach a point at which they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated. (Marx, 1976: 929)

Here Marx is categorical that the transition can only take place by bursting asunder the modern corporation as centralised capital. This of course did not yet happen, and indeed the *dual* tendency of real aggregation combining social labour within capitalism and serving as a prompt for the need for socialist association of labour reached its apogee in the decades immediately following. Marx identified the tendency to monopoly inherent in centralisation:

> In any given branch of industry centralisation would reach its extreme limit if all the individual capitals invested there were fused into a single capital. In a given society this limit would be reached only when the entire social capital was united in the hands of either a single capitalist or a single capitalist company. (Marx, 1976: 779)

Engels inserted as a footnote to the 1890 English edition of Volume 1:

> The latest English and American 'trusts' are already striving to attain this goal by attempting to unite at least all the large-scale concerns in one branch of industry into a single great joint-stock company with a practical monopoly. (in Marx, 1976: 779)

Marx here treats with not the genesis of industrial capital but the pre-condition of its demise, a degree of centralisation that has brought together, socialised, all production. Unfortunately for humanity, and despite Marx's urgings, there was not one inevitable consequence, but two possible outcomes to this large scale production with an immanent tendency to monopoly: socialism or modern imperialism.

Engels Additions to Volume 3 on Corporate Imperialism

Engels editorship of *Capital* Volume 3 has attracted comment as to its theoretical veracity – see for example (Heinrich, 1996). In my view, Engels did a remarkable job in his aim to render Marx in his own words. Furthermore, Engels makes two most productive additions, the first being his Chapter 4, 'The Effect of Turnover on the Rate of Profit'. The second is several small insertions in Part Five and his Supplement on the Stock Exchange that speak directly to our topic. Engels' insertions are not written as direct contradictions to Marx's line of analysis, written in the 1860s when the phenomenon of the limited liability joint stock company was at an initial stage. Marx's thoughts on paper are left unmodified, but Engels insertions give a contrasting, more concrete and much less optimistic picture.

In Chapter 28 Marx puts the limited liability company in the context of the expansion of the credit system and its role in the cycle of industrial capital, multiplying and accelerating the movements of revenues and money capital over the cycle. Engels wrote in the 1890s after a real turn towards monopolisation of industry by the modern corporation. The centralisation of capital had reached the point that one corporate entity monopolised a whole sector; whether a cartel agreement between legally independent capitals working in close alliance, or a trust where the distinct capitals had merged into a single legal entity.

> The next stage, therefore, in certain branches where the scale of production permitted, was to concentrate the entire production of the branch of industry in question into one big joint-stock company with a unified management. In America this has already been achieved in several cases, while in Europe the biggest example

> up till now is the United Alkali Trust, which has brought the entire British production of alkali into the hands of a single firm. (in Marx, 1981: 569).

If Engels insertions in Part 5 put Marx's text into a different light, reading at times as though they could have come from Lenin's *Imperialism,* his Supplement to Volume 3 confirms this even further. It reads as an almost seamless transition of analysis from the mind of one author to another, from Engels to Lenin the problem is monopoly capitalism acting as modern imperialism. The very last words in Engels Supplement, that turned out to be his last testament, are:

> (6) Then there are foreign investments, all in joint-stock form. Just to take England: American railways, North and South (look up the stock list), gold mines, etc.
>
> (7) Then colonization. Today this is a pure appendage of the stock exchange, in whose interest the European powers divided up Africa a few years ago, and the French conquered Tunis and Tonkin. Africa directly leased out to companies (Niger, South Africa, German South-West and East Africa), and Mashonaland and Natal taken possession of for the stock exchange by Rhodes. (in Marx, 1981:1047)

Fictitious Capital

Thus far we have left to one side the question of money capital and how it relates in the corporation, which we now turn to.

The concept of fictitious capital predates Marx but was adopted by him and characteristically given fresh dialectical content (Durand, 2017). Marx introduces fictitious capital in a number of guises in Part Five of *Capital* Volume 3. He distinguishes between real capital on the one hand (productive capital and commodity capital) and money capital on the other, which from a certain point, the explanation of banking capital, he presents as mostly fictitious:

> With the development of interest-bearing capital and the credit system, all capital seems to be duplicated, and at some points triplicated, by the various ways in which the same capital, or even the same claim, appears in various hands in different

> guises. 3 The greater part of this 'money capital' is purely fictitious. With the exception of the reserve fund, deposits are never more than credits with the banker, and never exist as real deposits (1981: 601).

This is a general reflection on the more specific idea of fictitious capital as a property claim on future profits (introduced in the paragraphs that follow this one). The overall point to keep in mind throughout is that the capitalist mode of production generates a kind of internal mirror on itself, a second realm of capital's existence in relation to itself, as distinct from the realm of social capital's relations with the externalities such as labour, nature, suppliers and customers. Capitalism generates and reproduces itself through the purely financial sphere of capital markets as well as the more concrete spheres of commodity production. Capital itself becomes a fetish, in the form of interest bearing capital and in its further credit derivatives (Marx: 1981, 523). These reflections have enormous consequences for the general concept of the corporation as an institutional form, in that it moves simultaneously in both the financial and operating spheres of capital. This duality gives rise to conceptions of the corporation as two faced, Janus like, and even double minded, schizophrenic. The corporation spans the accumulation of capital - the conversion of surplus-value - and its distribution as profit.

In Chapter 25 'Credit and Fictitious Capital', Marx gives a first indication of how fictitious capital arises in commercial trade based on the widespread practice of payment on for goods on credit through the instrument of the buyer raising a bill of exchange, as a promise to pay for the merchandise at a future date, that was backed by their bank. Fictitious capital occurs when a bill of exchange is drawn (issued) unconnected with any real shipment of goods. There is no exchange of goods, but a credit is nonetheless raised. The origin is fictive in the most literal sense, i.e. an invention of currency with no immediate basis in material production. But such frauds are mixed in with the great mass of bills of exchange that formed the basis of the credit system between individual capitalists and were settled daily in great volumes by inter-bank clearing by discount houses at the financial centre (London) and formed this fiction is nonetheless real in a different sense. (1981: 526). The bill of exchange is a form of promissory note, a promise to pay. While it arose in the context of banks backing merchant trade in commodities, banks themselves started to issue such bills as promise to pay, an initial form of the bank note. Indeed these bank issued promises to pay would circulate widely as means of payment.

The role of banks and the credit system in raising fictitious capital goes further. Hudson aptly summarises, ‘bankers and other creditors produce interest-bearing debt’ (2010: 424). In Chapter 29 on ‘Banking Capital’s Component Parts’ Marx explains that when the state raises public debt, and issues notes promising to pay back its creditors on such and such a date, this too is fictitious capital (1981:595). Marx then comes to the key point:

> the formation of fictitious capital is known as capitalization. Any regular periodic income can be capitalized by, reckoning it up, on the basis of the average rate of interest, as the sum that a capital lent out at this interest rate would yield. (1981:597)

This definition of fictitious capital is closer to the money form of *any* capital asset. It is a title, a claim to property income. In the case of the joint stock company through the vehicle of share, the market capitalises a claim to future income as a combined ‘shareholder return’; the combination of dividends issued by the company and expected price movement of the share. A market is formed in which stocks (shares) are traded. Underpinning company share price is the capitalisation of the state led base interest rate revolving in the bond markets.

> The independent movement of these ownership titles’ values, not only those of government bonds, but also of shares, strengthens the illusion that they constitute real capital besides the capital or claim to which they may give title. (1981:598)

Durand (2017:49) identifies Marx’s ambivalence towards fictitious capital particularly well. The multiplicity of fictitious capital’s forms is in Marx’s account synonymous with the expansion of the credit system within capitalism. In the key Chapter 27 ‘The Role of Credit in Capitalist Production’ Marx explains that on the hand credit allows social capital to surpass the barriers of an individual capital that is self-financing; on the other hand credit has a necessarily speculative character, moreover the more the credit system develops the more forms of fictitious capital not directly to material production proliferate (Marx, 1981: 572-573).

To what degree are the claims of fictitious capital backed by real asset values? A whole profession of stock pickers has mushroomed of analysts evaluating corporations and assessing whether the market sentiment has under or over-valued. This profession rationalises the interest of asset owners, from which perspective the only value of commercial enterprises is their current and future profitability. The role of the discipline of financial accounts is to render reliable and relatively objective measures of company profitability for the capital markets (Damodaran, 2012; Quiry et al, 2018). From the investor perspective the role of the corporation is above all else to create 'shareholder value'. Shareholder value became a *cri de guerre* in the neo-liberal offensive, and was heavily promoted to ensure that corporate senior management were fully aligned, through the concept of Economic Value Added (EVA) (Bennett Stewart, 1999). This signalled a normative campaign to embed shareholder interest in the internal measures of corporate performance and executive management decision making.

In his critique of the 'value added' discourse, Lordon (2000) explains that what lay behind it was the renewed power of the large institutional investors, the major mutual funds. This was to a significant degree driven by pension privatisations that dramatically expanding the supply of funds seeking assets that provide a return on investment. In the rich countries with state welfare regimes, neo-liberalism shifted society's funding for the elderly from the state to private long term investment funds, the raising of these funds has in turn shifted from government bonds to commercial capital markets. The big idea was that private capital, not the state, would provide social security (and maintain grades of middle class privilege) into old age. Behind the rhetoric of an 'Ownership Society' came the reality of deepening inequality and the rise of impoverishment at the end of life for the working class (Soederberg, 2010: Chapter 2).

Notice that of the processes many contemporary writers describe under the catch-all term 'financialisation', those that apply to capital correspond to forms of fictitious capital and surplus-profits as identified by Marx. They are not particular to neoliberal capitalism, although neoliberalism accentuated them, but are long standing endemic forms of the capitalist mode of production, and cannot be gotten rid of by an anti-neoliberalism that espouses regulated capitalism rather the fight for socialism.

Rent as Corporate Surplus-Profits

Capital exploits and exhausts nature, but it must do so by employing labour-power and the means of production to process what is naturally embedded and convert it through primary sector process activities into the next stage of usable, commodified use-values. The huge expansion of overseas capital investments in the late nineteenth century, principally from Britain, were largely concentrated on areas of production oriented towards exporting commodities to the industrial centres. The railway boom thrived because it applied the latest industrial technology to supply the infrastructure demanded by these newly opened up export sectors. To reverse the customary analogy, railways were the internet of the late nineteenth century.

The category of rent is particularly significant for a Marxist understanding of the corporation. Whilst this is especially and most obviously so when it comes to multinational corporations operating in extractive fields such as mining, oil, agriculture, logging, indeed a the broad swath of activities in which capital exploits nature as note by Whyte, there is a further and more general consideration once we conceive of rent as a form of surplus-profit. All multinationals strive for surplus-profits and those that survive succeed in their appropriation of surplus-profits. The category of surplus-profit arising from the relations of capitalist production goes beyond 'normal' or average profits and moves towards capitalist monopolies.

Differential rent in Marx

Marx addresses ground rent in the capitalist mode of production from two directions. In *Capital* Volume 3 he approaches ground rent from the perspective of locally available gifts of nature enhancing labour productivity and thereby cheapening production and increasing surplus-value through enhanced labour conditions. This type of variation gives rise to surplus-profits available in the first instance to the capital operating or making use of that specifically available extraction of use-values from the natural world. Marx's leading example here is the flow of water from a river that is used to turn a water wheel that in turn provides motor energy for a mill factory. The surplus-profit may be augmented by the application of further capital, the construction of the water wheel and the formation of a reservoir to ensure steady water flow for example. The combination of these contributions by nature and capital render the collective of living labour using these elements as more productive, producing more volume for a given expenditure of effort. This is labour enhanced by nature in the confines of capitalist social relations. The enhanced labour reduces the cost of production, it creates an extra surplus-value that is the source of surplus-profit once the commodities are sold. The type of surplus-profit that such an arrangement makes possible may be retained by the capitalist, or they may have to pass it on to their landowner in whole or part depending on the ownership of the natural resource. Marx calls this type of rent differential rent, as it differentiates the price of production of competing producers in a given sector. The lower cost producers are able sell their commodities at a higher margin over their costs than competing higher cost producers (on marginal lands, or without water wheels) who are able to make no more than average profits (Marx, 1981, Part 6).

This remarkable theoretical reconstruction by Marx of the internal relations involved anticipates and is reflected at the level of external resulting categories (cost and profit) by the widely used break even supply curves in the oil and mining sectors for example (Higginbottom, 2020)

Marx developed the concept price of production as the necessary modification to simple commodity value in a capitalist system, where price of production is the sector modal cost of production plus the social average rate of profit. This differential rent form of surplus-profit arises when the individual price of production of certain producers is less than the prevailing price of production, the difference being (once again) their surplus-profit. Note that monopoly as in exclusive usage of a particular physical resource such as a section of river, a tract of land on the surface or below the surface, is required for an individual capital to take advantage of it; but this may be leased as property ownership of the resource may take different forms. Whatever the legal arrangements are, under capitalism this type of surplus-profit will be produced. Whether the resource is owned by the state, by a private landlord or the operating capitalist, extra surplus-value will be produced and realised as a surplus-profit. The property arrangements will determine which entity captures the surplus-profit.

Differential technological rents as surplus-profits

A recent study of Big Pharma applies Veblen's notion of differential advantage (Klinge et al, forthcoming). Beyond the authors' preferred Veblenian framework, their analysis of gives us a route to generalise from Marx's differential rent as one form of surplus-profit in agriculture to a wider idea of individual capitals possessing a differential advantage that will allow them to generate a surplus-profit. Veblen's differential advantage could be an innovative production technique that allows that company's workers to be more productive and produce commodities more cheaply than competitors. This type of differential advantage is a short step from the capital applied in agriculture, Marx's second form of differential rent, and identical to the innovation identified in the initial phase of relative surplus-value in Volume 1 Chapters 12-15, except that the placing of the patent on the innovation will stop or at least slow down its spread to direct competitors, and to that degree prolong the period of surplus-profit for the innovating capital. If the individual capitalist who had first applied the waterwheel to production were able to patent the idea, they would have enjoyed an increased and sustained differential advantage through lower costs of production. This type of monopoly is not in abstract opposition to competition, but rather is a form of competition between individual capitals in a sector.

Note further that this type of monopoly increases the price of the commodity above the simple value were that determined by the socially *necessary* labour time required for the commodity's production. Instead the price is set higher, at a 'false social value' (Marx, 1981:799), above the innovating producer's individual value. The prevailing price covers the cost of production plus the average rate of profit *and* a further surplus-profit for the innovating producer. In terms of financial accounting, this type of patent would be identified as an intangible intellectual asset, with a certain value that, like a fixed asset, is considered as being passed over to the commodity product through the equivalent of annual depreciation, or in the case of intangibles, amortisation of the initial capital value (Klinge et al, forthcoming).

Absolute rent in Marx

Marx identifies a second category of rent, which is his main entry point in *Theories of Surplus-Value*. In this enquiry there is a rent that arises for the agricultural sector as a whole, that is accrues to all landlords in the sector when private ownership of land acts as an obstacle to capital investment, where capitalists do not own land and have to pay to get access to it. Marx terms this absolute rent, perhaps misleadingly but we will stick with the accepted terminology. In Marx's explanation the formation of absolute rent requires that a second condition be met, which is the average organic composition of the sector, agriculture in this case, is lower than the social average. This lower organic composition of capita means that for any quantum of capital invested, relatively more of it is spent on buying the usage of labour power, more workers are employed, and therefore more surplus-value is produced in the sector compared to higher organic composition sectors.

The second further dimension of rent relies heavily on his explanation of the divergence of commodities' price of production from their simple value. In the formation of price of production, Marx posits that in a system of equalised rates of profit across different sectors, those commodities produced in 'labour intensive' sectors that employ relatively more workers will have prices of production lower than their simple exchange-values. The landlords in the sector can claim a rent, adding it to the commodities' prices of production, but not necessarily exceeding their simple value (Marx, 1981: Chapter 45).

Cheaper labour as an extension of absolute rent

Consider the case where paying wages below the value of labour power increases the surplus labour produced in a sector. This is a mechanism of changing the value composition of capital other than its technically based organic composition. In this case more surplus labour is set in motion per capital outlay, not because there are more workers per machine but because labour-power is cheaper. The ratio of variable capital to constant capital decreases because the amount of variable capital required is lower; the value composition of capital increases, not for technical reasons but for social reasons of more oppressive conditions of exploitation, for example historically of African gold mine workers (Higginbottom, 2011).

These conditions of labour super-exploitation modify Marx's price of production (cost of production plus profit), evidently reducing the cost of production for those capitals with access to the cheaper labour-power. The extra surplus-value produced turns to surplus-profit that can be realised either by the capitals immediately producing under cheap labour conditions as fully priced commodities, or by the commercial capital purchasing the same commodities at a lower price, as suggested by Marx even for normal profits (1981:131). These practices of unequal exchange express the global 'race to the bottom' that is the main social relation of the imperialism of the twenty first century (Smith, 2016). Indeed the whole secret of Apple's phenomenal success is found in its ruthless exploitation of just these supply chain relations, whilst retaining control of the design, marketing and retail.

Some Preliminary Exemplars of a Marxist Approach

We give here only the briefest indications of way in which concepts of Marx's *Capital* can be applied and developed through the analysis of the theory and history of multinational corporations.

Multinational Investment Strategies

Dunning's influential but eclectic theory of the multinational enterprise adopted from Behrman (1972) a widely used classification of multinational corporate investment strategies as:

- natural resource seekers
- market seekers
- efficiency seekers
- strategic asset or capability seekers. (Dunning and Lundan, 2008:67-68)

These categories are a major organising principle for UNCTAD's annual *World Investment Reports*, for example (UNCTAD, 2005).The last strategy of strategic asset seeking has mutated into corporate strategies seeking the privatisation of state assets on the one hand, and their knowledge seeking strategies on the other (UNCTAD, 2017).

We can readily align the first three of these investment strategies with different levers that corporations employ to increase surplus-value and thereby realise surplus-profits. Natural resource seeking is clearly aligned with Marx's and classical theories of rent. Market seeking strategies are generally driven by a combination of manufacturing innovation and product volume expansion characteristic of Marx's relative surplus-value and the rising organic composition of capital. The efficiency seeking strategy is mostly concerned with cost cutting, and corresponds to the additional dimension of surplus-value posited by the Marxist dependency school better known as labour super-exploitation.

Even though presented here in an initial and highly schematic way, one can see the potential for exploring and filling out these widely used but under-theorised categories, by exploring with the theory of surplus-value the internal relations and substance of different modes of surplus-labour extraction.

Two British Neo-colonial Corporations

The records of the UAC/Unilever and Lonrho indicate two different corporate pathways from colonialism to neo-colonialism.

In the 1930s the United Africa Company (UAC) had operations across Britain's colonial possessions in West Africa, it was by far Britain's biggest overseas trading company (Jones, 2000:99) Unilever saved the UAC from bankruptcy in 1932 (ibid:91), the two companies had an unusual arrangement that lasted decades, with UAC operating with relative autonomy within the group led by Unilever which in the meantime concentrated on its manufacturing production and its own trading empire (ibid: 105-106; Fieldhouse, 1994). The Anglo-Dutch group this was a hybrid mix of a corporation based on two distinct pillars; UAC as a combine of overseas commercial trading houses, Wilkins 'free standing company', and Unilever corresponding to the German/US model of a multinational enterprise built around the company's domestic manufacturing as its core then going into exports and eventually overseas subsidiary production (Mollan, 2018).

The Lonrho case is a contrasting story of transition from the colonial corporation to the neo-colonial corporation. Its origin fits more closely with Wilkins designation of an overseas free standing company making use of financial connection with the City of London. Lonrho was formed in 1909 in London in order to profit from the then just achieved conquest of Rhodesia, in which role it was a moderately successful exploiter of mines and ranches, sending regular dividends back to London for its shareholders. It is worth noting here that this enterprise was founded on imperialist violence, consolidated under white settler rule, and it was entirely parasitic on its African hosts; aspects not mentioned in Wilkins account. The weight of evidence is that Lonrho was selected by the UK state to play a significant role after 1960. That task was to re-forge loosening connections with the leaderships of the African states newly independent from Britain. Under Tiny Rowland's executive leadership Lonrho was extraordinarily successful in this play. Within two decades the company had overtaken UAC/Unilever as the most highly capitalised British trading company (Jones, 2000: 120)

Rowland was hailed as a genius. According to one white settler admirer, he was 'the best thing to hit Africa since Cecil Rhodes' quoted in (Cronjé et al 1976:12). Rather than naked violence, Rowland's preferred weapon was corruption. His legendary deal making élan rapidly built a huge web of joint venture companies. The typical arrangement was through a commercial agreement with the near kin of the political leader concerned; bolstered with titbits of luxury consumption, trips to Harrods store, private education and so on. In this way a truly neo-colonial conglomerate mushroomed, one that managed a plethora of profit producing assets from mines to car dealerships, entirely built top down. In the 1970s the company invested in mines in *apartheid* South Africa, paying African miners below the poverty minimum wage, whilst diverting profits through tax havens and extravagant executive remuneration.

Multinational Corporate Imperialism: Reform or Revolution?

Each of *Capital*'s three volumes has potential for theorising the corporation. Although Marx does not explicitly analyse the joint stock company well into Volume 3, its effects are already felt in the revolutionary crescendo he gives to Volume 1.

No more than the state, or indeed any ruling class institution, can the corporation be reformed into the service of socialism. It is a hierarchical structure uniting in one organisational form two groups of profiteers, therefore a structure that needs to be disorganised and broken up, as in Lenin's smashing of the state apparatus. The two special bodies of corporate men (as they still are mostly) are the executive managers and the shareholders. The corporate form brings together these two wings in a collective identity to actively appropriate and distribute the profits of exploitation. Through the corporate form profits, already the disguised external form of surplus-value, are further normalised simply as 'income'; the fuller title being private property income, and in the case of the corporation's shareholders and their intermediaries, *unearned* income deriving only from possession of money put to use as capital.

There are grounds for alliance in concrete struggles to curb corporate power, but the distinction between strategies corporate reform or revolution is coming to a head in this time of multiple and overlapping crises that we are living through. What brought us to this crisis, what are the solutions? The socialist answer is that the solutions cannot be reached within the limits of capitalism, the corporations and the unsustainable way of life they have generated are a systemic problem, to accept corporate agency in the solutions will only lead to further and greater problems down the line.

The green industrial revolution is nothing if it is not anti-imperialist; and conversely the widespread anti-neo-colonial struggles need an anti-imperialist movement as allies within the centres of corporate imperialism. This movement must ready itself ideologically to start the revolution against the citadels of corporate power. The struggles against corporate extractivism and ecocide proliferating across the neo-colonised Global South provide a different starting point, agency and living social base for an anti-imperialist green revolution. We need to kill the corporation because it is already killing our fellow human beings.

The transition to socialism is simply unimaginable without disrupting, dismantling and destroying corporate power. The revolution starts with them.

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