Money Power, Rentiership and Extractivism in Emerging Countries

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Capitalism is a complex mode of production where general trends unfold as a multiplicity of social, political and economic levels that, more often than not, seem to be in contradiction with each other. It is therefore tempting to fall into the ideological trap of just remaining on the surface, describe phenomena at first sight and set aside any theoretical attempt to make sense of complexities and variegations. An apparent example of falling in this temptation are studies that present power as exclusive of the political sphere, thus detached from civil society (what we could nowadays call the economic sphere).

At odds with this temptation, it is refreshing, stimulating and thought-provoking to read Ilias Alami's *Money Power and Financial Capital in Emerging Markets: Facing the Liquidity Tsunami*; a book that integrates theory, history and geography for a comprehensive understanding of money power and its effects on emerging markets. As Marx (1867) explains, money emerges from the commodity and is an *Ariadne's* thread to pull on to overcome capitalism's appearances and reintegrate the concept of power into economic analysis. By pulling on this thread, this book's contribution goes beyond the answers it brings. It is the sharpness and depth of the questions it raises that challenges us the most. "What exactly is the state? … what are money and finance?" (Alami, 2019, p. 53). As my PhD director Pablo Levín used to say, it is in the simplest questions that we usually find the greatest challenges. These questions invite the reader to reflect on so many interrelated problems that it has been extremely difficult for me to pick one (or just a few) for this brief review.

I finally decided to further elaborate on Alami's discussion of money power as a socially unequal relation that permeates all capitalist social relations. From this starting point, I aim to provide insights on how the disciplinary power of financial flows in emerging economies – conceptualized in detail in the book – contributes to the expansion of rentiership and extractivism, which have been the focus of my recent work. I do not attempt to provide any definite answer to Alami's inspiring questions, precisely because their richness lays in probing into unfolding dimensions of capitalism. Instead, my reflections aim at underlying their relevance by building bridges between the fundamental concepts of Alami's work and other concepts which, when interrelated, result in a more coherent and complete theory, albeit one that is always work in progress.

Emerging Countries and their Subordination to Money as Financial Capital

Alami (2019, p. 72) shows that the money-power of capital is expressed as the geopolitical allocation of financial assets over time by international investors. A rearrangement of assets that responds to risk-management and diversification strategies across uneven geographies. Hence, as Alami (2019, p. 217) concludes, financial capital represents "an incarnation of the abstract and impersonal power of capitalist (ir)rationalities." The power of money is, thus, essential for understanding economic dependency. Not every currency is an equally good representative of money. Peripheral economies' currencies have the poorest ability to perform money functions, thus occupy the lowest positions in the currency hierarchy, while advanced states occupy higher positions, with the US dollar at the top; considered as the single – though contested – 'world money' (Ivanova, 2013; Schwartz, 2019). As the producer of world money, the United States can buy without selling, which engenders uneven monetary relations (Kaltenbrunner & Painceira, 2018).

The lower position of emerging countries' currencies in that hierarchy implies that these currencies are, at best, imperfect and limited representatives of money. Hence, emerging countries depend on constant inflows of money that take the form of foreign financial capital. As the book brilliantly puts it, this is a double-edged sword: "On the one hand, inflows of financial capital constitute a source of social wealth that can be distributed to various social subjects through a variety of state policies for the purpose of managing class relations and fostering the accumulation of the (national) total social capital. On the other hand, the movement of money and financial capital across territorial borders also expresses the disciplinary power of the (global) total social capital, and it shapes the modalities through which the state politically contains and integrates the working class" (Alami, 2019, p. 63).

Focusing on the implications of this structural dependency, the book highlights that foreign financial flows are pro-cyclical in emerging economies, particularly during periods of financial distress, due both to global and specific capitalist dynamics. Crises are characterised by financial capital flight from emerging markets seeking quality and safer assets in advanced economies, which contributes to triggering the collapse of emerging economies' currencies. Another implication is the "large presence of non-resident investors in short-term financial assets", thus increasing external vulnerability. Emerging markets are also "largely subordinated to 'push' factors, such as global liquidity and market sentiment". The book explains that foreign investors tend to cluster together emerging economies, which worsens their subordinate position by fostering fierce competition between them to attract financial capital and contributing to generate a certain risk perception when distress in one country is perceived to be representing the whole cluster's juncture (Alami, 2019, pp. 81–82).

All in all, emerging countries are caught in financial capital's trap. They need foreign capital inflows for social and redistributive policies, but those inflows further constrain and condition states' actions. In this context, "cross-border finance management consists in the deployment of (national) institutional and political forms through which the capitalist state mediates the complex entanglement of opportunities and constraints constituted by financial capital"

(Alami, 2019, p. 11). States in emerging economies aim to mediate and redistribute financial capital as a source of social wealth to various social subjects, but are also subordinated to financial capital “as the expression of the disciplinary power of capital-in-general” (Alami, 2019, p. 207). This disciplining action, the book shows, is expressed in the self-censorship of peripheral countries’ policymakers (i.e., what they feel they can do without upsetting global financial investors). This in turn shapes how states in emerging economies politically contain and integrate the working class.

Extractivism, Worsening Living Conditions, and Ecological Disasters

The trap of financial capital results in policy choices that contribute to perpetuating emerging countries’ dependency by favouring knowledge and nature extractivisms, worsening living conditions, and fostering ecological disasters. All this curtails possible roads to an alternative future. Countries like Brazil, South Africa, and Argentina participate in global capitalism as producers of primary commodities whose price includes a ground rent – a redistribution of value – for the use of land, which is an irreproducible means of production. In those countries, land has among the greatest fertility; it thus yields relatively more commodities per acre assuming the same (variable and constant) capital is invested (on the role of ground rent in Brazil and Argentina see Grinberg, 2011; Iñigo Carrera, 2007).

Given this productive structure – largely based and reliant on agrarian, mining and energy commodities – the easiest path to follow by states to attract financial flows in times of crisis is fostering the ‘reprimarisation’ of those economies. Reprimarisation includes the extraction of non-renewable resources that are, more often than not, processed by corporations from core countries; a process called extractivism in the Latin American critical literature since commons from nature that could contribute to improving people’s lives are transformed into extracted resources that benefit core economies' capital accumulation (see for instance Gudynas, 2009; Svampa, 2013). This choice perpetuates rentiership not only in the form of ground rent but also, and mainly, as value captured by those controlling access to knowledge in primary commodities value chains. If knowledge is privately appropriated, it can be turned into an intangible asset that enables its owner to capture value (produced elsewhere) in the form of an intellectual rent, also dubbed knowledge, informational or technoscientific rents (Birch, 2019; Foley, 2013; Rikap, 2021; Teixeira & Rotta, 2012).

In agrarian value chains, agrochemical corporations like Monsanto (now owned by Bayer) and the Argentinean Bioceres are ‘intellectual monopolies’ that capture such rents. They organize and control biotechnology corporate innovation systems. As I explained elsewhere, companies that are intellectual monopolies organize corporate innovation systems integrated by universities, public research organizations and start-ups who contribute to knowledge production but lack the enforcement capacity to garner significant intellectual rents (Rikap & Lundvall, 2020). A paradigmatic example of knowledge assetization is Monsanto’s technology package which is partly based on research done by Cornell University and the start-ups Calgene and Agracetus (Robin, 2014). It consists of Round-Up – a non-selective herbicide with glyphosate as its active ingredient – and genetically modified seeds resistant to glyphosate. A less known case is the introduction of genetically modified wheat seeds, resistant to glufosinate-ammonium, an herbicide even more toxic than glyphosate. While these seeds were developed with researchers from Argentina’s public research organizations, it is Bioceres that garners the associated rents.

By fostering this type of rentiership as a means to attract financial inflows, the political choices of states in emerging economies not only reproduce economic dependency but also engender harmful consequences for the environment, human health, and biodiversity. Nature extractivism contributes to spreading diseases associated with the production techniques used, which favour profits over health. The use of herbicides such as those mentioned earlier (see the seminal work of Paganelli et al., 2010) and mega-mining techniques (see for instance Yáñez et al., 2003) favour the emergence and spread of certain types of cancer that add up to the potential emergence of zoonotic diseases due intensive livestock breeding. Driven by the need to attract financial capital, but also following intense lobbying on the part of multinational mining companies, the Argentinean administration has authorized mega-mining in certain part of the country and agreed with China to set up pig mega-factories. These initiatives affect human health, generate little employment, and take place in areas in water emergency, affecting communities with air, water, and soil contamination. Huge social discontent contributed to putting these projects in stand-by for the moment.

These are examples of the general point made by Alami: financial capital flows around the world to appropriate value – thus labour – but also nature and, I would add, knowledge. The two latter contribute to expanding and sustaining value capture. As the book carefully documents, the specific unfolding of this general process in each emerging country differs. In this respect, the book proposes a coherent explanation of the unity and differences among Brazil and South Africa emerging markets, where differences are conceived as the outcome of historical and geographical processes. These cases illustrate the book’s general conceptualization of capitalism as the development of a contextually differentiated unity. This leads me to conclude by saying that in an epoch where scholars – at least in part due to pressures to publish or perish – often marginalise comprehensive analyses of capitalism, focusing instead on narrowly defined domains or topics, Alami’s book is a breath of fresh air.

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