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Latin american dependent economies in contemporary capitalism: problems and challenges of productive capital in Marini and Caputo

Economias dependentes latino-americanas no capitalismo contemporâneo: problemas e desafios do capital produtivo em Marini e Caputo

Economías dependientes latinoamericanas en el capitalismo contemporáneo: problemas y desafíos del capital productivo en Marini y Caputo

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Abstract
This work aims to analyze the problems and challenges of industries in Latin American economies in contemporary capitalism, from a marxist perspective. Therefore, the objective is to discuss the similarities and divergences between the Dependency Theory of

Marxism (from Marini and Caputo point of views) and marxist literature found in academic jornals. To summarize, the purpose of this study is to present in which ground productive capital were formed in dependent economies; how the mechanism of unequal exchange operates; and, mainly, the implications for domestic industry development in these economies.

Descriptors: Marxist Theory of Dependency; Latin America; transfer of value; unequal exchange; productive capital; industry.

Resumo
O objetivo deste trabalho é o de analisar os problemas e desafios da indústria nas economias latino-americanas no capitalismo contemporâneo, a partir de uma perspectiva marxista. Para tanto, partindo das formulações da Teoria Marxista da Dependência, mais precisamente de Ruy Mauro Marini e Orlando Caputo, este artigo se propôs a apresentar as aproximações e divergências com a literatura marxista levantada sobre o assunto. Assim, buscando apresentar as bases de constituição do capital produtivo nas economias dependentes; como operam os mecanismos de transferência de valor como o intercâmbio desigual; e, principalmente, as implicações para o sentido da indústria doméstica nestas economias.

Palavras-chave: Teoria Marxista da Dependência; América Latina; transferência de valor; intercâmbio desigual; capital produtivo; indústria.

Resumen
El objetivo de este trabajo es analizar los problemas y desafíos de la industria en las economías latinoamericanas en el capitalismo contemporáneo, desde una perspectiva marxista. Por lo tanto, a partir de las formulaciones de la Teoría marxista de la Dependencia, más precisamente de Ruy Mauro Marini y Orlando Caputo, este artículo se propone presentar las aproximaciones y divergencias con la literatura marxista planteadas sobre el tema. Así, buscando presentar las bases para la constitución de capital productivo en economías dependientes; cómo operan los mecanismos de transferencia de valor como intercambio desigual; y, principalmente, las implicaciones para el rumbo de la industria nacional en estas economías.

Palabras clave: Teoría Marxista de la Dependencia; América Latina; transferencia de valor; intercambio desigual; capital productivo; industria.

Introduction

The debate regarding the position of Latin American economies in the international division of labor and the meaning of domestic industry has always permeated analysis in the region. Currently, there have been recurrent concerns about a possible process of weakening of industry in these economies, which intensified in the 1990s. Much of this weakening is attributed to the marked consolidation of the neoliberal economic agenda, so the move towards the denationalization of strategic sectors coupled with the entry (and, more strongly, the exit) of foreign capital is assertive evidence of the deepening of dependence at the expense of this process.

It is in this context that this article aims to present the historical and theoretical bases of the Marxist Theory of Dependency (MTD) for understanding unequal development and underdevelopment in Latin America, highlighting the approach of one of its founders, Ruy Mauro Marini, on the categories of value transfer as unequal exchange and dependency, as well as highlighting Orlando Caputo's contribution on the deepening of dependency in Latin American industry in contemporary capitalism.

To this end, the article is organized into three sections. The first aims to establish the origins and foundations of the MTD, as well as its main divergences from ECLAC thinking. The second part deals with Ruy Mauro Marini's classic discussion the categories of **transfer of value as unequal exchange and dependency**. The third part discusses the modalities of the **transfer of value as unequal exchange** category - deterioration of the terms of trade, debt services, profit remittances and appropriation of income - and their articulation in Latin American economies through the contribution of a contemporary theorist of the MTD, Orlando Caputo, highlighting the context of deepening dependence, reflected fundamentally in the increase in profits, remittances, denationalization and the stagnation of investment in the region.

Origins and foundations of the Marxist Theory of Dependency

The movements that influenced the formulations of the MTD constitute a unique historical moment: the 1950s and 1960s were characterized by the processes of anti-imperialist struggle in Latin America, especially in view of the historical possibilities that could be forged given the success of the Cuban revolution. In addition, the exhaustion of the import substitution industrialization process was already being revealed, especially in terms of the massive influx of international capital into the region's economies. Martins[1] explains these founding elements of the Marxist paradigm of dependency theory:

> Influenced by the Cuban revolution, the limits of developmentalism in the region and the Third World political, social and cultural offensive, it set out to interpret Latin American social formation using Marxism creatively, freeing it from the dogmatic vision of the communist parties.[1(229)]

Marxism's appropriation of the **dependency** category was not a process without contradictions. Osorio[2] highlights this path through two major processes that marked the course of the new Latin American Marxism in the 1960s. The first of these, as already mentioned, refers to the triumph of the Cuban Revolution, which had the effect of deepening the political and theoretical crisis of orthodox Marxism around the interpretation of capitalism in the region, as well as raising the important issue of the **revolution's relevance**. The second factor that reinforced the collapse of Marxism in relation to the category of dependency was the crisis that was already manifesting itself in the thinking of the Economic Commission for Latin America and the Caribbean (ECLAC) in its political proposals - such as the existence of a nationalist bourgeoisie and autonomous capitalism - in the face of the growing integration of the productive process of Latin American economies with foreign capital[a].

These two processes required a reading of Marx's thesis on the contradiction between productive forces and relations of production, which cannot be understood restricted to national contexts. Its interpretation is associated with an understanding of the uneven development of accumulation on a global scale and the formation of "weak links" in the imperialist chain, as Lenin referred to it.[3] From this perspective, ECLAC's vision of a center-periphery system was replaced by the notion of a system of imperialist and dependent economies.

In Marxism, the reflection on dependency was initially based on works that had the common denominator of denying the feudal character of Latin American social formation. The pioneering work in this regard was that of Sergio Bagú entitled, "*Economía de la sociedade colonial: ensayo de história comparada de América Latina*".[4] An equally important antecedent was the work of André G. Frank,[5,6] in which he criticized development theory and the thesis of a feudal Latin America, highlighting the central idea of the **development of underdevelopment**, promoting a new trend around dependency and marking a fundamental "watershed" for the treatment of the subject.[5,6]

Established in the second half of the 1960s, MTD's main references were Ruy Mauro Marini, Vania Bambirra and Theotônio dos Santos. Its three founders were leaders of the Marxist Revolutionary Organization (ORM) Política Operária - Polop, and questioned the etapist and dogmatic positions taken by the Brazilian Communist Party (PCB). Furthermore, they argued that the Brazilian revolution should have a socialist character, opposing the thesis of the role of the internal bourgeoisie as a revolutionary agent.[7]

The theoretical framework of the TMD, in turn, is essentially delimited by Marx's law of value and the theory of imperialism, as presented by Carcanholo:[8]

> Marxist dependency theory is the term by which the version that interprets, based on Marx's theory of the capitalist mode of production, the classical theory of imperialism and some other pioneering works on the center-periphery relationship in the world economy, the dependent condition of peripheral societies as an unfolding of the logic of the functioning of the world capitalist economy, has come to be known.[(192)]

In this sense, MTD, insofar as it makes use of the dialectical unity between development and underdevelopment, as two intrinsically linked processes within the capitalist mode of production, leads to the understanding that the dynamics within the historical formation of Latin America must therefore correspond to the needs and interests of international capitalism. This, in turn, also delimits progress in the region. Therefore, "what we have is a *sui generis* capitalism, which only makes sense if we look at it from the perspective of the system as a whole, both nationally and, above all, internationally".[9(2)]

Thus, as Marini points out,[9] at first, the region's integration into the world market took place under the condition of a colony producing precious metals. In this sense, it would contribute to the development of commercial capital in the metropolises and of big industry - which would lay the "solid foundations for the international division of labor".[9(5)]

Then, as industry became the central axis of global accumulation, Latin American countries turned to the production and export of primary goods, in particular foodstuffs and raw materials, guaranteeing the central countries specialization in industrial activities by lowering wages and raw material costs.

In fact, it is the relationship with the European capitalist centers, above all the position in the international division of labor, that determines the possibilities for development in the region:

> [...] it is from then on that dependency is configured, understood as a relationship of subordination between formally independent nations, within whose framework the relations of production of the subordinate nations are modified or recreated to ensure the expanded reproduction of dependency.[9(4)]

The consequence of Latin America's incorporation into the capitalist system was a qualitative change for the central countries, as it led to a shift in accumulation towards the production of relative surplus value. In addition, as Marini[9,10] points out and which will be analyzed in more detail in the next section, the abundant supply of primary goods led to a sharp drop in the prices of these products, while the prices of industrial products did not vary much.

The question of the deterioration of the terms of trade, in turn, represented one of the points of divergence between the formulations of the MTD and the approach proposed by ECLAC. So much so that, when dealing with the subject, Marini points out that "Celso Furtado has proven the phenomenon, without drawing all its consequences from it".[9(46)]

ECLAC's thinking on the problems of Latin American economies emerged as a counterpoint to the liberal development scheme based on the Theory of Comparative Advantage formulated by David Ricardo, since this instrument was commonly used to ratify Latin America's position as a producer of primary goods. However, without a basis in reality, the consequence of economic liberalism could not have been otherwise:

> Contrary to what the theory of comparative advantages claimed, the result of these practices was a slow and progressive decline in the prices of primary products in relation to industrial ones, which accelerated during crises in the world economy. From 1876-1880 to 1911-1913, the prices of primary products had deteriorated in relation to industrial products, falling from an index of 100 to 85.8[%].[1(216)]

The increasingly hampered economic growth in the peripheral countries led to an accumulation of social tensions, which led to discussions about the role of the state and the existence of a revolutionary national bourgeoisie, capable of subverting the order in the interests of its own (which, in theory, should be different from those of the agro-export oligarchies). Between 1940 and 1950, the result was a redefinition of domestic policies, and the new paradigm was called "national developmentalism," which had its highest expression and center of diffusion in ECLAC. The great formulators of ECLAC thinking, in its initial phase, were Raúl Prebisch and Celso Furtado".[1]

This new paradigm, however, presented the solution to Latin American dependency as strengthening the industrialization process, which should be forged by the national state, as an alternative to the lack of a strong national bourgeoisie and the lack of interest from foreign capital.[11,12] In this context, gradual import substitution would take place, in the following order: light consumer goods, durable consumer goods and capital goods. However, as the *Partito Socialista Italiano* - PSI (Italian Socialist Party) advanced, the need for exports to support this industry also arose, which presented itself as a problem that was essentially the result of dependency: the deterioration of the terms of trade which, for Prebisch and Furtado, occurred: (i) due to the low income elasticity of primary products; (ii) due to the surplus of rural labour; and (iii) due to the differences between the organization of workers and entrepreneurs in the central and peripheral countries.[1]

In short, the ECLAC analysis is very different from the MTD in that, as much as it questions some of the problems that permeate the Latin American reality and the situation of dependence, the answer given reinforces capitalist relations (and, more importantly, does not aim to break them), and does not question the relations established within the framework of the world market in order to diagnose the deterioration of the terms of trade. Furthermore:

> According to the author [Marini], contrary to what ECLAC supposed, the tendency in capitalism was to pass on productivity increases to prices. This is because of the competition that feeds the system and imposes on each particular capital the laws of capital in general. For the author, competition is the basis for understanding the reduction in prices and the deterioration in the terms of trade.[1(241)]

Marini9 also points out that in countries like Brazil, even though the industrialization process made it possible to extend the internal market, it never created a true industrial economy, since it did not guarantee significant economic development in the region. Industry remained subordinate to primary activities, which were the center of accumulation:

> For our purposes, 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 amounted to a true industrial economy, which, by defining the character and direction of capital accumulation, brought about a qualitative change in the economic development of these countries.[9(21)]

Consequently, he emphasizes that the approach of the **insufficiency of capitalism** and the solution of industrialization, in fact, would deepen dependence, and therefore cannot be the alternative for overcoming the subordinate condition in which Latin American nations find themselves. As Marini puts it:

> The consequence of dependence can therefore be nothing other than greater dependence, and its overcoming necessarily supposes the suppression of the relations of production involved in it.[9(4)]

In view of the above, it is worth noting that the origins of the MTD, as well as its contributions on Latin American social formations, point to a theory that is critical of the movements that mitigate or enhance the intrinsic impasses arising from the position of subordination that the region has been subjected to within the logic of capitalist accumulation, but that also does not detach itself from the conjuncture in which it is inserted and does not refrain from concretely reflecting the transformations necessary for the system.

Transfer of value as unequal exchange and dependence in the light of Ruy Mauro Marini's vision

In 1973, with the publication of Dialectics of Dependence, Marini[9] highlighted the particularity of dependency in Latin American economies, emphasizing the problem of the transfer of value to the central capitalist economies as an unequal exchange. In this sense, the author elucidates the category of super-exploitation in a more complete way, taking into account in his theoretical construction the various historical, economic and political determinants that make up the realities of these dependent economies. With the aim of revealing the dialectical relationship that exists in dependent countries, Marini explains how the way in which underdeveloped economies insert themselves into the world market ends up conditioning them to internally create, through the relationship between capital and labor, the super-exploitation of the workforce. Thus, there is a dialectically constructed relationship between dependence and super-exploitation, in which the latter occurs as a way of compensating for what is lost in the former, given the asymmetries of mercantile relations determined in the world market. From this perspective, Marini[9] adds that:

> In my essay I tried to demonstrate that it is in function of the accumulation of capital on a world scale, and in particular in function of its vital instrument, the general rate of profit, that we can understand the formation of the dependent economy. In essence, the steps followed were to examine the problem from the point of view of the downward trend of the rate of profit in industrial economies and to place it in the light of the laws that operate in international trade, which give it the character of unequal exchange.[(185)]

The articulation between the national and the international is therefore seen as essential for understanding uneven development - understood as an unfolding of the law of value and the capitalist mode of production.

From this perspective, dependence is made explicit to the extent that the non-identity between the value produced and appropriated by the different economies implies structural inequalities in economic and social formations - in other words, the greater exploitation of dependent economies.[7]

Certainly, the link established between these countries cannot be explained outside the dialectical unity between development and underdevelopment,

> [or rather, he understands that this process presupposes that certain economies develop - in the sense of the general laws of the capitalist mode of production - at a faster pace than others.[8(193)]

In this sense, under the determinations of the international division of labor, dependence is essentially a condition for the existence of the capitalist system. In this way, this explanation transcends the limits of **obvious findings** based on the interdependence of national economies. It means that, in the light of the laws governing the capitalist mode of production, the expansion of accumulation in the central countries is made possible to the detriment of the dependent economies, thus pointing to the fact that underdevelopment is an intrinsic component of this system.[8]

Within this context, Latin America's insertion into the logic of global accumulation, as presented in the previous section, is not merely to meet the physical needs of capitalist production; this relationship, when analyzed from the perspective of dependency, is established precisely in order to provide the central economies with a higher degree of expansion in the production and circulation of commodities, culminating in a new axis of accumulation through the production of relative surplus value, and contradictorily forcing the peripheral economies to maintain their production based on the super-exploitation of the workforce. As Luce rightly observes:[7]

> In other words, by becoming global, the capitalist market is configured as an integrated totality. However, when it becomes segmented into industrial and non-industrial economies (later, imperialist industrial economies and dependent industrial economies), this totality reveals itself to be the same integrated but differentiated totality.[(28)]

In turn, relative surplus value is defined 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 labor power".[9(7)]

In other words, in order to increase relative surplus value, in addition to increasing productivity, it is essential to reduce the value of wage-goods, because in this way, while maintaining the same working day, the relationship between surplus labor (surplus value) and necessary labor (variable capital - wages) will shift in a favorable direction for the capitalist - a reduction in the latter invariably leads to an increase in the former.

For this new pattern of accumulation to be reproduced, an ever-increasing supply of food is needed, since food is a constituent part of wages.

> The effect of this supply (amplified by the depressed prices of primary products on the world market, a topic we'll come back to later) will be to reduce the real value of the workforce in industrial countries, thus allowing the increase in productivity to translate into ever higher rates of surplus value.[9(8)]

In view of this, by integrating itself into the world market as a food producer, Latin America has become a fundamental part of the accumulation process in the central countries.[13,14]

On the other hand, as capital develops, the increase in the productive capacity of labour leads to a gradual increase in global constant capital (translated in this case by raw materials), and consequently shows the tendency for the rate of profit to fall, insofar as this is shaped by the relationship between the surplus value produced and the capital advanced (the sum of constant and variable capital) and is equalized by intercapitalist competition.

Since the downward trend of the rate of profit is inherent to capitalist accumulation in the direction of the development of the productive forces, the existence of factors that act against this movement becomes decisive: either by increasing surplus value or by decreasing constant capital.

At this stage, it is from the need to overcome this obstacle that the dependent countries would locate themselves in the international division of labor:

> [...] 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 obstacles that the contradictory nature of capital accumulation creates for this expansion.[9(9)]

However, this process triggers a contradiction:

> This is the sufficiently well-known fact that the increase in the world supply of food and raw materials has been accompanied by a fall in the prices of these products, relative to the price achieved by manufactures.[9(9)]

It is clear that because the dependent economies do not have a relatively high increase in productivity compared to the central countries, there is no apparent reason for the constituent elements of the value of commodities to decrease; on the contrary, the socially necessary labor in production increases.

This means that the development of the world market and the formation of economic mechanisms capable of deepening dependency form an organic relationship, in such a way that mercantile relations are oriented both towards accommodating the law of value in some cases and breaking it in others. In spite of this, a dialectical relationship of acceptance and denial of the exchange of equivalents is established:

> In this sense, when we pay attention to the moment of the negative determination of value (negation of the exchange of equivalents), we see that it occurs more frequently and takes on a structural and systematic character in a certain set of economies, which are those of dependent capitalism. In these, the law of value more directly expresses the violation of value, while in the central economies its predominant moment - or the one that is most directly expressed - is the exchange of equivalents, in which prices either orbit close to their value, or are more susceptible to the action of the law of the leveling of the rate of profit.[7(31)]

In the case where the law of value tends to be applied, the logic behind the transfers of value lies in the fact that the increase in productivity will imply an increase in the production of surplus value, from the moment that the greater productive capacity of labor allows the individual value of the commodity to be lower than the general average for the sector. Therefore, to the extent that this commodity will be realized at the value of the general market conditions, this capitalist will appropriate an extraordinary surplus value.

Therefore, if we transpose this reasoning to relations between nations that make up the same sphere of production, especially industrial nations, we can see that extraordinary profits, even if appropriated to the detriment of other capitals, are limited by the law of equalization of the rate of profit. Marini[9] points out:

> And just as, on account of greater labor productivity, a nation can present lower production prices than its competitors, without thereby significantly lowering the market prices that the latter's production conditions help to set. This is expressed, for the favored nation, in an extraordinary profit, similar to what we saw when we examined how individual capital appropriates the fruits of labor productivity.[(11)]

On the other hand, in the case of exchanges involving different spheres of production, more specifically manufactures and primary goods, the transfer of part of the value generated by the dependent economies to the central economies stems from the fact that the latter have both a monopoly on production and a higher organic composition of capital, reflected in productivity. The way in which unequal exchange takes place is through price:

> their products at prices higher than their value, thus configuring an unequal exchange. This implies that disadvantaged nations have to give away part of the value they produce for free, and that this giveaway or transfer is accentuated in favor of the country that sells them goods at a lower production price, due to its higher productivity.[9(11)]

Of course, in this case the law of value does not meet its positive determination of the exchange of equivalents: in which the diffusion of labour productivity, in order to level out a global average and equalize the rate of profit, is not expressed.

As a result, to the extent that the economies with the highest labor productivity produce below the price of production and are not coerced into selling at the de facto value associated with those goods, they sell their goods on the world market at a price that is too high - "or they capture wealth that flows to them beyond that which was generated by it".[7(36)]

Thus, the price of production and the formation of the average rate of profit on the international market are decisive for this process to take place, since it is through the latter that industrial economies appropriate more value than they produce.

Having said this, it is worth noting that, in a more general way, the category of **transfer of value as unequal exchange**, coined by the MTD, in addition to expressing transfers of value in general, dealt with in Marx's theory of accumulation, reaches fundamental content in the historical unfolding of the world market, being the key aspect in explaining the unequal development that characterizes the law of value and the capitalist mode of production as a world economy. Luce[7] explains that the secret of dependency is based on the **lack of identity** between the amount of value produced and the amount of value appropriated between the different economies, and that the transfer of value and unequal exchange, in Marini's view,[9] characterize the same particular tendency in dependent economies, explaining the contradictory unfolding of the law of value as the simultaneous assumption and violation of the exchange of equivalents.[7] For the theoreticians of the MTD, especially Marini,[9] the category of **transfer of value as unequal exchange** consists of a significant explanation that locates in the production and appropriation of value the causes for the structural inequalities that mark the relations of exploitation in dependent economies, beyond the issue of the gap between the prices of manufactured products and primary products, which concerned ECLAC, with the deterioration of the terms of exchange being one of the forms of manifestation, but not the very essence of transfers of value.

The founders of the MTD, when dealing with the category of value transfer as unequal exchange, prioritized two forms that take shape in concrete reality: a) the deterioration of the terms of trade and b) remittances of profits, royalties and dividends. Luce[7] argues that, although they have concentrated on examining these two forms, this does not mean that their theorizing overlooks the importance of the external (and internal) debt, with debt servicing - interest remittances - and the appropriation of land rent. These four forms of the transfer of value as unequal exchange category will be explained in the next section of the article, and articulated to Latin American economies through the contribution of a more recent MTD theorist, Orlando Caputo, who highlights the deepening of dependence in contemporary industry on the Latin American continent.

Aspects of dependent industry in the contemporary context: Orlando Caputo's contribution stands out

Before presenting Orlando Caputo's contribution on the characterization of the condition of dependence of Latin American industry in contemporary capitalism, it is worth explaining the configurations assumed by the transfer of value as an unequal exchange in Latin America in this context, which imposes reflections on the character of the industrial sector in dependent economies.

In this sense, Luce[7] identifies four manifestations of the transfer of value as unequal exchange: (i) deterioration in the terms of trade; (ii) debt servicing (interest remittances); (iii) remittances of profits, royalties and dividends; (iv) appropriation of differential income, absolute income and monopoly over natural resources.

The deterioration in the terms of trade is immediately related to the commercial sphere. As already discussed in this article, this representation was at the heart of the disagreements between the formulators of the MTD and Cepal's thinking. The economists of the MTD explained the decline in the prices of Brazilian exports, leading to a fall in the terms of trade, as being due to the obvious differences in the diffusion of technical progress. For Marini, while this phenomenon appeared to be based on price, its essence lay in the production of value and world market relations.

Based on a document made available by ECLAC in 1949, Luce[7] points out that between 1876 and 1947, the fall in the terms of trade in Latin America was 40%:

> Its significance should be understood thus: with the same amount of foreign exchange or the same export revenue, Latin American economies were able to buy, at the end of the comparison period, 40% less in imported

> products (such as machinery, equipment and industrial inputs), which they did not produce domestically.[7(54)]

For the decades between 1950 and 2008, also using data published by ECLAC, the author draws attention to the fact that, with the exception of the oil-producing countries and exporters mainly of metallic materials, and disregarding the effect of the high Chinese demand for primary products in the early 2000s, the other nations showed a significant drop in the prices of raw materials *vis-à-vis* industrial products. Furthermore, this unfavorable situation in the terms of trade implies not only recurrent crises in the balance of payments, but also the expanded reproduction of dependency.

With regard to debt servicing, located in the financial sphere, Luce[7] points out that this modality has its origins in the independence of Latin American countries, to the extent that some were obliged to pay compensation to the former metropoles and others needed armaments to guarantee the process. In any case, the external debt cycles of these economies are systemic in nature, since in most of these countries, external loans are mostly used to refinance old debts, and debt servicing takes up a large part of these countries' budgets.

Remittances of profits, royalties and dividends, on the other hand, characterize the technological sphere of dependence and are the form in which foreign investment is most strongly expressed, since they mark the counterpart of the "capital export" phase of the capitalist system.[15,16] Luce[7] points to the discrepancy between the remittances of profits sent to the headquarters of the North American multinationals that set up in Latin America and the sum of new capital inflows and reinvested profits - the former far outweighing the latter. It is clear, therefore, how foreign capital enters Latin American countries and appropriates the domestically produced surplus value twice over: to the extent that it converts it into reinvested capital, following the logic of accumulation, and even more absurdly, it sends more value back to the headquarters than its effective participation actually meant.

In this sense:

> Technological and financial dependence, the outflow of resources exceeding the amounts invested, the appropriation of the surplus value extorted from the workers of dependent capitalism to irrigate the matrix houses demonstrate that, instead of an impetus to technological development, capitalist foreign investment acts as a vehicle for the development of underdevelopment.[7(67)]

In view of the configurations that value transfers take on as unequal exchange in the concrete reality of Latin America, Orlando Caputo[17] points out that, at the current stage of development of the capitalist system, the deepening of dependence in the region is highlighted by the notable role played by the productive capital of foreign multinationals in conjunction with financial capital, while there is an increase in profits despite the stagnation of investments in the industrial sector.

To this end, the author starts from the analysis that in the central countries productive capital prevails over financial capital. To prove this point, he shows that net interest on the profits of the former has been falling since the beginning of the 1990s, when it accounted for 60%, and since the beginning of the 2000s it has remained at 22%. He also points out that productive capital in these regions has gone from being a major debtor to a creditor.

In this way, Caputo[17] points out that it is only when the capital that produces goods and services is given its true position over financial capital that it is possible to see what the domination of capital over labor **really looks like**:

> Son las grandes empresas mundiales productoras de bienes y servicios las que comandan el capitalismo mundial, apoiadas en el capital financiero. It is under these conditions that the relationship of exploitation of capital over labor appears again with greater clarity.[17(10)]

This alteration in the relationship between capitals was only made possible by the occurrence of two crucial factors: the fall in interest rates in the central countries and the increase in net profits for companies producing goods and services, the latter mainly coming from profits generated abroad.

The author shows that the restructuring of the US economy towards greater investment in technology and an increase in the total profits of local companies was only possible through the returns provided by investments outside the country. In this analysis, he shows that between 1987 and 2006 the percentage of earnings received from abroad represented 16% of total earnings and rose to 25% at the end of the period.

As far as the manufacturing industry is concerned, the profits generated abroad are even more relevant, since since 1999 they have exceeded the profits generated within the American economy, which is the result of the globalization process that favours developed countries, enabling investments abroad and international trade:

> As the cyclical crises have seriously affected the earnings of the domestic manufacturing industry and the earnings received from abroad as a trend have continued to grow, these surpassed in the year 2000 by 40% the earnings of the US manufacturing industry. The impact of the cyclical crisis of the early 1990s was so manifest that the gains received came to represent three or four times the gains of the manufacturing industry between 2001 and 2003. Subsequently, the gains within the US economy have recovered much faster than the growth of the gains received abroad, so that in 2005 and 2006 they exceeded the gains of the manufacturing industry within the United States by more than 30%.[17(15)]

From this perspective, Caputo[17] points out that the influence of productive and financial capital in Latin American countries is combined: the former via direct investments (made possible essentially by international credit, given the low interest rates in the countries of origin); and the latter via foreign debt. This joint action has led to the denationalization of Latin America's main companies, as well as an increase in the region's foreign debt and negative growth in investments. However, this situation was consolidated as a result of restructuring in the region, based especially on globalization and the neoliberal agenda from the 1990s onwards.

According to Caputo,[17] one of the elements that reflects the beginning of this joint and potentialized action of the productive capital of multinationals and financial capital in Latin America is the change in the composition of remittances sent abroad:

> From 1990 to 2000, the income remitted by foreign investment increased from approximately 47,500 million dollars to just over 82,700 million dollars. In absolute terms, global growth is explained especially by the huge increase in the utilities and interests of direct foreign investment and by the remittances of income corresponding to equity investments in the capital markets of various countries in the region, which have been developed and deepened as part of globalization and neoliberal policies. [...] In 1990, total remittances were 83% explained by foreign debt interests. In 1995, the interests explain 48.3%, and the joint remittances of FDI and equity investment explain 51.7%.[17(24)]

From the 1990s onwards, therefore, profit remittances would exceed interest payments on the debt. Thus, even in Latin America, the productive capital of multinationals predominates.

The author emphasizes the role of the low level of investment in Latin American countries, both in new assets and in those already existing in the region, despite the exorbitant profits it brings, as a fundamental element in the reproduction of underdevelopment:

> In 1980, Latin America's global investment was equivalent to 53% of the United States' global investment. In recent years it has only amounted to around 20%. This contrasts with the huge growth in foreign investment. But in reality, foreign investment has mainly come to buy existing companies.[17(20)]

From this, he notes that in 2000, of the 200 largest exporting companies in the region, 98 belonged to foreign groups. Furthermore, between 1998 and 2000, of the top 100 industries, 58 were foreign and controlled around 62% of sales. It also reinforces the fact that foreign direct investment was mostly directed towards the region's main companies, so that the relative fall in this amount would be associated with the limits of the denationalization process.

Generally speaking, the condition of dependent industry in Latin America should be made clearer. We highlight four structural aspects. Firstly, Campos[18] believes that the preference of international productive capital - through Foreign Direct Investments - for Latin American economies in the 20th century was due to the following aspects:

> As the countries with the largest populations and a significant concentration of income, Brazil, Argentina and Mexico were the most coveted destinations in Latin America [...]. Of the US$4.5 billion in FDI that entered Latin America between 1956 and 1960, Argentina, Brazil and Mexico accounted for 44% of the total, or almost US$2 billion. Even though these FDIs were transfers of machinery and equipment that had already been amortized in the central economies, and therefore had a significant technological lag, Latin America was highly deficient.[18(17)]

Secondly, it is important to point out that the entry of these corporations into Latin America denoted a new phase of imperialism, in which the **internationalization of production** became decisive for the process, insofar as they entered the region's productive structure - especially in the more technological industrial activities - with their own form of organization and production, and thus incorporated a series of social sectors into their dynamic interests. This movement would therefore lead to a deepening of **external dependence** in the region, based on the combination of multinationals and the local bourgeoisie.

Thirdly, the process of industrialization in Latin America led to a deepening of dependency, since it was achieved above all through the intervention of foreign capital in domestic production. Consequently, this situation determined "the specific way in which the reproductive cycles would take place, engendering different problems, whether in circulation, production or the monetary circuit".[19(108)] The actions of foreign capital, therefore, are organized as follows:

> Part of this foreign capital that enters in the first phase (C1) buys means of production and labor power from the dependent country itself, but another part immediately leaves this nation, to the extent that it buys means of production from abroad. This doesn't just happen in the dependent economy, but occurs more acutely in it, at the same time as it responds "to the very structure of its historical process of capital accumulation" [...]. As for the phases of accumulation and production, it is worth emphasizing that foreign capital is the one that controls and has "more direct access to the technology implicit" in the means of production [...], and this conditioning factor of technological dependence restricts the development of complementary accumulation circuits and sets limits to the expansion of the machinery and equipment production department of the means of production (Department I).[19(108,109)]

Fourthly, this dynamic, while guaranteeing foreign companies greater conditions for increasing productivity - precisely because of their access to technology and lower production costs - leads to a worsening of the process of concentration and centralization of capital, since with each production cycle they accumulate a greater mass of surplus value produced because they have a greater organic composition of capital. And, consequently, undermining the possibilities of development via national capital. In this sense, Trindade *et al.*[19] argue:

> If this reality persists for a few production cycles, there is a concentration of capital on the part of this company. Even when the technology that put it in this position becomes cheaper, giving other companies the opportunity to have access to it, the concentration of capital that has taken place in the first company makes it able, at that moment, to make a new qualitative leap in its production, with new technological investments that reduce its cost even more, which gives it the absolute position of direction and leadership over the market and the economy. [19(109)]

In turn, it is worth mentioning the more current condition of dependence of Latin American industry. As Osorio argues,[20,21] the current pattern of capital reproduction in Latin America, since the 1980s, has focused on the deindustrialization and reprimarization of exports as a defining feature of the current productive structure. This pattern bears significant similarities to the use values produced by the agricultural exporters of the early 20th century, but differs from the latter due to the greater technological elaborations used in production. The export condition stems from the fact that the core sectors of Latin America's dependent economies produce goods primarily for the foreign market. The significant increase in the flow of international trade in these economies since 2000 and the type of goods exported have shaped the primary-export sector and the place of dependent Latin America in the world market.

It should be noted that foreign capital was one of the privileged actors in the reconfiguration of the peripheral world from the 1980s onwards. Here we are referring to foreign capital acting as a bank-financier and appropriating interest from the public debt market.[20] We will see below the central role of foreign capital in balancing the balance of payments and domestic economic activity.

In turn, the 2000s would show a return to development anchored in primary exports, leading to what Osorio[20] says was an exceptional period of industrialization in the region's history. To expose the idea, according to a report by the Institute for Industrial Development Studies (IEDI),[22] industry's share of Brazil's Gross Domestic Product (GDP) fell from 21.4% to 12.6% between 1970 and 2017. The same picture can be seen in Latin American countries as a whole.

The transformations that took place after the structural crisis of capitalism at the end of the 1970s introduced a new configuration to the world market, seeking to tackle the downward trend in the rate of profit of capital located in the central economies. Among the changes in this situation, the following stand out: productive restructuring, with parts of production being moved to dependent capitalist countries in an attempt to use lower labour costs, and the growing process of financialization[b].[23-27] In this sense, it is possible to comment on the interconnection between the deindustrialization and reprimarization of Latin American economies' exports and financialization, thus better qualifying the unfolding of the current phase of dependency in these countries.

According to Amaral,[24] the current phase can be called neoliberal financial-technological dependence. Amaral argues that:

> [...] the current nature of our dependent condition: it no longer involves overexploitation as a distinctive feature, although overexploitation is more than ever present, but involves our technological inferiority, which makes us only produce, without autonomy in creation, the increasingly ephemeral patterns of production that the autonomous technological development of the central countries is imposing on the rest of the planet.[24(135)]

In a complementary view, Raposo[28] ponders the fictitious dimension of the current pattern of capital reproduction in Latin America. According to the author, Latin American economies are platforms for financial and fictitious speculation and, in turn, affect the course of the industrial capital cycle in the dependent economy. What's more, the fictitious side of the current pattern influences every stage of the capital cycle.

The symbiosis between financialization (the dominance of fictitious capital) and deindustrialization with the reprimarization of exports in Latin America is unavoidable. Since the sphere of production provides profits without having to go through the production process, the gains of the financial sphere are more attractive than those of the productive sphere. In other words, it is clear that financialization in these economies encourages a reduction in gross capital formation in favor of speculation. This process has implications for the relationship between capital and labor, with a tendency for wages to fall and the adoption of measures by the state to reduce indirect wages - precarious health care and public education, for example - plus pressure from the financial sector for short- and medium-term gains.[28] In this sense, the processes of deindustrialization, reprimarization and, consequently, low economic dynamism appear as consequences of subordinate financialization, which in turn is a constitutive mark of contemporary capitalism, with special development in Latin America.

Final considerations

Caputo's contribution to better understanding the limits of Marini's analysis helps us to better complement the role of the context of deepening dependency, reflected fundamentally in the increase in profits, remittances, denationalization and the stagnation of investment in the region in the contemporary context.

The role played by Latin America in the new stage of accumulation of the capitalist system highlights the deepening of dependency, since by guaranteeing the production and reproduction of the capital appropriated by the central countries, the situation of economic and social strangulation is exacerbated. Caputo's analysis seems to be useful in highlighting this aspect.

Furthermore, it is clear that the neoliberal economic agenda has led to a process of retrenchment in the region's industrial structure, since the productive capital of multinationals, by entering Latin America and seizing a large part of the existing assets with the minimum possible investment, ensures that these countries remain in technological positions and with lower earning possibilities than those realized in the central countries. In this sense, Marini and Caputo complement each other by helping to outline more precisely the scenario of Latin American dependent economies in contemporary capitalism.

[a]In the early 1960s, the thinking of the Economic Commission for Latin America (ECLAC), an agency of the United Nations, led by Latin American economists Raúl Prébisch, Celso Furtado, Aníbal Pinto, etc., began its crisis after having been hegemonic and innovative on the Latin American continent since its foundation at the end of the 1940s. See Osorio for the peak and decline this thinking.[2]

[b]The process of financialization, according to various Marxist authors,[23-25] is the hallmark of contemporary capitalism, with the dominance of **fictitious capital** in the dynamics of the movement of capital. The Marxian category of fictitious capital is essential for analyzing the contemporary crisis and understanding the increasingly abstract forms that capital adopts. Its basic principle refers to the capitalization of an income derived from a future surplus value, specifically taking the forms of banking capital, the stock market and public debt, all identified by Marx[26] in his time. At the same time, contemporaneously, the derivatives market and cryptocurrencies can be added to the forms of fictitious capital.[27]

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