Frustrated global governance reform, subimperial geopolitical-economy and BRICS banking

A view from South Africa

By Patrick Bond

After 1994, a new era of post-apartheid foreign policy was to have begun, but a great many residual habits continued, including Pretoria’s self-interested geopolitical activity elsewhere in Africa (mainly on behalf of Johannesburg capital, including banks) and its subservience to larger powers intent on the exploitation of the African continent via a South African ‘gateway’. In the wake of a global financial meltdown which shrunk the formal South African proletariat by nearly a tenth, the ‘subimperial’ stance was strengthened at the same time rhetoric was uttered about a new ‘seat at the world table’ by major emerging market powers, especially the Brazil-Russia-India-China-South Africa (BRICS) bloc. The idea of establishing both a $50 billion BRICS Bank and a $100 billion Contingent Reserve Arrangement was articulated and endorsed at the March 2012 Delhi and 2013 Durban summits of BRICS leaders, as well as at September 2013 G20 meeting in St Petersburg. At the latter, BRICS finance ministers expressed dissatisfaction about the International Monetary Fund’s governance, notwithstanding having collectively spent $75 billion in the IMF’s recapitalization the year before. In addition, as South Africa faced increasingly serious international financial vulnerabilities in 2013, the Durban BRICS summit witnessed substantial Chinese bilateral lending for South African extractive-oriented infrastructure, at a time the local Development Bank of Southern Africa precedent came under profound criticism and required a major state bailout. With flaws in the global financial architecture extremely apparent, the BRICS seem to need a bank to assure expedited extraction of Africa’s minerals, petroleum, gas and cash crops, raising further questions about how different their pro-corporate economic growth model is from the West’s, and whether their role in world capitalism is limited to assimilation, not alternative development finance.
Introduction

In its most recent world public opinion survey, the Pew Research Centre (2013) found that only a third of South Africans identified ‘international financial instability’ as a major threat (third highest, after climate change and Chinese economic competition) compared to 52 percent of those polled across world (for whom it was a close second, after climate change at 54 percent). Our relative ignorance is a shame, for since freedom was won in 1994, the rand has collapsed seven times by more than 15 percent within a few weeks, a record bested only by the late Zimbabwe dollar. In part, our society’s rather blasé attitude is a result of soothing messages coming from the financial industry and its government allies.

For example, in late August 2013 as the rand started to tank, finance minister Pravin Gordhan assured, 'We have a floating exchange rate, which will be able to absorb some of the shocks emerging from events that we have little control over at this time' (Reuters 2013). But the rand ‘floats’ (or better, zigzags) without the kinds of flotation-type protection we had in earlier years, especially local exchange controls (the ‘finrand’ from 1985-95). In the, US financial regulations that protected the entire system were destroyed during the late 1990s by the Clinton administration so New York bankers could earn higher profits (Palast 2013). Deregulation reflected the rise of financialisation within imperialism, as well as in South Africa, and made the world currency order – and with it, the Rand – extremely volatile. The ‘float’ will get far more turbulent once the vast balance of payments deficit – caused by flight of profits and dividends to former SA companies now mainly listed on overseas stock markets – pushes the SA total foreign debt above $150 billion. That point will arrive in 2014, leaving us the same ratio of debt to GDP that PW Botha encountered thirty years earlier (after which nothing could stay the same).

Gordhan sometimes shows a panicky side. In a Financial Times interview during a US monetary policy conference in August 2013, he complained of his peers’ ‘inability to find coherent and cohesive responses across the globe to ensure that we reduce the volatility in currencies in particular, but also in sentiment’ (England and Harding 2013). The following week, at the St Petersburg G20 meeting, Gordhan joined others in the Brazil-Russia-India-China-South Africa (BRICS) network to congratulate themselves about a forthcoming BRICS ‘New Development Bank’ and Contingent Reserve Arrangement (Republic of South Africa Office of the Presidency 2013). Might these two infants challenge the Bretton Woods Institutions in the coming years’ chaotic world financial environment? Nearly seven decades after the World Bank and International Monetary Fund (IMF) were established to restore Western interstate banking following the Depression and World War II, the BRICS stand at the verge of replacing Washington and its neoliberal ideology with South-centred, state-aided capital accumulation.

That is the rhetoric, at any rate. But especially in mid-2013, the question arose of whether BRICS strategies are profoundly different from – or instead reinforcing of – the global financial architecture’s self-destruction? After all, one of the CRA’s objectives, according to South African Treasury officials, is to ‘complement existing international arrangements’ (Republic of South Africa Department of National Treasury 2012). The Chiang Mai Initiative and Asian Monetary Fund are similarly accommodationist, notwithstanding the extreme
anger in Asia in 1997-98 when they were first promoted by elites insulted by whole-scale takeover of their macroeconomic policies by IMF officials.

As for the BRICS Development Bank, critical details regarding institutional leadership and location were promised initially at the Durban Summit in March 2013 and then in Russia prior to the G20 finance ministers meeting and heads of state summit. Details did not materialise at either meeting, but there are sufficient indications available of what might be expected.¹ A $50 billion BRICS bank capitalization wouldn’t initially challenge the World Bank (which lends or invests almost that much every year). And a $100 billion CRA would quickly be exhausted in the event of a more serious financial meltdown. Perhaps those sums can be increased in coming years, since they are pitiable amounts to face off against emerging-market financial melting of the sort witnessed since the mid-1990s, where numerous countries have needed a $50 billion package overnight so as to halt financial disinvestment in the form of herd-instinct runs, including Russia’s record mid-1998 $57 billion bailout. The Russian crisis in turn directly catalyzed one of South Africa’s own most severe post-apartheid currency crashes, and SA Reserve Bank governor Chris Stals controversially raised interest rates 8 percent over a two-week period to attract capital back, thus pushing the economy into a brief recession (Bond 2003).

Fifteen years later, the dangers are worse and South Africa still fails to learn from its prior vulnerabilities. In mid-2013, trillions of dollars’ worth of paper assets shifted around, driving intense currency crashes in most BRICS. The proximate cause was an announced change in US Federal Reserve policy in which a bit less artificial stimulation (‘Quantitative Easing’) will be provided to banks thanks to Fed ‘tapering’, interest rates more than doubled over a few weeks. This then caused dramatic outflows from emerging markets and the crash of the South African rand, Brazilian real, Russian rouble and especially the Indian rupee.

Many concluded that, as The Economist (2013) put it, ‘booming emerging economies will no longer make up for weakness in rich countries.’ Influential Swedish economist Anders Aslund (2013) of the Peterson Institute for International Economics was scathing in a Financial Times article: ‘The BRICS party is over. Their ability to get going again rests on their ability to carry through reforms in grim times for which they lacked the courage in a boom.’ Added former South African opposition party leader Tony Leon (2013), ‘The investor community’s love affair with developing-market economies has soured. The romance has been replaced by recrimination.’ Goldman Sachs banker Jim O’Neill was asked by the Wall Street Journal about the acronym he had created a dozen years earlier: ‘If I were to change it, I would just leave the ‘C’” (Magalhaes 2013).

¹. One critical question, unanswered in 2013, was where would the bank be based? With the vast majority of capitalisation to come from China, since South Africa has so little spare capital to invest, it is logical to expect Shanghai. But SA Ambassador Anil Sookla publicly announced in February 2013 that South Africa would eventually host the BRICS Bank, even claiming support from China, with no competitors in sight prior to the BRICS Durban summit (Fabricius 2013).
Tempting as it is to write off the more schadenfreud-suffused and neoliberal of BRICS-pessimist commentators, their confidence grows from several countries’ deep-seated problems, not just momentary financial fluctuations. As Tsinghua University economist Li Dokui argued in September 2013, the inevitable winding down of the US Fed’s Quantitative Easing printing press is ‘good news for the renminbi’ which need no longer rise in value (Tian 2013). But in the process, he went on, ‘the concept of the BRICS may vanish, leaving just China versus other emerging economies.’ According to Merrill Lynch economist Lu Ting, ‘China will be largely immune to the impact due to its sustained current-account surplus, low foreign debt, huge exchange reserves, high savings and capital controls’ (Tian 2013). Offering official multilateral acknowledgment of severe danger, deputy IMF managing director Zhu Min warned that if China opens its capital account by liberalizing the currency, it would ‘exacerbate’ the global crisis – which is typically an observation an IMF man would repress (Tian 2013).

There are, however, some who believe in eco-social justice who believe the BRICS can not only help fix problems caused by the end of the commodity cycle, fiscal austerity and credit constraint, but that they also have the potential to change the structures of global power and potentially the world capitalist system at the same time. These commentators’ arguments are not addressed through specific rebuttals, but the reader is encouraged to consult more optimistic recent BRICS analyses by Radhika Desai (2013), Pepe Espesito (2013), Glen Ford (2013), Dot Keet (2013), Bill Martin (2013), William Pesek (2013), Vladimir Shubin (2013) and Third World Network (2013).

What every commentator must concede is that aside from halting the bombing of Syria in September 2013, the strategies advocated by BRICS leaders have so far had no discernible effect on the world’s economic and ecological crises. Within the IMF, for example, Chinese voting power has risen substantially but left no genuine change in the institution’s agenda. As for the World Bank, its presidency was grabbed by Barack Obama’s nominee Jim Yong Kim in 2012, without a united response from the BRICS (Fry 2012). The Brazilians nominated a progressive economist, Jose Antonio Campo; the South Africans nominated neoliberal Nigerian finance minister Ngozi Okonjo-Iweala; and the Russians supported Kim. As for China, the reward for not putting up a fight was getting leadership of the Bank’s International Finance Corporation for Jin-Yong Cai. An Indian, Kaushik Basu, was made World Bank chief economist. And also reflecting assimilation not antagonism, in 2012 the BRICS contributed $75 billion to the recapitalization of the IMF, which meant that while China’s voting share increased, Africa’s decreased.

Thus it was reasonable to ask whether the BRICS leaders were really serious about challenging the Bretton Woods system and other structures of global power. After all, for revolutionizing development finance, there was an alternative already in place that they could have supported: the Bank of the South. Founded by the late Venezuelan president Hugo Chavez in 2007 and supported by Argentina, Bolivia, Brazil, Ecuador, Paraguay and Uruguay, Banco del Sur already had $7 billion in capital by 2013. It offered a more profound development finance challenge to the Washington Consensus, especially after Ecuadoran radical economists led by Pedro Paez improved the design. Instead, the BRICS
appear to favour the stabilization of the world financial status quo, rather than radically changing the most unfair and intrinsically destabilizing components.

The main evidence is China’s ongoing financing of Washington’s massive trade deficit, by continuing to hold more than $1.3 trillion of US Treasury Bills. Although in mid-2013 the Chinese sold around $40 billion net of T-Bills, this would not genuinely weaken Washington’s power, much less serve to catalyse a new currency that the world could more democratically manage, instead of the Fed with its bias to the interests of the world’s largest banks. Indeed at this very time, the Fed’s monetary policy signaling was helping to tear apart the BRICS. Notwithstanding rhetoric about increasing use of BRICS currencies or barter trade, not much more is being done to end the destructive system in which the US dollar has world ‘seignorage’: i.e., it is the world’s reserve currency, no matter how badly Washington officials abuse that power. If China really wants the renminbi to one day take its place, the pace at which this is happening is agonizingly slow. In the meantime, as mid-2013 financial chaos showed, the other BRICS paid the price.

The BRICS experiment won’t stand or fall on narrow grounds of development finance. But the most critical aspects of the world economy operate through finance, for financiers still pull the strings in most national contexts, including South Africa. Given the context of such extreme need for change, it is worth examining South Africa’s particular stance, given its own record of having so dramatically moved from one kind of subimperialist power – a rogue regime hated by all civilised people – to another kind, one with enormous legitimacy in 1994.

**South Africa’s ‘seat at the table’**

As Peter Bruce (2003) of *Business Day* editorialized, the ‘abiding impression’ left from George W. Bush’s Pretoria visit a few months after starting the Iraq War was ‘of a growing, if not intimate trust between himself and president Thabo Mbeki. The amount of public touching, hugging and back-patting they went through was well beyond the call of even friendly diplomatic duty.’ The ‘diplomatic duty’ that post-apartheid South Africa accepted under the leadership of Nelson Mandela (1994-99) and during Mbeki’s first four years as president was indeed impressive, justifying Bush’s goodwill. Perhaps Mbeki also deserved promotion to what Bush called his ‘point man’ for the thorny Zimbabwe problem, though the opposition there would strongly disagree (Biti 2013).

In the first decade of democracy, Pretoria’s representatives had hosted, chaired, initiated or played leading roles in the:

- Board of Governors of the IMF and World Bank;
- Non-Aligned Movement and G77 group of poor and middle-income countries;
- UN Conference on Trade and Development;
- Commonwealth;
- Organisation of African Unity and later the African Union launch;
- Southern African Development Community;
Mbeki was subsequently occupied trying to hold onto power in South Africa, with a distracting three-year period from 2005 dominated by the unsuccessful campaign to keep Jacob Zuma at bay. After Mbeki was fired by his party’s leadership collective in September 2008 and as the world economy simultaneously melted down (thus requiring a new global configuration of power to arbitrate an urgent global financial bailout), caretaker president Kgalema Motlanthe sat quietly in two G20 summits: Washington in 2008 and London in 2009. At the latter (on 1 April), then finance minister Trevor Manuel played a crucial role in legitimating the recapitalization of the IMF.

Later in 2009, the newly installed President Zuma’s first major international role was to join four other signatories to the Copenhagen Accord during the UN COP15 climate summit. By mid-2010 he could claim the hosting of both the soccer World Cup and a Chinese invitation to join the BRIC club with Brazil, India and Russia. The following year, Zuma personally stepped onto the world stage by co-chairing Ban Ki-moon’s UN High-Level Panel on Global Sustainability. In December 2011, he and foreign minister Maite Nkoana-Mashabane hosted the UN COP17 climate summit and by 2012 his ex-wife, former foreign minister Nkosazana Dlamini-Zuma, was installed in the African Union chair. In 2013, Zuma hosted BRICS so as to present a ‘gateway’ role for these fast-growing economies to more favourably invest on the African continent.

In these respects, Pretoria’s in-house South African International Marketing Council (2013) was pleased that evidence of South Africa’s ability to punch above its weight includes the success of the BRICS summit in March in Durban. Outcomes from this meeting, including the idea of an international development bank for the developing world, seemed to set the BRICS club on a course of action after almost a decade of scheming and dreaming. Now, [Goldman Sachs bank leading official Jim] O’Neill said, the time had come for the newest member of the group to get on with proving it deserved that seat at the table.

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2. Pretoria pays the salaries of several Dlamini-Zuma advisors, which according to Institute for Security Studies analyst Paul-Simon Handy, has become a major problem: ‘Politically it’s dangerous because it suggests that the only suitable talent is in Southern Africa’ (Jobson 2013).
Already a year before, as a *New York Times* report argued, the BRICS could ‘agitate for a seat at the table’ of the global economy, through ‘signing new financial cooperation agreements... [and] signaling discontent at their lack of influence over decision-making within the world’s existing financial institutions, and exploring steps to do something about it’ (Tatlow 2012).

What, however, was actually accomplished through these extraordinary opportunities? As I have spelled out elsewhere (Bond 2003, 2006a, 2006b, 2009, 2012),

- the IMF and World Bank made only trivial changes to their operations, such as a slight shifting of their voting power to accommodate China mainly at the expense of Africa, even when SA finance minister was in the chair and ran the institutions’ Development Committee;
- the Non-Aligned Movement and G77 faded into obscurity, unable to wrestle the potentially vast power of China (‘G77 + China’) into a unified stance;
- the UN Conference on Trade and Development was pulled towards the neoliberal Washington Consensus during SA trade minister Alec Erwin’s presidency;
- in its single major challenge, the Commonwealth failed to shift Zimbabwe to democracy (Robert Mugabe withdrew Zimbabwe’s membership);
- the AU first fell under Muammar Ghaddafi’s influence (and then in 2011 chided Pretoria for officially supporting the NATO bombing of Libya instead of pursuing the AU peace strategy), and in 2012 suffered a severe Anglophone/Francophone split over Dlamini-Zuma’s leadership candidacy, in view of the prior agreement that the continent’s most powerful countries (SA, Nigeria and Egypt) would not propose its citizens for such central posts;
- the Southern African Development Community proved incapable not only of achieving economic coherence (the Southern African Customs Union nearly breaking apart over a European Union trade deal in 2012-13) given South Africa’s domination, and incapable of defending even liberal rights (e.g. white farmers’ property rights against Mugabe’s 2000s land redistribution) much less liberal democracy (Mugabe’s various infringements of the 2008 Global Political Agreement power-sharing);
- the 2000 International AIDS conference was the scene of the opening rounds in the battle between the Treatment Action Campaign and Pretoria’s genocidal AIDS-denialist policy-makers led by Mbeki;
- the World Commission on Dams was subsequently rejected not only the World Bank and prolific dam-building rulers like China’s and India’s, but even by Pretoria’s ministerial successor to the WCD chair, Kader Asmal (1999-2004 Water Minister Ronnie Kasrils);
- at the World Conference Against Racism Mbeki shot down NGO and African leaders who were demanding slavery/colonialism/apartheid reparations, as well as the reasonable Palestine-solidarity demand that Zionism be considered a form of racism;
• the New Partnership for Africa's Development provided merely a 'homegrown' Washington Consensus, was rejected even by one of the four co-sponsors (Senegal's Abdualaway Wade), and failed to generate even the anticipated Western neoliberal countries' support (in part because its African Peer Review Mechanism was ultimately farcical);

• the World Trade Organisation ministerial summits were, at their worst (especially Doha in 2001), an opportunity for Erwin to split African delegations so as to prevent consensus-denial by trade ministers (but at their best, this was the outcome, as in Seattle in 1999 and Cancun four years later);

• at the UN Financing for Development Monterrey Summit, Manuel was summit co-chair and legitimised ongoing IMF/WB strategies, including debt bondage, yet the proposed new international financial architecture proved incapable of addressing systemic risk and contagion with the resulting world financial chaos in 2008-13;

• the G8 Summits provided Africa only patronizing rhetoric;

• at the World Summit on Sustainable Development, Mbeki undermined UN democratic procedure, facilitated the privatisation of nature, and did nothing to address the plight of the world’s poor majority;

• at the Davos World Economic Forums, Africa was largely ignored;

• at G20 meetings, including London in 2009 (where Manuel presented his IMF committee’s plan for a $750 billion recapitalization of the IMF and hence the world economy), the only accomplishment was to delay and displace – not resolve – the world crisis, by shifting the burden from private sector over-indebtedness to public sector bailout/austerity; and

• the Copenhagen Accord boiled down to the US-Brazil-China-India-South African destruction of the Kyoto Protocol in favour of Washington’s preferred avoidance of binding emissions cuts, and in terms of process, the five leaders ‘wrecked the United Nations’, as climate activist Bill McKibben accurately observed.

In all of this, as commentator Xolela Mangcu (2013) correctly observes, Pretoria politicians and their Johannesburg corporate allies were simply ‘competing for global resources alongside many others.’ But, Mangcu claims, in none of the mishaps above do South Africa’s ruling elites genuinely ‘have a foreign policy dispute with the US.’ This may be an exaggeration, since Syria and Libya were cases in which Pretoria took a position opposed to the US. But more general Washington-Pretoria collaboration meant, as Mangcu put it, ‘We do not have prisoners in Guantanamo and face no threat of drone strikes.’

Reflecting how closely Washington and Pretoria worked when the stakes were seen to be high, South African officials connived in unconstitutional ‘rendition’ – i.e., involuntary deportation for the purpose of torture – of supposed foreign ‘terrorists’ (Ross 2010). Ironically, ‘terrorist’ was the very description that Washington officially gave Nelson Mandela from the time the CIA helped put him in jail in 1962 until a Congressional vote removed the label in 2008. Former SA housing minister and mining tycoon Tokyo Sexwale learned in late 2013 that he remains on terrorist watch lists.
Cooperation with neocolonial Western powers apparently requires the latter’s courtesy, for according to Khadija Patel (2013b), the visit by Francois Hollande in October 2013 confirmed a spirit of collaboration, not hostility, when it came to sharing military duties up-continent:

Zuma was more receptive to French intervention in Mali than he was of French intervention in Cote d’Ivoire. Deputy Minister of International Relations and Co-Operation, Ebrahim Ebrahim, in reconciling the difference in South Africa’s stance on French intervention in Cote d’Ivoire and Mali in January, said one key difference between Mali and Cote d’Ivoire was that Hollande had telephoned Zuma to ask his opinion and inform him about the French plans in Mali. ‘Sarkozy did not ring our president to inform him.’

Is, as might be concluded from this preliminary review, Pretoria a ‘subimperialist’ ally of the West? If you choose to use that term, the risk is being chided – by no less than Nkoana-Mashabane (2013) – for ‘a dogmatic application of classical notions of imperialism and Immanuel Wallerstein’s centre-periphery model to a situation that is fundamentally different from what these theories were trying to comprehend and explain...The tragic mishap in this case is that such intellectuals will be left behind and rendered irrelevant by history.’ But by way of rebuttal, is a prerequisite for being ‘relevant’ – and getting the desired seat at the table – to follow the logic of neoliberalism, financialisation and extreme uneven and combined development, especially in intensifying the looting of Africa? The adjective ‘subimperial’ is one way to describe that form of ‘relevance.’

**Subimperial or anti-imperial BRICS?**

In 1965, Ruy Mauro Marini (1965, 22) defined subimperialism as ‘collaborating actively with imperialist expansion, assuming in this expansion the position of a key nation.’ Nearly half a century later, such insights appear prescient, in the wake of the rise of Brazil, Russia, India, China and South Africa (BRICS) as an active alliance. By 2013 these five key nations encircling the traditional Triad (the US, European Union and Japan) were decisive collaborators with imperialism. They advanced the cause of neoliberalism by reaffirming and recapitalising its global institutional power structures. They colluded in its core logic by driving overproductive and overconsumptive maldevelopment. And they hastened the destruction of the world environment through unprecedented contributions to climate change. And they assisted in sabotaging any potentially workable global-scale ecological regulation. Overall, their role in the ‘new imperialism’ – as David Harvey (2003) describes the recent burst of super-exploitative eco-social relations – was *accommodating*, not *oppositional*.

Confusingly to some, BRICS regimes carried out this agenda at the same time they offered radical, even occasionally ‘anti-imperialist’ rhetoric and mainly diplomatic actions, e.g. at the United Nations Security Council, mainly for the sake of their internal nationalist political needs. In two cases in mid-2013, the diplomatic strategy served to put Washington on the back foot. First, in the case of Syria, Russian leader Vladimir Putin organized strong opposition – and then an alternative strategy to facilitate the Assad regime’s chemical
weapon disarmament – at the G20 meeting in St Petersburg, supported by the other BRICS. Obama was forced to retreat on his bombing threat.

Second, there were objections made especially powerfully by Brazilian president Dilma Rousseff regarding Edward Snowden’s whistleblower revelations about US National Security Agency hacking into a large proportion of the world’s emails, text messages and phone conversations. She even canceled a state visit to Washington in October 2013 to protest, as she was one of 35 world leaders – including many US allies – whose personal phone was tapped. The Brazilian state oil company Petrobras was another victim of NSA hacking, confirming US economic espionage on an unprecedented scale. Snowden, meanwhile, enjoyed well-earned respite from US persecution in Russia as a refugee, although he waited several weeks in Moscow’s international airport departure lounge after fleeing Hong Kong because China could not offer him safety. Ironically, at the same time Snowden was evading the fate of fellow US whistle-blower Chelsea Manning, the Russian government arrested 30 Greenpeace activists for protesting Arctic oil drilling; they face 15 year jail terms.

These two 2013 episodes aside, there was active BRICS collaboration with imperialist expansion in many other ways, extending far deeper into geopolitics and processes of accumulation. One was the regional geopolitical relationship of imperial and subimperial agendas in Africa. Another was Pretoria’s re-legitimisation of neoliberalism, which reinforces US power, especially dollar hegemony. Neoliberalism is a project that most explicitly benefits each BRICS country’s financial and commercial fractions of capital. In South Africa, although some of the long-standing (apartheid-era) critique of subimperial regional domination still applies, in part because of SA corporate self-interests, what is new comes mainly from the economy’s ‘financialisation.’ Indeed financial deregulation was a prerequisite for the country’s ‘elite transition’ from racial to class apartheid during the 1990s, and this process also has a subimperial dimension (Ashman, Fine and Newman 2011, Bond 2005, Mohammed 2010, Terreblanche 2012).

**Subimperial geopolitics**

In the recent era, the main military conflicts associated with US-centred imperialism have been in the Middle East, Central Asia and North Africa; there, Israel, Saudi Arabia, Turkey and Egypt have long been cited as Washington’s subimperial allies. But from the 1960s through late 1980s, Southern Africa was the site of numerous wars featuring anti-colonial liberation struggles and Cold War rivalries. Apartheid South Africa was such a strong and comforting deputy to Washington, that the latter regularly assisted the former in material and ideological terms, at least through the Reagan administration which ended in 1989.

Over two subsequent decades in this region, however, we have witnessed mainly state-civil tensions. These are typically associated with conflict-resource battles (e.g. in the Great Lakes region where southern Africa meets central Africa and where millions have been killed by minerals-oriented warlords), neoliberalism (e.g. South Africa and Zambia), an occasional coup (e.g. Madagascar), dictatorial rule (e.g. Zimbabwe, Swaziland and Malawi) or in many cases, a combination. The civil wars engineered by apartheid and the CIA in
Mozambique and Angola had ceased by 1991 and 2001, respectively, with millions dead but with both Lusophone countries subsequently recording high GDP growth rates albeit with extreme inequality. (In late 2013 Renamo revived armed hostilities against a far stronger Frelimo and with no obvious external support.)

Obama’s visit to South Africa in mid-2013, celebrated by some (Mangcu 2013) but protested by thousands, coincided with 350 US soldiers training SA Defense Force troops in Port Elizabeth. As the New York Times reported, ‘The soldiers worked together to analyze an enemy and how it would react, and in the end seized a rebel base. For the South Africans, it was a chance to learn tactics and techniques that American troops refined in Iraq and Afghanistan. For the Americans, it offered an opportunity to gain new insights on African counterinsurgency’ (Schmitt 2013).

Less than six months later, 1350 SA troops and 1700 Tanzanian and Malawian allies helped Congolese forces destroy the guerrilla group M23 (a breakaway from the DRC army backed by Rwanda and Uganda) in the minerals-rich eastern DRC. At the time of writing, several dozen similar – although less equipped – groups remain as localist warlords there, in a site where the last two decades, *six million* people have died as Resource Curse victims.

With fewer direct military conflicts in Africa but more subtle forms of imperial control, and with ‘Africa Rising’ rhetoric abundant since the early 2000’s commodity price boom, the continent and specifically the Southern African region appear as attractive sites for investment, in no small measure because of South Africa’s ‘gateway’ function, with Johannesburg as a regional branch-plant base for a variety of multinational corporations.

As a National Union of Metalworkers of SA policy analysis explained,

> Over the past 20 years, *the neo-liberal petit bourgeois leadership of the ANC* has ensured that imperialism not only retains its interest in South Africa, but imperialism consolidated and restructured its operations through de-listing and dual listing of South African monopolies. The imperialist grip on South Africa has been consolidated through the rapid increase in foreign monopoly ownership of key sectors in the South African economy. Having consolidated its interests in South Africa as its springboard, imperialism further benefits by using South Africa as a gateway to the rest of the continent.

Yet thanks to South African politicians’ anti-imperialist rhetorical twitch, one of the most confusing features of the post-apartheid era has been foreign policy. This is especially true in light of conflicting traditions of internationalism from which the African National Congress (ANC), operating mainly in exile from 1963 to 1990, during the period Nelson Mandela was imprisoned, launched its bid for power.

Material and ideological supporters of the ANC ranged from the United Nations, Soviet Union and Sweden to black-consciousness, Third Worldist and international progressive movements and institutions in civil society. Hence it was not out of character, given the ANC’s hot political traditions, to hear Nelson Mandela declare, just prior to the invasion of
Iraq in 2003, that George W. Bush, ‘who cannot think properly, is now wanting to plunge the world into a holocaust. If there is a country which has committed unspeakable atrocities, it is the United States of America’ (Murphy 2003).

But reality reasserted, and within weeks, three Iraq-bound US warships docked and refuelled in Africa’s largest harbour in Durban. South Africa’s state-owned weapons manufacturer sold $160 million worth of artillery propellants and 326 handheld laser range-finders to the British army, and 125 laser-guidance sights to the US Marines.

Bush visited Mandela’s successor, Mbeki, in the South African capital Pretoria in July 2003, and left the impression, according to Johannesburg’s Business Day newspaper, ‘of a growing, if not intimate trust between himself and Mbeki. The amount of public touching, hugging and backpatting they went through was well beyond the call of even friendly diplomatic duty’ (Business Day 2003).

By May 2004, Mandela had withdrawn his criticism: ‘The United States is the most powerful state in the world and it is not good to remain in tension with the most powerful state’ (Associated Press 2004). Mandela’s outburst was one of many confusing signals from South Africa’s leaders: occasionally talking left while mainly walking right, indeed sometimes talking left so as to walk right.

Throughout this period, there was a restrained yet increasingly important Washington geopolitical agenda for Africa, which Bush’s first Secretary of State, Colin Powell, described in a document, Rising US Stakes in Africa: political stabilisation of Sudan (whose oil was craved by Washington); support for Africa’s decrepit capital markets, which could allegedly ‘jump start’ Washington’s Millennium Challenge Account; more attention to energy, especially the ‘massive future earnings by Nigeria and Angola, among other key West African oil producers’; promotion of wildlife conservation; increased ‘counter-terrorism’ efforts, which included ‘a Muslim outreach initiative’; expanded peace operations, transferred to tens of thousands of African troops thanks to new G8 funding; and more attention to AIDS. On all but Sudan, South African co-operation was crucial for the US imperial agenda. However, after the US military’s humiliating 1993 ‘Black Hawk Down’ episode in Somalia, there was insufficient appetite at the Pentagon for direct troop deployment in Africa, and as a result, President Bill Clinton was compelled to apologise for standing idly by during the 1994 Rwandan genocide.

Instead in future, as Africa Command head Carter Ham explained in 2011, Washington ‘would eventually need an AfriCom that could undertake more traditional military operations... [although] not conducting operations – that’s for the Africans to do’ (AfriCom Public Affairs 2012). Likewise, the US Air University’s Strategic Studies Quarterly cited a US military advisor to the African Union: ‘We don’t want to see our guys going in and getting whacked... We want Africans to go in’ (Cochran 2010). In late 2006, for example, when Bush wanted to invade Somalia to rid the country of its nascent Islamic Courts government, he called in Mbeki to assist with legitimating the idea, though it was ultimately carried out by Meles Zenawi’s Ethiopian army three weeks later (White House Press Office 2006). When in 2011, Obama wanted to invade Libya to rid the country of Muammar Gaddafi,
South Africa voted affirmatively for NATO bombing within the UN Security Council (where it held a temporary seat), in spite of enormous opposition within the African Union.

**Subimperial commercial processes**

The broader economic context for South African subimperialism is crucial, because South African expansion into African markets was a logical aspect of geopolitics. Put simply but accurately by the Texas intelligence firm Stratfor (2009) in an internal memo (as revealed by WikiLeaks in 2013),

> South Africa’s history is driven by the interplay of competition and cohabitation between domestic and foreign interests exploiting the country’s mineral resources. Despite being led by a democratically-elected government, the core imperatives of South Africa remain the maintenance of a liberal regime that permits the free flow of labor and capital to and from the southern Africa region, as well as the maintenance of a superior security capability able to project into south-central Africa.

Concretely, Stratfor (2009) argues,

> Angola and the Democratic Republic of the Congo (DRC) are prime areas of interest. South Africa has long held an interest in those two countries’ diamond mines, but it has been unable to develop lasting control over them. South Africa has had a little more success with mining operations in the DRC, which it accesses through Zambia’s Copperbelt province. Angola and the DRC are anxious to develop diamond concessions in the remote interior of their respective countries, where mining operations so far remain largely artisanal. South African technical and financial know-how can be used to develop the largely untapped diamond riches in those two countries, and the ANC government knows that it can bring its influence to bear to present South African companies favorably to gain mining concessions.

In other words, according to Nairobi-based journalist Charles Onyango-Obbo (2013),

> South Africa put on its suit, picked up its fat briefcase, and stepped out into the continent. Imperial expeditions have not changed over the ages. They always require that the generals, princelings, and businessmen earn some silver and gold from it, if they are to continue cultivating elite and ruling class support for it back home. Places like the DRC, where there is plenty of silver and gold will therefore always be the logical and rational destination – whether the imperialist is Asian, European, American, or African.

With capital pushed and pulled, to and from the region, the ‘silver and gold’ earned were increasingly important to shore up South African firms’ balance sheets. The earlier opening of SA to the world economy was a vital prerequisite, however, introducing its own intense contradictions. In late 1993 as apartheid walls tumbled, Mandela authorized agreements binding on the first democratic government to repay apartheid-era debt, to give the SA Reserve Bank insulation from democracy and to take up an IMF loan with standard
structural adjustment conditions. In 1994, South Africa acceded to what became the World Trade Organisation at great cost to its uncompetitive manufacturing industries and their workers, and in 1995 the financial rand exchange control system was entirely lifted, thus allowing wealthy South Africans permission to export a much greater share of their apartheid-era wealth (Bond 2005).

Repeated exchange control relaxation by the SA Reserve Bank subsequently prioritized South African corporate investment in the Africa region. But by 2000, the financial headquarters of what were formerly Johannesburg and Cape Town-based corporations – Anglo American Corporation, DeBeers, Gencor (later BHP Billiton), Old Mutual and Liberty Life insurance, SA Breweries (later merged with Miller), Investec bank, Didata IT, Mondi paper, etc – escaped the continent entirely. These largest of SA firms are now primarily listed in London, New York and Melbourne. The resulting outflows of profits, dividends and interest after 2000 are the main reason South Africa was ranked by *The Economist* (2009) as the ‘riskiest’ amongst 17 emerging markets in early 2009 and then in 2013, riskiest amongst 19 (*Business Report* 2013). And as mentioned earlier, in order to cover the hard currency required to facilitate the vast capital flight, which apparently peaked at more than 20 percent of GDP in 2007 (Mohammed 2010), vast new foreign debt obligations were taken on.

During this period of increasing economic desperation, the regional hinterland was shifting, especially because of the commodity super-cycle which rose especially quickly from 2002-08. The African continent expanded its rate of trading with the major emerging economies – especially China – from around 5 to 20 percent of all commerce in the post-apartheid era (1994-2012). By 2009, China had overtaken the United States as Africa’s main trading partner. Soon after, rationalising and facilitating tighter continental economic relationships with BRICS countries became one of Pretoria’s leading objectives, according to deputy foreign minister Marius Fransman (2013): ‘South Africa also presents a gateway for investment on the continent, and over the next 10 years the African continent will need $480 billion for infrastructure development.’

Not just a gateway, but a vanguard, for as Nkoana-Mashabane correctly observed, ‘In 2012, South Africa invested in the rest of Africa more than any other country in the world’ (Mataboge 2013). In 2010, 17 out of Africa’s top 20 companies were South African, even after the capital flight a decade earlier (Laverty 2011). As Ernst & Young’s *Africa Attractiveness Survey* recorded, thanks to predictable mining houses and MTN cellphone service, Standard Bank, Shoprite retail, and Sanlam insurance, SA’s foreign direct investment in the rest of Africa had risen 57 percent since 2007 (Ernst&Young 2013).

The results were mixed, however. Central African Republic (CAR) investments, for example, followed the forging of close ties between several individuals at the top level of the ANC and its Chancellor House investment arm, in search of a diamond monopoly facilitated by a well-known CAR fixer, Didier Pereira. In 2006, these deals were codified by presidential-level relations involving Mbeki. But contradictions emerged and intensified, as France dropped its traditional support for the CAR’s dictator Francois Bozizé. He then visited Pretoria to request urgent military support (Amabhungane 2013). In January 2013 Zuma
sent hundreds more SA National Defence Force (SANDF) troops to Bangui for a five-year commitment whose cost was officially estimated at R1.28 billion. ‘We have assets there that need protection,’ according to deputy foreign minister Ebrahim Ebrahim (Patel 2013a).

Tragically, the day before BRICS dignitaries arrived for the Durban summit, on 25 March 2013, more than a dozen corpses of SA soldiers were recovered in Bangui after a two-day battle in which hundreds of local fighters and bystanders were killed. Two hundred SANDF troops were apparently trying to guard the South African assets against the Chad-backed Seleka rebel movement. Bozizé fled to safety and Seleka invaded his presidential compound, taking state power that day in spite of resistance from the SANDF men they labeled ‘mercenaries.’ Two Sunday Times reporters (Hosken and Mahlangu 2013) offer quotations from interviews with SANDF troops who made it back alive:

Our men were deployed to various parts of the city, protecting belongings of South Africans. They were the first to be attacked. Everyone thought it was those who were ambushed, but it was the guys outside the different buildings – the ones which belong to businesses in Jo’burg... We were lied to straight out... We were not supposed to be here. We did not come here to do this. We were told we were here to serve and protect, to ensure peace. (emphasis added)³

This tragic episode cold potentially have led to the ‘Vietnam syndrome,’ in which after a humiliating military experience, popular support waned for other US government attempts to protect its corporate allies’ assets. Zuma approached the quandary with fortitude,

³ There was more to say from the survivors about the SANDF modus operandi:

We were told these rebels were amateurs. We were told there was nothing to worry about – that the thousands of Central African regional troops along with CAR government soldiers would help us... But they were the first to run ... when those first shots were fired they disappeared ... when the sh*t really hit the fan the very okes we trained started killing us... They (Seleka) were not stupid ... they knew we had no support ... they had intelligence on us ... they knew our movements, our numbers, our capabilities ... everything about us... It was only after the firing stopped that we saw we had killed kids... We did not come here for this ... to kill kids. It makes you sick. They were crying, calling for help ... calling for [their] moms.

However, from a different perspective, ‘This was one of the hardest-fought actions that the South African military have ever experienced, and the soldiers fought well, even outstandingly,’ according to Helmoed-Römer Heitman (2013a) of Jane’s Defense Weekly. ‘Their valour was underlined by the French force at Bangui airport when it held a formal parade to bid farewell to those who had fallen.’ As Heitman explains,

In the process the soldiers fired off more than 12,000 rounds of 12.7 mm machinegun ammunition, more than 60 rockets from 107 mm rocket launchers and 200 bombs from 81 mm mortars, and thousands of rounds from 7.62 mm machineguns and 5.56 mm rifles. In all, they would appear to have used some ten tons of assorted munitions. In all, the fight cost 13 killed and 27 wounded. But the force retained its cohesion throughout and was able to fall back from two separate engagement areas to its base and to hold it until their attackers gave up trying to overrun them, offering, instead, a ceasefire and disengagement. By then they had suffered as many as 800 killed, according to the estimates of officers with considerable operational experience and by some NGOs in the country. Later reports say several hundred more may have died of wounds due to a lack of medical support. One of the most effective weapons was the 19kg rocket that fires up to 8km, described by Heitman as ‘Chinese weapons originally captured in Angola and kept in service, mainly with the Special Forces,’ an unintended consequence of pre-BRICS, apartheid-era technology transfer from China.
however, calling for ‘decisive intervention: an African Standby Force for rapid deployment in crisis areas’ (Msimang 2013).

A few weeks later, he sent another 1350 SANDF troops to the resource-rich eastern Democratic Republic of the Congo, making up nearly one half of a United Nations (UN) force, alongside Tanzanian and Malawian troops. It was the first known UN peace-keeping mission that was authorized to go on the offensive, and immediately after SA’s formidable helicopter firepower (three Rooivalks and five Oryx) flew five sorties, the M23 rebel movement surrendered in October 2013. According to Jane’s Defence Weekly (Heitman 2013b), ‘the Rooivalks were extremely effective, firing 70 mm rockets with great accuracy at M23 defensive positions.’ In observing that the helicopter was originally designed to fight Cuban troops defending Angola from apartheid, industry analyst Simon Shear (2013) ruefully remarked, ‘We should not forget that the Rooivalk, as with so many of the country’s advanced weapons, was conceived and designed in the service of brutal wars fought by an illegitimate regime.’

The DRC battlefield was, notably, not far from where Zuma’s nephew Khulubuse had bought into a major oil exploration project. So with the hubris of renewed subimperial ambitions and capabilities, it was now time, said Nkoana-Mashabane, to do business:

The new South Africa is 19 years old, but we’re always confronted with this history of the 101-year-old political movement [ANC]. The 101-year-old grandfather wants to go around making peace everywhere. The 19-year-old has got to look at every aspect of a relationship, needs to be impatient, and say: ‘Hey, we need to make our people get the peace dividends’… South African companies need to be more aggressive, but we can do better if we are co-ordinated. This 19-year-old who’s beginning to discover that there’s no place overseas where we can go and make money, but that we can make money in our own neighbourhood, needs to move faster.

We’ve moved beyond talking, we’ve established an economic diplomacy tool for our diplomats. Our White Paper on international relations says our diplomats must play an important role in advancing the cause of South African businesses beyond our borders and attracting investments in their respective countries of accreditation. (emphasis added) (Mataboge 2013)

A few weeks before, Zuma himself had made a public appeal to SA corporations to become more active on the continent: ‘It is always good to get there first. And if we don’t get there as African business then people from far away get there first, then we complain later to say they are interfering with us’ (De West 2013).

South African capital’s drive to accumulate up-continent was already moving at a rapid rate, as Johannesburg business sought out new opportunities especially in mining, retail, banking, breweries, construction, services and tourism. The largest South African corporations benefited from the African financial liberalization that Pretoria strongly promoted (Mminele 2012), so they could repatriate profits with increasing ease. However, most of the money did not stop in Johannesburg, as was the case prior to 2000. The financial flight went mainly to London, where Anglo American Corporation, DeBeers, Old
Mutual insurance, South African Breweries, Liberty Life insurance and other huge South African firms had relisted at the turn of the Millennium (thanks to permission from Mbeki and Manuel) (Bond 2003).

How would BRICS affect these relations? On the one hand, there would be even more intense competitive pressures transmitted through trade, finance and investment. These became so severe in mid-2013 in relation to import of chickens from Brazil, as one example, that South African trade minister Rob Davies imposed an 82 percent import tariff, throwing into question whether in reality, BRICS was a genuine bloc of like-minded allies.

More generally, however, to enhance the extraction process for South Africa’s benefit, the National Planning Commission (2012) argued that

The country’s diplomats should work closely with business and industry leaders, with research and academic institutions and with epistemic communities, to facilitate relationships with counterparts in BRICS... The Department of International Relations and Cooperation, in collaboration with South Africa’s research institutions and professional bodies, should lead a strategic drive to engage China on minerals, mining, research and development and infrastructure expansion on the continent...

Strengthen economic diplomacy and build effective partnerships with the private sector and state-owned enterprises. In areas such as science, culture, higher education, sport and environmental protection, there is a need to showcase South Africa and promote its presence and leadership on strategic issues as part of its ‘soft power’ in international relations, without losing sight of the increased value of mental power – the ability of countries to show restraint on emotional impulses and maintain a relatively stable mind-set in getting along with each other during international negotiations, and in general.

Involve the business community in foreign relations. South Africa’s sophisticated business community needs to be intimately involved in foreign relations. Diplomats may strike foreign cooperation deals, but it is private companies that actually trade across borders. They are, therefore, central to wealth creation. The local business community is willing and able to provide managerial, administrative and general capacity-building services to South Africa’s regional institutions. It is a resource that needs to be fully explored. (emphasis added)

The difference between a decade earlier was palpable. In mid-2002, in spite of a high-profile endorsement of the New Partnership for Africa’s Development (Nepad) by 187 business leaders and firms led by Anglo American, BHP Billiton and the Absa banking group, Johannesburg business was skeptical about the continental market. In 2004, there were still no investments made in twenty key infrastructure projects, only vocal corporate complaints that the peer review mechanism had insufficient teeth to discipline errant politicians. According to the chief reporter of (pro-Nepad) Business Day, ‘The private sector’s reluctance to get involved threatens to derail Nepad’s ambitions’ (Rose 2004).

On the other hand, the prospect that Johannesburg-based corporations would be ‘new imperialists’ was of ‘great concern’, according to Pretoria’s then public enterprises
minister, Jeff Radebe, in early 2004: ‘There are strong perceptions that many South African companies working elsewhere in Africa come across as arrogant, disrespectful, aloof and careless in their attitude towards local business communities, work-seekers and even governments’ (SAPA 2004).

The same sentiment was expressed by veteran Namibian political economist Henning Melber (2013), because Pretoria ‘also always protected its own industry and destroyed infant industries in other countries. At the same time SA companies ruthlessly destroyed local enterprises to create monopolies in the Southern African Customs Union states. I never had any illusions that SA economic interests were only pursuing exactly these. Yes, from a Namibian perspective SA is subimperialist and a junior partner to imperialism.’

To illustrate drawing upon a telling incident in 2012, the Johannesburg parastatal firm Rand Water was forced to leave Ghana after failing – with a Dutch for-profit partner (Aqua Vitens) – to improve Accra’s water supply. This followed similar expulsions in Maputo (Saur sent back to Paris) and Dar es Salaam (Biwater to London). Rand Water had long claimed its role in Ghana was part of both the Nepad and Millennium Development Goals mandate to increase public-private partnerships in water delivery (Amanthis 2012).

But this disdain was also true of Pretoria bureaucrats, according to the National Planning Commission (2012): ‘In six months of consultations, the NPC encountered, alongside the perception of the country as a regional bully, and that South African policy-makers tend to have a weak grasp of African geopolitics’(emphasis added). The regional bully image was amplified in October 2013 when, during a discussion at the University of the Witwatersrand about a controversial new tolling system for Johannesburg-Pretoria highways, Zuma defended his semi-privatisation strategy with an unfortunate choice of words: ‘We can’t think like Africans in Africa. It’s not some national road in Malawi.’

Subimperial promotion of hinterland neoliberalism

Under Mbeki, official SA-Africa relations were similarly harsh, and also in the service of neoliberalism. The Johannesburg Sunday Times reported from the July 2003 African Union meeting in Maputo that Mbeki was viewed by other African leaders as ‘too powerful, and they privately accuse him of wanting to impose his will on others. In the corridors they call him the George Bush of Africa, leading the most powerful nation in the neighbourhood and using his financial and military muscle to further his own agenda’ (Munusamy 2003).

These critics of Mbeki were joined by African intellectuals who demanded better from their leaders as well, including those who understand Pretoria’s continental ambitions. To illustrate, at a joint conference in April 2002 in Accra, Ghana, the Council for Development and Social Science Research (2002) in Africa and Third World Network-Africa identified the ‘most fundamental flaws of Nepad’ as follows:

- the neoliberal economic policy framework at the heart of the plan ... which repeats the structural adjustment policy packages of the preceding two decades and overlooks the disastrous effects of those policies;
• the fact that in spite of its proclaimed recognition of the central role of the African people to the plan, the African people have not played any part in the conception, design and formulation of the Nepad;
• notwithstanding its stated concerns for social and gender equity, it adopts the social and economic measures that have contributed to the marginalisation of women;
• that in spite of claims of African origins, its main targets are foreign donors, particularly in the G8;
• its vision of democracy is defined by the needs of creating a functional market.

Mbeki’s African Peer Review Mechanism (APRM) itself was conceived so that African regimes – including South Africa’s, to great internal consternation – would essentially review themselves with kid gloves. When civil society critique emerged, this was repressed (Bond 2009). According to Bronwen Manby (2008) from AfriMAP (a pro APRM NGO),

Although each country that has undergone the APRM process is supposed to report back to the APR Forum on its progress, there is no serious monitoring exercise of how effectively this is done. Nor any sanctions for failure to act. Nor, apparently, is there any real system to ensure that the commitments the government makes address the most important problems highlighted in the APRM review...

With no formalised role for parliamentarians or civil society to hold the government’s feet to the fire should it fail to perform... the APRM process seems doomed to become little more than a cosmetic exercise without effect in the real world of policy and decision making.

Nepad also endorsed liberalized trade, though this was an increasingly exploitative process because of the ‘Singapore issues’ advanced by the G8 countries: investment, competition, trade facilitation, government procurement. The new conditionalities amplified grievances of poor countries regarding the G8’s vast agricultural subsidies, unfair industrial tariffs, incessant services privatisation and intellectual property monopolies. Together, they prompted African–Caribbean–Pacific withdrawal from the ministerial summit of the World Trade Organisation (WTO) in Cancun in September 2003, leading to its collapse, with no subsequent improvements in the following years.

Although more recently there was loose talk of ‘Africa Rising’ thanks to high GDP growth in several countries – mainly those that benefited from the commodity boom or civil wars ending – the actual wealth of Sub-Saharan Africa shrank dramatically during the 2000s once we factor in non-renewable resource depletion. Thanks mainly to trade in commodities, at the height of the boom Africa recorded a -6 percent annual decline in ‘adjusted net savings’, in which GDP is corrected for ecological and social factors, by even the World Bank (2011).

In other words, by following Nepad’s orthodoxy and being drawn deeper into the world economy, Africans suffered worsening Resource Curse in a variety of ways, including malgovernance, ecological damage, displacement, repression of protest, physical asset stripping and capital flight (Bond 2012). As we consider below, this was also a major
feature of South African financial relations in the region. But one issue stands above all others, in threatening the continent and indeed planet’s future.

**Climate policy fuses imperialism and subimperialism**

The most extreme way that Pretoria has lubricated global-scale neoliberalism with adverse implications for Africa as a whole, is in climate policy. Here, South African elite interests conflicted most with those of the broader hinterland (as well as of most South Africans). Pretoria’s predominant desire was, first, to maintain extremely high emissions levels on behalf of the country’s ‘Minerals-Energy Complex’, and second, to sabotage global climate talks by wrecking the Kyoto Protocol at summits in Copenhagen in 2009 and again in Durban in 2011.

Indeed an important pre-BRICS example of Zuma’s personal role in adjusting not transforming global governance was the December 2009 line-up of ‘BASIC’ (Brazil, South Africa, India, China) countries’ leadership with Washington to ensure climate catastrophe. At the 15th Conference of the Parties (COP) to the UN Framework Convention on Climate Change in Denmark, Zuma joined Obama, Lula da Silva, Wen Jiabao and Manmohan Singh to foil the Kyoto Protocol’s mandatory emissions cuts, thus confirming that at least 4 degrees global warming will occur by 2100, translating to 9 degrees in the African heartland. This, Naomi Klein (2009) called, ‘nothing more than a grubby pact between the world’s biggest emitters: I’ll pretend that you are doing something about climate change if you pretend that I am too. Deal? Deal.’

A secondary objective of the Copenhagen Accord and Durban COP17 – aside from avoiding binding emissions cuts – was to raise investor confidence in the crashing carbon markets. This was especially vital for elites after the 2008 financial meltdown, when over the subsequent five years the price of carbon fell by 90 percent in the main European Union market. The strategy, initially, was to continue the fiction of Northern corporate carbon offsetting via ‘Clean Development Mechanism’ (CDM) carbon trading by the BASIC countries until they were discontinued at the end of 2012. After that, not only could BASIC’s polluting industries intensify their own CDM project development in hinterland markets, they would establish new internal carbon markets, initially in Brazil and China. (Unlike the other BRICS, South Africa faced such adverse conditions for establishing a carbon market because of the CO2 emissions dominance by two firms, Eskom and Sasol, that the 2013 Carbon Tax Policy downplayed prospects for this strategy.)

As Steffen Böhm, Maria Ceci Misoczky and Sandra Moog (2012) argue,

> the subimperialist drive has remained the same: while domestic capital continues to invest heavily in extractive and monocultural industries at home, it is increasingly

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4 Climate was not exceptional when it came to the BRICS countries’ approach to environmental preservation. As revealed in the Columbia and Yale University (2012) Environmental Performance Index, four BRICS states (not Brazil) have been decimating their – and the earth’s – ecology at the most rapid rate of any group of countries, with Russia and South Africa near the bottom of world stewardship rankings.
searching for investment opportunities in other peripheral markets as well, precipitating processes of accumulation by dispossession within their broader spheres of influence. This mode of development can be observed in many semi-peripheral nations, particularly in the BRICS countries. China’s extensive investment in African arable land and extractive industries in recent years has been well documented. What is perhaps less well recognized in the development literature, however, is the extent to which financing from carbon markets like the CDM is now being leveraged by elites from these BRICS countries, to help underwrite these forms of subimperialist expansion.

In terms of global-scale climate negotiations, the Washington+BASIC negotiators explicitly act on behalf of their fossil fuel and extractive industries to slow emission-reduction obligations. But as witnessed again at the Warsaw COP19, they all supported a financial-sector back-up, in the event a global climate regime did appear in 2020, as agreed at the Durban COP17.

Similar cozy ties between Pretoria politicians, London-based mining houses, Johannesburg ‘Black Economic Empowerment’ tycoons and sweetheart trade unions were subsequently exposed at Marikana. Other BRICS countries have similar power configurations, and in Russia’s case it led to a formal withdrawal from the Kyoto Protocol’s second commitment period (2012-2020) in spite of huge ‘hot air’ benefits the country would have earned in carbon markets as a result of the industrial economy’s disastrous exposure to the world economy during the 1990s. That economic crash cut Russian emissions far below 1990 Soviet Union levels during the first (2005-2012) commitment period. But given the 2008-13 crash of carbon markets – where the hot air benefits would have earlier been realised as €33/tonne benefits but by early 2013 fell to below €3/tonne – Moscow’s calculation was to promote its own oil and gas industries helter-skelter, and hence binding emissions cuts were not in Russia’s interests, no matter that 2010-11 climate-related droughts and wildfires raised the price of wheat to extreme levels and did tens of billions of dollars of damage.

The same pro-corporate calculations are being made in the four other BRICS, although their leaders did sometimes posture about the need for larger northern industrial country emissions cuts. However, the crucial processes in which UN climate regulatory language was hammered out climaxed in Durban in December 2011 in a revealing manner. ‘The Durban Platform was promising because of what it did not say,’ bragged US State Department adviser Trevor Houser to the New York Times. ‘There is no mention of historic responsibility or per capita emissions. There is no mention of economic development as the priority for developing countries. There is no mention of a difference between developed and developing country action’ (Broder 2012).

The COP17 was also celebrated by financiers because of its commitment to ‘new market mechanisms’ which at COP19 led to a renewed fetish for a ‘global carbon market.’ The warnings from South Africa should have kicked in, because the ‘Durban Platform’ should have, according to a front-page Financial Times article, provided
a fresh stimulus to the world’s floundering carbon markets, according to bankers and analysts. ‘The deal provides a significant boost for investors in low-carbon technology,’ said Abyd Karmali, global head of carbon markets at Bank of America Merrill Lynch, adding this was an achievement amid the woes of the eurozone crisis... he said the deal was ‘like a Viagra shot for the flailing carbon markets.’

It could have been pointed out how quickly Viagra fades (as did South African cartoonist Andy Mason). Indeed after a brief spike, the market resumed its free fall.

In these and other ways, the Durban COP17 deal squashed poor countries’ ability to defend against climate disaster. With South African foreign minister Nkoana-Mashabane chairing, the climate summit confirmed this century’s climate-related deaths of what will be more than 180 million Africans, according to Christian Aid. Already 400 000 people die each year from climate-related chaos due to catastrophes in agriculture, public health and ‘frankenstorms’.

As a final confirmation of the role of Pretoria as a reliable subimperial ally of Washington on climate, the critical question of climate finance repeatedly emerged with Manuel playing an especially important role. He served on the UN’s High Level Advisory Group on Climate Change Finance in 2010, and there he joined former World Bank chief economist Nick Stern suggested that up to half the $100 billion Hillary Clinton promised for the Green Climate Fund be sourced from the private sector (Manuel and Stern 2010).

In the same spirit SA Reserve Bank deputy governor Daniel Mminele (2012) acknowledged, ‘South Africa is aligned with advanced economies on the issue of climate finance,’ i.e. not paying the ‘climate debt’ the rich countries owe the main victims of climate change, and relying on global carbon markets to solve the worst crisis humankind has ever faced, notwithstanding the markets, crashes, corruption and chaos (Bond 2012).

**Subimperial development finance for the hinterland**

Finance ultimately rules, given the stage of the accumulation cycle the world economy entered during the 1980s. Written in 1916, Vladimir Lenin’s (1986) booklet on *Imperialism* considers the implications of a delinking (or ‘separation’) between the crisis-ridden productive sector and the financial assets that are meant to represent underlying real values:

Imperialism, or the domination of finance capital, is that highest stage of capitalism at which this separation reaches vast proportions. The supremacy of finance capital over all other forms of capital means the predominance of the rentier and of the financial oligarchy; it means the singling out of a small number of financially ‘powerful’ states from among all the rest.

The same could be said today, and is one reason why the BRICS Development Bank and Contingent Reserve Arrangement are the two most portentous aspects of the recent BRICS
summits. With Gordhan’s regular critiques of the World Bank and IMF, there was certainly potential for BRICS to ‘talk left’ about the global-governance democracy deficit.

Yet in the vote for Bank president in April 2012, for example, Gordhan’s choice was Washington-Consensus ideologue Ngozi Okonjo-Iweala, the Nigerian finance minister who with IMF managing director Christine Lagarde catalyzed the Occupy movement’s near revolution in January 2012, as a result of the removal of petrol subsidies. Brasilia chose the moderate Keynesian economist Jose Antonio Ocampo and Moscow backed Washington’s choice: Jim Yong Kim.

This was a repeat of the prior year’s fiasco over the race for IMF Managing Director, won by Lagarde – in spite of ongoing corruption investigations against her by French courts, in the wake of criminal charges against her predecessor (in both jobs) Dominique Strauss-Kahn – because BRICS was divided-and-conquered. The ‘emerging’ bloc appeared in both cases as incompetent, unable to even agree on a sole candidate, much less win their case in Washington.

In July 2012, the BRICS treasuries had sent $75 billion in new capital to the IMF, which was seeking new systems of bail-out for banks exposed in Europe. South Africa’s contribution of $2 billion was a huge sum for Gordhan to muster against local trade union opposition. Explaining the SA contribution – initially he said it would be only one tenth as large – Gordhan told *Moneyweb* (2011) that it was on condition that the IMF became more ‘nasty’ (sic) to desperate European borrowers, as if the Greek, Spanish, Portuguese and Irish poor and working people were not suffering enough. The result of this BRICS intervention was that China gained dramatically more IMF voting power, while Africa actually lost a substantial fraction of its share.

Gordhan (2012) then admitted at the September 2012 Tokyo meeting of the IMF and Bank that it was likely ‘the vast majority of emerging and developing countries will lose quota shares – an outcome that will perpetuate the democratic deficit.’ And given ‘the crisis of legitimacy, credibility and effectiveness of the IMF,’ it ‘is simply untenable’ that Africa only has two seats for its 45 member countries. Yet Gordhan’s role in promoting the BRICS’ expanded capital commitment to the IMF was the proximate cause of perpetuating the crisis of legitimacy.

The G20 was a much more substantive site for the debates about world finance, having been resurrected in November 2008 to deal with the global meltdown. A few months later, in April 2009, the G20 was central to the push for re-empowering the IMF, first through increased Special Drawing Rights allocations to stimulate the world economy, and later, in a full recapitalisation in 2012, to generate more bailout financing options for European bankers, at the expense of structural adjustment for poor and working people (Donnelly 2012).

Gordhan was implicated in the latter, while in the former, Manuel (2009) had authored the main document proposing the IMF's $750 billion recapitalization. Although Dominique Strauss-Kahn postured about a Keynesian fiscal-expansionary policy during the 2008-09
crisis, the IMF maintained neoliberal, contractionary measures in most of Africa. Likewise, Manuel had consistently promoted the kind of debt relief that resulted in low-income African countries actually paying a much higher percentage of export income on debt relief in the 2005-08 period, because while the unrepayable capital was written off, the terms of the deal meant that ongoing repayment obligations actually increased substantially, from 5 to 7 percent of export earnings (Bond 2012).

In some respects, Pretoria was out of step with the other BRICS when it came to global finance. Mminele (2012) acknowledged in November 2012 that Pretoria stood alongside Washington in opposing global regulation such as the ‘Robin Hood tax’ on financial transactions that was supported by more enlightened countries, including those from Europe being roiled by global financiers.

The squeeze of poorer countries through South Africa’s financing power has been a long-standing problem, as Johannesburg became the continent’s premier hot-money centre. In mid-2002, Manuel (2002) promised the Commonwealth Business Council he would ‘fast-track financial market integration through the establishment of an internationally competitive legislative and regulatory framework’ for the continent.

But without any Africa-wide progress to report two years later, Manuel’s director-general Lesetja Kganyago (2004) announced a new ‘Financial Centre for Africa’ project to amplify the financialization tendencies already evident in Johannesburg’s exclusive new Sandton central business district: ‘Over the five years to 2002, the financial sector grew at a real rate of 7.7 percent per year, more than twice as fast as the economy as a whole.’ Such financial bubbling would ordinarily be understood as a sign of a parasitic and dangerous economy, but not by Pretoria financial officials. Responsible for a full quarter of post-apartheid South African GDP growth, the sector now required further room to expand, according to Kganyago (2004):

> What is needed is a financial hub especially focused on the needs and circumstances of the region, much in the same way that Singapore and Hong Kong cater for the capital needs of the Asian continent... International financial centres tend to have a foundation in common. Elements include political stability, free markets, and what is best described as the rule of commercial law.

Pretoria’s specific aims included ‘opening South Africa’s markets to African and global issuers; global lowest trading costs and trading risk; global leadership in investor protection; and a global hub for financial business process outsourcing’. Concluded Kganyago, ‘Africa’s economies cannot wait the slow maturing of national financial markets to provide the necessary channel for large-scale foreign capital flows for development. Only a regional financial centre will be in a position to provide these services in the foreseeable future.’ Ironically, by 2012 Mbeki (2012) was reinventing himself as a leading critic of illicit capital flight from Africa.

A telling incident in mid-2002 illustrated the responsibility that the South African government had taken on to police such world financial mechanisms. A Cabinet meeting in
Pretoria concluded with this statement: ‘The meeting noted the provision by South Africa of a bridge loan to the Democratic Republic of the Congo of Special Drawing Rights (SDR) 75 million. This will help clear the DRC’s overdue obligations with the IMF and allow that country to draw resources under the IMF Poverty Reduction and Growth Facility’ (SA Government Communications and Information Service 2002).

In ensuring the rollover of the debt, Pretoria thus sanitized the earlier generation of IMF loans made to Mobuto Sese Seko, riven with corruption and capital flight to European banks. In fact, continuities with an earlier subimperial project were obvious, for the people of the DRC were previously victims of South Africa’s apartheid-era allegiance with Mobuto, an arrangement that especially suited the ecology-destroying mineral extraction corporations headquartered in Johannesburg.

The people’s struggle against oppression had initially spawned another ruler in 1996, Laurent Kabila, who unfortunately refused democracy and later fell to an assassin’s bullet. Thanks to his son Joseph’s connections in Union Buildings and finance ministry, the old ‘odious’ Mobutu loans were honoured and serviced with Pretoria’s new credits. They should have been repudiated. In addition, IMF staff would be allowed back into Kinshasa with their own new loans, and with neoliberal conditionalities again applied to the old victims of Mobutu’s fierce rule. A similar process began with lending to regimes such as Mugabe’s Zimbabwe and King Mswati’s Swaziland, for the purpose of repaying the IMF first and foremost, without a care to human rights and other non-economic values.

Indeed, had the subimperialist boost to global neoliberal financing not been so central to the BRICS’ positioning, it would have been logical for them to instead have supported the Bank of the South. That project – with $12 billion in capital by 2013 – was dreamt of by the late Hugo Chavez although repeatedly sabotaged by more conservative Brasilia bureaucrats and likewise opposed by Pretoria, which refused to join it during the Mbeki era.

Even if the Bank of the South continues to be ignored, another option is to finance development in a completely different way, as indeed London and New York economists Nick Stern and Joe Stiglitz (2011) – both former World Bank senior vice presidents – told the BRICS,

A new institution is required to ensure a better allocation of hard-earned savings of developing and emerging economies away from risky portfolios, much of which is in rich countries, and onto sound investments in the developing and emerging world. Low-carbon infrastructure and technologies, in particular, are crucial to lay different and more resilient foundations for growth in the next decades. Investments are urgently required to both mitigate the risks and adapt to climate change, generate economic growth, reduce poverty and promote stability and security. These are the great challenges of the 21st century. Failure on one is likely to imply failure on the others. Developing and emerging countries are in the position to both lead on the efforts to rebalance savings and investments and to make significant progress in creating the infrastructure for a different type of economic growth.
Although these are extremely noble sentiments, they have little hope of ever being realised given the broader BRICS project. Ironically, Stern (2013) bragged to a conference that he was the co-instigator of the very idea of a BRICS Bank, but in telling the story to his peers in a jovial way, he neglected the rationale for a ‘different type of economic growth’ and instead purely emphasised the merits of a bank in facilitating a deal between states and multinational corporations:

If you have a development bank that is part of a [major business] deal then it makes it more difficult for governments to be unreliable... What you had was the presence of the European Bank for Reconstruction and Development (EBRD) reducing the potential for government-induced policy risk, and the presence of the EBRD in the deal making the government of the host country more confident about accepting that investment. And that is why Meles Zenawi, Joe Stiglitz and myself, nearly three years ago now, started the idea - and are there any press here, by the way? Ok, so this bit's off the record. We started to move the idea of a BRICS-led development bank for those two reasons.

Coupled with the idea that the rich countries would not let the balance sheets of the World Bank and some of the regional development banks expand very much, and they would not allow their share in those banks to be diluted. So essentially by refusing to come up with more money and by refusing to let other people come up with more money by not allowing those shares to be diluted, you're essentially limiting what the existing World Bank and existing regional development banks can do. (emphasis added)

**South Africa's development bank disaster**

One such institution, the Development Bank of Southern Africa (DBSA), is especially ill-equipped to serve as a model for a decent BRICS Bank. One reason is the distinct gap between the DBSA and the Southern African Development Community (SADC), as acknowledged in the National Development Plan: ‘South Africa is critically under-represented in organisations like the African Development Bank and SADC. The latter is critical as South Africa is a major funder of the group... To fulfill South Africa’s obligations in the BRICS and in the region, the DBSA should be strengthened institutionally...’ (National Planning Commission 2012). The strengthening took the form of a R7.9 billion recapitalization by Gordhan in early 2013.

But did the DBSA deserve the funding? Here was a well-grounded complaint by SADC deputy executive secretary João Samuel Caholo less than a year before:

There is resentment towards the DBSA in certain quarters because it is in South Africa, and South Africa is the only shareholder. SADC has no say in what the DBSA does and although the bank does work on a bilateral level with SADC countries, we need our own bank... The name of the DBSA is misleading, as it was established by the apartheid government that saw Southern Africa as consisting of apartheid South Africa and the former homelands (CityPress 2012).
After leaving his job, Caholo renewed his criticism in October 2013, arguing that the DBSA ‘only exists in name,’ while in contrast, ‘A regional bank is supposed to have regional representation of all SADC member states, or at least the participating members in the governance structure. This is still not the case for DBSA.’

Just as it was deployed to become Pretoria’s core representative as the BRICS Bank was being conceptualised, the DBSA fell into disrepute within South Africa for recording R430 million in net losses in 2011-12, based on (unspecified) investments. Around 14 percent of its assets were in the region outside South Africa, with future SADC lending anticipated at $2.3 billion, of which $400 million would be in semi-privatised infrastructure. In late 2012, the new DBSA CEO, Patrick Dlamini, announced a ‘new restructuring process, staff would be retrenched [from 750 to 300] and corruption would not be tolerated. We can no longer allow the DBSA to be associated with shoddy work’ (Mungadze 2012). Dlamini’s prior job was as an executive with the Air Traffic and Navigation Services company, and he had no prior development finance experience (Barron 2013).

In late 2013, the complaints and confessions were the same. In the Sunday Times, Chris Barron (2013) interviewed Dlamini: ‘We have huge room for improvement. Our job is to fund infrastructure development at municipal level, but if you look at this space you see a serious collapse of infrastructure.’ His own infrastructure had also collapsed, for Barron’s sources noted ‘the departure of staff members with valuable information technology, project management and other skills… [who] have been snapped up by the big commercial banks, which will be competing with the DBSA to provide infrastructure funding.’

As Barron (2013) noted, ‘Hard-earned taxpayers’ money was invested in Sol Kerzner’s One&Only hotel… It lost a fortune on five-star luxury hotels, platinum jewellery and other such projects instead of investing it in boring things like water-treatment plants, roads, schools and hospitals.’ The loan and investment amounted to nearly R3.2 billion, or 7 percent of the portfolio.

Yet in addition to managers of inappropriate investments, the entire social and environmental division was dismissed, including leadership of an important Green fund to promote employment. Moreover, as Carol Paton (2013) of Business Day remarked,

> When it comes to project work, the bank will be in the same position as most state departments: it will need to put out to tender. There is also another problem. The business model of the bank remains tenuous… it does not take deposits and so does not have a source of cheap money, the capital injection provided for in this year’s budget being a rare event.

The man tasked with ensuring the revitalization of the DBSA in the region was Mo Shaik, who trained as an optometrist but became the leading spy in the Zuma government prior to numerous internal crises in the National Intelligence Agency. One problem was his revelation of important and highly embarrassing political secrets to US embassy officials, which in turn were published by WikiLeaks (Rademayer 2011). Shaik’s forced resignation
from the security services in 2012 was followed by a brief Harvard executive course, after which he was controversially appointed the DBSA’s main liaison to the region (Molathlwa 2012).

A final case of a leading Pretoria official who apparently fused personal priorities with what should have been development finance is International Relations director general Jerry Matjila, South Africa’s ‘sherpa’ to BRICS. In September 2013 was subject to an investigation regarding corruption in a state fund worth R530 billion, as well as the irregular funding of dictatorships including Zimbabwe’s:

Matjila allegedly ignored instructions from the Treasury to channel R250 million from the UN World Food Programme to African states. Instead, without the consent of the finance and international relations ministers, he allegedly selected two companies personally, gave them contracts to do work on behalf of the ARF in Africa and paid them millions before any work had been done.

Information presented to Parliament’s international relations portfolio committee in 2010 showed that South Africa had provided millions to ‘rogue’ African states. The international relations and co-operation department director of Nepad, Harvey Short, provided the information showing that more than R770 million of South African state funds had been used to prop up rogue states and countries that had a history of human rights abuses or non-democratically elected governments, over the past three years and under the auspices of the ARF (SAPA 2013).

Conclusion

In sum, we need to now return to theoretical questions of defining and refining ‘subimperialism.’ The pages above have illustrated various ways in which South Africa can be considered a subimperialist ally of global finance, with, first, support for neoliberal global governance no matter its failure to deliver; second, growing regional clout on behalf of Johannesburg-based corporate plunder of the subcontinent on the other hand, no matter that much of the capital then flowed out to the world financial headquarters of what were formerly South African firms; and third, a neoliberal orientation to development banking. The BRICS alliance is revealing and may, in future, be vital if the BRICS Development Bank gets off the ground and further financing is required to expand the extractive systems.

This is no surprise, for harking back a century to South Africa’s chilling past of subimperial regional conquest in the interests of global-imperial domination, it could easily have been said, and indeed was, by Nelson Mandela (SAPA 2003), ‘I am sure that Cecil John Rhodes would have given his approval to this effort to make the South African economy of the early 21st century appropriate and fit for its time.’

What would ‘fit for its time’ mean in an era of Africa’s worsening Resource Curse? For one, like Rhodes’ own British South Africa Company, which took advantage of the Berlin 1884-85 Scramble for Africa to gain concessions as far north as Malawi, extraction is the central objective. In post-apartheid South Africa, a variety of cross-fertilising intra-corporate and state-corporate relationships emerged, symbolised in mid-2012 by the way Lonmin
(formerly Lonrho, named by British Prime Minister Edward Heath as the ‘unacceptable face of capitalism’ in 1973) benefited from leading ANC politician Cyril Ramaphosa’s substantial shareholding and connections to Pretoria’s security apparatus. Breaking a strike was deemed necessary at Lonmin’s Marikana platinum mine, and Ramaphosa used his influence with the mining and police minister to ensure sufficient troops came out. They carried live ammunition and the result was a premeditated massacre of 34 miners, with 78 wounded.

In carrying out these and other less violent forms of accumulation by dispossession, the traditional South African, US, European, Australian and Canadian mining houses that operated in the region for decades were more recently joined by major firms from China, India and Brazil. Their work relied upon, and rebuilt the colonial infrastructural foundations – road, rail, pipeline and port expansion – for the sake of minerals, petroleum and gas extraction. The Chinese were especially capable of decisive project implementation and have also provided no-strings-attached credits, including a $5 billion loan in March 2013 to Transnet for its coal-transport and port expansion.

According to Paris Yeros and Sam Moyo (2011, 19) imperialism’s relations with subimperialism entail ‘the super-exploitation of domestic labour. It was natural, therefore, that, as it grew, it would require external markets for the resolution of its profit realisation crisis.’ This notion, derived from Rosa Luxemburg’s (1968, 396) thinking a century ago when in 1913 she wrote The Accumulation of Capital, focuses on how capitalism’s extra-economic coercive capacities loot mutual aid systems and commons facilities, families (women especially), the land, all forms of nature, and the shrinking state:

The relations between capitalism and the non-capitalist modes of production start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system – a policy of spheres of interest – and war. 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.

According to J&J Group executive director Michael Solomon, ‘The current Chinese investment in Africa is not that different from the European push of 100 years ago, except that today’s world demanded far greater transparency’ (Creamer 2013). An even more important voice of the African economic establishment, Nigerian central bank governor Lamido Sanusi (2013), was yet more explicit:

China takes our primary goods and sells us manufactured ones. This was also the essence of colonialism. The British went to Africa and India to secure raw materials and markets. Africa is now willingly opening itself up to a new form of imperialism... Africa must recognise that China – like the US, Russia, Britain, Brazil and the rest – is in Africa not for African interests but its own.

Super-exploitation is intensifying in all of this. Along with renewed looting, various symptoms of internal crisis and socio-economic oppressions are common within the BRICS, including severe inequality, poverty, unemployment, disease, violence (again, especially
against women, as India unveiled in early 2013), inadequate education and prohibitions on labour organising. Rising BRICS inequality – except for Brazil whose minimum wage increase lowered the extreme Gini coefficient to a bit below South Africa’s – is accompanied by worsening social tensions. As Brazilians showed in 2013, these in turn are responded to with worsening political and civil rights violations, increased securitisation of societies, militarisation and arms trading, prohibitions on protest, rising media repression and official secrecy, debilitating patriarchy and homophobia, activist jailings and torture, and even massacres. In Durban, a notorious police hit squad killed more than 50 people in recent years, and this assassinations of activists continued into 2013.

In all these respects, South Africa is lubricating world neoliberalism, hastening world eco-destruction, serving as coordinator of hinterland looting, and generating unbearable internal pressures. This is logical, for the ‘new imperialism’ entails – as Harvey (2003) suggests – much greater recourse to ‘accumulation by dispossession’: the appropriation of ‘non-capitalist’ aspects of life and environment by an increasingly super-exploitative capitalism.

A century ago, Luxemburg (1968) considered how capitalist crisis ‘spurs capital on to a continual extension of the market,’ today called ‘globalisation’. Her core insight – as distinct from Lenin, Bukharin, Hilferding, Hobson and others of her era – was to show, especially using Southern African examples, that ‘Capital cannot accumulate without the aid of non-capitalist’ relations and ‘Only the continuous and progressive disintegration of non-capitalist organization makes accumulation of capital possible’ (see Bond, Chitonge and Hopfmann 2007).

With the current renewal of this process – crisis, extension of the market, and amplified capitalist-noncapitalist super-exploitative relations – serving as the basis for a ‘new imperialism’, Harvey (2003) adds the layer we now know as the BRICS:

The opening up of global markets in both commodities and capital created openings for other states to insert themselves into the global economy, first as absorbers but then as producers of surplus capitals. They then became competitors on the world stage. What might be called ‘subimperialisms’ arose... Each developing centre of capital accumulation sought out systematic spatio-temporal fixes for its own surplus capital by defining territorial spheres of influence.

Overaccumulation of capital is a constant problem everywhere, often rising to crisis stage. As a result, in several BRICS countries (including South Africa) there are powerful impulses for local capital to both externalize and financialise. Judging by Harvey’s criteria of seeking ‘spatio-temporal fixes’, South Africa and the other BRICS offer some of the most extreme sites of new subimperialism in the world today.

But internally, too, the older generation of arguments about South Africa’s apparently unique historical mode of apartheid super-exploitation – called ‘articulations of modes of production’ by Wolpe (1980) – recognized the internal dimension of subimperial accumulation. Migrant male workers from Bantustans long provided ‘cheap labour’, thanks
to black rural women’s unpaid reproduction of children, sick workers and retirees generally without state support.

This stance seems to apply even more so within the BRICS these days. Consider the notorious Chinese pass-laws so spatially similar to apartheid’s (though not racially-determinant), or the expansion of the South African migrancy model much deeper into the region in the wake of apartheid, notwithstanding tragic xenophobic reactions from the local working class.

Moreover, like the political carving of African in Berlin in 1884-85, the BRICS 2013 Durban summit had as its aim the continent’s economic carve-up, unburdened – now as then – by what would be derided as ‘Western’ concerns about democracy and human rights, with 25 African heads of state present as collaborators. Reading between the lines, its resolutions would:

- support favoured corporations’ extraction and land-grab strategies, including through provision of army troops;
- worsen Africa’s retail-driven deindustrialization (South Africa’s Shoprite and Makro – soon to be run by Walmart – were already notorious in many capital cities for importing even simple products that could be supplied locally);
- revive failed projects such as Nepad; and
- confirm the financing of both African land-grabbing and the extension of neo-colonial infrastructure through a new BRICS Development Bank.

Lubricated by finance whose gateway may be South Africa, are the BRICS doing deputy-sheriff duty for global corporations, while controlling their own angry populaces as well as their hinterlands? The eco-destructive, consumerist-centric, over-financialised, climate-frying maldevelopment model throughout the BRICS works very well for corporate profits, but is generating crises for the majority of its people and for the planet. Hence the label subimperialist is tempting.

Marini (1974) argued that 1970s-era Brazil was ‘the best current manifestation of subimperialism,’ because of regional economic extraction, ‘export of capital’ (always associated with subsequent imperialist politics) and internal corporate monopolization and financialisation. But as we have seen, there are two additional roles for BRICS regimes if they are genuinely subimperialist. One is ensuring regional geopolitical ‘stability’: for example, Brasilia’s hated army in Haiti and Pretoria’s deal-making in African hotspots like South Sudan, the Great Lakes and the Central African Republic.

The second is advancing the broader agenda of neoliberalism, so as to legitimate deepened market access. Evidence includes the BRICS’ role in IMF recapitalization; South Africa’s Nepad; the attempt by China, Brazil and India to revive the WTO; and Brazil’s sabotage of the left project within Venezuela’s ‘Bank of the South’ initiative. As Nkoana-Mashabane puts it, ‘Brics’ focus is on a new approach to win-win economic development. It’s pro-South, but not anti-North’ (Mataboge 2013).
The forms of BRICS subimperialism are diverse, for as Yeros and Moyo (2011, 19) remark,

Some are driven by private blocs of capital with strong state support (Brazil, India); others, like China, include the direct participation of state-owned enterprises; while in the case of South Africa, it is increasingly difficult to speak of an autonomous domestic bourgeoisie, given the extreme degree of de-nationalisation of its economy in the post-apartheid period. The degree of participation in the Western military project is also different from one case to the next although, one might say, there is a ‘schizophrenia’ to all this, typical of ‘subimperialism’.

As a result, all these tendencies warrant opposition from everyone concerned. One recent voice – that of Zambian Vice President Guy Scott – was surprising for its frankness: ‘I dislike South Africa for the same reason that Latin Americans dislike the United States’ (Smith 2013). More appropriate, however, would be ‘brics-from-below’ projects to link up the disidents. Earlier inklings were the solidaristic projects that linked anti-apartheid activists from not only the West to South Africa, but also the other BRIC countries prior to 1994. In more recent times, perhaps the best example of this solidarity was the protest around the region when a Chinese ship, the An Ye Jiang, docked in Durban harbor to offload a major ammunition and weapons delivery for the then illegitimate Zimbabwe regime in 2008, after Robert Mugabe lost the presidential election. The ship was prevented from unloading by dockworkers, religious leaders and social movements acting in solidarity with Zimbabweans.

The opportunities for more such activity will increase in coming months and years, the more that BRICS leaders prop up the IMF’s pro-austerity financing and catalyse a renewed round of World Trade Organisation attacks; the more Africa becomes a battleground for internecine conflicts between subimperialists intent on rapid minerals and oil extraction (as is common in central Africa); the more the hypocrisy associated with BRICS/US sabotage of climate negotiations continues or offsetting carbon markets are embraced; the more that specific companies targeted by victims require unified campaigning and boycotts to generate solidaristic counter-pressure, whether Brazil’s Vale and Petrobras, or South Africa’s Anglo or BHP Billiton (albeit with London and Melbourne headquarters), or India’s Tata or Arcelor-Mittal, or Chinese state-owned firms and Russian energy corporations; and the more a new BRICS Bank exacerbates World Bank human, ecological and economic messes.

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