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Global Economic Crisis and the Looting of Africa

1 INTRODUCTION: LOOTING OLD AND NEW

The great African political economist, Samir Amin, speaks of a US strategy for Third World societies that 'aims only at looting their resources.'[1] Confirms Princeton economist Paul Krugman in a *New York Times* column, 'A while back, George Akerlof, the Nobel laureate in economics, described what's happening to public policy as "a form of looting"... The Bush administration and the Republican leadership in Congress are leading the looting party.'[2] That party – and subsequent inte-rimperial rivalries - began many years earlier. According to Karl Marx,

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the turning of Africa into a commercial warren for the hunting of black skins signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief momenta of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre.[3]

By 1913, Rosa Luxemburg had developed a full-fledged theory of imperialism from these insights, combining primitive accumulation and militarism:

> Force, fraud, oppression, looting are openly displayed without any attempt at concealment, and it requires an effort to discover within

> this tangle of political violence and contests of power the stern laws of the economic process. Bourgeois liberal theory takes into account only the former aspect: 'the realm of peaceful competition', the marvels of technology and pure commodity exchange; it separates it strictly from the other aspect: the realm of capital's blustering violence which is regarded as more or less incidental to foreign policy and quite independent of the economic sphere of capital. In reality, political power is nothing but a vehicle for the economic process. The conditions for the reproduction of capital provide the organic link between these two aspects of the accumulation of capital. The historical career of capitalism can only be appreciated by taking them together. 'Sweating blood and filth with every pore from head to toe' characterizes not only the birth of capital but also its progress in the world at every step, arid thus capitalism prepares its own downfall under ever more violent contortions and convulsions...Militarism fulfils a quite definite function in the history of capital, accompanying as it does every historical phase of accumulation. It plays a decisive part in the first stages of European capitalism, in the period of the so-called 'primitive accumulation', as a means of conquering the New World and the spice-producing countries of India. Later, it is employed to subject the modern colonies, to destroy the social organizations of primitive societies so that their means of production may be appropriated, forcibly to introduce commodity trade in countries where the social structure had been unfavourable to it, and to turn the natives into a proletariat by compelling them to work for wages in the colonies. It is responsible for the creation and expansion of spheres of interest for European capital in non-European regions, for extorting railway concessions in backward countries, and for enforcing the claims of European capital as international lender. Finally, militarism is a weapon in the competitive struggle between capitalist countries for areas of non-capitalist civilization.[4]

The wealth of capitalism - based in no small measure upon looting Africa – is regularly revealed by critical scholars, of whom Walter Rodney looms large for his 1972 book *How Europe Un-*

derdeveloped Africa, followed by Paul Zeleza's formidable 1993 Codesria manuscript covering the 19th century, *A Modern Economic History of Africa*. Notwithstanding such efforts, however, thanks to politicians and bureaucrats in Washington and London, IMF and World Bank mandarins, Geneva trade hucksters, pliant NGOs, banal celebrities and the mass media, the legacy and ongoing exploitation of Africa have been tangled up in ideological confusion.

To illustrate, consider all the attention Africa received during 2005, through efforts to 'make poverty history', to provide relief from crushing debt loads, to double aid and to establish a 'development round' of trade. At best, partial critiques of imperial power emerged amidst the cacophony of all-white rock concerts and political grandstanding. At worst, polite public discourse tactfully avoided capital's blustering violence, from Nigeria's oil-soaked Delta to northeastern Congo's gold mines to Botswana's diamond finds to Sudan's killing fields. Most of the London charity NGO strategies ensured that core issue areas – debt, aid, trade and investment – would be addressed in only the most superficial ways.

Perhaps this was not surprising. Mass media's images of Africans themselves were nearly uniformly negative during the recent period, which plays nicely into the hands of elites. Reminiscent of New Orleans ghettoes, Giles Mohan and Tunde Zack-Williams observed, 'Africa's underdevelopment has for long been blamed on local culture and the lack of "proper" values. Such discourses designed to let imperialism off the hook have reared their ugly head again in various guises.'[5] It was from West Africa that the neoconservative US writer Robert Kaplan described a future defined in terms of 'disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels'.[6] From such a frightened worldview, it is not a distant leap for Tony Blair's advisor Robert Cooper to declare that 'when dealing with more old-fashioned kinds of states... we need to revert to rougher methods of an earlier age: force, pre-emptive attack, deception, whatever is necessary to deal with those who still live in the 19th century world of "every state for itself"', hence generating 'a new kind of imperialism... to bring order and organization'.[7] Tim Jacoby concludes of such sentiments, 'In order to obscure western complicity in, or in some cases responsibility for, the defects of states in the South, policy makers have been influenced by, and contributed to, a rise to prominence of cultural explanations for social phenomena.'[8]

As the 'dark continent', Africa has typically been painted with broad-brush strokes, as a place of heathen and uncivilized people, as savage and superstitious, as tribalistic and nepostic. As David Wiley has shown, western media coverage is crisis driven, based upon parachute journalism, amplified by an entertainment media which 'perpetuates negative images of helpless primitives, happy-go-lucky buffoons, evil pagans. The media glorify colonialism/European intervention. Currently, Africa is represented as a place of endemic violence and brutal but ignorant dictators.' Add to this the 'animalization of Africa via legion of nature shows on Africa that present Africa as being devoid of humans', enhanced by an 'advertising industry that has built and exploited (and thereby perpetuated) simplistic stereotypes of Africa'. 9 Thus it was disgusting but logical, perhaps, that African people were settled into a theme village at an Austrian zoo in June 2005, their huts placed next to monkey cages in scenes reminiscent of 19th century exhibitions. In an explanatory letter, zoo director Barbara Jantschke denied that this was 'a mistake' because 'I think the Augsburg zoo is exactly the right place to communicate an atmosphere of the exotic.'[10]

2 MODERNISING AFRICA

Likewise, to reform the 'exotic' African pre-capitalist systems that are so inefficient requires, some say, yet more market pressure:

> Africa is poor, ultimately, because its economy has not grown. The public and private sectors need to work together to create a climate which unleashes the entrepreneurship of the peoples of Africa, generates employment and encourages individuals and firms, domestic and foreign, to invest. Changes in governance are needed to make the investment climate stronger. The developed world must support the African Union's New Partnership for Africa's Development (Nepad) programme to build public/private partnerships in order to create a stronger climate for growth, investment and jobs.[11]

These sentences – from Tony Blair's 'Commission for Africa' report - distill the mistakes of conventional wisdom regarding the continent's underdevelopment. Blair hosted the G8 and the European Union in 2005, and his chancellor of the exchequer Gordon Brown advanced several initiatives on debt, aid and trade, deploying 'Marshall Plan for Africa' rhetoric. The Africa Commission co-opted key African elites into a modified 'neoliberal' – free-market – project, in sync with Mbeki's New Partnership for Africa's Development (Nepad).

In reality, though, it would be more logical to reverse all of the above allegations, and reconstruct the paragraph as follows:

> Africa is poor, ultimately, because its economy and society have been ravaged by international capital as well as by local elites who are often propped up by foreign powers. The public and private sectors have worked together to drain the continent of resources which – if harnessed and shared fairly - should otherwise meet the needs of the peoples of Africa. Changes in 'governance' – e.g. revolutions - are desperately needed for social progress, and these entail

> not only the empowerment of 'civil society' but also the strengthening of those agencies within African states which can deliver welfare and basic infrastructure. The rich world must decide whether to support the African Union's Nepad programme, which will worsen the resource drain because of its pro-corporate orientation, or instead to give Africa space for societies to build public/people partnerships in order to satisfy unmet basic needs.

One reason to make this argument so forcefully is to remind ourselves of the historical legacy of a continent *looted*: trade by force dating back centuries; slavery that uprooted and dispossessed around 12 million Africans; land grabs; vicious taxation schemes; precious metals spirited away; the appropriation of antiquities to the British Museum and other trophy rooms; the 19th century emergence of racist ideologies to justify colonialism; the 1884-85 carve-up of Africa into dysfunctional territories in a Berlin negotiating room; the construction of settler-colonial and extractive-colonial systems – of which apartheid, the German occupation of Namibia, the Portuguese colonies and King Leopold's Belgian Congo were perhaps only the most blatant – often based upon tearing black migrant workers from rural areas (leaving women vastly increased responsibilities as a consequence); Cold War battlegrounds - proxies for US/USSR conflicts – filled with millions of corpses; other wars catalysed by mineral searches and offshoot violence such as witnessed in blood diamonds and coltan; poacher-stripped swathes of East, Central and Southern Africa now devoid of rhinos and elephants whose ivory became ornamental material or aphrodisiac in the Middle East and East Asia; societies used as guinea pigs in the latest corporate pharmaceutical test; and the list could continue.

Today, Africa is still getting progressively poorer, with per capita incomes in many countries below those of the 1950s-60s era of independence. If we consider even the most banal measure of poverty, most Sub-Saharan African countries suffered an increase in the percentage of people with income of less than $1/day during the 1980s and 1990s, the World Bank itself concedes.[12] Later we consider even more worrying evidence (also from the Bank) regarding the depletion of Africa's raw materials, and the implications for the continent's declining net national income and savings.

Yet the worsening statistics led to different kinds of spin. Emblematic of the power-elite view (even if published in the ostensibly progressive US magazine *The Nation*), Andrew Rice reviewed new books on Africa by Martin Meredith, Robert Guest and Jeffrey Sachs:

> How can one continent be so out of step with humankind's march of progress? Everyone agrees that Africans are desperately poor and typically endure governments that are, to varying degrees, corrupt and capricious. The dispute is about causes and consequences. One group - call it the poverty-first camp - believes African governments are so lousy precisely because their countries are so poor. The other group - the governance-first camp - holds that Africans are impoverished because their rulers keep them that way.[13]

Sachs isn't actually so crude, since 'Little surpasses the western world in the cruelty and depredations that it has long imposed on Africa.' But he presumes that the critique of corrupt dictators is a 'political story line' of the 'right', instead of giving credence to progressive, organic African anti-corruption campaigning. From there, Sachs proceeds to rehearse well-known accounts of malaria, AIDS, landlocked countries and other forms of geographically-determinist analysis, and then reconciles these explanations with garden-variety policy advice: adopting good governance plus 'implementing traditional market reforms, especially regarding export promotion'.[14]

Another view entirely, that African rulers keep their people poor *because* they are tied into a system of global power, accumulation and class struggle, is rarely or never given a hearing, especially when well-meaning NGOs and charity proponents seek yet more African integration into imperial circuits of trade, aid, finance and investment, a goal they view as unrealised largely because of state corruption.[15] Northern academics provide a more sophisticated version of the argument, known as the theory of African patrimonialism, namely rule through personal patronage not ideology or law, based upon relationships of loyalty and dependence with a blurred distinction between private and public interests.[16]

In fact, the deeper global power relations that keep Africa down (and, simultaneously, African elites shored up) should have been obvious to the world in 2005, a year during which numerous events were lined up to ostensibly help liberate Africa from poverty and powerlessness: the mobilization of NGO-driven citizens campaigns like Britain's Make Poverty History and the Johannesburg-based Global Call to Action Against Poverty (throughout 2005); Tony Blair's Commission for Africa (February); the main creditor countries' debt relief proposal (June); a tour of Africa by the new World Bank president Paul Wolfowitz (June); the G8 Gleneagles debt and aid commitments (July); the Live 8 consciouness raising concerts (July); the United Nations' Millennium Development Goals review (September); the return to Nigeria of monies looted by Sani Abacha and deposited in Swiss bank accounts (September); the IMF/World Bank annual meeting addressing debt and Third World 'voice' (September); a large debt relief package for Nigeria (October); the deal done at the World Trade Organization's ministerial summit in Hong Kong (December).

There are many different dynamics associated with these mainly top-down processes, and it is appropriate to ask the question: what was really accomplished in retrospect? For those seeking genuine information about Africa's situation, the events above were useful mainly insofar as they revealed global-elite hypocrisy and power relations which remained impervious to advocacy, solidarity and democratization. The events also revealed the limits of strategies aimed at intra-elite persuasion rather than pressure. Tragically, the actual conditions faced by most people on the continent continued to deteriorate.

But this is not the impression that world elites and African rulers would like to leave. In September 2005, the outgoing chair of the IMF and World Bank Development Committee (one of two crucial standing bodies of the Bretton Woods Institutions), South African finance minister Trevor Manuel, bragged: 'Right now, the macroeconomic conditions in Africa have never been better. You have growth across the continent at 4.7%. You have inflation in single digits. The bulk of countries have very strong fiscal balances as well.'17 As for Gleneagles, Live8 organizer Bob Geldof was ecstatic: 'On aid, 10 out of 10. On debt, eight out of 10. On trade ... it is quite clear that this summit, uniquely, decided that enforced liberalization must no longer take place. That is a serious, excellent result on trade.'[18]

Upon closer examination, Geldof appears to have been profoundly and dangerously misguided (as many of his NGO allies warned him). Manuel's statements are true only if we take misleadingly narrow economic statistics seriously. But we don't have to: even the World Bank was compelled to confess in mid-2005 that Africa is being continually *drained* of wealth through depletion of minerals, forests and other eco-social factors ignored by Manuel and mainstream economists (a point we return to below).

More perceptively than the World Bank, of course, many critics of North-South power relations – such as Walter Rodney – long ago identified the basic processes:

> The question as to who and what is responsible for African underdevelopment can be answered at two levels. Firstly, the answer is

> that the operation of the imperialist system bears major responsibility for African economic retardation by draining African wealth and by making it impossible to develop more rapidly the resources of the continent. Secondly, one has to deal with those who manipulate the system and those who are either agents or unwitting accomplices of the said system.[19]

Rodney's research showed how Sub-Saharan Africa suffered a drain of wealth along two trajectories: South-North resource flows associated with what we now term 'global apartheid', and adverse internal African class formation which reproduces global apartheid's local agents ('compradors'). In the former case, the central processes are associated with exploitative debt and finance, phantom aid, capital flight, the brain drain, unfair trade, distorted investment and the ecological debt the North owes the South, in the context of profoundly undemocratic global power relations. As Rodney put it in 1972,

> *In order to understand present economic conditions in Africa, one needs to know why it is that Africa has realized so little of its natural potential, and one also needs to know why so much of its present wealth goes to non-Africans who reside for the most part outside of the continent ...*
>
> It is typical of underdeveloped economies that they do not (or are not allowed to) concentrate on those sectors of the economy which in turn will generate growth and raise production to a new level altogether, and there are very few ties between one sector and another so that (say) agriculture and industry could react beneficially on each other. Furthermore, whatever savings are made within the economy are mainly sent abroad or are frittered away in consumption rather than being redirected to productive purposes. Much of the national income which remains within the country goes to pay individuals who are not directly involved in producing wealth but only in rendering auxiliary services-civil servants, merchants, soldiers, entertainers, etc. What aggravates the situation is that

> more people are employed in those jobs than are really necessary to give efficient service; and to crown it all these people do not reinvest in agriculture or industry. They squander the wealth created by the peasants and workers by purchasing cars, whisky and perfume. (original emphasis)[20]

There are indeed African collaborators who require mention and critique. Instead of an organic middle class and productive capitalist class, Africa has seen an excessively powerful comprador ruling elite whose income has been based upon financial-parasitical accumulation, which in turn is subject to vast capital flight. The case of South Africa as a national 'subimperial' site of geopolitical, military, financial, trade and investment power deserves special consideration.

In turn, this means that not just poverty but also inequality must be central to the analysis, for Africa hosts some of the world's worst cases. The most common measure of income inequality is the 'Gini coefficient', a number between 0 (everyone has the same income) and 1 (one person has all the income and everyone else has nothing). The following countries exceed a 0.50 Gini score, placing them at the very top of the world's ranking: Namibia, Botswana, the Central African Republic, Swaziland, Lesotho, South Africa, Zambia, Malawi, The Gambia and Zimbabwe.[21]

The processes discussed above are also intensely gendered. Women are the main victims of systemic poverty and inequality, whether in productive circuits of capital (increasingly subject to sweatshop conditions) or in the 'sphere of reproduction' of households and labour markets, where much primitive accumulation occurs through unequal gender power relations. This is especially evident in areas such as Southern Africa, which are characterized by more than a century of migrant labour flows. Indeed, the sphere of reproduction remains central to Northern capitalism's social power over the South, particularly in the case of migrancy. Here, the superexploitation of women in childrearing, healthcare and eldercare contrasts with wealthy countries' state-supplied (or firm-based) schooling, medical aids and pension schemes.

This is not simply a local problem, but corresponds to worsening global trends. Political scientists Isabella Bakker and Stephen Gill show how

> *Reprivatization of social reproduction* involves at least four shifts that relate to the household, the state and social institutions, and finally the basic mechanisms of livelihood, particularly in poorer countries:
> • household and caring activities are increasingly provided through the market and are thus exposed to the movement of money;
> • societies seem to become redefined as collections of individuals (or at best collections of families), particularly when the state retreats from universal social protection;
> • accumulation patterns premised on connected control over wider areas of social life and thus the provisions for social reproduction;
> • survival and livelihood. For example, a large proportion of the world's population has no effective health insurance or even basic care.[22]

The denial of Africans' access to food, medicines, energy and even water is a common reflection of this latter tendency, as people who are surplus to capitalism's labour power requirements find that they had better fend for themselves - or simply die. In even relatively prosperous South Africa, an early death for millions was the outcome of state and employer reaction to the AIDS epidemic, with cost-benefit analyses demonstrating conclusively that keeping most of the country's five to six million HIV-positive people alive through patented medicines cost more than the people were 'worth'.23 There are many ways, Dzodzi Tsikata and Joanna Kerr have shown, that mainstream economic policy 'perpetuates women's subordination.'[24]

The same principles have been applied to the environment.

After all, 'I've always though that under-populated countries in Africa are vastly UNDER-polluted, their air quality is probably vastly inefficiently low,' opined Larry Summers, then the World Bank's chief economist, later the Clinton Administration's Treasury Secretary and then president of Harvard, in the wake of a similar off-the-cuff cost-benefit analysis: 'I think the economic logic behind dumping a load of toxic waste in the lowest-wage country is impeccable and we should face up to that.'25 Though this is an extreme version, precisely such combined anthropomorphic and racist logic permeates the way Africa is treated in global political-economic circuits.

3 UNEVEN/COMBINED DEVELOPMENT AND CAPITALISM CRISIS

To make sense of the problems noted above, first consider some of the core theoretical problems associated with the looting of Africa, specifically the debates over 'development'. Posing the argument bluntly, Branwen Gruffwydd Jones insists that, 'Marx's historical materialist method and theory of capital *explains why* capital is necessarily expansionary; *why* the plunder of Africa was an integral part of the primitive accumulation of western capital; *why* the reorganization of Africa's human and natural resources to meet the needs of Europe's developing industries required colonial occupation and domination.'26 Can a broad, nondogmatic, political-economic theory be deployed today?

In arguing in the affirmative, we might be surprised to find that the theory of 'uneven and combined development' – formulated for political purposes by Leon Trotsky in 1906 but refined during the last thirty years – should have been (but wasn't) the basis for much of the debate, for it helps to explain both crisis tendencies and crisis-displacement mechanisms at global and local scales. Together with Ashwin Desai, I have been rethinking how to formulate a theoretical approach that interrogates not only economic, but also ongoing and in many cases worsening gender, race and environmental exploitations that link Africa to the world.27 To sum up the argument deployed in coming pages, the idea of *uneven development* suggests that growth (accumulation) and decline happen in a systematic manner, but not one which follows either a 'modernization' path – directly along a line of underdevelopment, 'take-off' and development[28] – or permanent 'dependency'.[29] Instead, accumulation at one pole and poverty at another happen systematically, according to systems of exploitation that we must carefully analyse and document, *but that can change*, depending upon political processes.

In this formulation, *combined development* is a reference to the way capitalism uses combinations of market and non-market activities for additional profits. So-called 'primitive accumulation' is not merely the once-off event that allowed a critical mass of capital to be mobilized through theft, at the outset of capitalism in 18th/19th century Europe. As Marx had it, that early extra measure of profitability came, in part, because 'the turning of Africa into a commercial warren for the hunting of black skins signalled the rosy dawn of the era of capitalist production.'30 But primitive accumulation did not end, and, as Luxemburg argued in her seminal work *The Accumulation of Capital,* instead became a permanent process of superexploitation at the world scale.[31]

Uneven and combined development is, crucially, amplified by capitalist 'crisis': i.e., not a full-fledged breakdown, but a generalized condition of excess production, given the limits of the market to provide an acceptable rate of return. As symptoms of crisis conditions – such as financial volatility - are displaced to weaker territories, capital seeks ever more desperately to exploit competitive differences between locations, sectors and scales, as sites to rescue falling profits.32 While originally a purely politicized concept in Leon Trotsky's revolutionary theory, uneven and combined development has been much more broadly conceptualized especially during the last three decades.[33]

The contemporary context of capitalist crisis is crucial. In spite of some talk that the era of the neoliberal 'Washington Consensus' had ended with the late 1990s East Asian crises, the basic processes and policies appear intact. To illustrate, on 11 June 2005, the world's leading finance ministers 'reaffirmed' that Third World countries should adopt, amongst other measures, 'macroeconomic stability; the increased fiscal transparency essential to tackle corruption, boost private sector development, and attract investment; a credible legal framework; and the elimination of impediments to private investment, both domestic and foreign.'[34]

Specific neoliberal policies required for macroeconomic 'stability', according to the man who coined the phrase Washington Consensus, John Williamson, are: fiscal discipline; reordering public expenditure priorities; tax reform; liberalizing interest rates; competitive exchange rate; trade liberalization; liberalization of inward foreign direct investment; privatization; deregulation; and property rights.[35]

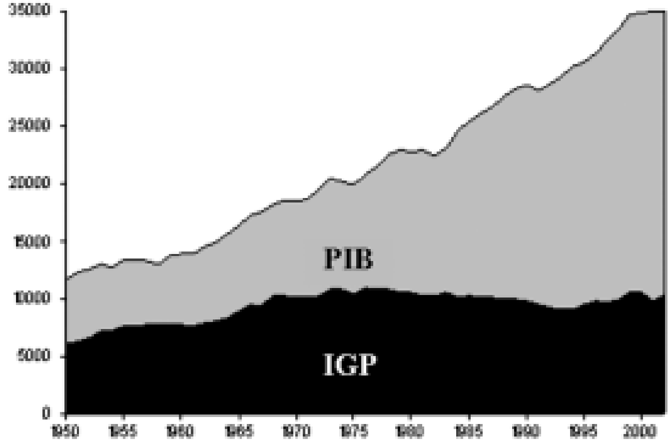
African structural adjustment programmes followed this set of strictures quite loyally from the early 1980s, leading to systematic macroeconomic *in*stability. In 1996, the World Bank provided an added element – the Highly Indebted Poor Country (HIPC) initiative – which imposed more conditionalities under the guise of partial debt relief. In 1999, the Bank and IMF began promoting Poverty Reduction Strategy Papers. By 2001, a homegrown Washington Consensus was required due to steadily deteriorating legitimacy, and coincidentally African heads of state launched Nepad. In 2005, Blair's Commission for Africa reworded and revitalized the neoliberal arguments, and Brown's role in the 'Make Poverty History' campaign brought many mainstream NGOs into alignment with the proposition that further integration of Africa into the world economy would be beneficial.

But at the same time, the world economy was witnessing a long slowdown in capitalist growth punctuated by extreme financial volatility. The eminent Post-Keynesian economist David Felix cites 'exchange rate misalignments, excessive debt leveraging, asset price bubbles, slower and more unstable output and employment growth, and increased income concentration' in the North. In Southern countries, symptoms include 'more frequent financial crises, exacerbated by over-indebtedness that forces many of them to adopt pro-cyclical macroeconomic policies that deepen their output and employment losses'.[36]

For Africa, a decisive problem, signifying the beginning of neoliberal dominance and financial power, was the dramatic rise in the US interest rate in 1979, imposed by Federal Reserve chair Paul Volcker to halt inflation and in the process discipline labour. Very rapidly, by 1982, this new monetary policy drove the Third World inexorably into debt crisis, austerity, decline and conflict. However, an ever deeper process, termed stagnation, was underway. The world's per capita annual Gross Domestic Product (GDP) increase was already falling: from 3.6% during the 1960s, to 2.1% during the 1970s, to 1.3% during the 1980s to 1.1% during the 1990s and 1% during the early 2000s.37 Of course, GDP measures are notorious overestimates, especially since environmental degradation became more extreme from the mid-1970s.

At that point, a typical 'genuine progress indicator' – which incorporates much more than the GDP's annual output of goods and services - went into deficit. How would we transcend the biased, patriarchal GDP and construct an indicator of genuine progress? At the San Francisco group Redefining Progress, statisticians subtract from GDP the cost of crime and family breakdown; add household and volunteer work; correct for income distribution (rewarding equality); subtract resource depletion; subtract pollution; subtract long-term environmental damage (climate change, nuclear waste generation); add opportunities for increased leisure time; factor in lifespan of consumer durables and public infrastructure; and subtract vulnerability upon foreign assets.

Global GDP versus a Genuine Progress Indicator, 1950-2003



Source: www.redefiningprogress.org

The growth that occurred was also concentrated much more in East Asia, the US/Canada and the European Union, with the rest of the world suffering decline in per person GDP growth.38 With stagnation came lower demand for Third World exports, especially cash crops and minerals. Likewise, there was increasing competition from a few sites of manufacturing export production (Mexico, Brazil, East Asia), hence diminishing the possibilities for Africa to grow through industrialization. Measures of income inequality between and within countries increased dramatically during the 1980s, according to all measures. In spite of the rise of China and India since then, even the World Bank concedes an ongoing increase in 'absolute' global income inequality, as well as sharp increases in inequality when China and India are excluded from calculations.[39]

How might this world-scale downturn and amplified uneven development be explained? There have been several powerful statements about the 'crisis' faced by global – and especially US - capital in restructuring production systems, social relations and geopolitics for the long haul of accumulation.[40] As evidence that the world economy is indeed severely threatened from within, it would be tempting to draw upon sources like Volcker, who in 2004 publicly warned of a '75% chance of a financial crisis hitting the US in the next five years, if it does not change its policies.' As he told the *Financial Times,* 'I think the problem now is that there isn't a sense of crisis. Sure, you can talk about the budget deficit in America if you think it is a problem - and I think it is a big problem - but there is no sense of crisis, so no one wants to listen.'[41]

According to David Harvey, the roots of crisis are in the excess productive capacity of capital, which ultimately leaves gluts of commodities, manufactured goods, and idle workers: 'Global capitalism has experienced a chronic and enduring problem of overaccumulation since the 1970s.'[42] Robert Brenner finds evidence of this problem insofar as 'costs grow as fast or faster in non-manufacturing than in manufacturing, but the rate of profit falls in the latter rather than the former, because the price increase is much slower in manufacturing than non-manufacturing. In other words, due to international overcapacity, manufacturers cannot raise prices sufficiently to cover costs.'[43] There are important disputes amongst political economists about understanding and measuring overcapacity, of course.44 In different ways, other political economists (Mandel, Simon Clarke, Harry Shutt, Robert Biel) argued that the

1970s-90s global capitalist slow-down can best be traced to overaccumulation.[45]

Related debates unfold over a *symptom* of capitalist crisis: declines in the corporate rate of profit. At first glance, the after-tax US corporate profit rate appeared to recover during the mid-1980s, nearly reaching 1960s-70s highs (although it must be said that tax rates were much lower in the recent period). However, interest payments remained at record high levels throughout the 1980s-90s. By subtracting real (inflation-adjusted) interest expenses we have a better sense of net revenue available to the firm for future investment and accumulation, which remained far lower than earlier periods.

Furthermore, we can trace, with the help of Gérard Duménil and Dominique Lévy, the ways that US corporations responded to declining manufacturing-sector accumulation. Manufacturing revenues were responsible for roughly half of total (before-tax) corporate profits during the quarter-century post-war 'Golden Age', but fell to below 20% by the early 2000s. In contrast, profits were soon much stronger in the financial sector (rising from the 10-20% range during the 1950s-60s, to above 30% by 2000) and in corporations' global operations (rising from 4-8% to above 20% by 2000).[46]

In addition to understanding the falling rate of profit and shifts in corporate accumulation strategies, there is another important conceptual challenge: the mix of extreme asset-price volatility and crisis displacement that together make the tracking of capital's 'valorization' and 'devalorization' terribly difficult. Harvey's analyses of 'spatio-temporal fixes' (i.e., bandaids not solutions) captured the first phase of globalization and financial displacement of crises from the 1970s-90s. These techniques have more recently been joined by mechanisms Harvey terms accumulation by dispossession, or simply, looting.[47]

Such theoretical tools help explain why 'capitalist crisis' doesn't automatically generate the sorts of payments-system breakdowns and mass core-capitalist unemployment problems witnessed on the main previous conjuncture of global overaccumulation, the Great Depression. That these systems of dispossession today more explicitly integrate the sphere of reproduction – where much primitive accumulation occurs through unequal gender power relations – make them notoriously difficult areas of political economy to measure and to correlate with accumulation.

Moreover, the context includes the overarching capacity of the US state to link the Bush regime's particular coalition constituencies of neoconservative politics/culture and petro-military-industrial accumulation, with the more general interests of capital, termed the 'Washington Consensus', as Leo Panitch and Sam Gindin have compellingly demonstrated.[48] Given US dependence on imported oil, which increased in price from $12/barrel to more than $70/barrel from 1998-2005, the implications of this scale of speculation-driven price swing are devastating to the US trade deficit, already unprecedented at more than 5% of GDP. As for net international investment accounts, as recently as the early 1980s, the US held 5% worth of its GDP in net foreign holdings (i.e., US claims were higher than foreign claims on the US). This figure plummeted to *negative 30%* within two decades.

Another debilitating factor that pushes and pulls money in and out of presumed safe havens – especially US Treasury Bills - is stock market turmoil. From early 2000 through the first quarter of 2003, the global share index fell by nearly 40%, from 1221 at the end of 2000 to 749 in early 2003. The big declines occurred not only on the Dow Jones in 2000, but also in Finland, Germany, Greece, Ireland, Netherlands and Sweden which in 2002 alone witnessed 33%+ crashes.[49] Taken together with 9/11, these processes resulted in large-scale funding flows of mutual funds back to US corporate funds, as the major New York investors exhibited wariness about overseas exposure.

Of course, there is an ebb and flow to capital, and it was no surprise that after the dramatic devaluations in many middle-income countries from 1995-2002, pressure from relatively lower US interest rates compelled a rethink on emerging market funds in 2005, with $345 billion anticipated in new portfolio investments (mainly funded by hedge funds, mutual funds, insurance companies and pension funds) that year alone. By late 2005, the *Washington Post's* main analyst, Paul Blustein, could predict:

> the makings of future disasters, in the view of many economists, market veterans and policymakers. Having pumped large sums into emerging markets at a time of low interest rates and high prices for the commodities that many developing countries produce, investors may well bolt when conditions deteriorate, with the sudden outflow of cash devastating economies and plunging governments into default... 'There's just a huge amount of money sloshing around looking for a place to go,' said Desmond Lachman, an economist at the American Enterprise Institute who, as a Wall Street research analyst, was one of the first to predict doom for Argentina well before its 2001 default... 'Even Turkeys Fly When the Winds Are Strong' is how Lachman put it in the title of an article he published recently in the magazine *International Economy*...
>
> 'So you put a little Jamaica in the fund, a little South Africa, a little Thailand,' said Christian Stracke, an analyst with CreditSights, an independent research firm. 'In a global crisis, all three will be a dog. But if you're a [hedge fund] manager, you don't care. You just want to offer as much diversification as possible, with as much yield as possible.'[50]

Finally, all of these financial dynamics must also be considered in light of the extreme swings in the dollar's price against other currencies over the past decade.[51] In 2004, former Treasury secretary Robert Rubin accused the Bush administration of 'playing with fire' through its policies of dollar weakening alongside continuing federal deficit spending, a combination which would generate 'serious disruptions in our financial markets.' Added C. Fred Bergsten, director of the Institute for International Economics, 'Everyone in the market knows the dollar has to come down a lot. People are starting to run for the exits.'[52]

This degree of volatility is not unprecedented in world capitalism, where empires have periodically risen and fallen in part based upon uneven development through trade. Ironically, the power of the US to manipulate the economies of other countries, and lower the value of their exports, has not changed these ratios for the better. The US was the main beneficiary of East Asian countries' 50% currency crash in 1997-98, as enormous capital flows entered the US banking system, and as imports from East Asia were acquired at much lower prices, keeping in check what might otherwise have been credit-fuelled inflation.

To be sure, this is a long-standing problem of differential power relations in trade and exchange rate deviations (together termed 'unequal exchange'), which according to Samir Amin and Gernot Köhler, caused surplus transfers approaching $1.8 trillion per year by the late 1990s.[53] Whereas the average currency value of Second and Third World countries (i.e., nonmembers of the Organization for Economic Cooperation and Development) in relation to First World currencies was 82% in 1960, it had declined to 38% by the late 1990s, according to Amin and Köhler.

Considered in another form, the importance of unequal exchange is witnessed in the difference between export volume and the value-added that goes into the exports. According to Jayati Ghosh, this is not merely a matter of primary commodity export dependence, but also of the nature of manufacturing output in the global division of labour:

> While developing countries as a group more than doubled their share of world manufacturing exports from 10.6% in 1980 to 26.5% in 1998, their share of manufacturing value added increased by less than half, from 16.6% to 23.8%. By contrast, developed countries experienced a substantial decline in share of world manufacturing exports, from 82.3% to 70.9%. But at the same time their share of world manufacturing value added actually increased, from 64.5% to 73.3%.[54]

Whether it is a function of real currency changes or of the character of what is being produced (raw materials or low-value manufactured goods), the volatile trade-related underdevelopment captured in these figures appears most important during epochs of 'globalization' such as the 1910s-20s and 1980s-90s. The volatility is, of course, global in scale, as even the US current account also suffers from extreme trade/investment instability: from surpluses associated with the weak dollar in 1980 and 1991, to dramatic declines to dangerous levels in the mid-1980s (-3.5% of GDP) and again since the mid-1990s (down to -5% of GDP and worse). Once the Dot Com boom was finished in 2000, the US share of global Foreign Direct Investment also fell substantially, from $321 billion in 2000 to as low as $40 billion in 2003.[55]

These problems appear to be durable. Distortions in currencies, trade and investment accounts have been accompanied by rising financial profitability, simultaneous with relative US manufacturing decline. The past few years of massive deficit spending by the US state indicate the importance of what can be termed 'military Keynesianism'. But so too is consumer-Keynesianism via credit increasingly crucial to the US economy, with household debt as a percentage of disposable income rising steadily from below 70% prior to 1985, to above 100% fifteen years later. On the one hand, there be no doubt that financial product innovations and especially new debt instruments associated with new information, communications and technology simply permit a greater debt load without necessarily endangering consumer finances. On the other hand, however, during the same period, US household savings rates fell from the 7-12% band to below 3%.

Moreover, consumers and other investors are also more vulnerable to larger financial shocks and asset price swings than at any time since 1929. Although there were indications from around 1974 that major financial institutions would be affected by the onset of structural economic problems, few predicted the dramatic series of upheavals across major credit and investment markets over the subsequent quarter century: the Third World debt crisis (early 1980s for commercial lenders, but lasting through the present for countries and societies); energy finance shocks (mid 1980s); crashes of international stock (1987) and property (1991-93) markets; crises in nearly all the large emerging market countries (1995-2002); and even huge individual corporate bankruptcies which had powerful international ripples.

Most importantly, the US stock market was the site of an enormous bubble until 2000, perhaps culminating in the Dot Com bubble crash which wiped $8.5 trillion of paper wealth off the books from peak to trough - but on the other hand, seemingly reinflating in 2003-05 thanks to the return of household investors and mutual fund flows, and possibly rising further in future years if Bush begins social security privatization. The market's bubble was worse even than prior episodes such as the run-up to 1929. Of course, the lost paper wealth from 2000-2002 brought these ratios down, but with the subsequent rise, the markets are by no means yet down to levels that are in keeping with historical averages.

The implications of the 2000-2002 crash are still important, however. Combined with the demographic trend towards baby-boomer retirement, it appears there are some substantial pension shortfalls in the US (and also Japan notwithstanding the Nikkei's slow recovery). Moreover, household assets also crashed because of the share bubble burst, although fast-rising housing prices kept overall asset levels at a respectable level, at least for the top 60% of US households who own their homes, and at least through 2005. This particular bubble was enhanced by the 1998 drop in interest rates – the Fed's response to the Asian and Long Term Capital Management crises – which spurred a dramatic increase in mortgage refinancings. As a result of the huge rise in property prices that followed, the difference between the real cost of owning and of renting soared to unprecedented levels. The fact that the housing sector has contributed to roughly a third of US GDP growth since the late 1990s makes this bubble particularly worrisome.

Warnings about volatility are, today, most urgent in relation to global property markets. South Africa experienced the world's highest increase in property prices during the early 2000s, but everywhere the bubble grew to untenable heights. From 1997-2004, the cumulative percentage increase in housing prices was on the order of 200% in South Africa, 160% in Ireland, 130% in Britain, 120% in Spain, 90% in Australia, 80% in Sweden, 70% in France and 60% in the US.[56] In April 2005, Steven Roach of Morgan Stanley offered this assessment of the dangers to the US economy:

> Should asset-dependent, saving-short, overly indebted American consumers feel at risk if the Fed assures them that there is no housing bubble - that the asset-based underpinnings of their decision making are well grounded? A record consumption share in the US economy - 71% of GDP since 2002 versus a 67% norm over the 1975 to 2000 period - speaks for itself.[57]

By June 2005, the world housing boom represented 'the biggest bubble in history,' according to *The Economist*, because '*never* before have real house prices risen so fast, for so long, in so many countries':

> The total value of residential property in developed economies rose by more than $30 trillion over the past five years, to over $70 trillion, an increase equivalent to 100% of those countries' combined GDPs. Not only does this dwarf any previous house-price boom, it is larger than the global stockmarket bubble in the late 1990s (an increase over five years of 80% of GDP) or America's stockmarket bubble in the late 1920s (55% of GDP)... Japan provides a nasty warning of what can happen when boom turns to bust. Japanese property prices have dropped for 14 years in a row, by 40% from their peak in 1991.[58]

Because Japanese authorities skilfully bailed out banks regularly and kept other state stimulants – such as public works programmes – going, the bubble's burst was less of a pop and more of a slow but sure deflation, like a bicycle tyre going flat over time. But flat it will eventually be: Yale economist Robert Schiller predicts a 40% real decline in US real estate prices over the next generation, given the 'irrational exuberance' that pushed the market's prices so high.[59]

The big question is whether the volatility in housing will be contagious, given that 40% of the two million jobs created from late 2001 through mid-2004 were directly linked to housing. Writing in the *Financial Times,* Stephen Schurr offered a sobering warning:

> The greatest impact of a housing downturn may be felt in consumer spending, which represents two-thirds of the US economy. Consumer spending has propped up the US economy and stock market for the past two years as capital spending languished. A primary driver

> of this has been the so-called 'housing ATM' phenomenon, whereby Americans tap their home equity for cash to fund their spending... 'Our financial sectors are linked in ways they never have been before. If housing prices fall and a guy defaults on his mortgage, the pension funds that own mortgages are going to get hit, bond markets are going to get hit, everybody is going to feel it,' said hedge fund manager Jim Melcher. 'Nobody is prepared for it.'[60]

By late 2005, those unprepared were potentially in deep trouble, as 2006 would be the first year in US memory in which housing served 'as a drag on the economy', *The New York Times* reported.[61] For the third quarter of 2005, the US personal savings rate fell to -1.5%, the worst-ever recorded quarterly rate (since 1947 when data begin).

Finally, another market that has taken off in a spectacularly unsustainable manner, and which may form the basis for more speculative investment in future, is energy derivatives. The numbers of options and futures traded has risen steadily, but does not seem to have created a 'mature' market in fields like electricity, gas and oil, as reflected in huge ongoing price fluctuations. A market in carbon emissions is also nascent but potentially enormous, given the ratification of Kyoto Protocol by Russia, which is aiming to convert its 'hot air' allowance of emissions into trades with the world's major polluters.[62]

4 DRAINING THE THIRD WORLD, LOOTING AFRICA

For the Third World, especially Africa, these multiple sources of economic volatility have important feedback effects. It is here where we might revive Trotsky's sense of capitalism's uneven and combined development, and Luxemburg's concern that capitalism needs to superexploit its noncapitalist periphery.

First, if not from Foreign Direct Investment (FDI), where would the US get its needed capital fixes, especially financial inflows to permit the payment of more than $2 billion each work day required for imports and debt repayments? The foreign inflows were quite volatile in 2002-04, but of greatest importance, perhaps, was the rapid rise in foreign – especially East Asian – ownership of aggregate US Treasury bills, rising from 20% in 1995 to 40% in 2005. The contribution of emerging markets and developing countries in relation to the US rose from a net inflow of $120 billion in capital inflows in 1998, to a $120 billion net outflow by 2003. From the Euro area, Japan and other advanced economies, the flows also shifted, from a $50 billion inflow in 1991 to a $310 billion outflow by 2003.[63]

This vacuuming of available finance into the US during the early 2000s – slightly offset by capital reversals in 2005 - is important not because the supply side of capital market funding is in any way constrained. By 2004 there was, after all, roughly $124 trillion to (theoretically) draw upon within global capital markets, and an additional $36 trillion in GDP each year contributing ongoing surpluses to the markets. The distribution of these funds is notable, reflected by four major blocs of funds: the EU ($43 trillion), US ($41 trillion), Japan ($19 trillion) and Asian emerging markets ($9 trillion). The stock of capital is invested in stock markets ($31 trillion), public bonds ($20 trillion), corporate securities ($31 trillion), and banks ($41 trillion), as well as foreign exchange reserves ($3 trillion).[64] There is no shortage of liquid capital in the global markets, only a question of what rate of return will be required to maintain foreign interest in the US position. This is particularly important as one of the crucial 'pull' factors, drawing resources away from Africa and other developing countries.

The new US Federal Reserve chairperson, Ben Bernanke, offered a dangerously benign view of overaccumulated global finance, suggesting that the US can continue to suck in the world's capital:

> Over the past decade, a combination of diverse forces has created a significant increase in the global supply of saving - a global saving glut - which helps to explain both the increase in the US current account deficit and the relatively low level of long-term real interest rates in the world today. The prospect of dramatic increases in the ratio of retirees to workers in a number of major industrial economies is one important reason for the high level of global saving.[65]

With no major change in US policy anticipated, hence, the drains of capital from to Washington continue. One result for the South, including African countries, is the need to maintain much higher interest rates than under normal conditions. To take 30 July 2004 as a snapshot point, emerging market bonds funded internationally required the highest premium in Nigeria (6.1% premium, about twice that of South Africa, the only other major Sub-Saharan Africa issuer). As for local bonds, the interest rate spreads have been stratospheric in high-risk sites like Argentina (49.1%) followed in Africa by the Ivory Coast (33.3%), Nigeria (5.3%) and South Africa (1.4%). But these are highly fluid financial markets, with the same statistics in 2000, for example, providing interest spreads as follows: Argentina 7.7%, Ivory Coast 24.4%, Nigeria 14.8%, and South Africa 4.2%.[66]

Amplified uneven development is reflected in highly divergent patterns of financial stability and volatility in these emerging markets. One figure that signals perhaps the greatest danger for the Third World is capital outflow via unofficial routes. Capital flight has been an especially severe problem since the mid-1990s in Asia (peaking at $100 billion in 1998) and the Middle East ($50 billion in 1999). But as noted in more detail below, Africa has seen an even greater share of its resources – more than $20 billion in 1997 alone – drained out by its own citizens.[67]

Another factor reflecting potentially high risks is rising foreign indebtedness. In absolute terms, Third World debt rose from $580 billion in 1980 to $2.4 trillion in 2002, and much of it is now simply unrepayable, a factor recognized by the G8 finance ministers in June 2005 when they agreed to a partial write-off of $40 billion of debt owed by the 18 poorest countries.[68] In 2002, there was a net outflow of $340 billion in servicing this debt, compared to overseas development aid of $37 billion. As Brussels-based debt campaigner Eric Toussaint remarks, 'since 1980, over 50 Marshall Plans (over $4.6 trillion) have been sent by the peoples of the Periphery to their creditors in the Centre'.[69] The Highly Indebted Poor Countries initiative demonstrably failed to change the debt servicing ratios noticeably, and the small debt relief concessions – including the June 2005 finance ministers' offer – came at the expense of deepened neoliberal conditionality. Instead of a sustainable level of debt service payments, as claimed by those supporting the elites' limited debt relief schemes, Africa's net financial accounts went negative during the 1990s.

In some cases, financial flows – including bank profits and dividends – are channeled from African countries to South Africa, and then to London. An explicit case of this emerged in 2005, when Barclays purchased the Amalgamated Banks of South Africa (Absa). As Steve Booysen, Absa's chief executive explained, 'On the downside, dividend outflows repatriated to Barclays in London at about R1 billion/year would have a negative impact on the current account. However, these might be offset by potentially bigger inflows accruing to Absa through expanded African operations.'[70]

Although remittances from the African Diaspora now fund a limited amount of capital accumulation, capital flight is far greater. At more than $10 billion/year since the early 1970s, collectively, the citizens of Nigeria, the Ivory Coast, the DRC, Angola and Zambia have been especially vulnerable to the overseas drain of their national wealth. In addition to the lifting of exchange controls, a major factor during the late 1990s was financial deregulation. In South Africa, for example, financial liberalization included the relisting of the primary share-issuing residence of the largest South African firms: from Johannesburg to London.

Likewise, damage from trade liberalization has been vast. Pressed by the Bretton Woods Institutions and WTO, African elites have lifted protective tariffs excessively rapidly, leading to the premature deaths of infant industries and manufacturing jobs, as well as a decline in state customs revenue. As a result, according to Christian Aid, 'Trade liberalization has cost Sub-Saharan Africa $272 billion over the past 20 years... Overall, local producers are selling less than they were before trade was liberalized.'[71] Trade is especially difficult to rely upon for growth, given that agricultural subsidies accruing to Northern farmers rose from the late 1980s to 2004 by 15%, to $279 billion, mainly benefiting large agro-corporate producers.[72] Flows of people – a veritable brain drain – have also been formidable, but the value of wealth lost to the process is incalculable, given that more than 15% of Africa's best-educated professionals now live abroad.[73]

Meanwhile, Foreign Direct Investment to Sub-Saharan began rising in the late 1990s after two decades of stagnation. But the vast bulk of investments were accounted for in two major processes: South African capital's changed domicile, and resurgent oil investments (especially in Angola and Nigeria). On the latter point, thanks to the legacy of environmental economists such as Herman Daly, even the World Bank has addressed the question of natural capital depletion, in *Where is the Wealth of Nations?*[74] The Bank methodology for correcting bias in GDP wealth accounting is nowhere near as expansive as that, for instance, of the San Francisco group Redefining Progress, which estimates that global GDP began declining in absolute terms during the mid-1970s, once we account for natural resource depletion, pollution and a variety of other factors. Nevertheless, the Bank's tentative approach is at least a step forward in recognizing that extractive investments may not contribute to net GDP, and indeed may cause net national savings and wealth to actually shrink.

The Bank's first-cut method subtracts from the existing rate of savings factors such as fixed capital depreciation, depletion of natural resources and pollution, but then adds investments in education (defined as annual expenditure). The result, in most African countries dependent upon primary products, is a net negative rate of national savings to Gross National Income (GNI). Notwithstanding some problems, the Bank's methodology at least indicates some of the trends associated with raw materials extraction.[75] In particular, the attempt to generate a 'genuine savings' calculation requires adjusting net national savings to account for resource depletion. The Bank suggests the following steps:

> From gross national saving the consumption of fixed capital is subtracted to give the traditional indicator of saving; net national savings. The value of damages from pollutants is subtracted. The pollutants carbon dioxide and particulate matter are included. The value of natural resource depletion is subtracted. Energy, metals and mineral and net forest depletion are included. Current operating expenditures on education are added to net national saving to adjust for investments in human capital.[76]

Naturally, given oil extraction, the Middle East region (including North Africa) has the world's most serious problem of net negative gross national income and savings under this methodology. But Sub-Saharan Africa is second worst, and several years during the early 1990s witnessed net *negative* GNI for the continent once extraction of natural resources was factored in. Indeed, for every percentage point increase in a country's extractive-resource dependency, that country's potential GDP declines by 9% (as against the real GDP recorded), according to the Bank.[77] African countries with the combined highest resource dependence and lowest capital accumulation included Nigeria, Zambia, Mauritania, Gabon, Congo, Algeria and South Africa. In comparing the *potential* for capital accumulation – i.e., were resource rents not simply extracted (and exported) and resources depleted – on the one hand and, on the other, the *actual* measure of capital accumulation, Bank researchers discovered that,

> In many cases the differences are huge. Nigeria, a major oil exporter, could have had a year 2000 stock of produced capital five times higher than the actual stock. Moreover, if these investments had taken place, oil would play a much smaller role in the Nigerian economy today, with likely beneficial impacts on policies affecting other sectors of the economy.[78]

Using this methodology, African countries whose economies are primary product dependent fare badly. Gabon's citizens lost $2,241 each in 2000, as oil companies rapidly depleted the country's tangible wealth. The Republic of the Congo (-$727), Nigeria (-$210), Cameroon (-$152), Mauritania (-$147) and Cote d'Ivoire (-$100) are other African countries whose people lost more than $100 in tangible national wealth each in 2000 alone. (Angola would rank high amongst these, were data available for the Bank's analysis.) A few countries did benefit, according to the tangible wealth measure, including the Seychelles (+$904), Botswana (+$814) and Namibia (+$140), but the majority of African countries saw their wealth depleted.[79]

African countries' adjusted national wealth and 'savings gaps', 2000

	Income per capita ($)	Population growth rate (%)	Adjusted net saving per capita ($)	Change in wealth per capita ($)
Benin	360	2.6	14	-42
Botswana	2925	1.7	1021	814
Burkina Faso	230	2.5	15	-36
Burundi	97	1.9	-10	-37
Cameroon	548	2.2	-8	-152
CapeVerde	1195	2.7	43	-81
Chad	174	3.1	-8	-74
Comoros	367	2.5	-17	-73
Rep of Congo	660	3.2	-227	-727
Côte d'Ivoire	625	2.3	-5	-100
Ethiopia	101	2.4	-4	-27
Gabon	3370	2.3	-1183	-2241
The Gambia	305	3.4	-5	-45
Ghana	255	1.7	16	-18
Kenya	343	2.3	40	-11
Madagascar	245	3.1	9	-56
Malawi	162	2.1	-2	-29
Mali	221	2.4	20	-47
Mauritania	382	2.9	-30	-147
Mauritius	3697	1.1	645	514
Mozambique	195	2.2	15	-20
Namibia	1820	3.2	392	140
Niger	166	3.3	-10	-83
Nigeria	297	2.4	-97	-210
Rwanda	233	2.9	14	-60
Senegal	449	2.6	31	-27
Seychelles	7089	0.9	1162	904
South Africa	2837	2.5	246	-2
Swaziland	1375	2.5	129	8
Togo	285	4.0	-20	-88
Zambia	312	2.0	-13	-63
Zimbabwe	550	2.0	53	-4

Source: World Bank, Where is the Wealth of Nations?, p.66.

Even Africa's largest economy, South Africa, which from the early 1980s has been far less reliant upon minerals extraction, recorded a $2 drop in per capita wealth in 2000 using this methodology. According to the World Bank, the natural wealth of $3,400/person in South Africa included subsoil assets (worth $1,118 per person);[80] timber ($310); non-timber forest resources ($46); protected areas ($51); cropland ($1,238); pastureland ($637). This sum can be compared to the value of produced capital (plant and equipment) and urban land (together worth $7,270 per person in 2000). Hence even in Africa's most industrialized economy, the estimated value of natural capital is nearly half of the measureable value of plant, equipment and urban land.[81]

Given the constant depletion of this natural capital, South Africa's official gross national savings rate of 15.7% of GDI therefore should be adjusted downwards. By substracting consumption of fixed capital at 13.3%, the net national savings is actually 2.4%, added to which should be education expenditure (amongst the world's highest) at 7.5%. Then subtract mineral depletion of 1%; forest depletion of 0.3%; 0.2% pollution damage (limited to 'particulate matter', a small part of South Africa's waste problem); and CO2 emissions worth 1.6% of GDI (a serious undervaluation). In total, the actual 'genuine savings' of South Africa is reduced to just 6.9% of national income.[82] How much of this deficit from the 15.7% savings rate can be attributed to foreign investors? Not only is mineral depletion biased to benefit overseas mining houses, CO2 emissions and a great deal of other pollution (especially SO2) are largely the result of energy consumption by metals smelters owned by large multinational corporations (Mittal Steel, BHP Billiton and the Anglo American group).

The other concern noted above is the manner in which foreign acquisitions of existing domestically-owned plant and equipment also have unintended negative consequences.

Perhaps the worst case was on the Zambian copperfields, when Anglo American invested during the late 1990s but then simply closed down one of the most important mining sites, leaving thousands of victims in its wake. But even South Africa has been victimized by privatization-related FDI. Indeed, the large foreign investments in South Africa that appear as a blip on the FDI graph are mainly accounted for by the 1997 privatization of the telecommunications sector and the 2001 rejigging of statistics to claim large formerly domestic corporations as foreign, once they had changed their primary share listing to London. The implications of the telecommunications investments are now well-known, in the wake of the 30% share purchase in the state-owned Telkom by a Houston/Kuala Lumpur alliance. Critics such as the Freedom of Expression Institute[83] point to subsequent problems as being inexorably related to FDI and privatization, including the skyrocketing cost of local calls skyrocketed as cross-subsidization from long-distance (especially international) calls was phased out; the disconnection of 2.1 million lines (out of 2.6 million new lines installed) due to unaffordability; the firing of 20,000 Telkom workers, leading to ongoing labour strife; and an Initial Public Offering on the New York Stock Exchange in 2003 which raised only $500 million, with an estimated $5 billion of Pretoria's own funding of Telkom's late 1990s capital expansion lost in the process. Ironically, the South African state repurchased the shares of Telkom held by the foreign investment consortium in 2004 (although Pretoria did not materially change policies and practices subsequently). There are several similar experiences with failed foreign investment in South Africa's other privatized state assets, including transport (where renationalization occurred in the cases of Sun Air and SAA), water (where remunicipalization occurred in the case of Suez in Nkonkobe and is likely to occur in Johannesburg) and electricity.

These experiences are not uncommon, according to Transparency International's Lawrence Cockcroft:

> The most common and important form of corruption has been one in which, in spite of a conventional bidding process, an award has been made to a company which has committed itself to specific additional investment often amounting to large sums. The real, but very untransparent arrangement, has been that a key figure in the privatization panel has taken a bribe for the award of the contract and will ensure that no further investment need be made, and even that the initial downpayment should be very modest. This is certain to have disastrous consequences for the long term viability of the operation in question.[84]

There are many other modes of surplus and resource extraction through FDI, involving swindling. For example, corporate failure to pay taxes and state failure to collect them is a point stressed by Cockcroft:

> Most African countries operate some form of tax break for new investors, with varying degrees of generosity. In fact such incentive schemes are frequently deceptive in that the real deal is being done in spite of them and alongside them, with a key cabinet minister or official coming to an alternative arrangement which may well guarantee an offshore payment for the individual in question as well as a 'tax holiday' for the company concerned...One of the most common instruments of state sponsored corruption is the award of import permits to well placed individuals which undermine this legitimate protection. The Kenyan sugar industry and the Nigerian feed-milling and poultry industry have been ruined for several years at a stretch through this process. As access to prime land becomes more and more competitive in African countries where there is a formal market in land the corruption surrounding the award of title has become more and more severe. A recurrent problem is one in which a title, once awarded, is re-awarded to a competitor by the Registrar

> of Lands or the senior politician who controls the Registrar. Facilitation payments, also known as grease payments, may be usefully defined as payments designed to ensure that a standard service is performed more quickly than would be the case without the payment. The clearance of customs and the installation of a telephone are illustrations of such cases. Obviously payments of this kind are regarded as standard practice in many countries of the world, and Africa is no exception to this. They have been permitted under the US Foreign Corrupt Practices Act since its revision in 1988, and in a guarded form are permitted under the 1997 OECD AntiBribery Convention.

Official statistics have never properly picked up the durable problem of transfer pricing, whereby foreign investors misinvoice inputs drawn from abroad. Companies cheat Third World countries on tax revenues by artificially inflating their imported input prices so as to claim lower net income. It is only possible to guess the vast scale of the problem on the basis of case studies. The Oxford Institute of Energy Studies estimated that in 1994, 14% of the total value of exported oil 'was not accounted for in national trade figures as a result of various forms of transfer pricing and smuggling'.[85] According to a 1999 United Nations Conference on Trade and Development survey on income shifting as part of transfer pricing, 'Of the developing countries with sufficient evidence to make an assessment, 61% estimated that their own national transnational corporations (TNCs) were engaging in income shifting, and 70% deemed it a significant problem. The income-shifting behaviour of foreign-based TNCs was also appraised. 84% of the developing countries felt that the affiliates they hosted shifted income to their parent companies to avoid tax liabilities, and 87% viewed the problem as significant.'[86]

Similarly, another kind of corporate financial transfer aimed at exploiting weak African countries is the fee that headquarters charge for patent and copyright fees on technology agreements. Such payments, according to Yash Tandon, are augmented by management and consultancy fees, as well as other Northern corporate support mechanisms that drain the Third World. For the year 2000, Tandon listed export revenue denied the South because of northern protectionism of more than $30 billion for non-agricultural products.[87]

Ecological debt that the North owes the South, especially Africa, is also vast. Joan Martinez-Alier and UN climate change commissioner Jyoti Parikh estimate that a total annual subsidy of $75 billion is provided by the Third World to polluting countries merely in the form of the 'carbon sink' function. Ecological debt takes the following forms, according to Martinez-Alier:

> •Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported;
> •actualized costs of the future lack of availability of destroyed natural resources;
> •compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualized value of irreversible damage;
> •(unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('biopiracy'). For agricultural genetic resources, the basis for such a claim already exists under the FAO's Farmers' Rights.
> •(unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste;
> •(unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.[88]
> •Vandana Shiva and Tandon estimate that biopiracy of 'wild seed varieties have contributed some $66 billion annually to the US economy.'[89] As Shiva observes, oligopolistic concentration in the firms that transform ecology into profit is now an 'epidemic':

> •the world's top 10 seed companies have increased their control from one-third to one-half of the global seed trade;
> •the top 10-biotech enterprises have raised their share from just over half to nearly three quarters of the world biotech sales; and
> •the top ten pharmaceutical companies control almost 59% market share of the world's leading 98 drug firms (previously the top ten accounted for 53% market share of 118 companies). [90]

A 2005 study commissioned by the Edmonds Institute and African Centre for Biosafety identified nearly three dozen cases of African resources captured by firms for resale without adequate 'Access and Benefit Sharing' agreements between producers and the people who first used the natural products. The values expropriated are impossible to calculate but easily run into the billions of dollars. They include a diabetes drug produced by a Kenyan microbe; a Libyan/Ethiopian treatment for diabetes; antibiotics from a Gambian termite hill; an antifungal from a Namibian giraffe; an infection-fighting amoeba from Mauritius; a Congo (Brazzaville) treatment for impotence; vaccines from Egyptian microbes; multipurpose medicinal plants from the Horn of Africa; the South African and Namibian indigenous appetite suppressant Hoodia; antibiotics from giant West African land snails; drug addiction treatments and multipurpose kombo butter from Central and West Africa; skin whitener from South African and Lesotho aloe; beauty and healing from Okoumé resin in Central Africa; skin and hair care from the argan tree in Morocco; skin care plus from Egyptian 'Pharaoh's Wheat'; skin care from the bambara groundnut and 'resurrection plant'; endophytes and improved fescues from Algeria and Morocco; nematocidal fungi from Burkina Faso; groundnuts from Malawi, Senegal, Mozambique, Sudan and Nigeria; Tanzanian impatiens; and molluscicides from the Horn of Africa.[91]

Reflecting another form of non-market exploitation, women are the main victims of neoliberalism, whether in productive circuits of capital (increasingly subject to sweatshop conditions) or in the sphere of reproduction, where much primitive accumulation occurs through unequal gender power relations. This is especially evident in the case of migrant labour flows, largely because rural women have roles in childrearing, healthcare and eldercare that maintain an artificially inexpensive supply of labour.

5 RESISTANCE

There is such a wide variety of resistance to the nature of the capitalist crisis and the looting of Africa, that a full article, or book, is required to investigate potentials and pitfalls. Organic anti-poverty activism in the Global South includes labour strikes, popular mobilizations for AIDS-treatment and other health services, reconnections of water/electricity, land and housing occupations, anti-GMO and pro-food security campaigns, women's organizing, municipal budget campaigns, student and youth movements, community resistance to displacements caused by dam construction and the like, anti-debt and reparations movements, environmental justice struggles, immigrants' rights campaigns and political movements to take state power. Decades of unrest have shown the world that the new 'anti-capitalism' has its roots in the Third World: 1980s-90s IMF Riots, high-profile indigenous people's protests since Zapatismo in 1994, global justice activism since Seattle in 1999, the Social Forum movement since 2001, anti-war demos since 2001, autonomist protests and the Latin American left's revival.

In Africa, the movements for global justice are less developed, but include the Jubilee debt and trade justice movements, as well as specific campaigns, many of which entail North-South solidarity: Treatment Action advocates breaking the hold of pharmaceutical corporations on monopoly antiretroviral patents; activists fighting Monsanto's GM drive from the US to South Africa to several African countries; blood-diamonds victims from Sierra Leone and Angola generating a partially-successful global deal at Kimberley; Kalahari Basarwa-San Bushmen raising publicity against forced removals, as the Botswana government clears the way for DeBeers and World Bank investments; Lesotho peasants objecting to displacement during construction of the continent's largest dam system (solely to quench Johannesburg's irrational and hedonistic thirst), along with Ugandans similarly threatened at the overly expensive, corruption-ridden Bujagali Dam; a growing network questioning Liberia's long exploitation by Firestone Rubber; Chadian and Cameroonian activists pressuring the World Bank not to continue funding their repression and environmental degradation; Oil Watch linkages of Nigerian Delta and many other Gulf of Guinea communities; and Ghanaian, South African and Dutch activists opposing water privatization.

How far they go in part depends upon how far valued allies elsewhere in the South but also in the advanced capitalist financial and corporate centres recognise the merits of their analysis, strategy and tactics – and offer the solidarity that African and other Third World activists can repay many times over, once the Northern boot is lifted from their countries' necks and they gain the space to win lasting, emancipatory objectives.

NOTES

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16. Those who have built up this theory include Michael Bratton, Thomas Callaghy, Patrick Chabal, Jean-Pascal Daloz and Richard Sandbrook. Critiques include Mamdani, M. (1996), Citizen and Subject: Contemporary Africa and the Legacy of State Colonialism, Princeton, Princeton University Press and Ahluwalia, P. (2001), Politics and Post-Colonial Theory: African Inflections, London, Routledge.

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27. Bond, P. and A.Desai (2006), 'Explaining Uneven and Combined Development in South Africa', in B.Dunn (Ed), The Permanent Revolution Revisited, London, Pluto; Desai, A. and P.Bond (2006), Crony Neoliberalism and Paranoid Nationalism: Debating South Africa's 'Developmental State', Pietermaritzburg, University of KwaZulu-Natal Press; and Bond, P. (1999), 'Uneven Development,' in P.O'Hara (Ed), Encyclopaedia of Political Economy, London, Routledge. We take very seriously the mandate by Paul Zeleza for any theorist of African political economy, namely that 'Greater care needs to be taken to wed theories to facts, link structures and processes, production and exchange, integrate the relations and

forces of production, society and nature, decipher the dialectic between internal and external forces, short-term and long-term trends, and capture the similarities and differences in the patterns of economic change between and within regions in Africa.' Zeleza, P. (1993), A Modern Economic History of Africa, Volume 1: The Nineteenth Century, Dakar, Codesria, p.5.

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Such data are not terribly useful for measuring overaccumulation, however, because year-on-year capacity measurement does not take into account either the manner in which firms add or subtract capacity (e.g. temporarily mothballing factories and equipment) or the ways that overaccumulation problems are shifted/stalled into other sectors of the economy. Brenner insists that such statistics cover merely short-term fluctuations, and the more rigorous indicators of overaccumulation are not yet available in any data series. During doctoral research in Zimbabwe, I constructed a proxy based on inventory stocks drawn from the manufacturing sector in the annual, quite reliable Census of Industrial Production series for the key period when overaccumulation emerged during the 1970s-80s. See Bond, P. (1998), Uneven Zimbabwe: A Study of Finance, Development and Underdevelopment, Trenton, Africa World Press, Chapters 5-6.

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64. International Monetary Fund, Global Financial Stability Report, Appendix, Table 3.

65. Bernanke, B. (2005), 'The Global Saving Glut and the US Current Account Deficit', Paper presented to the Sandridge Lecture Series, Virginia Association of Economics, Richmond, 10 March, http://www.federalreserve.gov/boarddocs/speeches/2005/200503102/default.htm.

66. International Monetary Fund, Global Financial Stability Report, Appendix, Table 13.

67. International Monetary Fund, Global Financial Stability Report, p.126

68. As discussed in more detail in the next chapter, the debt relief was conditioned by standard neoliberal policy requirements, and represented an outlay of merely $1.5 billion each year for the wealthy countries, in comparison to those states' military spending in excess of $700 billion a year.

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72. United Nations Development Programme, *Human Development Report 2005*, p.129.

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74. World Bank (2005), *Where is the Wealth of Nations? Measuring Capital for the 21st Century*, Washington, Conference Edition, 15 July.

75. In making estimates about the decline in a country's wealth due to energy, mineral or forest-related depletion, the World Bank has a minimalist definition based upon international pricing (not potential future values when scarcity becomes a more crucial factor, especially in the oil industry). The Bank does not fully calculate damages done to the local environment, to workers' health/safety, and especially to women in communities around mines. Moreover, the Bank's use of average – not marginal – cost resource rents also probably leads to underestimations of the depletion costs.

76. World Bank, Where is the Wealth of Nations?, p.39.

77. World Bank, Where is the Wealth of Nations?, p.55.

78. World Bank, Where is the Wealth of Nations?, p.55.

79. World Bank, Where is the Wealth of Nations?, p.66.

80. According to a different study by the United Nations Development Programme, the value of natural minerals capital in the soil fell from $112 billion in 1960 to $55 billion in 2000. See United Nations Development Programme (2004), South Africa Human Development Report 2003, Pretoria, Appendix 12.

81. World Bank, Where is the Wealth of Nations?, p.179.

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89. http://www.globalpolicy.org/socecon/develop/devthry/well-being/2000/tandon.htm

90. Shiva, 'Beyond the WTO Ministerial in Hong Kong'.

91. McGown, J. (2006), 'Out of Africa: Mysteries of Access and Benefit Sharing', Edmonds Washington, the Edmonds Institute and Johannesburg, the African Centre for Biosafety.