Dialectics of Dependency by Ruy Mauro Marini

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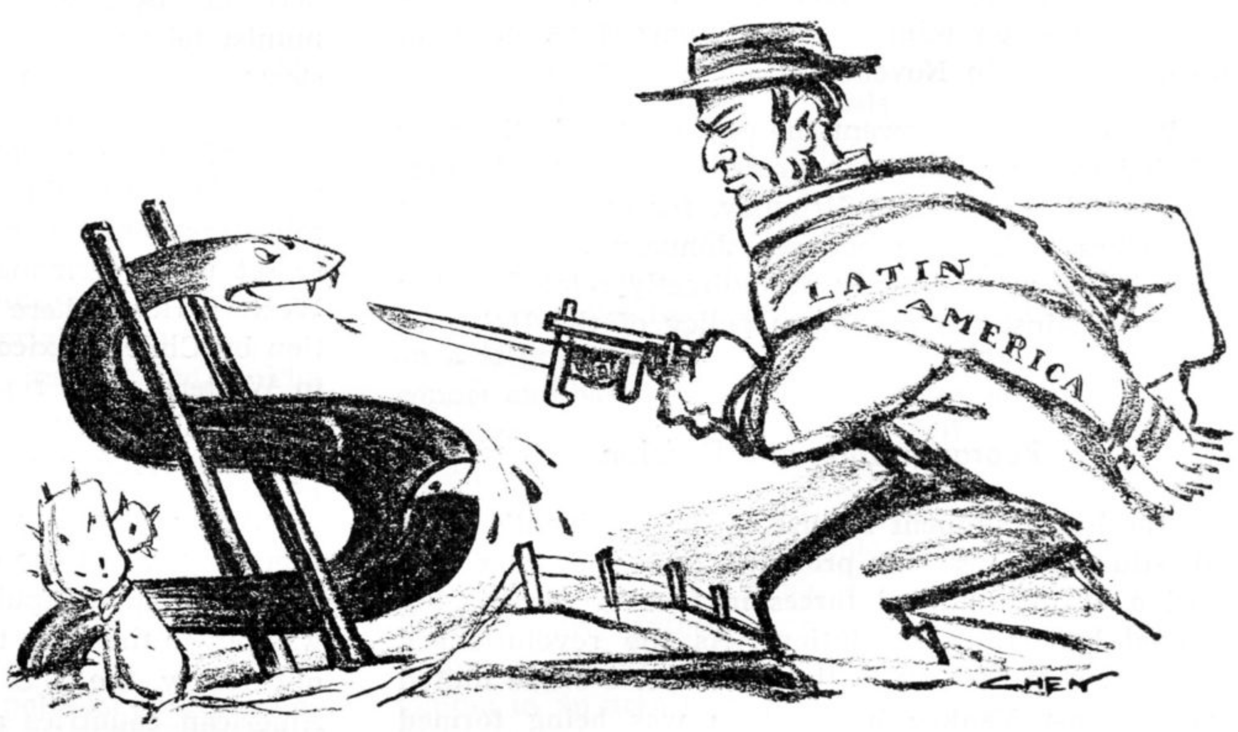
Below we present Jorge M's English translation of Ruy Mauro Marini's Dialectics of Dependency, an important work in Latin American Marxism and overall theories of imperialism. Also included is a Postscript by Marini reflecting on the work and its arguments.



Political cartoon depicting the antagonism between the forces of imperialism and Latin America.

In their analysis of Latin American dependency, Marxist researchers have generally incurred in two types of deviations: the substitution of the concrete fact by the abstract concept, or the adulteration of the concept in the name of a reality rebellious to accept it in its pure formulation. In the first case, the result has been the so-called orthodox Marxist studies, in which the dynamics of the processes studied are poured into a formalization that is incapable of reconstructing them at the level of exposition, and in which the relationship between the concrete and the abstract is broken, to give rise to empirical descriptions that run parallel to the theoretical discourse, without merging with it; this has occurred, above all, in the field of economic history. The second type of deviation has been more frequent in the field of sociology, where, faced with the difficulty of adapting to a reality categories that have not been specifically designed for it, scholars with a Marxist background simultaneously resort to other methodological and theoretical approaches; the necessary consequence of this procedure is eclecticism, a lack of conceptual and methodological rigor, and a pretended enrichment of Marxism, which rather is its negation.

These deviations stem from a real difficulty: faced with the parameter of the pure capitalist mode of production, the Latin American economy presents peculiarities, sometimes as insufficiencies and sometimes – not always easily distinguishable from the former – as deformations. The recurrence in Latin American studies of the notion of "pre-capitalism" is therefore no accident. What should be said is that, even if it is really a question of an insufficient development of capitalist relations, this notion refers to aspects of a reality which, because of its overall structure and functioning, will never be able to develop in the same way as the so-called advanced capitalist economies have developed. This is why, rather than a pre-capitalism, what we have is a *sui generis* capitalism that only makes sense if we contemplate it in the perspective of the system as a whole, both nationally and, mainly, internationally.

This is true above all when we refer to modern Latin American industrial capitalism, as it has taken shape in the last two decades. But, in its most general aspect, the proposition is also valid for the immediately preceding period and even for the stage of the export economy. It is obvious that, in the latter case, insufficiency still prevails over distortion, but if we want to understand how one became the other, it is in the light of the latter that we must study the former. In other words, it is the knowledge of the particular form that Latin American dependent capitalism ended up taking that illuminates the study of its gestation and allows us to analytically understand the tendencies that led to this result.

But here, as always, the truth has a double meaning: if it is true that the study of the most developed social forms sheds light on the most embryonic forms (or, to put it with Marx, "human anatomy contains a key to the anatomy of the ape")[1], it is also true that the insufficient development of a society, by highlighting a simple element, makes its more complex form, which integrates and subordinates that element, more comprehensible. As Marx points out:

> *[…] the simpler category expresses relations predominating in an immature entity or subordinate relations in a more advanced entity; relations which already existed historically before the entity had developed the aspects expressed in a more concrete category. The procedure of abstract reasoning which advances from the simplest to more complex concepts to that extent conforms to actual historical development.*[2]

In identifying these elements, Marxist categories must therefore be applied to reality as instruments of analysis and anticipations of its further development. On the other hand, these categories cannot replace or mix up the phenomena to which they are applied; that is why the analysis has to weigh them without this implying, in any case, breaking with the thread of Marxist reasoning, grafting onto it bodies that are foreign to it and that cannot, therefore, be assimilated by it. Conceptual and methodological rigor: this is what Marxist orthodoxy ultimately boils down to. Any limitation to the process of investigation that derives from it has nothing to do with orthodoxy, but only with dogmatism.

1) Integration into the world market

Forged in the heat of the commercial expansion promoted in the 16th century by emerging capitalism, Latin America developed in close consonance with the dynamics of international capital. As a colony producing precious metals and exotic goods, it initially contributed to the increase in the flow of merchandise and the expansion of means of payment, which, while permitting the development of commercial and banking capital in Europe, underpinned the European manufacturing system and paved the way for the creation of large-scale industry. The industrial revolution which started up this industry, corresponds in Latin America to the political independence gained in the first decades of the 19th century that gave rise, on the basis of the demographic and administrative fabric woven during the colonial period, to a group of countries that will gravitate around England. The flows of merchandise and, later, of capital, had their point of connection in England: ignoring each other, the new countries would link up directly with the English metropolis and, according to the latter's requirements, would begin to produce and export primary goods in exchange for consumer manufactures and – when exports exceeded imports – debts.[3]

It is from this moment on that Latin America's relations with the European capitalist centers are inserted into a defined structure: the international division of labor, which will determine the course of the region's subsequent development. In other words, it is from then on that dependence takes shape, understood as a relationship of subordination between formally independent nations, in the framework of which the relations of production of the subordinate nations are modified or recreated to ensure the expanded reproduction of dependence. The fruit of dependence can therefore only be more dependence, and its elimination necessarily presupposes the suppression of the relations of production involved. In this sense, Andre Gunder Frank's well-known formula on the "development of underdevelopment" is impeccable, as are the political conclusions to which it leads.[4] The criticisms that have been made of it often represent a step backward in this formulation, in the name of precisions that claim to be theoretical, but which tend to go no further than semantics.

However, and therein lies the real weakness of Frank's work, the colonial situation is not the same as the situation of dependency. Although there is continuity between the two, they are not homogeneous; as Canguilhem rightly says, *"the progressive character of an event does not exclude the originality of the event"*.[5] The difficulty of theoretical analysis lies precisely in grasping that originality and, above all, in discerning the moment at which originality implies a change of quality. As far as Latin America's international relations are concerned, if, as we have pointed out, it played a relevant role in the formation of the capitalist world economy (mainly by its production of precious metals in the 16th and 17th centuries, but especially in the 18th century, thanks to the coincidence between the discovery of Brazilian gold and the English manufacturing boom)[6], only during the course of the 19th century, and specifically after 1840, did its articulation with the world economy become fully realized.[7] This can be explained if we consider that it is only with the emergence of big industry that the international division of labor is established on solid foundations.[8]

The creation of modern large-scale industry would have been severely hampered if it had not relied on the dependent countries, and would have had to be carried out on a strictly national basis. In fact, industrial development presupposes a great availability of agricultural goods, which allows the specialization of part of society in specifically industrial activity.[9] In the case of European industrialization, recourse to simple domestic agricultural production would have slowed down the extreme productive specialization that large-scale industry made possible. The strong increase of the industrial working class and, in general, of the urban population employed in industry and services, which took place in the industrial countries in the last century, could not have taken place if they had not been able to count on the means of subsistence of agricultural origin provided to a considerable extent by the Latin American countries. This was what made it possible to deepen the division of labor and to specialize the industrial countries as world producers of manufactures.

But the role played by Latin America in the development of capitalism was not reduced to this: to its capacity to create a world food supply, which appears as a necessary condition for its insertion in the international capitalist economy, soon was added that of contributing to the formation of a market for industrial raw materials whose importance grows as a function of industrial development itself.[10] The growth of the working class in the core countries, and the even more notable rise in its productivity, resulting from the advent of big industry, led to the mass of raw materials poured into the production process to increase in greater proportion.[11] This function, which would later reach its fullness, is also the one that would prove to be the most enduring for Latin America, maintaining all its importance even after the international division of labor has reached a new stage.

What is important to consider here is that Latin America's functions in the world capitalist economy transcend the mere response to the physical requirements induced by accumulation on the industrial countries. Beyond facilitating their quantitative growth, Latin America's participation in the world market will contribute towards shifting the axis of accumulation in the industrial economy from the production of absolute surplus value to that of relative surplus value, that is to say, that accumulation will come to depend more on the increase in the productive capacity of labor than simply on the exploitation of the worker. However, the development of Latin American production, which allows the region to contribute to this qualitative change in the central countries, will be fundamentally based on the greater exploitation of the worker. It is this contradictory character of Latin American dependence which determines the relations of production in the capitalist system as a whole, that should retain our attention.

2) The secret of unequal exchange

The insertion of Latin America into the capitalist economy responds to the demands posed on the industrial countries by the transition to the production of relative surplus value. This is understood as a form of exploitation of wage labor which, fundamentally based on the transformation of the technical conditions of production, results from the real devaluation of the labor force. Without going too deeply into the question, it is useful to make a few clarifications that relate to our theme.

Essentially, it is a question of dispelling the confusion that is often established between the concept of relative surplus value and that of productivity. Indeed, although it constitutes the condition par excellence of relative surplus value, a greater productive capacity of labor does not in itself ensure an increase in relative surplus value. By increasing productivity, the worker only creates more products in the same time, but not more value; it is precisely this fact which leads the individual capitalist to seek an increase in productivity, since it allows him to lower the individual value of his commodity, in relation to the value attributed to it by the general conditions of production, thus obtaining a surplus value superior to that of his competitors – that is, an extraordinary surplus value.

Now, this extraordinary surplus value alters the general distribution of surplus value among the various capitalists, by being translated into extraordinary profit, but it does not modify the degree of exploitation of labor in the economy or in the branch under consideration, that is to say, it does not affect the share of surplus value. If the technical procedure which permitted the increase in productivity is generalized to the other enterprises, and therefore the rate of productivity is standardized, this does not entail either an increase in the share of surplus value: the mass of products will only have increased, without varying their value, or what is the same, the social value of the unit of product would be reduced in terms proportional to the increase in the productivity of labor. The consequence would be, then, not the increase of surplus value, but rather its decrease.

This is because what determines the share of surplus value is not the productivity of labor per se, but the degree of exploitation of labor, that is, the ratio between surplus labor time (in which the worker produces surplus value) and necessary labor time (in which the worker reproduces the value of his labor power, that is, the equivalent of his wage).[12] Only the alteration of that ratio, in a sense favorable to the capitalist, that is, by increasing surplus labor over necessary labor, can modify the share of surplus value. For this, the reduction of the social value of commodities must affect goods necessary for the reproduction of labor power, i.e., wage-goods. Relative surplus value is thus indissolubly linked to the devaluation of wage-goods, for which the productivity of labor generally, but not necessarily, contributes.[13]

This digression was indispensable if we are to understand why the insertion of Latin America into the world market contributed to the development of the specifically capitalist mode of production which is based on relative surplus value. We have already mentioned that one of the functions assigned to Latin America within the framework of the international division of labor was to supply the industrial countries with the foodstuffs required by the growth of the working class in particular, and of the urban population in general, that was taking place there. The world food supply, which Latin America helped to create, and which reached its peak in the second half of the 19th century, would be a decisive element for the industrial countries to entrust their subsistence needs to foreign trade.[14] The effect of this supply (amplified by the depression of the prices of primary products on the world market, a subject to which we shall return later) will be to reduce the real value of labor power in the industrial countries, thus allowing the increase in productivity to be translated there into higher and higher shares of surplus value. In other words, through its incorporation into the world wage-goods market, Latin America plays a significant role in the increase of relative surplus value in the industrial countries.

Before examining the other side of the coin, i.e., the internal conditions of production that will allow Latin America to fulfill this function, it should be pointed out that it is not only at the level of its own economy that Latin American dependence reveals itself to be contradictory: Latin America's participation in the progress of the capitalist mode of production in the industrial countries will in turn be contradictory. This is because, as we pointed out earlier, the increase in the productive capacity of labor entails a more than proportional consumption of raw materials. To the extent that this greater productivity is effectively accompanied by greater relative surplus value, this means that the value of variable capital falls in relation to that of constant capital (which includes raw materials), that is, that the value-composition of capital rises. Now, what the capitalist appropriates is not directly the surplus value produced, but that part of it which corresponds to him in the form of profit. Since the share of profit cannot be fixed only in relation to the variable capital, but over the total of the capital advanced in the process of production, that is to say, wages, installations, machinery, raw materials, etc., the result of the increase of surplus value tends to be – provided it implies, even in relative terms, a simultaneous elevation of the value of the constant capital employed to produce it – a lowering of the share of profit.

This contradiction, crucial for capitalist accumulation, is counteracted by various procedures, which, from the strictly productive point of view, are oriented either in the direction of further increasing surplus value, in order to compensate for the decline in the rate of profit, or in that of inducing a parallel decline in the value of constant capital, with the purpose of preventing the decline from taking place. In the second class of procedures, of interest here is that which refers to the world supply of industrial raw materials, which appears as the counterpart -from the point of view of the composition-value of capital- of the world supply of foodstuffs. As with the latter, it is through the increase of a mass of ever cheaper products on the international market that Latin America not only feeds the quantitative expansion of capitalist production in the industrial countries, but also contributes to overcoming the stumbling blocks that the contradictory character of the accumulation of capital creates for that expansion.[15]

There is, however, another aspect of the problem that must be considered. This is the well-known fact that the increase in the world supply of food and raw materials has been accompanied by a decline in the prices of these products relative to the price of manufactures.[16] Since the price of industrial products remains relatively stable, and in any case declines slowly, the deterioration in the terms of trade is in fact reflecting the depreciation of primary goods. Clearly, such depreciation cannot correspond to the real depreciation of these goods due to an increase in productivity in the non-industrial countries, since it is precisely there that productivity rises more slowly. The reasons for this phenomenon should therefore be explored, as well as the reasons why it did not result in a disincentive for Latin America's incorporation into the international economy.

The first step in answering this question consists in rejecting the simplistic explanation that only wants to see the result of the law of supply and demand. While it is clear that competition plays a decisive role in price setting, it does not explain why, on the supply side, there is an accelerated expansion regardless of the deterioration of the terms of trade. Nor would it be possible to interpret the phenomenon if we were to limit ourselves to the empirical observation that the laws of trade have been distorted at the international level thanks to diplomatic and military pressure on the part of the industrial nations. Although this reasoning is based on real facts, it inverts the order of the factors and does not see that the use of extra-economic resources derives precisely from the fact that there is behind it an economic base that makes it possible. Both types of explanation contribute, therefore, to hide the nature of the phenomena studied and lead to illusions about what international capitalist exploitation really is.

It is not because the non-industrial nations were abused that they have become economically weak, it is because they were weak that they were abused. Nor is it because they produced more than they should that their commercial position deteriorated, but it was commercial deterioration that forced them to produce on a larger scale. To refuse to see things in this way is to mix up the international capitalist economy, it is to make believe that this economy could be different from what it really is. Ultimately, this leads to claiming equitable trade relations between nations, when what is at issue is the suppression of international economic relations based on exchange value.

Indeed, as the world market attains more developed forms, the use of political and military violence to exploit weak nations becomes superfluous, and international exploitation can progressively rest on the reproduction of economic relations that perpetuate and amplify the backwardness and weakness of those nations. The same phenomenon is observed here as within the industrial economies: the use of force to subject the working masses to the rule of capital diminishes as economic mechanisms come into play that consecrate this subordination.[17] The expansion of the world market is the basis on which the international division of labor between industrial and non-industrial nations operates, but the counterpart of this division is the expansion of the world market. The development of mercantile relations lays the foundations for a better application of the law of value to take place, but simultaneously creates all the conditions for the various mechanisms by which capital tries to circumvent it.

Theoretically, the exchange of commodities expresses the exchange of equivalents the value of which is determined by the amount of socially necessary labor embodied in the commodities. In practice, different mechanisms are observed which permit the transfer of value bypassing the laws of exchange, and which are expressed in the way market prices and commodity production prices are fixed. A distinction must be made between mechanisms operating within the same sphere of production (whether of manufactured products or raw materials) and those operating within the framework of different interrelated spheres. In the first case, transfers correspond to specific applications of the laws of exchange; in the second, they take on more openly the character of transgression of these laws.

Thus, as a result of greater productivity of labor, a nation can present lower prices of production than its competitors without significantly lowering the market prices which the conditions of production of the latter help to fix. This is expressed for the favored nation as a windfall profit, similar to that which we observed when we examined the way in which individual capitals appropriate the fruits of the productivity of labor. It is natural that the phenomenon occurs above all at the level of competition among industrial nations, and less so among those producing primary goods, since it is among the former that the capitalist laws of exchange are fully exercised; this does not mean that it does not also occur among the latter, especially when capitalist relations of production develop there.

In the second case -transactions between nations that exchange different kinds of goods, such as manufactures and raw materials- the mere fact that some produce goods that the others do not produce, or cannot produce with the same ease, allows the former to evade the law of value, i.e., to sell their products at prices higher than their value, thus configuring an unequal exchange. This implies that the disadvantaged nations must cede part of the value they produce free of charge, and that this cession or transfer is accentuated in favor of the country that sells them goods at a lower production price, by virtue of its greater productivity. In the latter case, the transfer of value is double, although it does not necessarily appear so for the nation transferring value, since its different suppliers can all sell at the same price, without prejudice to the fact that the profits realized are distributed unequally among them and that the greater part of the value transferred is concentrated in the hands of the country with the highest productivity.

In the presence of these mechanisms of transfer of value, based either on productivity or on the monopoly of production, we can identify – always at the level of international market relations – a mechanism of compensation. This is the recourse to the increase in value exchanged, on the part of the disadvantaged nation: without preventing the transfer operated by the mechanisms already described, this makes it possible to neutralize it totally or partially by means of the increase in the value realized. Such a compensation mechanism can be verified both at the level of the exchange of similar products and of products originating in different spheres of production. We are concerned here only with the second case.

What is important to point out is that in order to increase the mass of value produced the capitalist must necessarily make use of a greater exploitation of labor, either by increasing its intensity, or by prolonging the working day, or by combining the two procedures. Strictly speaking, only the first – the increase in the intensity of labor – really counteracts the disadvantages resulting from a lower productivity of labor, since it permits the creation of more value in the same working time. In fact, they all concur in increasing the mass of value realized and, therefore, the amount of money obtained through exchange. This is what explains, at this level of analysis, that the world supply of raw materials and food increases as the margin between their market prices and the real value of production widens.[18]

What appears clearly then, is that the nations disadvantaged by unequal exchange do not so much seek to correct the imbalance between the prices and the value of their exported goods (which would imply a redoubled effort to increase the productive capacity of labor), but rather to compensate for the loss of income generated by international trade through recourse to greater exploitation of the worker. We thus arrive at a point where it is no longer sufficient to continue to deal simply with the notion of exchange between nations, but we must face the fact that within the framework of this exchange, the appropriation of the value realized masks the appropriation of a surplus value which is generated by the exploitation of labor within each nation. From this angle, the transfer of value is a transfer of surplus value, which appears from the point of view of the capitalist operating in the disadvantaged nation as a lowering of the share of surplus value and hence of the share of profit. Thus, the counterpart of the process by which Latin America contributed to increasing the share of surplus value and the share of profit in the industrial countries implied for it rigorously opposite effects. And what appeared as a mechanism of compensation of the market mechanism at the level of the market, is in fact a mechanism that operates at the level of domestic production. It is to this sphere that we must therefore shift the focus of our analysis.

3) The super-exploitation of labor

We have seen that the problem posed by unequal exchange for Latin America is not precisely that of counteracting the transfer of value it implies, but rather that of compensating for a loss of surplus value, and that unable to prevent it at the level of market relations the reaction of the dependent economy is to compensate for it at the level of internal production. The increase in the intensity of labor appears, in this perspective, as an increase in surplus value, achieved through greater exploitation of the worker and not through an increase in his productive capacity. The same could be said of the prolongation of the working day, that is, of the increase of absolute surplus value in its classic form; unlike the former, it is a question here of simply increasing surplus labor time, which is that in which the worker continues to produce after having created a value equivalent to that of the means of subsistence for his own consumption. Finally, a third procedure should be pointed out, which consists in reducing the worker's consumption beyond its normal limit, whereby "[transforming], within certain limits, the labourer's necessary consumption fund into a fund for the accumulation of capital,"[19] thus implying a specific mode of increasing surplus labor time.

Let us specify here that the use of categories referring to the appropriation of surplus labor in the framework of capitalist relations of production does not imply the assumption that the Latin American export economy is already based on capitalist production. We resort to these categories in the spirit of the methodological observations we made at the beginning of this paper, i.e., because they allow us to better characterize the phenomena we intend to study and also because they indicate the direction in which they are tending. On the other hand, it is not strictly speaking necessary for unequal exchange to exist for the above-mentioned mechanisms of surplus value extraction to come into play; the simple fact of linkage to the world market, and the consequent conversion of the production of use values to that of exchange values that this entails, has the immediate result of unleashing a drive for profit that becomes all the more unbridled the more backward the existing mode of production is. As Marx points out, "[…] as soon as people, whose production still moves within the lower forms of slave-labour, corvée-labour, &c., are drawn into the whirlpool of an international market dominated by the capitalistic mode of production, the sale of their products for export becoming their principal interest, the civilised horrors of over-work are grafted on the barbaric horrors of slavery, serfdom, &c."[20] The effect of unequal exchange is -to the extent that it places obstacles in the way of its full satisfaction- to exacerbate this desire for profit and thus to sharpen the methods of extracting surplus labor.

Now, the three mechanisms identified -the intensification of labor, the prolongation of the working day and the expropriation of part of the labor necessary for the worker to replace his labor power- make up a mode of production based exclusively on the greater exploitation of the worker and not on the development of his productive capacity. This is congruent with the low level of development of the productive forces in the Latin American economy, but also with the types of activities carried out there. Indeed, more than in manufacturing industry, where an increase in labor implies at least a greater expenditure of raw materials, in the extractive industry and in agriculture the effect of increased labor on the elements of constant capital are much less sensitive, being possible by the simple action of man on nature to increase the wealth produced without additional capital.[21] It is understood that in these circumstances, productive activity is based above all on the extensive and intensive use of labor power: this makes it possible to lower the value-composition of capital, which, together with the intensification of the degree of exploitation of labor, causes the quotas of surplus value and profit to rise simultaneously.

It is also important to point out that, in the three mechanisms considered, the essential characteristic is given by the fact that the worker is denied the conditions necessary to replenish the wear and tear of his labor power: in the first two cases, because he is obliged to a higher expenditure of labor power than he should normally provide, thus causing his premature exhaustion, in the last, because he is deprived even of the possibility of consuming what is strictly indispensable to preserve his labor power in a normal state. In capitalist terms, these mechanisms (which, moreover, can occur, and usually do occur, in combination) mean that labor is remunerated below its value,[22] and thus correspond to a super-exploitation of labor.

This is what explains why it was precisely in the zones dedicated to export production that the wage labor regime was first imposed, initiating the process of transformation of the relations of production in Latin America. It is useful to bear in mind that capitalist production presupposes the direct appropriation of the labor force and not only of the products of labor; in this sense, slavery is a mode of labor that is more suited to capital than servitude and it is no accident that the colonial enterprises directly connected with the European capitalist centers -such as the gold and silver mines of Mexico and Peru, or the sugar plantations of Brazil- were based on slave labor.[23] But, except in the hypothesis that the supply of labor is totally elastic (which is not the case beginning in the second half of the 19th century with slave labor in Latin America), the slave labor regime constitutes an obstacle to the indiscriminate lowering of the worker's remuneration. "In the case of the slave the *minimum wage* appears as a constant magnitude, independent of his own labour. In the case of the free worker, the *value of his labour capacity*, and the *average wage* corresponding to it, does not present itself as confined within this predestined limit, independent of his own labour and determined by his purely physical needs. The *average* for the *class* is more or less *constant* here, as is the value of all commodities; but it does not exist in this immediate reality for the *individual* worker, whose wage may stand either above or below this minimum."[24] In other words, the regime of slave labor, except under exceptional conditions of the labor market, is incompatible with the super-exploitation of labor. The same is not true of wage labor and, to a lesser extent, of servile labor.

Let us insist on this point. The superiority of capitalism over the other forms of mercantile production and its basic difference in relation to them resides in the fact that what it transforms into merchandise is not the worker -that is, the total time of existence of the worker, with all the dead points that this implies from the point of view of production- but rather his labor power, that is, the time of his usable existence for production, leaving to the same worker the care of taking charge of the non-productive time from the capitalist point of view. This is the reason why, when a slave economy is subordinated to the world capitalist market, the intensification of the exploitation of the slave is accentuated, since it is then in the interest of his owner to reduce his dead time for production and to make productive time coincide with the worker's time of existence.

But, as Marx points out, "he slave-owner buys his labourer as he buys his horse. If he loses his slave, he loses capital that can only be restored by new outlay in the slave-mart."[25] The super-exploitation of the slave, which prolongs his working day beyond the permissible physiological limits and necessarily results in his premature exhaustion, through death or disability, can only occur if it is possible to easily replace the worn-out labor. "The rice-grounds of Georgia, or the swamps of the Mississippi may be fatally injurious to the human constitution; but the waste of human life which the cultivation of these districts necessitates, is not so great that it cannot be repaired from the teeming preserves of Virginia and Kentucky. Considerations of economy, moreover, which, under a natural system, afford some security for humane treatment by identifying the master's interest with the slave's preservation, when once trading in slaves is practiced, become reasons for racking to the uttermost the toil of the slave; for, when his place can at once be supplied from foreign preserves, the duration of his life becomes a matter of less moment than its productiveness while it lasts."[26] The contrary evidence proves the same thing: in Brazil in the second half of the last century, when the coffee boom was beginning, the fact that the slave trade had been suppressed in 1850 made slave labor so unattractive to landowners in the south that they preferred to turn to the salaried regime through European immigration, in addition to favoring a policy tending to suppress slavery. Let us remember that an important part of the slave population was located in the decadent sugar producing area of the northeast and that the development of agrarian capitalism in the south imposed its liberation in order to constitute a free labor market. The creation of this market with the law abolishing slavery in 1888 which culminated a series of gradual measures in this direction (such as the status of free man granted to the children of slaves, etc.) constitutes a phenomenon as far as we can see of a free labor market. On the one hand, it was defined as an extremely radical measure that liquidated the foundations of imperial society (the monarchy survived the law of 1888 by little more than a year) and went so far as to deny any compensation to former slave owners. On the other hand, it sought to compensate for the impact of its effect through measures aimed at tying the worker to the land (the inclusion of an article in the civil code that tied the debts contracted to the person; the "*barracão*" system, a true monopoly of trade in consumer goods exercised by the large landowner within the estate, etc.) and the granting of generous credits to the affected landowners.

The mixed system of serfdom and wage labor established in Brazil, with the development of the export economy for the world market, is one of the ways in which Latin America arrived at capitalism. Let us observe that the form adopted by the relations of production in this case does not differ much from the labor regime established, for example, in the Chilean saltpetre mines, whose "token system" is equivalent to the "*barracão*". In other situations, which occur above all in the process of subordination of the interior to the export zones, the relations of exploitation can present themselves more clearly as servile relations, without this obstructing that through the extortion of the surplus product from the worker by the action of commercial or usurious capital, the worker is involved in a direct exploitation by capital which even tends to assume a character of super-exploitation.[27] However, servitude presents for the capitalist the disadvantage that it does not allow him to directly direct production, besides always raising the possibility, even if only theoretical, of the immediate producer emancipating himself from the dependence in which he is placed by the capitalist.

It is not, however, our purpose here to study the particular economic forms that existed in Latin America before it effectively entered the capitalist stage of production, nor the ways in which the transition took place. What we intend is only to set the pattern in which this study is to be carried out, a pattern that corresponds to the real movement of the formation of dependent capitalism: from circulation to production, from the link to the world market to the impact that this has on the internal organization of labor, and then to rethink the problem of circulation. For it is proper to capital to create its own mode of circulation, and/or on this depends the expanded reproduction on a world scale of the capitalist mode of production:

> *[…] since capital alone possesses the conditions of the production of capital, hence satisfies and strives to realize [them], [it is] a general tendency of capital at all points which are presuppositions of circulation, which form its productive centres, to assimilate these points into itself, i.e. to transform them into capitalizing production or production of capital.*[28]

Once converted into a capital-producing center, Latin America will thus have to create *its own mode of circulation* which cannot be the same as that which was engendered by industrial capitalism and which gave rise to dependency. In order to constitute a complex whole, it is necessary to resort to simple elements that can be combined, but which are not the same. Therefore, understanding the specificity of the cycle of capital in the Latin American dependent economy means illuminating the very foundation of its dependence in relation to the world capitalist economy.

4) The capital cycle in the dependent economy

By developing its mercantile economy in the function of the world market, Latin America is led to reproduce within itself the relations of production that were at the origin of the formation of that market and which determined its character and expansion.[29] But this process was marked by a profound contradiction: called upon to contribute to the accumulation of capital based on the productive capacity of labor in the central countries, Latin America had to do so through an accumulation based on the super-exploitation of the worker. In this contradiction lies the essence of Latin American dependence.

The real basis on which it develops are the ties that bind the Latin American economy to the world capitalist economy. Born to meet the demands of capitalist circulation, whose axis of articulation is constituted by the industrial countries, and thus centered on the world market, Latin American production does not depend for its realization on the internal capacity for consumption. Thus, from the point of view of a dependent country, the separation of the two fundamental moments of the cycle of capital – production and circulation of merchandise – takes place, the effect of which is to make appear in a specific way in the Latin American economy the contradiction inherent to capitalist production in general, that is to say, that which opposes capital to the worker as seller and buyer of merchandise.[30] The contradiction between capital and the worker as a seller and buyer of merchandise is the same as the contradiction inherent to capitalist production in general, that is to say, that which opposes capital to the worker as seller and buyer of merchandise.

This is a key point for understanding the character of the Latin American economy. Initially, it must be considered that in industrial countries whose capital accumulation is based on the productivity of labor, this opposition generated by the dual character of the worker -producer and consumer- although effective, is to some extent counteracted by the form assumed by the cycle of capital. Thus, although capital privileges the productive consumption of the worker (that is, the consumption of the means of production involved in the labor process), and is inclined to disregard his individual consumption (which the worker uses to replenish his labor power) which appears to him as unproductive consumption,[31] this occurs exclusively at the moment of production. When the phase of realization opens, this apparent contradiction between the individual consumption of the workers and the reproduction of capital disappears, once this consumption (added to that of the capitalists and of the unproductive layers in general) restores to capital the form that is necessary for it to begin a new cycle, i.e. the money form. The individual consumption of the workers thus represents a decisive element in the creation of demand for the commodities produced, being one of the conditions for the flow of production to be adequately resolved in the flow of circulation.[32] Through the mediation established by the struggle between workers and bosses over the fixing of the level of wages, the two types of consumption of the worker thus tend to complement each other, in the course of the cycle of capital, overcoming the initial situation of opposition in which they found themselves. This is, moreover, one of the reasons why the dynamics of the system tends to be channeled through relative surplus value, which implies in the last analysis, the cheapening of the commodities that enter into the composition of the worker's individual consumption.

In the Latin American export economy, things are different. Since circulation is separated from production and takes place basically in the sphere of the external market, the individual consumption of the worker does not interfere in the realization of the product, although it does determine the share of surplus value. Consequently, the natural tendency of the system will be to exploit to the maximum the labor force of the worker, without worrying about creating the conditions for him to replace it, as long as he can be replaced by incorporating new arms to the productive process. The dramatic thing for the working population of Latin America is that this assumption was amply fulfilled: the existence of reserves of indigenous labor (as in Mexico) or the migratory flows derived from the displacement of European labor caused by technological progress (as in South America) allowed for a constant increase in the mass of workers until the beginning of this century. The result has been to give free rein to the compression of the individual consumption of the worker and, therefore, to the super-exploitation of labor.

The export economy is, then, something more than the product of an international economy founded on productive specialization: it is a social formation based on the capitalist mode of production, which accentuates to the limit the contradictions inherent to it. In doing so, it configures in a specific way the relations of exploitation on which it is based, and creates a cycle of capital that tends to reproduce on an enlarged scale the dependence in which it finds itself vis-à-vis the international economy.

Thus, the sacrifice of workers' individual consumption for the sake of exporting to the world market depresses the levels of domestic demand and makes the world market the only outlet for production. At the same time, the resulting increase in profits puts the capitalist in a position to develop consumption expectations without a counterpart in domestic production (oriented towards the world market), expectations that have to be satisfied through imports. The separation between individual consumption based on wages and individual consumption generated by unaccumulated surplus value thus gives rise to a stratification of the internal market, which is also a differentiation of spheres of circulation: while the “low” sphere, in which workers participate -which the system strives to restrict- is based on internal production, the “high” sphere of circulation, proper to non-workers -which is what the system tends to widen- is linked to external production, through the import trade.

The harmony established, at the level of the world market, between the export of raw materials and foodstuffs by Latin America and the import of European manufactured consumer goods conceals the dilaceration of the Latin American economy expressed by the division of total individual consumption into two opposing spheres. When the world capitalist system reaches a certain stage of development and Latin America enters the stage of industrialization it will have to do so on the basis of the foundations created by the export economy. The profound contradiction that will have characterized the capital cycle of that economy and its effects on the exploitation of labor will have a decisive influence on the course that the Latin American industrial economy will take explaining many of the problems and tendencies that are present in it today.

5) The industrialization process

It is not appropriate here to analyze the industrialization process in Latin America or much less to take sides in the current controversy on the role played by import substitution in this process.[33] For the purposes we have proposed, it is sufficient to note that however significant industrial development may have been within the export economy (and, consequently, in the extension of the domestic market), in countries such as Argentina, Mexico, Brazil and others, it never managed to form a true industrial economy which by defining the character and direction of capital accumulation would bring about a qualitative change in the economic development of these countries. On the contrary, industry continued to be an activity subordinated to the production and export of primary goods, which constituted the vital center of the accumulation process.[34] It was only when the crisis of the international capitalist economy, corresponding to the period between the First and Second World Wars, hindered accumulation based on production for the external market that the axis of accumulation shifted towards industry, giving rise to the modern industrial economy that prevailed in the region.

From the point of view that interests us, this means that the upper sphere of circulation, which was articulated with the external supply of manufactured consumer goods, shifts its center of gravity towards domestic production, its parabola coinciding roughly with the one described by the lower sphere proper to the working masses. It would seem that the eccentric movement of the export economy was beginning to be corrected, and that dependent capitalism was moving in the direction of a configuration similar to that of the classic industrial countries. It was on this basis that in the 1950s the various so-called developmentalist currents flourished, which assumed that the economic and social problems afflicting the Latin American social formation were due to an insufficiency of its capitalist development, and that the acceleration of this development would be enough to make them disappear.

In fact, the apparent similarities of the dependent industrial economy with the classical industrial economy concealed profound differences, which capitalist development would accentuate rather than attenuate. The inward reorientation of demand generated by unaccumulated surplus value already implied a specific mechanism of internal market creation radically different from that operating in the classical economy and which would have serious repercussions on the form that the dependent industrial economy would assume.

In the classical capitalist economy, the formation of the internal market represents the counterpart of the accumulation of capital: by separating the producer from the means of production capital not only creates the wage earner, that is, the worker who has only his labor power at his disposal, but also creates the consumer. In effect, the means of subsistence of the worker, previously produced directly by him, are incorporated into capital, as a material element of variable capital, and are only returned to the worker once he purchases their value in the form of wages.[35] There is, then, a close correspondence between the rhythm of accumulation and that of the expansion of the market. The possibility for the industrial capitalist to obtain abroad, at a low price, the food necessary for the worker, leads to a narrowing of the nexus between accumulation and the market, once the part of the worker's individual consumption dedicated to the absorption of manufactured products increases. That is why industrial production in this type of economy, is basically centered on goods of popular consumption and seeks to make them cheaper, since they directly affect the value of labor power and therefore -insofar as the conditions in which the struggle between workers and bosses takes place tends to bring wages closer to that value- the share of surplus value. We have already seen that this is the fundamental reason why the classical capitalist economy must be oriented towards increasing the productivity of labor.

The development of accumulation based on the productivity of labor results in the increase of surplus value, and, consequently, of the demand created by the part of it that does not accumulate. In other words, the individual consumption of the non-producing classes grows, thus widening the sphere of circulation that corresponds to them. This drives not only the growth of the production of manufactured consumer goods in general, but also that of the production of sumptuary articles.[36] Circulation thus tends to split into two spheres, similar to what we see in the Latin American export economy, but with a substantial difference: the expansion of the upper sphere is a consequence of the transformation of the conditions of production, and becomes possible to the extent that, as the productivity of labor increases, the part of total individual consumption which corresponds to the worker decreases in real terms. The existing link between the two spheres of consumption is loosened, but not broken.

Another factor helps to prevent the rupture from taking place: it is the way in which the world market is expanding. The additional demand for sumptuary products created by the foreign market is necessarily limited, first because, when trade is between nations producing such goods, the advance of one nation implies the retreat of another, which gives rise on the part of the latter to defense mechanisms; and then because, in the case of exchange with dependent countries, this demand is restricted to the upper classes, and is thus constrained by the strong concentration of income implied by the super-exploitation of labor. In order for the production of luxury goods to expand, these goods must change their character, that is, become products of popular consumption within the industrial economy itself. The circumstances that made it possible to raise real wages there, beginning in the second half of the last century, to which the devaluation of foodstuffs and the possibility of redistributing internally part of the surplus subtracted from the dependent nations are not unrelated, help, insofar as they expand the individual consumption of workers, to counteract the disruptive tendencies that act at the level of circulation. Latin American industrialization[37] is based on different foundations. The permanent compression exerted by the export economy on individual worker consumption only allowed the creation of a weak industry, which only expanded when external factors (such as trade crises, temporarily, and the limitation of trade balance surpluses, for the reasons already mentioned) partially closed the access of the upper sphere of consumption to import trade.[38] It is the greater incidence of these factors, as we have seen, which accelerates industrial growth, from a certain moment on, and provokes the qualitative change of dependent capitalism. Therefore, Latin American industrialization does not create, as in the classical economies, its own demand, but is born to meet a pre-existing demand, and will be structured according to the market requirements coming from the advanced countries.

At the beginning of industrialization, the participation of workers in the creation of demand did not play a significant role in Latin America. Operating within the framework of a previously given market structure, whose price level acted in the sense of preventing access to popular consumption, industry had no reason to aspire to a different situation. The demand capacity was, at that time, greater than the supply, so that the capitalist did not face the problem of creating a market for his goods, but rather the reverse situation. On the other hand, even when supply comes to equilibrium with demand -which will occur later- this will not immediately present the capitalist with the problem of expanding the market, leading him first to play on the margin between the market price and the price of production, that is, on the increase of the mass of profit as a function of the unit price of the product. For this, the industrial capitalist will force, on the one hand, the rise in prices, taking advantage of the monopolistic situation created de facto by the crisis of world trade and reinforced by customs barriers. On the other hand, and given that the low technological level means that the price of production is determined fundamentally by wages, the industrial capitalist will take advantage of the surplus labor created by the exporting economy itself and aggravated by the crisis it is experiencing (a crisis which forces the exporting sector to free up labor), to put downward pressure on wages. This will allow it to absorb large masses of labor, which, accentuated by the intensification of work and the lengthening of the working day, will accelerate the concentration of capital in the industrial sector.

Starting then from the mode of circulation which characterized the export economy, the dependent industrial economy reproduces, in a specific form, the accumulation of capital based on the super-exploitation of the worker. Consequently, it also reproduces the mode of circulation that corresponds to this type of accumulation, albeit in a modified form: it is no longer the dissociation between the production and circulation of commodities in function of the world market that operates, but the separation between the upper and lower spheres of circulation within the economy itself. A separation which, not being counteracted by the factors at work in the classical capitalist economy, acquires a much more radical character.

Dedicated to the production of goods that do not enter, or enter very scarcely, into the composition of popular consumption, Latin American industrial production is independent of the wage conditions proper to the workers; this in two senses. In the first place because, not being an essential element of the individual consumption of the worker, the value of manufactures does not determine the value of labor power; it will not be, then, the devaluation of manufactures that will influence the share of surplus value. This dispenses the industrialist from worrying about increasing the productivity of labor in order, by lowering the value of the unit of product, to depreciate the labor force, and leads him, inversely, to seek to increase surplus value through greater exploitation -intensive and extensive- of the worker, as well as the lowering of wages beyond their normal limit. In the second place, because the inverse relation which is derived therefrom for the evolution of the supply of commodities and the purchasing power of the workers, that is to say, the fact that the former grows at the cost of the reduction of the latter, does not create problems for the capitalist in the sphere of circulation, once, as we noted, manufactures are not essential elements in the individual consumption of the worker's individual consumption.

We said earlier that at a certain point in the process, which varies from country to country,[39] the industrial supply coincides roughly with the existing demand, constituted by the upper sphere of circulation. The need then arises to generalize the consumption of manufactured goods, which corresponds to the moment when, in the classical economy, sumptuary goods had to be converted into goods for popular consumption. This gives rise to two types of adaptations in the dependent industrial economy: the expansion of consumption by the middle strata, which is generated from unaccumulated surplus value, and the effort to increase the productivity of labor, a *sine qua non* condition for lowering the price of merchandise.

The second movement would normally tend to bring about a qualitative change in the basis of capital accumulation, allowing the individual consumption of the worker to modify its composition and include manufactured goods. If it acted alone, it would lead to the displacement of the axis of accumulation, from the exploitation of the worker to the increase in the productive capacity of labor. However, it is partially neutralized by the expansion of consumption of the middle sectors: this presupposes, in effect, the increase in the income received by these sectors, income which, as we know, derives from surplus value and, consequently, from the compression of the wage level of the workers. The transition from one mode of accumulation to another is therefore difficult and takes place extremely slowly, but it is enough to trigger a mechanism that will eventually act in the sense of hindering the transition, diverting the search for solutions to the problems of realization faced by the industrial economy into a new channel.

This mechanism is the recourse to foreign technology, aimed at raising the productive capacity of labor.

6) The new spiral ring

It is a well-known fact that, as Latin American industrialization progresses, the composition of its imports is altered, through the reduction of consumer goods and their replacement by raw materials, semi-finished products and machinery for industry. However, the permanent crisis in the external sector of the countries of the region would not have allowed the growing needs in material elements of constant capital to be satisfied exclusively through commercial exchange. This is why the importation of foreign capital, in the form of financing and direct investments in industry, became so important.

The facilities that Latin America finds abroad to resort to the importation of capital are not accidental. They are due to the new configuration assumed by the international capitalist economy in the post-war period. By 1950, it had overcome the crisis that had affected it since the 1910s and was already reorganized under the aegis of the United States. The progress achieved by the concentration of capital on a world scale placed an abundance of resources in the hands of the large imperialist corporations, which needed to seek application abroad. The significant feature of the period is that this flow of capital to the periphery is preferentially oriented towards the industrial sector.

This is due to the fact that, during the period of disorganization of the world economy, peripheral industrial bases were developed, which offered -thanks to the super-exploitation of labor- attractive possibilities of profit. But this was not the only fact, and perhaps not the most decisive. In the course of the same period, there had been a great development of the capital goods sector in the central economies. This led, on the one hand, to the fact that the equipment produced there, always more sophisticated, had to be applied in the secondary sector of the peripheral countries; the central economies were then interested in promoting the industrialization process in these countries, with the aim of creating markets for their heavy industry. On the other hand, to the extent that the pace of technical progress in the central countries reduced the replacement period of fixed capital by almost half,[40] these countries were faced with the need to export to the periphery equipment and machinery that were already obsolete before they had been fully depreciated.

Latin American industrialization thus corresponds to a new international division of labor, in the framework of which the lower stages of industrial production are transferred to the dependent countries (note that the iron and steel industry, which was a distinctive sign of the classical industrial economy, has been generalized to the point that countries like Brazil already export steel), reserving for the imperialist centers the more advanced stages (such as the production of computers and the heavy electronics industry in general, the exploitation of new sources of energy, such as nuclear energy, etc.) and the monopoly of the corresponding technology. Going even further, it is possible to distinguish in the international economy steps in which not only the new industrial countries, but also the older ones, are repositioned. Thus, in the production of steel and motor vehicles, Western Europe and Japan compete advantageously with the United States itself, but have not yet succeeded in doing so in the machine-tool industry, especially the automated ones.[41] What we have here is a new hierarchization of the world capitalist economy, the basis of which is the redefinition of the international division of labor that has taken place over the last fifty years.

In any case, the moment when the dependent industrial economies look abroad for the technological instruments that will enable them to accelerate their growth by increasing labor productivity is also the moment when important flows of capital originate from the central countries that provide them with the required technology flow to them. We will not examine here the effects of the different forms of technological absorption, ranging from donations to direct investment of foreign capital, since, from the point of view guiding our analysis, this is of little importance. We will deal only with the nature of this technology and its impact on market expansion.

Technological progress is characterized by the saving of labor power which, either in terms of time or in terms of effort, the worker must devote to the production of a certain mass of goods. It is natural, then, that, globally, its result is the reduction of productive labor time in relation to the total time available for production, which, in capitalist society, is manifested through the decrease of the working population in parallel with the growth of the population engaged in non-productive activities, to which services correspond, as well as of the parasitic strata, which are exempted from any participation in the social production of goods and services. This is the specific form that technological development assumes in a society based on the exploitation of labor, but not the general form of technological development. It is for this reason that the recommendations made to dependent countries, in which there is a great availability of labor, to adopt technologies that incorporate more labor force, in order to defend employment levels, represent a double deception: they lead to advocate the option for less technological development and confuse the specifically capitalist social effects of technology with the technology itself.

These recommendations, moreover, ignore the concrete conditions under which technical progress is introduced in dependent countries. This introduction depends, as we have pointed out, less on their preferences than on the objective dynamics of capital accumulation on a world scale. It was this that pushed the international division of labor to assume a configuration, in the framework of which new channels have been opened to the diffusion of technical progress and this has been given a more accelerated pace. The effects derived therefrom for the situation of workers in the dependent countries could not differ in essence from those inherent to a capitalist society: reduction of the productive population and growth of the non-productive social strata. But these effects would have to be modified by the conditions of production proper to dependent capitalism.

Thus, by influencing a productive structure based on the greater exploitation of the workers, technical progress made it possible for the capitalist to intensify the rate of labor of the worker, raise his productivity and simultaneously, sustain the tendency to remunerate him at a lower rate than his real value. A decisive factor in this was the linking of the new techniques of production to industrial branches oriented towards types of consumption which, if they tend to become popular consumption in the advanced countries, cannot do so under any circumstances in dependent societies. The gulf existing there between the standard of living of the workers and that of the sectors that feed the upper sphere of circulation makes it inevitable that products such as automobiles, household appliances, etc., are necessarily destined for the latter. To this extent, and since they do not represent goods which intervene in the consumption of the workers, the increase in productivity induced by technology in these branches of production has not been able to be translated into greater profits through the increase in the share of surplus value, but only through the increase in the mass of realized value. The spread of technical progress in the dependent economy will thus go hand in hand with greater exploitation of the worker, precisely because accumulation continues to depend fundamentally more on the increase of the mass of value – and therefore of surplus value – than on the share of surplus value.

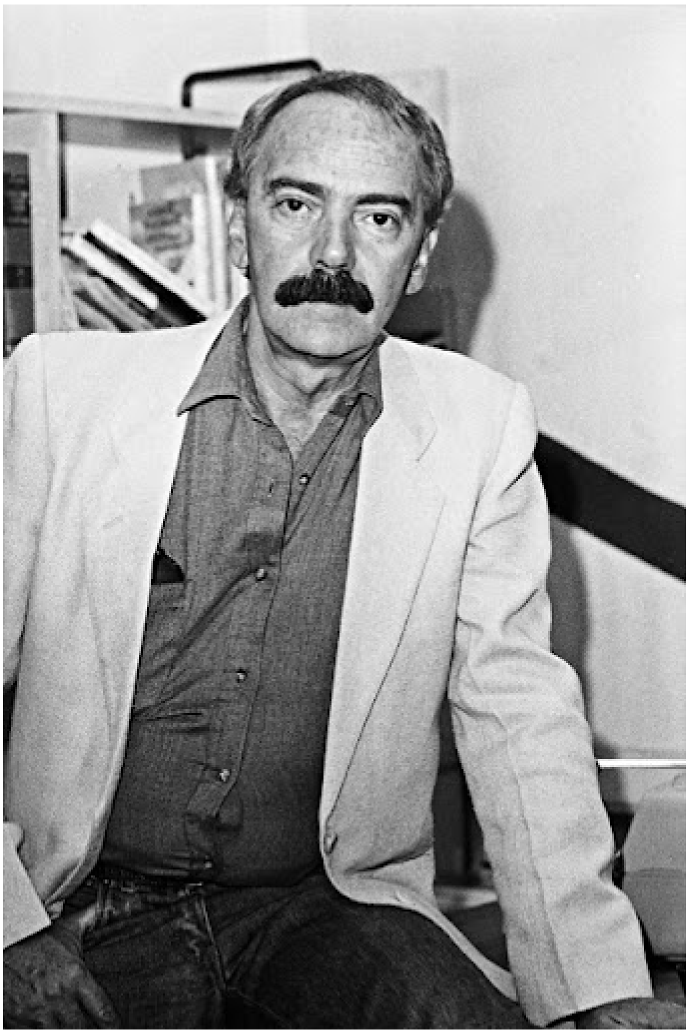
However, since technological development was highly concentrated in the branches producing luxury goods, it would end up posing serious problems of realization. The recourse used to solve them has been to involve the State (through the expansion of the bureaucratic apparatus, subsidies to producers and the financing of luxury consumption), as well as inflation, in order to transfer purchasing power from the lower to the upper sphere of circulation; this implied lowering real wages even further, in order to have sufficient surplus to carry out the transfer of income. But, to the extent that the consumption capacity of the workers is thus compressed, any possibility of stimulating technological investment in the sector of production destined to serve popular consumption is closed off. It is therefore not surprising that, while the luxury goods industries are growing at high rates, the industries oriented towards mass consumption (the so-called “traditional industries”) are tending to stagnate and even regress.

Insofar as it occurred with difficulty and at an extremely slow pace, the tendency towards rapprochement between the two spheres of circulation, which had been observed from a certain point onwards, could not continue to develop. On the contrary, what is imposed is once again the repulsion between the two spheres, once the compression of the standard of living of the working masses becomes the necessary condition of the expansion of the demand created by the strata living on surplus value. Production based on the super-exploitation of labor thus engendered again the mode of circulation that corresponds to it, at the same time divorcing the productive apparatus from the consumption needs of the masses. The stratification of this apparatus into what has come to be called “dynamic industries” (branches producing sumptuary goods and capital goods destined principally for these) and “traditional industries” is reflecting the adaptation of the structure of production to the structure of circulation proper to dependent capitalism.

But the reapproximation of the dependent industrial model to that of the export economy does not stop there. The absorption of technical progress in conditions of super-exploitation of labor brings with it the inevitable restriction of the internal market, which is opposed to the need to realize ever-increasing masses of value (since accumulation depends more on the mass than on the quota of surplus value). This contradiction could not be resolved by extending the upper sphere of consumption within the economy, beyond the limits set by super-exploitation itself. In other words, not being able to extend to the workers the creation of demand for sumptuary goods, and orienting itself instead towards wage compression, which excludes them de facto from this type of consumption, the dependent industrial economy not only had to rely on an immense reserve army, but was obliged to restrict to the capitalists and upper middle strata the realization of luxury goods. This will raise, from a certain moment (which is clearly defined in the mid-1960s), the need to expand outwards, that is to say, to unfold again -although now from the industrial base- the capital cycle, to partially focus the circulation on the world market. The export of manufactured goods, both essential goods and luxury products, then becomes the lifeline of an economy unable to overcome the disruptive factors that afflict it. From regional and subregional economic integration projects to the design of aggressive international competition policies, Latin America is witnessing the resurrection of the old export economy model.

In recent years, the accentuated expression of these tendencies in Brazil has led us to speak of sub-imperialism.[42] We do not intend to return to the subject here, since the characterization of sub-imperialism goes beyond simple economics, and cannot be carried out without recourse to sociology and politics. We will limit ourselves to indicating that, in its broadest dimension, sub-imperialism is not a specifically Brazilian phenomenon, nor does it correspond to an anomaly in the evolution of dependent capitalism. It is true that it is the conditions proper to the Brazilian economy, which have allowed it to carry its industrialization to a great extent and even to create a heavy industry, as well as the conditions characterizing its political society, whose contradictions have given rise to a militaristic State of Prussian type, which have given rise to sub-imperialism in Brazil, but it is no less true that this is only a particular form assumed by the industrial economy which develops within the framework of dependent capitalism. In Argentina or El Salvador, in Mexico, Chile, Peru, the dialectic of dependent capitalist development is not essentially different from the one we are trying to analyze here, in its most general features.

To use this line of analysis to study the concrete social formations of Latin America, to orient this study in the sense of defining the determinations that are at the base of the class struggle that unfolds there and thus open up clearer perspectives for the social forces bent on destroying this monstrous formation that is dependent capitalism: this is the theoretical challenge that is posed today to Latin American Marxists. The answer we give will undoubtedly influence in a not inconsiderable way the final outcome of the political processes we are living.



Author of Dialectics of Dependency, Ruy Mauro Marini.

Postscript

Initially, my intention was to write a preface to the preceding essay. But it is difficult to present a work that is in itself a presentation. And Dialectics of Dependency is intended to be nothing more than this: an introduction to the research theme that has been occupying me and the general lines that guide me in this work. Its publication obeys the purpose of advancing some of the conclusions I have reached, which may perhaps contribute to the efforts of others who are dedicated to the study of the laws of development of dependent capitalism, as well as the desire to give myself the opportunity to take a global look at the terrain I am trying to unravel. I will therefore take advantage of this post-scriptum to clarify a few questions and clear up certain misunderstandings that the text has given rise to. Indeed, despite the care taken to qualify the most categorical statements, the limited scope of the text has led to the trends analyzed being painted in broad strokes, which has sometimes given them a very marked profile. On the other hand, the very level of abstraction of the essay was not conducive to the examination of particular situations, which would allow a certain degree of relativization to be introduced into the study. Without pretending to justify myself with this, the aforementioned drawbacks are the same to which Marx alludes, when he warns:

> *… in theory it is assumed that the laws of capitalist production operate in their pure form. In reality there exists only approximation; but, this approximation is the greater, the more developed the capitalist mode of production and the less it is adulterated and amalgamated with survivals of former economic conditions.*[43]

Now, a first point to note is precisely that the tendencies pointed out in my essay have a different impact on the different Latin American countries according to the specificity of their social formation. It is likely that, due to my shortcoming, the reader will not notice one of the assumptions that inform my analysis: that the export economy constitutes the transition stage to an authentic national capitalist economy, which only takes shape when the industrial economy emerges there[44], and that the survival of the old modes of production that governed the colonial economy still determine to a considerable degree the way in which the laws of development of dependent capitalism are manifested in these countries. The importance of the slave regime of production in determining the current economy of some Latin American countries such as Brazil, is a fact that cannot be ignored.

A second problem refers to the method used in the essay, which is made explicit in the indication of the need to start from circulation to production, in order to then undertake the study of the circulation that this engenders. This method, which has raised some objections, corresponds rigorously to the path followed by Marx. Suffice it to recall how in Capital, the first sections of Book I are devoted to problems proper to the sphere of circulation and only from the third section onwards does the study of production begin. Likewise, once the examination of general questions has been completed, the particular questions of the capitalist mode of production are analyzed in the same way in the following two books. Beyond the simple formal ordering of the exposition, this has to do with the essence of the dialectical method itself, which makes the theoretical examination of a problem coincide with its historical development. It is thus how this methodological orientation not only corresponds to the general formula of capital, but also accounts for the transformation of simple mercantile production into capitalist mercantile production.

The sequence applies with all the more reason when the object of study is the dependent economy. Let us not insist here on the emphasis that traditional studies on dependency give to the role played in it by the world market or, to use developmentalist language, the external sector. Rather, let us emphasize what constitutes one of the central themes of the essay: at the beginning of its development, the dependent economy is entirely subordinated to the dynamics of accumulation in the industrial countries, to such an extent that it is in function of the downward trend of the rate of profit in these countries, that is, of the way in which capital accumulation is expressed there,[45] that such development can be explained. It is only as the dependent economy becomes in fact a true center of capital production, which brings with it its phase of circulation[46] – which reaches maturity with the constitution of an industrial sector- that its laws of development, which always represent a particular expression of the general laws governing the system as a whole, are fully manifested in it. From that moment on, the phenomena of circulation that arise in the dependent economy cease to correspond primarily to problems of realization of the industrial nation to which it is subordinated and become more and more problems of realization referring to its own cycle of capital.

Moreover, it should be considered that the emphasis on the problems of realization would only be open to criticism if it were made at the expense of that which corresponds to the conditions in which production takes place and did not contribute to explaining them. Now, in noting the divorce that exists between production and circulation in the dependent economy (and stressing the particular forms that this divorce assumes in the different phases of its development), **a]** it was stressed that this divorce is generated by the peculiar conditions that the exploitation of labor acquires in this economy -which I called super-exploitation- and **b]** the way in which these conditions cause the factors that aggravate the divorce to sprout permanently from the very heart of production and lead it, as the industrial economy takes shape, to serious problems of realization.

1) Two moments in the international economy

It is in this perspective that we can advance towards the elaboration of a Marxist theory of dependency. In my essay I tried to show that it is in function of the accumulation of capital on a world scale, and in particular in function of its vital spring, the general rate of profit, that we can understand the formation of the dependent economy. Essentially, the steps followed were: **a)** to examine the problem from the point of view of the downward trend of the rate of profit in industrial economies and **b)** to pose it in the light of the laws that operate in international trade, and which give it the character of unequal exchange. Subsequently, the focus of attention shifts to the internal phenomena of the dependent economy, to continue along the methodological line already indicated. Given the level of abstraction of the work, I was only concerned in developing the theme of unequal exchange with the capitalist world market in its state of maturity, that is to say, fully subjected to the mechanisms of capital accumulation. It is worthwhile, however, to indicate here how these mechanisms come to impose themselves.

The diversity of the degree of development of the productive forces in the economies integrating into the world market entails significant differences in their respective organic compositions of capital, which point to different forms and degrees of exploitation of labor. As the exchange between them stabilizes, a commercial price tends to crystallize whose term of reference is, beyond its cyclical variations, the value of the goods produced. Consequently, the degree of participation in the global value realized in international circulation is greater for economies with a lower organic composition, i.e. for dependent economies. In strictly economic terms, the industrial economies deal with this situation by resorting to mechanisms that have the effect of exaggerating the initial differences in exchange. Thus they resort to increasing their productivity in order to lower the individual value of goods in relation to the average value in force and thus raise their share in the total amount of value exchanged; this occurs both between individual producers of the same nation and between competing nations. However, this procedure, which corresponds to the attempt to circumvent the laws of the market by applying them, leads to the elevation of its organic composition and activates the downward tendency of its share of profit, for the reasons pointed out in my essay.

As we have seen there, the action of the industrial economies has repercussions on the world market in the sense of inflating the demand for food and raw materials, but the response of the exporting economy is the exact opposite: instead of resorting to increased productivity, or at least of doing so as a priority, it makes use of greater extensive and intensive employment of the labor force. Consequently, it lowers its organic composition and increases the value of the commodities produced, which simultaneously raises surplus value and profit. On the market level, it leads to an improvement in the terms of trade in its favor, wherever a commercial price has been established for primary products. Obscured by the cyclical fluctuations of the market, this trend continued until the 1870s; the growth of Latin American exports even led to the beginning of favorable balances in the balance of trade which exceeded the amortization and interest payments on the foreign debt, indicating that the credit system conceived by the industrial countries and which was primarily intended to function as a compensation fund for international transactions, was not sufficient to reverse the trend.

It is evident that, independently of the other causes that act in the same sense and that have to do with the passage from industrial capitalism to the imperialist stage, the situation described above contributes to motivate the exportation of capital to the dependent economies, once the profits there are considerable. A first result of this is the rise in the organic composition of capital in these economies and the increase in the productivity of labor, which translate into a fall in the value of commodities and which (in the absence of super-exploitation) should lead to a fall in the rate of profit. Consequently, the terms of trade begin to decline steadily as indicated in my essay.

On the other hand, the growing presence of foreign capital in the financing, marketing and even production of the dependent countries, as well as in the basic services, acts to transfer part of the profits obtained there to the industrial countries. Thereafter, the amount of capital transferred by the dependent economy through financial operations grows more rapidly than the trade balance.

The transfer of profits, and therefore of surplus value, to the industrial countries points in the direction of the formation of an average rate of profit at the international level, thus freeing exchange from its strict dependence on the value of commodities. In other words, the importance that value had in the previous stage as a regulator of international transactions gradually gives way to the primacy of the price of production (the cost of production plus the average profit, which, as we saw, is lower than surplus value in the case of the dependent countries). Only then can it be affirmed that (in spite of continuing to be hampered by factors of an extra-economic order, as for example the colonial monopolies) the international economy reaches its full maturity and brings into play on a growing scale the mechanisms proper to the accumulation of capital.[47]

Let us remember, in order to avoid misunderstandings, that the lowering of the quota of profit in the dependent countries as a counterpart of the elevation of their organic composition is compensated by the procedures of the super-exploitation of labor, in addition to the peculiar circumstances which favor, in the agrarian and mining economies, the high profitability of variable capital. Consequently, the dependent economy continues to expand its exports, at prices always more compensating for the industrial countries (with the known effects on their internal accumulation) and, simultaneously, maintains its attractiveness for external capital, which allows the process to continue.

2) Capitalist development and the super-exploitation of labor.

It is in this sense that the dependent economy -and therefore the super-exploitation of labor- appears as a necessary condition of world capitalism, contradicting those who, like Fernando Henrique Cardoso, understand it as an accidental event in its development. Cardoso's opinion, expressed in a polemical commentary to my essay,[48] is that, considering that the specialty of industrial capitalism resides in the production of relative surplus value, everything that refers to forms of production based on absolute surplus value, however significant its historical importance, lacks theoretical interest. However, for Cardoso, this does not imply abandoning the study of the dependent economy, since in the latter there is a simultaneous process of development and dependence, which means that in its contemporary stage, it is also based on relative surplus value and increased productivity.

Let us initially point out that the concept of super-exploitation is not identical to that of absolute surplus value, since it also includes a modality of production of relative surplus value which corresponds to the increase in the intensity of labor. On the other hand, the conversion of part of the wage fund into a fund of capital accumulation does not rigorously represent a form of production of absolute surplus value, since it affects simultaneously the two working times within the working day, and not only the time of surplus labor as happens with absolute surplus value. For all these reasons, super-exploitation is defined rather by the greater exploitation of the physical force of the worker as opposed to the exploitation resulting from the increase in his productivity, and tends normally to be expressed in the fact that labor power is remunerated below its real value.

However, this is not the central point of the discussion. What is under discussion is whether forms of exploitation that depart from that which generates relative surplus value on the basis of higher productivity should be excluded from the theoretical analysis of the capitalist mode of production. Cardoso's mistake is in answering this question in the affirmative, as if the higher forms of capitalist accumulation implied the exclusion of its lower forms and occurred independently of them. If Marx had shared this opinion, he would surely not have been concerned with absolute surplus value and would not have integrated it, as a basic concept, into his theoretical scheme.[49]

Now, what is intended to be demonstrated in my essay is, first, that capitalist production, in developing the productive force of labor does not suppress, but instead accentuates the greater exploitation of the worker, and second, that the combinations of forms of capitalist exploitation are carried out unequally in the system as a whole, engendering different social formations according to the predominance of a given form.

Let us briefly develop these points. The first is fundamental if we are to understand how the general law of capitalist accumulation operates, that is, why the growing polarization of wealth and misery is produced within the societies in which it operates. It is in this perspective, and only in this perspective, that studies on so-called social marginality can be incorporated into the Marxist theory of dependency. In other words, only in this way can the latter theoretically solve the problem posed by the growth of relative overpopulation with the extreme characteristics it presents in dependent societies, without falling into the eclecticism of José Nun, which Cardoso himself so rightly criticized,[50] or into the scheme of Aníbal Quijano, which, regardless of its merits, leads to the identification of a marginal pole in these societies that bears no relation to the way in which class contradictions are polarized there.[51] Without pretending to make a true analysis of the problem here, let us set out some explanatory elements that derive from the above theses.

The positive relation between the increase in the productive force of labor and the greater exploitation of the worker, which acquires an acute character in the dependent economy, is not exclusive to it, but is part of the capitalist mode of production itself. This is due to the contradictory way in which these two fundamental forms of exploitation affect the value of production and, therefore, the surplus value it yields. The development of the productive force of labor, which implies producing more in the same time and with the same expenditure of labor power, reduces the amount of labor incorporated into the individual product and thus lowers its value, adversely affecting surplus value. The increased exploitation of the worker offers two alternatives: to increase the time of surplus labor (modifying or not the working day), or, without altering the working day and times, to raise the intensity of labor. In both cases, the mass of value and surplus value produced increases, but in the latter (which differs from the increase in productivity because, although more is produced in the same time, this entails a greater expenditure of labor power[52]), since the new degree of intensity is generalized, the individual value of commodities falls and, under equal circumstances, surplus value also decreases.

In the framework of the capitalist regime of production, these opposite tendencies deriving from the two great forms of exploitation tend to neutralize each other once the increase in the productive power of labor not only creates the possibility of greater exploitation of the worker, but leads to that result. In effect, the reduction of the total labor time that the worker needs to produce a certain mass of commodities allows capital to demand from the worker more effective labor time and therefore a greater mass of value without extending the legal working day and even reducing it. Thus, the threat to the share of surplus value and profit is totally or partially counteracted. What appears on the plane of production as a decrease in working time, becomes, from the point of view of capital, an increase in the production demanded of the worker. This is expressed in the conditions of production through the elevation of the organic composition of capital, that is to say, in the relative or absolute decrease (according to the rhythm of accumulation) of variable capital. In other words, in the relative or absolute reduction of the labor force employed and in the expansion of the industrial reserve army.

However, there is a close interdependence between the increase in productivity, the intensification of labor and the length of the working day. The increase in the productive force of labor, by implying a lower expenditure of physical force, is what makes it possible to increase intensity; but the increase in intensity clashes with the possibility of extending the working day and plays rather in the sense of reducing it. Conversely, lower productivity limits the possibility of intensifying the pace of work and points towards extending the working day. The fact that, in highly industrialized countries, the simultaneous increase in productivity and work intensity has not been translated for several decades into a reduction of the working day does not invalidate what has been said; it merely reveals the inability of the working class to defend its legitimate interests, and translates into the premature exhaustion of the labor force, expressed in the progressive reduction of the worker's useful life, as well as in the psychophysical disorders caused by excessive fatigue. In the same line of reasoning, the limitations that have arisen in the dependent countries to relax the working day as much as possible have forced capital to resort to increasing productivity and the intensity of work, with the known effects on the degree of conservation and development of the latter.

What is important to point out here, in the first place, is that super-exploitation does not correspond to a survival of primitive modes of capital accumulation, but is inherent to it and grows correlatively to the development of the productive force of labor. To suppose the contrary is equivalent to admitting that capitalism, as it approaches its pure model, becomes an increasingly less exploitative system and manages to gather the conditions to solve indefinitely its internal contradictions. Secondly, according to the degree of development of the national economies that make up the system, and of that which is verified in the sectors that make up each one of them, the greater or lesser incidence of the forms of exploitation and the specific configuration they assume qualitatively modify the way in which the laws of motion of the system, and in particular the general law of the accumulation of capital, affect them. It is for this reason that the so-called social marginality cannot be treated independently of the way in which in dependent economies the increase in the productivity of labor, which derives from the importation of technology, intertwines with the greater exploitation of the worker, which this increase in productivity makes possible.

It is for no other reason that marginality only acquires its full expression in Latin American countries as the industrial economy develops.

The fundamental task of the Marxist theory of dependency consists in determining the specific legality by which the dependent economy is governed. This presupposes, of course, placing its study in the broader context of the laws of development of the system as a whole and defining the intermediate degrees by which these laws are specified. It is in this way that the simultaneity of dependence and development can be truly understood. The concept of sub-imperialism emerges from the definition of these intermediate degrees and points to the specification of how the law according to which the increase in the productivity of labor (and therefore of the organic composition of capital) leads to an increase in super-exploitation affects the dependent economy. It is evident that this concept does not exhaust the totality of the problem.

In any case, the requirement to specify the general laws of capitalist development does not permit, from a rigorously scientific point of view, recourse to generalities such as that the new form of dependence rests on relative surplus value and the increase in productivity. And it does not allow it because this is the general characteristic of all capitalist development as we have seen. The problem is therefore to determine the character assumed in the dependent economy by the production of relative surplus value and the increase in the productivity of labor.

In this sense, one can find in my essay indications that, although notoriously insufficient, allow a glimpse of the basic problem that the Marxist theory of dependency is urged to confront: the fact that the conditions created by the super-exploitation of labor in the dependent capitalist economy tend to hinder its transition from the production of absolute surplus value to that of relative surplus value as the dominant form in the relations between capital and labor. The disproportionate gravitation which extraordinary surplus value assumes in the dependent system is a result of this and corresponds to the expansion of the industrial reserve army and the relative strangulation of the capacity for realization of production. More than mere accidents in the course of dependent development or elements of a transitional order, these phenomena are manifestations of the particular way in which the general law of capital accumulation affects the dependent economy. Ultimately, it is again to the super-exploitation of labor that we must refer to analyze them.

These are some of the substantive issues of my essay, which should be pointed out and clarified. They are reaffirming the central thesis sustained therein, that is, that the basis of dependence is the super-exploitation of labor. It only remains for us, in this brief note, to warn that the implications of super-exploitation transcend the plane of economic analysis and must also be studied from the sociological and political point of view. It is by moving in this direction that we will accelerate the birth of the Marxist theory of dependency, freeing it from the functional-developmentalist characteristics that have been attached to it in its gestation.

1. Marx, K. (1857). Introduction to a Contribution to the Critique of Political Economy. Marxists.Org. https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/appx1.htm
2. Ibid.
3. Until the middle of the 19th century, Latin American exports were stagnant and the Latin American trade balance was in deficit; foreign loans were used to support import capacity. As exports increased, and especially when foreign trade began to show positive balances, the role of foreign debt became that of transferring part of the surplus obtained in Latin America to the metropolis. The case of Brazil is revealing: from the 1860s onwards, when the trade balance became increasingly important, the foreign debt service increased: from 50% of the balance in the 1960s, it rose to 99% in the following decade (Nelson Werneck Sodré, Formação histórica do Brasil. Ed. Brasiliense, Sáo Paulo, 1964). Between 1902-1913, while the value of exports increased by 79.6%, the Brazilian foreign debt increased by 144.6% and represented, in 1913, 60% of total public expenditure.
4. See, for example, his article “Quién es el enemigo inmediato”, Pensamiento Crítico, n. 13, La Habana, 1968.
5. *The Normal and the Pathological*, trans. Carolyn R. Fawcett & Robert S. Cohen (New York: Zone Books, 1991). On the concepts of homogeneity and continuity, see chap. III of this work.
6. See Celso Furtado, Formación económica del Brasil. Ed. Fondo de Cultura Económica, México, 1962, pp. 90-91.
7. In a work that greatly minimizes the importance of the world market for the development of capitalism, Paul Bairoch observes that only “from 1840-1850 begins the real expansion of [England’s] foreign trade; from 1860, exports represent 14% of national income, and it is then only the beginning of a national evolution that will reach its peak in the years preceding the war of 1914-1918, when exports reached about 40% of national income. The beginning of this expansion marks a modification of the structure of English activities, as we saw in the chapter on agriculture: from 1840-1850 England will begin to depend more and more on foreign countries for its subsistence”: Paul Bairoch, Révolution industrielle et sous-développement. When it comes to the insertion of Latin America in the world capitalist economy, it is England that must be referred to, even in those cases (such as the Chilean export of cereals to the United States) in which the relationship is not direct. This is why the statistics mentioned above explain one historian’s observation that “in almost all parts [of Latin America], the levels of international trade in 1850 do not greatly exceed those of 1825.” (Tulio Halperin Donghi, Historia contemporánea de América Latina. Alianza Editorial, Madrid, 1970, p. 158).
8. “Modern industry has established the world market, for which the discovery of America paved the way.” Manifesto of the Communist Party in Marx/Engels Selected Works, Vol. One, Progress Publishers, Moscow, 1969, pp. 98-137.

9. “[…] An agricultural labour productivity exceeding the individual requirements of the labourer is the basis of all societies, and is above all the basis of capitalist production, which disengages a constantly increasing portion of society from the production of basic foodstuffs and transforms them into “free heads,” as Steuart has it, making them available for exploitation in other spheres.” Capital, III, XLVII.
10. It is interesting to note that, at a certain point, the same industrial nations will export their capital to Latin America, to apply it to the production of raw materials and food for export. This is especially visible when the presence of the United States in Latin America is accentuated and begins to displace England. If we observe the functional composition of foreign capital in the region in the first decades of this century, we will see that British capital is concentrated primarily in portfolio investments, mainly public and railway securities, which normally represented three quarters of the total, while the United States only allocates a third of its investment to this type of operation, and gives priority to the application of funds in mining, oil and agriculture. See Paul R. Olson y C. Addison Hickman, Economía internacional latinoamericana. Ed. Fondo de Cultura Económica. México, 1945. cap. V.
11. “[…] as the variable capital grows, the constant capital must necessarily grow as well, and as the common conditions of production, buildings, furnaces, etc., increase in volume, the raw materials must also increase…”
12. “If the labourer wants all his time to produce the necessary means of subsistence for himself and his race, he has no time left in which to work gratis for others. Without a certain degree of productiveness in his labour, he has no such superfluous time at his disposal; without such superfluous time, no surplus-labour, and therefore no capitalists, no slave-owners, no feudal lords, in one word, no class of large proprietors.” Capital, I, XVI.
13. Cf. Capital, I, sections IV and V and Capital, Book 1, Chapter VI.
14. The share of exports in England’s food consumption, by 1880, was 45% for wheat, 53% for butter and cheese, 94% for potatoes and 70% for meat. Data from M. G. Mulhall, The share of exports in England’s food consumption, by 1880, was 45% for wheat, 53% for butter and cheese, 94% for potatoes and 70% for meat. Data from M. G. Mulhall, quoted by Paul Bairoch, op. cit.

15. This is summarized by Marx as follows: “Since foreign trade partly cheapens the elements of constant capital, and partly the necessities of life for which the variable capital is exchanged, it tends to raise the rate of profit by increasing the rate of surplus-value and lowering the value of constant capital.” Capital, III, XIV. It is necessary to bear in mind that Marx does not limit himself to this observation, but also shows the contradictory way in which foreign trade contributes to the lowering of the profit share. We will not follow him, however, in this direction, nor in his concern about how the profits made by capitalists operating in the sphere of foreign trade can raise the share of profit (a procedure that could be classified in a third type of measures to counteract the tendential decline of the share of profit, together with the growth of capital in shares: measures aimed at circumventing the declining tendency of the share of profit through the displacement of capital to non-productive spheres). Our purpose is not to delve now into the examination of the contradictions posed by capitalist production in general, but only to clarify the fundamental determinations of Latin American dependence.
16. Relying on statistics of the Economic Department of the United Nations, Paolo Santi notes, regarding the relation between the prices of primary and manufactured products: “Considering the five-year period 1876-80 = 100, the index falls to 96.3 in the period 1886-90, to 87.1 in the years 1896-1900 and stabilizes in the period from 1906 to 1913 at 85.8, beginning to fall, and more rapidly, after the end of the war”. “El debate sobre el imperialismo en los clásicos del marxismo”, Teoría marxista del imperialismo. Cuadernos de Pasado y Presente, Córdoba, Argentina, 1969, p. 49.
17. “It is not enough that the conditions of labour are concentrated in a mass, in the shape of capital, at the one pole of society, while at the other are grouped masses of men, who have nothing to sell but their labour-power. Neither is it enough that they are compelled to sell it voluntarily. The advance of capitalist production develops a working class, which by education, tradition, habit, looks upon the conditions of that mode of production as self-evident laws of Nature. The organisation of the capitalist process of production, once fully developed, breaks down all resistance. The constant generation of a relative surplus-population keeps the law of supply and demand of labour, and therefore keeps wages, in a rut that corresponds with the wants of capital. The dull compulsion of economic relations completes the subjection of the labourer to the capitalist. Direct force, outside economic conditions, is of course still used, but only exceptionally. In the ordinary run of things, the labourer can be left to the “natural laws of production,” *i.e.*, to his dependence on capital, a dependence springing from, and guaranteed in perpetuity by, the conditions of production themselves.” Capital, I, XXVIII.

18. Celso Hurtado has verified the phenomenon, without drawing from it all its consequences: “The drop in the prices of Brazilian exports, between 1821-30 and 1841-50, was about 40%. As for imports, the price index of exports from England […] between the two decades referred to remained perfectly stable. It can therefore be stated that the fall in the terms of trade index was about 40%, i.e., that the real income generated by exports grew 40% less than the physical volume of exports. As the average annual value of exports rose from 3,900,000 pounds to 5,470,000 pounds, an increase of 40%. It follows that the real income generated by the export sector grew in that same proportion, while the productive effort made in this sector was approximately double.” Op. cit.
19. Capital, I, XXIV.
20. Capital, I, X, Marx adds: “Hence the negro labour in the Southern States of the American Union preserved something of a patriarchal character, so long as production was chiefly directed to immediate local consumption. But in proportion, as the export of cotton became of vital interest to these states, the over-working of the negro and sometimes the using up of his life in 7 years of labour became a factor in a calculated and calculating system. It was no longer a question of obtaining from him a certain quantity of useful products. It was now a question of production of surplus-labour itself: So was it also with the corvée, e.g., in the Danubian Principalities (now Roumania).” Ibid.
21. Cf. Capital, I, XXII.
22. Every variation in the magnitude, extensive or intensive, of labor affects […] the value of labor power, in so far as it accelerates its wear and tear.” Literal translation of Capital, I, XVII.
23. A similar phenomenon is observed in Europe, at the dawn of capitalist production. It is enough to analyze more closely the manner in which the transition from feudalism to capitalism took place there to realize that the condition of the worker, on leaving the state of servitude, is more similar to that of the slave than to that of the modern wage-worker. Cf. Capital, I, XXVIII.
24. Capital, I, “Unpublished Chapter VI”, op. cit.
25. Capital, I, X.
26. Capital, I, VIII.
27. Thus Marx refers to countries “where labor is not yet formally absorbed by capital, although the worker is in reality exploited by the capitalist,” exemplifying the case of India, “where the ryot works as an independent peasant, where his production is not yet, therefore, absorbed by capital, although the usurer may keep, in the form of interest, not only his surplus labor, but even, speaking in capitalist terms, a part of his wages.” Capital, III, XIII.
28. Marx , Grundrisse, Notebook 5, https://www.marxists.org/archive/marx/works/1857/grundrisse/ch10.htm
29. We have already pointed out that this occurs initially at the points of immediate connection with the world market; only progressively, and even today in an unequal manner, will the capitalist mode of production subordinate the economy as a whole.

30. “Contradiction in the capitalist mode of production: the labourers as buyers of commodities are important for the market. But as sellers of their own commodity — labour-power — capitalist society tends to keep them down to the minimum price.” Capital, II, XVI, iii, note. Marx indicates in this note the intention of treating, in the following section, the theory of workers’ underconsumption, but, as Maximilien Rubel observes (op. cit. t. II), he does not manage to concretize it. Some elements had been advanced in the Grundrisse.
31. In fact, as Marx demonstrates, both types of consumption correspond to productive consumption, from the point of view of capital. Moreover, “the individual consumption of the labourer is unproductive as regards himself, for it reproduces nothing but the needy individual; it is productive to the capitalist and to the State, since it is the production of the power that creates their wealth.” Capital, I, XXIII.
32. “The individual consumption of the worker and that of the unaccumulated part of the surplus product encompass the totality of individual consumption. This conditions, in its totality, the circulation of capital.” Literal translation of Capital, II.
33. The thesis of import substitution industrialization represented a basic element in the developmentalist ideology, whose great epigone was the United Nations Economic Commission for Latin America (ECLAC); the classic work in this sense is that of Maria da Conceição Tavares, on Brazilian industrialization, originally published in United Nations, “The Growth and Decline of Import Substitution in Brazil”, Economic Bulletin for Latin America, vol. IX, n. 1, March 1964. In recent years, this thesis has been the subject of discussions which, if they do not undermine its validity, tend to temper the role played by import substitution in the industrialization process in Latin America; a good example of this is the article by Don L. Huddle, “Reflexões sobre a industrialização brasileira: fontes de crescimento e da mudança estrutural – 1947/1963”. Revista Brasileira de Economia, vol XXIII, n. 2, June 1969. On the other hand, some authors have been concerned with studying the situation of industry in the Latin American economy before import substitution accelerated; significant in this line of research is the essay by Vania Bambirra, Hacia una tipología de la dependencia. Industrialización y estructura socio-económica, CESO, Universidad de Chile, Documento de Trabajo, mimeo, 1971.
34. It is interesting to note that the industry complementary to export represented the most active sector of industrial activities in the export economy. Thus, the data available for Argentina show that, in 1895, the capital invested in the industry that produced for the domestic market was about 175 million pesos, against more than 280 million pesos invested in the industry linked to exports; in the former, the average capital per company was only 10 thousand pesos, clearly configuring an artisan sector, while in the latter it amounted to 100 thousand pesos. Cf. Roberto Cortés Conde, “Problemas del crecimiento industrial”, in Argentina, Sociedad de masas. Eudeba, Buenos Aires, 1965.
35. The extended reproduction of this relation constitutes the very essence of capitalist reproduction; cf. Capital, I, XXIV.
36. Capital, I, XIII.

37. We use the term “industrialization” to indicate the process through which industry, undertaking the overall qualitative change of the old society, marches in the direction of becoming the axis of capital accumulation. This is why we consider that there is no process of industrialization within the export economy, even though industrial activities can be observed there.
38. A Brazilian historian, referring to the campaign for the increase in customs tariffs unleashed by Brazilian industrialists in 1928, clearly highlights the mechanism of expansion of the industrial sector in the export economy: “Under the pressure of a recession in the demand for poor quality fabrics in rural areas, as a consequence of the fall in coffee prices – the average price of the 60-kilo sack dropped from $215$109 to $170$719 between 1925 and 1926 – several industrialists specialized in the production of medium and fine fabrics, starting in the mid-twenties. Upon penetrating this market segment, they suffered the impact of English competition, which was accused of “dumping” in order to liquidate national production. The Industrial Centers were articulated in a campaign aiming at the increase of cotton fabrics tariffs and the restriction of machinery imports, alleging that the market did not entail the enlargement of the existing productive capacity.” Boris Fausto. A revolução de 1930. Historiografía e história. Ed. Brasiliense, São Paulo, 1970, pp. 33-34, literal translation. The episode is exemplary: the fall in coffee prices restricts the purchasing power of the workers, but also the import capacity to attend to the upper sphere of circulation, provoking a movement of the industry in the sense of moving towards the latter and benefiting from the better prices it can obtain there. As we shall see, this tropism of Latin American industry is not exclusive to the old export economy.
39. For Argentina and Brazil, for example, this is already being considered in the transition from the 1940s to the 1950s, earlier for the former than for the latter.
40. See Traité d’économie marxiste, 1962. (Marxist Economic Theory, trans. Brian Pearce, 1968.)
41. American machine tool production doubled between 1960 and 1966, while it grew by only 60% in Western Europe and 70% in Japan. On the other hand, the manufacture of automated assemblies developed rapidly in the United States, whose value reached 247 million dollars in 1966, compared to 43.5 million dollars in Western Europe and only 2.7 million dollars in Japan. Data provided by Ernest Mandel, Europe versus America? Contradictions of Imperialism. NLB, London, 1970, p. 80, note.
42. The works on this subject have been collected in my book Subdesarrollo y revolución, Ed. Siglo XXI, Mexico, 1969. The first of these was originally published under the title “Brazilian Interdependence and Imperialist Integration”, in Monthly Review, New York, December 1965, vol. XVII, n. 7.
43. Capital, III, chap. VII.
44. See the treatment of this issue by Jaime Torres, in *Para un concepto de “formación social colonial”*. CESO, Santiago, 1972, mimeo.

45. According to Marx, the downward trend of the general rate of profit is nothing but "a way proper to the capitalist mode of production of expressing the progress of social productivity, of labor," since "accumulation itself – and the concentration of capital that it implies – is a material means of increasing productivity. Le Capital. Oeuvres, NRF. Paris, t. II, pp. 1002 and 1006, underlined by Marx.
46. "In the beginning, production founded on capital started from circulation; now we see how it places circulation as its own condition and also places the process of production, in its immediacy, as a moment of the process of circulation, just as it places the latter as a phase of the process of production in its totality".

    Marx, 1859, A Contribution to the Critique of Political Economy, https://www.marxists.org/archive/marx/works/1859/critique-pol-economy/index.htm (the second draft of 1858 is no longer available.)

47. To put it with Marx: "The exchange of commodities for their values or approximately for their values presupposes… a much lower stage than exchange on the basis of the prices of production, which requires a fairly high level in capitalist development." Capital, III, VIII.
48. See "Notas sobre el estado actual de los estudios sobre dependencia", in Revista Latinoamericana de Ciencias Sociales, n. 4, Santiago, 1972. Latinoamericana de Ciencias Sociales, n. 4, Santiago, 1972.
49. "The production of absolute surplus value is the general basis on which the capitalist system rests and the starting point for the production of relative surplus value." Capital, I, XIV.
50. See, by José Nun, "Sobrepoblación relativa, ejército industrial de reserva y masa marginal", in Revista Latinoamericana de Sociología, n. 2, Buenos Aires, 1969, and, by F.H. Cardoso, "Comentario sobre los conceptos de sobrepoblación relativa y marginalidad", in Revista latinoamericana de Ciencias Sociales, n. 1-2, Santiago, 1971.
51. See, by Anibal Quijano, Redefinición de la dependencia y marginalización en América Latina. CESO, Santiago, 1970, mimeo.
52. Bourgeois economics does not allow this difference to be clearly established, since it privileges the product and not the labor force as the term of reference.