

A Response to John Smith's The Imperial Mode of Living in the Context of Crisis

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With the 2016 publication of his seminal monograph titled *Imperialism in the Twenty-First Century: Globalization, Super-Exploitation, and Capitalism's Final Crisis*, John Smith put the role of imperialism center stage. Contrary to eminent Marxist scholars such as David Harvey and Robert Brenner, he argues that imperialism is an integral component of today's socio-economic relations and structures, generating huge profits, especially for US and European transnational corporations. (p. 24) Smith highlights that, in advanced capitalist countries, both multinational companies and wage laborers live at the expense of the (super-)exploited labor force in the Global South, resulting in an "apartheid-like global economic system." (p. 10) He shows how cheaply available consumer goods such as coffee, as well as Britain's health insurance benefits via tax revenue are connected to outsourcing and *global labor arbitrage*, i.e. the low remuneration and (super-)exploitation of laborers in the Global South (Appendix I). Thus, with but also beyond Marx, and reminiscent of Lenin and Arghiri Emmanuel, he emphasizes the necessity of developing a "value theory of imperialism" to calculate the international variations in the value of labor-power and in the rate of exploitation. (p. 7) This is an important endeavor because, as Smith underscores, international wage differentials between industrialized and developing nations, vastly exceed price differences in all other global markets. (p. 13) According to Smith, global differences in real wages between imperialist and "developing" countries often amount to more than 10:1 and never less than 3:1. (p. 24)

Although Smith admits that the rising global industrial reserve army leads to wage dumping, he criticizes nationalist tendencies within the social-democratic and socialist left, including Jeremy Corbyn's concessions to trade unions and the Labour Party to move away from the free movement of labor, as well as Jean-Luc Melenchon's critical position vis-à-vis mass immigration. In this context, we may add two of Germany's most popular and populist leftist politicians: Sahra Wagenknecht and Oskar Lafontaine.¹ It is striking that those within *Die Linke* who oppose Western imperialism, often make up the same people who are rather hostile to refugees and immigration. These tendencies reinforce the antithetical movement

¹ In 2016, the former – who was the deputy chairperson of The Left Party at that time – argued that "those refugees who abuse the right to hospitality should lose the right to hospitality." She criticized the reduction of the police force and demanded a ceiling for the number of refugees entering Germany. Kevin Hagen, "Wagenknecht und das Asylrecht: Die Gast-Rechte", Spiegel 12.1.2016. On March 6, 2020, she repeated that the acceptance of refugees is not accepted by the majority of the German population and consequently, in order to avoid strengthening the radical right-wing party AFD, this should be avoided. Angst zerstört unsere Zivilisation, TAZ, 9.3.2020.

towards, what Smith calls, “a world without borders to everything and everyone except for working people.” (p. 23) Against this backdrop, Smith reminds us that both Marx and Lenin were well aware that workers of different nations were played off against each other by the bourgeoisie and the mass media outlets it possessed or had under control; a process which weakened the global labor movement and bolstered the capitalist elites. (pp. 14-5) However, the question of how the problem of mass immigration needs to be tackled in the face of a thriving radical right throughout the West remains pertinent and, so far, no satisfactory response seems to be in sight.

In what follows, I will focus on five major points of contention and suggest the need of expanding upon some of the underlying socio-economic and political problems at stake.

1) Smith contends that “the principal lines along which the unity and equality among working people is violated” are “gender, race and empire.” (p. 3) However, it is not clear to me why the category of class is omitted. There are noticeable numbers of well-to-do non-whites and women both in the Global North and Global South that are economically better off than segments of the white working classes in Euro-America. Furthermore, the economic rise and capital investments of Japan, South Korea, China, India, the United Arab Emirates and Saudi Arabia in the US, Europe, Latin America and Africa demonstrate that the antagonisms between East and West or the Global North and Global South only explain part of the story. Arguably, the global national bourgeoisie often share similar interests. The “labor aristocracies” aside, the same could also be said about segments of the global working classes the world over.

What also needs to be added, I think, is the category of citizenship. Indeed, to some extent, white non-citizens from the *peripheries* (e.g. from Eastern Europe, Latin America or Central Asia) are more discriminated against than non-white citizens, including black and brown people with passports from the US or European states.

2) For Smith, imperialism is the “contemporary, concrete, stage of development” of the capitalist mode of production. (Ibid.) However, there are other important developments that would also merit to be included in the current stage of capitalism if we don’t want to lose sight of some of the new developments that evolved over the past 50 years. As to the periodization of capitalism, employing the concept of *socio-economic formation* perhaps better captures the pre- and non-capitalist tendencies, as well as rampant contradictions that simultaneously coexist in the present. It’s a concept that the late Marx increasingly used in place of *mode of production*. Hence, although the prevalence of capitalism is undisputed today, while globally, free labor is on the rise, it nonetheless coincides with unfree, coerced, bonded, self-employed and hybrid forms of waged and unwaged labor. What is more, the Covid-19 crisis is in the midst of

weakening the prevalence of free labor. Apart from that, alternative trajectories such as budding subsistence economies, trying to escape the logic of capital and market dependence, are equally growing in the interstices of the capitalist world economy. It is worth mentioning that neoliberal ideologies coexist with soaring examples of illiberal democracies, also known as political capitalism (as in the case of the US, Brazil or Hungary).² Furthermore, imperialist predation, exploitation and unequal exchange unfold along an information age that emerged from the 1960s and is a central characteristic of the current stage of capitalism. It earmarks the shift from the industrial sector to services and finance, increased global division of labor and commodity chains, as well as an unprecedented rise in productivity and advancements in the productive forces resulting from automation, digitization, robotization, improved means of telecommunication and organization and early advances in the development of AI.

3) While Smith highlights the devastating effects of imperialism on social relations of production, he says little on extra-economic force and the political economy of military violence. The latter, however, plays an important role in the emergence of terrorist organizations such as al-Qaida and ISIS, provokes the flight of thousands upon thousands of war refugees to Europe and, as a result, also critically impacts the strengthening of the ultra-right. According to Smith, the “deepest root of capitalism’s imperialist impulse is in the capital-labour contradiction” and not “in rivalry between capitalist classes/states” (p. 2). Although the capital relation is indeed central, it would be a mistake to gloss over the major role of states, institutions and force in facilitating imperial domination and expanded reproduction on an ever increasing scale. As Smith’s theory of imperialism is rooted in Marxian thought, it is important to remember Marx’s following assertion: “In actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force, play the greatest part.”³

Since the 2003 publication of David Harvey’s *The New Imperialism*, it has become fashionable to see extra-economic force as the outgrowth of ongoing processes of original or primitive accumulation. But, for Marx, the phase of original accumulation was a period of transition. In the specific case of Europe, it roughly spanned the 16th to 19th centuries.⁴ This development led to the prevalence of capitalist social relations. However, there is no need to invoke the term original accumulation for developments in advanced capitalist nations. By contrast, extra-economic violence is part and parcel of imperialism and capital accumulation

² For the concept of political capitalism, see Nasser Mohajer and Mehrdad Vahabi (forthcoming).

³ Marx, *Capital*, Vol. 1, 874. Elsewhere, Marx reiterated that “capital comes dripping from head to toe, from every pore, with blood and dirt.” Marx, *Capital*, Vol. 1, 926. See also Friedrich Engels, “The Role of Force in History” (1887/ 1888) in MECW, Vol. 26, New York 1990.

⁴ Nasser Mohajer and Kaveh Yazdani, “Reading Marx in the Divergence Debate”, in Benjamin Zachariah and Lutz Raphael (eds.), *What is Left of Marxism?*, Walter de Gruyter: Berlin/Boston 2020.

proper.⁵ Thus, coming back to the political economy of violence, the neo-colonial wars and interventions in Afghanistan, Iraq, Syria, Libya and Mali demonstrate how destructive imperialist policies have been since the 1990s, particularly in large parts of West Asia and North Africa. This process was intimately related to the passage from a bipolar to a US-dominated unipolar world after the fall of the Soviet Union. In effect, the bloody geo-political facts and figures on the ground suggest that brute force should be a central pillar of a new theory of ongoing imperialism. As the economist Mehrdad Vahabi aptly points out:

Contrary to Potlatch [a ritual destruction of property], strategic destruction or destructive entrepreneurship in a capitalist economy is not anti-economic, it is conducted with the intention of breeding new market opportunities. In this sense, it is part of the process of market creation ... In this process, the introduction of new products precedes the destruction of old ones. In war destruction, the Schumpeterian process of creative destruction is inverted, since the destruction of old products precedes the reconstruction of new ones (...) While creative entrepreneurship promotes the market through creative destruction, destructive entrepreneurship promotes the market outlets through destructive creation. In a capitalist economy, destructive creation may lead to war economies in which waging wars may be more important than winning them.⁶

4) Smith correctly points out that scholars such as Charles Bettelheim and Alex Callinicos are mistaken in assuming that the rate of exploitation is higher in more advanced capitalist economies (pp. 25-8). But he also contends that the Global North does not create more value than the Global South by trivializing greater levels of qualified and complex labor in the former. (p. 37-9) However, it is precisely the higher rate of labor productivity and techno-scientific innovation that constitutes control over the labor process, unequal exchange and different global power relations. As a result of superior forces of production, “human capital” formation, more efficient institutions, military superiority, the effects of brain drain, etc. relative surplus value and real subsumption of capital under labor are more advanced in the US, Northwestern Europe, China, Japan and South Korea. And this is also why their transnational corporations and/or states, to differing degrees, dominate the world economy and, maybe with the exception of China, represent the most advanced forms of capitalist development.⁷

⁵ Ibid., 229-36.

⁶ Mehrdad Vahabi, *The Political Economy of Predation: Manhunting and the Economics of Escape*, Cambridge 2016, 186.

⁷ It is interesting to note that we can already see some notion of what later became known as the “unequal exchange debate” in Marx’s economic thought: “The relationship between labour days of different countries may

5) According to Smith, “socialism is synonymous with anti-imperialism. This is so because socialism is the conscious struggle against everything that violates the unity and equality of proletarians, and the legacy and actuality of imperialism is the source of the gravest violations of our equality and the greatest obstacle to our unity.” (p. 3) However, we should not ignore reactionary forms of anti-imperialism either (e.g. by Ayatollah Khomeini and his successor Khamenei). What is more, for a large number of activists and revolutionaries, socialism has not just been a fight for social justice but also for freedom and basic human rights. For over a billion people in many parts of East and West Asia as well as Africa, despotism is as grave as imperialism. Therefore, political struggle is not just “the struggle to overthrow the dictatorship of capital” (p. 9), as Smith contends, but also the struggle to get rid of predatory regimes (e.g. in China or Iran) that cannot be equated with the sheer interest of capital.

In the spirit of Lenin, Smith emphasizes that “the systematic plunder of the living and natural wealth of nations [are] dominated and oppressed by imperialism” (p. 2) and that capitalism’s imperialist trajectory narrows “the scope for increases in the real wage and access to health and education” (p. 10). But this is only one side of the coin. In the case of Iran, for example, internal impediments are even more pertinent than imperialism, sanctions and the Trump administration’s “Maximum Pressure.” Indeed, if we compare different oppressed countries with each other, we can see that, in those nations where the political establishment is more or less independent, the degree of coercion is quite different. Take, for example, Cuba and Iran. Both countries have been subject to severe pressure and sanctions from the US Empire for decades and both are highly repressive vis-à-vis dissidents. The dissident prison population of these two countries is among the highest in the world while Iran even has the highest per capita execution rate on earth. Nonetheless, the Cuban system with universal access to health care and education, its inroads to scientific developments, and even helping other countries with medical care providers, is a novel progressive endeavor launched with egalitarian and socialist objectives. By contrast, the Iranian health care system hardly made any progress for decades while the persecution and execution of non-conformists, lack of freedom, basic rights, security, etc. has led to enormous rates of brain drain of physicians, professors, students and more.⁸

be similar to that existing between skilled, complex labour and unskilled, simple labour within a country. In this case the richer country exploits the poorer one, even where the latter gains by the exchange”. Karl Marx, *Theories of Surplus-Value. Volume IV of Capital PART III* (Moscow: Progress Publishers 1971), 105–106. See also Marx, *Capital*, Vol. 1, 580.

⁸ Dissidents include Communists, pro-democracy advocates, union activists, non-veiled and half-veiled women, non-Shi’ite religious societies (especially followers of the Baha’i faith), homosexuals, Kurds and various “ethnic minorities,” as well as other prisoners of conscience. For Iran’s health care system, see Nasser Mohajer, Kaveh Yazdani and Mehrdad Vahabi, “The Iranian Health Care System in the Face of COVID-19 – A Response to Vira Ameli”, *Radio Zamaneh*, 23.6.2020. Regarding brain drain, in the early 2000s, “more than 420,000 Iranians with higher education degrees resided in the United States, of whom 250,000 were doctors and engineers.

Intolerance, patriarchy, and violence have been characteristics and fundamental tenets of the Islamic Republic of Iran and these are only marginally related to the dictatorship of capital. They are rather caused by the policies of a despotic and predatory state. Without repudiating the importance of “Maximum Pressure” in reducing the Iranian government’s oil revenue as the main source of government income, this domineering policy cannot be considered as the major cause of socio-economic underdevelopment.⁹

It’s pretty disquieting that large segments of the radical left, including influential organs such as *New Left Review*, *Counterpunch* and *Junge Welt* generally ignore the importance of struggles for freedom and human rights, when the respective governments oppose US and European imperialism. Influential anti-imperialists such as Tariq Ali usually remain silent about the atrocities committed by the Russian, Chinese, Syrian and Iranian regimes. At its worst, this can become a retrograde anti-imperialism where the ends justify the means, and the enemies of one’s enemies become one’s best friends.

In my opinion, a multifactorial approach which captures both the internal and external causes of economic (under)-development, as well as gross human rights violations on all sides of the geo-political spectrum, is indispensable if a genuine new left is to emerge.

In short, although racial discrimination, patriarchy and super-exploitation in the Global South are being reinforced by capitalism and imperialism, the capital relation is not its only cause. Therefore, I would like to repeat Marx’s “*categoric imperative to overthrow all relations in which man is a debased, enslaved, abandoned, despicable essence.*”¹⁰

According to the 2009 Annual Report of the IMF, Iran with the emigration of 150,000 to 180,000 educated and skilled individuals had the highest level of brain drain among ninety-one developing and developed nations, costing the country the equivalent of \$50 billion. Moreover, in a recent study by Stanford University, Pooya Azadi et al. (2020) have shown that ‘the total number of Iranian-born emigrants increased from about half a million people prior to the 1979 revolution to 3.1 million in 2019, corresponding to 1.3% and 3.8% of the country’s population, respectively (...) As a proxy for the brain drain issue at large, the total number of active scholars among the Iranian diaspora has undergone a ten-fold increase since 2000.’ Consequently, the number of medical scientists within the country is annually decreasing. Also, there is a lack of health personnel in the treatment of non-communicable diseases such as wounds and bone fractures.” Ibid.

⁹ Take, for example, escalating rates of inflation: “The main drive behind the increase in inflation is internal, namely an increase of 28% in liquidity during the last two years. The increase in liquidity is generated by the Central Bank’s policy as well as the institutional role of a parallel banking system related to parastatal organizations. The government’s debt to banks and the bankrupt banking system feed on inflation and the devaluation of the national currency to reduce its debts and to benefit from the multiple rates of foreign currencies. Moreover, the deficit of the Social Security Investment Company is a result of the state’s default in reimbursing the amount due to this organization’s preference to sell 10% of its bankrupt enterprises (transferred to this organization as a way to pay its debts) in the Iranian stock exchange to absorb the liquidity. Finally, it is a well-known fact that 4.8 billion dollars devoted to the so-called importation of “vital goods”, including medication by President Hassan Rohani’s government, were “lost” or used to import cars and cell phones.” Nasser Mohajer, Kaveh Yazdani and Mehrdad Vahabi, “The Iranian Health Care System in the Face of COVID-19 – A Response to Vira Ameli”, *Radio Zamaneh*, 23.6.2020.

¹⁰ Karl Marx, “A Contribution to the Critique of Hegel’s Philosophy of Right” (1844), available at: <https://www.marxists.org/archive/marx/works/1843/critique-hpr/intro.htm>