

# From the Political Economy of Empire to the Latin American Philosophy of Dependency

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Globalist ideology and Hardt and Negri's critique of empire come to us from different ends of the political spectrum. While the former sings the panaceas of global capitalism, the latter looks for revolutionary ways of overcoming it. But they share one point in common: globalization is total and reality is, therefore, not dialectical.

... [T]he end of history that Fukuyama refers to is the end of the crisis at the center of modernity, the coherent and defining conflict that was the foundation and *raison d'être* for modern sovereignty. History has ended precisely and only to the extent that it is conceived in Hegelian terms—as the movement of a dialectic of contradictions, a play of absolute negations and subsumption. The binaries that defined modern conflict have become blurred. The Other that might delimit a modern sovereign Self has become fractured and indistinct, and there is no longer an outside that can bound the place of sovereignty.<sup>1</sup>

In this essay, I criticize both: The former for its mythology of a more integrated and better world; the latter for its too rapid transition from imperialism to empire, leaving all forms of radical resistance and revolutionary theory (from popular seizure of state mechanisms to a class-conscious dependency theory) behind.

Global neoliberalism became best known for the political and social changes with which it is associated: The decline of the welfare-state has been interpreted by some as the decline of the nation-state itself, and the consequent increased facility of capital to move across borders has led some to speak about the appearance of "shared phenomenal worlds" (David Harvey and Anthony Giddens) and the rise of a global informational network society (Manuel Castells). However, it is in the economy that it reveals some of its deepest truths: Rather than simply destroying the nation-state, it has transformed it into the directive organ for privatizations whether through terrorism (Chile) or through the already established laws of bourgeois democracies. In many cases, global capitalism has thus established itself as normal, written into the body-politic and the behaviors of different sectors of the working class as they internalize the new labor discipline of global competition or interstate labor migrations. In this sense we can also speak of a shared phenomenal world: Capital, in the form of money-capital, commodity-capital, and productive-capital circulates freely and its free circulation appears as the natural order of things.

The ideology of globalization, namely, a more integrated world enjoying the benefits of high technology and increased consumption of wares made with non-renewable resources, under conditions of an ideally complete commodification of life coupled with a projected total privatization of commodity production, has to be tempered by the economic reality of exclusion and the dramatic condition of poverty for much of the world. Not all boats have been rising: 1.2 billion living in acute or extreme poverty. Although that represents a decrease of 200 million since 1970, there has been, however, both an increase in general poverty by about 500 million to 2.5 billion in the last 30 years and an increase in global

income inequality even though per capita income increased by 38 % during that same period.<sup>2</sup> According to the UN Economic Commission for Latin America and the Caribbean, income inequality has increased in Latin America. While the rate of poverty has remained the same from 1980 until 1997 (37 %), it has risen in absolute numbers from 135 million to 204 million (out of a population of approximately 450 million). At the same time, the number of jobs in the informal sector (irregular and unregulated) has increased to the point that now 4 out of 5 jobs are in that sector. Incidentally, the number of acutely or extremely poor people in the former socialist world of Eastern Europe jumped from .3 m. in 1980 and .2 in 1990 to 15.7 in 1999 and the number of generally poor increased from 6.4 in 1980 and 5.9 in 1990 to 72 m. in 1999.<sup>3</sup>

The intensification of world trade, as represented by the dramatic increase in foreign trade, the internationalization of production so that 30 % of international trade in manufactures is accounted for by "cross-border exchanging of parts and semifinished components,"<sup>4</sup> and the explosion of cross-border services, such as financial services, is, of course, remarkable. The internationalization of domestic production is another important facet of this intensification of world trade. Thus, in rich countries such as the United States, 70 % of its domestic production is subject to international competition; that is up from 4 % in the 1960s. That situation puts serious pressures on labor, and creates a condition in which workers confront a labor discipline adapted to the vicissitudes of the world market, and which tries to impose with varying degrees of success an ideology that is impervious to and intolerant of challenges to capital from a global perspective. This is explained by the attempts to manipulate the workers' realization that their labor is often competing for jobs not only with the labor of their neighbors but also with that of workers in other parts of the world.

At the same time, we should keep in mind that, according to Ankie Hoogvelt, there has not been a corresponding *extension* of world trade: While the number of countries has increased in the past 200 years, so that it appears that globalization has increased the extension of international trade (because there are more countries involved in trade), a division of the world between a rich group of core countries and a poor periphery reveals that the share of world trade by the core and peripheral peoples has remained remarkably stable: Thus while the share (in Kuznets figures cited by Hoogvelt) of commodity world trade was in 1800 65 % and 18 % for the developed and underdeveloped areas of the world respectively, in 1913 it was 74.3 % and 20 %, in 1953 68.9 % and 26.3 % (or 65.1 % and 25.5 % in U.N. figures); in 1965, 69.5 and 19.6; in 1975, 66.9 and 22.5; and in 1996, 67.2 and 29.1. The sharp jump in the latter number for non-core countries is due to the economic activity of the so-called Asian tigers: Hong Kong, Korea, Taiwan and Singapur. But these Newly Industrialized Economies (NIEs), which accounted in 1996 for 10.8 % of world trade, have a combined population of 71 million or 1.5 % of the total world population (in 1998 UN figures). In other words, while the share of world trade for the peripheral developing countries was 20% in 1913, it was 18.3% at the end of the 20th century.<sup>5</sup>

What we are seeing as a global phenomenon, namely, the rise of marginalization, was experienced as a *national* phenomenon in the early modern period with the rise of capitalism. The theft of communal lands and the pauperization of the agricultural population, as they were robbed of their instruments of labor and the land, was done originally against the grain of ineffective laws, beginning in England in the 1700s<sup>8</sup> and continued in the periphery (e.g. Latin America) during the 19th and 20th centuries. Contemporary pauperization obeys different processes of transformation, to be sure, but within the unity of the capitalist system; as we have seen, these are represented as phenomena of marginalization and exclusion. I would add to Hoogvelt's emphasis on sociological processes of globalization (i.e., a shared phenomenal world) the more basic economic phenomenon of pauperization as the breeding ground of the source of a surplus-value far above that represented (phenomenally) by the "social wage" of the Fordist period.

Antonio Negri and Michael Hardt argue that a new form of sovereignty is emerging behind these phenomena of global marginalization and exclusion: A form of sovereignty without a territorial center of power or fixed boundaries and without the three worlds of the old geo-political ideology.<sup>9</sup> It seems that for Hardt and Negri the essential difference between imperialism and empire is to be found in the notions of sovereign state-power and territoriality. Under imperialism, the (imperialist) sovereign nation-state exercises its central power over its own and other territories, e.g., the imperial power of Britain over its territories in Africa, Asia, and the Caribbean.

We have witnessed since the end of WWII, argue Hardt and Negri, the decline of the sovereign state power of the imperialist nation-states, and the rise of empire. Empire by contrast to imperialism has no "territorial center of power"; it is, a "decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers."<sup>10</sup>

A few years ago, the Colombian philosopher Santiago Castro Gómez had articulated a similar position, which he described as postmodern: Just as the postmodernity of personal existence has been characterized by the disarticulation of the subject and its central role in the constitution of reality, so in the postmodern political condition the state loses its modern role as the central organizing instance of economic, political, and geographic systems.<sup>11</sup>

In Hardt and Negri we find also the use of the modern-postmodern divide as a metaphor for the distinction between, on the one hand, imperialism and empire, and the modern nation-state and supra-national organs of rule, on the other. In fact, borrowing, a page from Marx and Engels' criticism of utopian socialism as reactionary in an industrial context, Hardt and Negri claim that attempts to reconstruct the nation-state against global capitalism are also regressive.<sup>12</sup> However, Hardt and Negri are silent about the fundamental difference between the utopian socialists criticized as reactionary by Marx and Engels and the reactionary nature of the empire against which people are fighting today. Also, there does not seem to be, for Hardt and Negri, a revolutionary class that would

replace the now reactionary struggles for national self-determination, except for the rising heterogeneous “multitude,”<sup>11</sup> composed of a proletariat redefined as “all those exploited by and subject to capitalist domination.”<sup>12</sup> Regarding real struggles against imperialism, Hardt and Negri leave us with this conclusion:

The entire logical chain of representation might be summarized like this: the people representing the multitude, the nation representing the people, and the state representing the nation. Each link is an attempt to hold in suspension the crisis of modernity. Representation in each case means a further step of abstraction and control. From India to Algeria and Cuba to Vietnam, *the state is the poisoned gift of national liberation.*<sup>13</sup>

Is that really what those revolutions were about—attempts to stop the crisis of modernity? Surely they were modern revolutions, but how would a postmodern one—whatever that may mean—defend Cuba or Vietnam from U.S. imperialism?

It is, I think, an expression of a provincial “core perspective” (and a merely apparent objectivity, for this kind of knowledge has the power to create the reality to be known) to argue that the nation-state has *become* a reactionary tool arresting the true revolutionary possibilities in today’s empire. It is somewhat odd to find such absolutes in Hardt and Negri when they took pains to argue that what has often been undervalued are the movements that struggle against capitalism. But it is there, where workers and the poor have become participants in the nation-state, that we see the flourishing of what Hardt and Negri call subjectivity. It is not wonder that it is in the Bolivarian Revolution, and not the NGOs that shy away from state power, where U.S. imperialism sees the real danger.

Hardt and Negri condemn all progressive movements that seek to preserve themselves through the nation-state. They do this, it seems, on the basis of what is for them the ambiguity of national liberation: On the one hand, it was a progressive struggle against colonialism; on the other, it swallows “the poisoned gift”—the State. If so, Cuba, Venezuela, and Vietnam are bound to have withering revolutions not because of imperial sovereignty, but rather because they are eminently reactionary. Is this realism or defeatism? I think that Hardt and Negri would be hard pressed to show how empire, even if the “machine” of the future is more progressive than what these revolutions have accomplished or are trying to accomplish. But even if the so-called old left is to be thrown by the wayside *with* the dialectic on the road to the end of empire, how are Hardt and Negri to explain the success of the so-called Asian tigers without taking into account the central role that the state took in the economy, or that regional inter-state associations took in frustrating the designs of U.S. economic imperialism? Even in one of the earliest essays by Gunder Frank we see a policy proposal remarkably similar to what was applied in Korea, or what has been proposed by Ankie Hoogvelt to counter U.S. imperialism (following the example of the successful Asian economies).<sup>14</sup>

This absence of alternatives has been behind the sharp criticisms levelled against Hardt and Negri’s conception of empire because of the apparent abandonment of theories on imperialism, indeed because of their view that imperialism has been superseded by a coreless, deterritorialized Empire, the source of which is no longer to be found in imperialist centers. Atilio Boron and James Petras have taken Hardt and Negri to task for this idea of empire without imperialism.<sup>15</sup> Not only do Hardt and Negri create a strawman of the traditional left that supposedly ineffectively combats at the local level against what is nothing but a global process, but also Hardt and Negri are unable to identify the enemy except by the overly general attribute of being “a specific regime of global relations.”<sup>16</sup>

Although some of the criticisms that Boron makes of *Empire* seem to be addressed in the text itself, for instance, Boron’s claim that Hardt and Negri are unaware that immigrants have difficulties moving into rich capitalist countries such as France or the United States,<sup>17</sup> I think Boron is correct in faulting Hardt and Negri for abandoning the view that imperialism is central and essential to contemporary reality. If anything, empire would be the characteristic difference of contemporary reality, imperialism’s genitive declension, so to speak, so that empire *belongs* to contemporary imperialism as one of its central and defining characteristics. A preferable expression would be Petras’s “imperialism with empire”<sup>18</sup> to

characterize contemporary reality, rather than Hardt and Negri's absolute transition from imperialism to empire.

There are good reasons in Hardt and Negri to look for the conceptual tools necessary to understand contemporary global social and economic phenomena. I will focus on some of the reasons Hardt and Negri give for saying that empire is characterized by the absence of an outside; I will then offer an alternative view and show how dependency theory can articulate the phenomena Hardt and Negri seek to explain.

According to Hardt and Negri, one of the characteristics of contemporary (postmodern) society is the transition from Foucaultian disciplinary society to Foucaultian society of control where the spatial boundaries of the disciplinary institutions of the former (e.g., the clinic, the prison, the mental hospital, the factory) break open and disseminate throughout society implicating not only the production of objects but the production of life itself, biopolitical production.

Marx had made passing and germinal reference to the salient features of factory disciplining, notably in the manner in which the modern dualism of a managerial unifying soul over the associated labor of the detail laborers in manufacure<sup>19</sup> becomes the natural order of things from the point of view of laborers themselves:

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.... It is otherwise during the historic genesis of capitalist production. The bourgeoisie, at its rise, wants and uses the power of the state to 'regulate' wages, i.e., to force them within the limits suitable for surplus-value making, to lengthen the working-day and to keep the labourer himself in the normal degree of dependence. <sup>20</sup>

However, neo-Marxian theories, such as Marcuse's hypotheses on the rise and the prospects of one-dimensional society or Foucault's conceptualization of discipline, developed further the conception of alienation that we find in Marx's early works and mature works such as *Capital*.<sup>21</sup>

Analogous to the contemporary conception that there are suprapersonal structures (the school, the prison, the hospital, the factory) that constitute or produce human subjectivity in the very act of disciplining individuals to better function in a system and that, further, have become nodes for the free flow of biopolitical production in a society of control, thus not even allowing the continued existence of an inner space "outside" these modern disciplinary institutions,<sup>22</sup> Hardt and Negri develop the idea of a nascent imperial structure in the age of globalization in which new technological mechanisms and forms of capital, such as finance capital, constitute or produce organs of power (e.g., the IMF, the World Bank, the WTO) that either bypass the nation-state or reduce it to, in the words of Manuel Castells, a node or place within a network of flows in an information society. Thus, the state loses some of its social-welfare and centralizing functions for the sake of a smoother flow of capital; in that sense, can one speak of a deterritorialization. Some functions, particularly those of the welfare state, are taken from the sphere of territorial regulation because one of the essential characteristics of the territory has been lost, namely, the space around a center (in the etymological origin of the word, a town) that is structured as the "central organizing instance"<sup>23</sup> of political and social life, as well as the arbiter of class conflict.

An arbiter, however, need not be impartial, as we have learned only too well regarding the behavior of the OAS towards the Cuban Revolution or Human Rights Watch towards the Bolivarian Revolution in Venezuela. There seems to be in postmodern thought an overemphasis on difference and relations without the matrices within which they make sense. The "decentering" of power relations characteristic of the welfare state together with the reinforcing of police-state operations against the poor respond to

the logic of neoliberal economics just as much as the brutal laws against vagrancy coupled with charity for workers to help them meet the minimum required for their physical subsistence and therefore for the creation of surplus-value were helpful in the *legitimation* of state functions during the rise of capitalism in England. The “naturalization” of the force of capital requires of this force if it is to be interiorized.

Interestingly, Hardt and Negri rely to a large extent on Luxemburg’s and Lenin’s theories of imperialism to explain the rise of what they call empire.

Hardt and Negri stress that for Luxemburg capitalism needed a non-capitalist environment for it to realize surplus value; thence, imperialism’s creation of “outside consumers *qua* other-than-capitalist.”<sup>24</sup> She also saw in this process what Marx and Engels had seen in *The Communist Manifesto*, namely, the tendency towards the proletarianization of the non-capitalist environment, its capitalization. In other words, there was a passage from the formal subsumption of colonized labor under capital to its real subsumption: i.e., from the theft, plunder, and exploitation of raw materials *qua* constant capital to the transformation of colonized people’s labor into variable capital. However, it is here, in this passage, that capitalism breaks down.

The more violently, ruthlessly and thoroughly imperialism brings about the decline of non-capitalist civilizations, the more rapidly it cuts the ground from under the feet of capitalist accumulation. Though imperialism is the historical method for prolonging the career of capitalism, it is also the sure means of bringing it to a swift conclusion.<sup>25</sup>

Theoretically, this requires, says Luxemburg, a rethinking of the assumptions of *Capital*, particularly vol. II, which assumes that “the whole world is one capitalist nation, that all other forms of economy and society have already disappeared,”<sup>26</sup> that there is therefore no *outside* to capitalism.

Since the accumulation of capital becomes impossible in all points without non-capitalist surroundings, we cannot gain a true picture of it by assuming the exclusive and absolute domination of the capitalist mode of production.<sup>27</sup>

According to Hardt and Negri, while Luxemburg thought that capitalism could not surpass imperialism, “Lenin, more than any other Marxist, was able to anticipate the passage to a new phase of capital beyond imperialism and identify the place (or really the non-place) of emerging imperial sovereignty.”<sup>28</sup>

For Lenin, say Hardt and Negri, imperialism is “a structural stage in the evolution of the modern state,” which is in turn a mechanism for the progressive incorporation of a “multitude” into a “people.” Imperialism is, therefore, for Lenin a “hegemonic element of sovereignty.” Hardt and Negri argue that Lenin foresaw that through the development of imperialism, itself based on the inside-outside distinction, the outside (to capital) would be eliminated in the subordinate countries: “Capital must eventually overcome imperialism and destroy barriers between inside and outside.”<sup>29</sup> By “inside” and “outside” Hardt and Negri mean here again a capitalist and a noncapitalist environment respectively. Empire not only eliminates the outside through thorough capitalization of the world, but it also eliminates the possibility of critique from the outside. Lenin realized that the point had been reached when there were only two alternatives: “Either world communist revolution or Empire...”<sup>30</sup> For Hardt and Negri, Lenin’s intuition (or is it rather what they themselves intuit in Lenin’s work?) foreshadows the current situation when capital and the multitude confront each other globally more and more directly, less and less through the mediation of the state:

Having achieved the global level, capitalist development is faced directly with the multitude, without mediation. Hence the dialectic, or

really the science of the limit and its organization, evaporates. Class struggle, pushing the nation-state toward its abolition and thus going beyond the barriers posed by it, proposes the constitution of Empire as the site of analysis and conflict.... Capital and labor are opposed in a directly antagonistic form. This is the fundamental condition of every theory of communism. <sup>31</sup>

But is the nation-state really abolished by empire? Is this hyper-globalist conception of the relation between the state and the world market *today* accurate in terms of a clear and short-term tendency within capitalism?

Although there are good reasons to think that the state will be abolished with the overthrow of the power of capital, any tendency to that effect has to be mediated by a process that may require the nation-state. The destruction of nation-states does express the close relationship between economic neoliberalism, big capital, and protofascist elements in the political elites of the imperial nation-states. Also, the reduction or elimination of the democratic spaces of civil society narrowly construed (the bourgeois political and legal subsystems) because of the decisions carried out by unelected officials in the WTO, for instance, can be better interpreted as spelling out the loss of previous conquests by the working class and the gains, in the zero-sum game that neoliberals play, of big capital. The state apparatus acts accordingly, and according to its place in the global hierarchy of power relations.

Let us suppose, however, that such a tendency towards the end of the nation-state exists. Has it really been explained in terms of the capitalist need for capitalization? But why should the capitalist need for capitalization itself require the withering away of the nation-state and the rise of the imperial constitution? If anything, it would seem to require the rise the strengthening of the state in two of its most significant mechanisms: Repression and propaganda. The United States today is a good example of the marriage between the two: The Patriot Act, the torture of prisoners of war, and the deployment of organized state violence for the suppression of anti-imperialist demonstrations in Sadr City and anti-capitalist globalization demonstrations in Miami, have been complemented with an ultra-nationalist imperialist ideology, so-called patriotism in the U.S.

Could not that tendency be better explained as a novel surface expression of the relation between core and periphery at the world-systems level? It is indeed surprising, as Atilio Boron has noted, that Hardt and Negri completely bypass dependency theory, which develops hypotheses about international and global relations, not in terms of the relations among nations *per se* as if the units in global relations were the foundation, capable of existing in isolation, and therefore detachable in their development or underdevelopment from other nations, but rather, in terms of the structuring of economic relations and systems for the benefit of the core regions of the world, be these organized politically as nation-states or, if Hardt and Negri are correct, not so organized in the not-too-distant future.

According to Hardt and Negri, theorists of underdevelopment

deduce an invalid conclusion: If the developed economies achieved full articulation in relative isolation and the underdeveloped economies became disarticulated and dependent through their integration into global networks, then a project for the relative isolation of the underdeveloped economies will result in their development and full articulation. In other words, as an alternative to the "false development" pandered by the economists of the dominant capitalist countries, the theorists of underdevelopment promoted "real development," which involves delinking an economy from its dependent relationships and articulating in relative isolation an autonomous economic structure. Since this is how the dominant economies developed, it must be the true path to escape the cycle of underdevelopment. This syllogism, however, asks us to believe that the laws of economic development will somehow transcend the differences of historical change.<sup>32</sup>

But concepts such as autocentric and dependent development by authors such as André Gunder Frank are not used to refer to the independent and isolated development of an autocentric core as the model to follow (original development from undevelopment). Instead, such concepts try to capture the unfolding of the periphery on the basis of an imposed underdevelopment or, alternatively, of a projected autocentric development.

However, the dependency of the periphery has to do with the structured development of its economy to satisfy the interests of the core. Conversely, the development of the core or metropolis is predicated upon the exploitation of the periphery or satellites, so that the myth of the self-unfolding nation-state is not an operative concept in dependency theory.

The attempt by the periphery to develop autocentrically requires, of course, a change in that relationship, but not an isolation. Again, the core did not develop in isolation from its exploitation of its periphery. Dussel aptly called that notion "the myth of modernity."<sup>33</sup>

Rather, when Gunder Frank talks about the delinking of the "satellite" or dependent economies, whether as a matter of historical fact or as a policy proposal, he is referring to a delinking from their dependent status, not to a development in isolation from the world economy. His examples in this context are, it seems to me, examples of economies which, by happenstance during the different phases of colonialism and imperialism, were linked weakly to the colonial or imperial metropoles. This does not conceal an isolationist proposal that is abstracted from the "differences of historical change"; rather, it is intimately connected to global phenomena characteristic of the colonialist, expansionist, and imperialist phases, when particular events weakened colonialism, slowed down expansionism, or imperialism led to world wars.<sup>34</sup> Similarly, when dependency theorists make references to the autocentric development of the capitalist economy in Europe, the reference for most of them is to a development that was not linked to another core to which it was dependent. On the contrary, whether cause or effect, the development of capitalism in Europe is obviously "linked" to the plunder of the Americas, Africa, and Asia. That is clearly not development in isolation.

The caricature of dependency theory that we find in *Empire* helps us to realize indirectly that Hards and Negri struggle and fail to develop a conceptual paradigm to ground the transition from imperialism to empire. We gather, it is true, numerous references and suggestive remarks about the decline of Fordism, the rise of an imperial constitution, the appearance of new forms of resistance; but we also read somewhat obscure statements about the end of the dialectic (the principal criticism against Fukuyama, i.e., that his views no longer apply in the post-dialectical era!), the replacement of Marx's mole by the undulating

postmodern snake of liberation struggles that do not communicate the universality of their principles and goals to each other, and so forth. But the precise mechanism of these changes, whether real or imagined, is not elucidated.

The conceptual paradigm of dependency theory, a paradigm that has to be complemented, as many serious dependency theorists have done, from Gunder Frank to Dussel, with class analysis, may be useful here. The disarticulation of what became the peripheral economies and their rearticulation in a world-system should point us to a reconceptualization of the role of the dependent nation-state in a variety of situations: From mere client state of the metropolitan capitalist; to representative of certain sectors of a dependent bourgeoisie trying to break through its ties of dependence (its lumpen status, to use Gunder Frank's terminology) to the metropole; to a contradiction-riven matrix of bourgeois "autocentric" import substitution policies, working-class mobilization, and egalitarian redistribution, as it incorporated bourgeois nationalist and socialist elements within the state, whether in the wake of national wars of liberation or attempts at autonomous development during the 1940s-1980s in several places in Africa, Asia, and Latin America.

The withering away of the nation-state in general, or the imperialist nation-state in particular, is not one of the characteristics of globalization. Rather, the nation-state is changing its functions once again, this time to represent more directly (again?) globalizing corporate interests under the cover of globalist ideology that reduces civil liberties to the vicissitudes of a global market for the benefit of big capital. This change in function by the state may partly explain how it is that, for instance, European Union countries became 50 to 70 % wealthier from 1980 to 2000 while going through a crisis in their social security systems.<sup>35</sup> Governments representative of neoliberal capitalism "are increasingly unable to tax corporate profits."<sup>36</sup>

Furthermore, although big capital (but not all capital) is allowed to move more freely under conditions of globalization, it is also the case, that restrictions on the migration of labor remain. If one adds to this restriction the very important characteristic of the free flow of capital that the stronger capital generally destroys and absorbs the weaker, then the crises of the poor countries tend to become systemically unbearable: The privatization of industries and the dismantling of the social welfare state in the poor countries lead to either the dramatic loss of domestic capital in the poor countries or the overexploitation of labor in order to compete with the more efficient capital of the rich countries.

The worsening of labor conditions, massive unemployment, and the reduction of democracy to a formal electoral exercise under conditions of extreme poverty have begun to characterize the situation of many Latin American countries in the last 20 years. In fact, ten years ago neoliberals were pointing to Latin America as an example of a successful implementation of the market policies imposed by the IMF and articulated in the so-called Washington Consensus (with emphasis on Washington). Today, technological dependence has increased, while capital inflows do not come near the amounts necessary to pay the interest on the debt.<sup>37</sup>

In light of this situation, it is important to rethink contemporary relations in the terms of dependency theory, contrary to what developmentalists and postmodernists think about its continued relevance.<sup>38</sup>

Dependency theory has cultural-philosophical and an economic components broadly construed. I discuss them briefly below.

We should not dismiss the obvious correlation between the two. As an example of this correlation of economic dependency and socio-cultural dependency we could make brief mention to some of the ideas of Juan Bautista Alberdi (1810-1884), one of the most significant philosophers of nineteenth century Latin America, well known for his call for the creation of a practical philosophy in the Americas grounded on European thought, as well as the adaptation of the ideas of economic and political liberalism in the continent.

Alberdi associated in a direct proportional relation the immigration of Europeans to America with the liberal economic order. His ideas about mestizaje *from below* were explicitly negative. He contrasts, on one side, the superior liberal economic order and white European immigration with, on the other, the inferior economic protectionism and mestizaje, all within a sexist setting. It seems to me a very clear statement that the "formal" definition of the State promoted by liberalism was really a very "material" preference for one group over others. It suggests also that the ideological dependence of many of the Latin American "romantics" was more than expression of a reliance on the ideas produced in Europe and the United States. It also entailed the active oppression and marginalization of the majority of Latin Americans and their cultural expressions. In *El crimen de la guerra*, Alberdi suggests (and proposes) an intimate connection between free trade and what we call today economic globalization, on the one hand, with sexist and racist ideals, on the other:

If the industrial sector of a nation asks its government for protection against the industry of another nation because the latter industry antagonizes the former by its mere superiority, the former is then taking government from its [proper] role and is giving proof of its shameful cowardice.

Government has not been established for the well-being of this or that trade, but rather for the good of the whole State. Government is not the patron and protector of merchants, sailors, or producers; it is the mere guardian of the laws, which protect all equally in the enjoyment of their right to live cheaply, something more precious than producing and selling dearly.

Limiting or restricting the entry of beautiful products from the outside so that inferior domestic products may be kept at a high value is similar to setting up obstacles to the entry of beautiful foreign women so that the ugly native women will marry better; or it is similar to not allowing blond white men into the country because mulattos, who make up the stock [fondo] of the nation, would then be rejected because of their inferiority by women.<sup>39</sup>

The seamless coalescing of *laissez-faire* liberalism, racism, and sexism may seem to some an accidental and arbitrary joining of discourses, disciplines, and prejudices that we are on the way to overcoming in today's movement towards the globalization of a reborn *laissez-faire*. However, Alberdi took the connection of European superiority in culture, race, and political economy as an empirically true conjunction.

The late Mexican philosopher, Leopoldo Zea (1912-2004), was the first Latin American philosopher to analyze systematically and extensively that intellectual

attitude of alienated negation of “domestic” reality as a peculiar attempt by Latin American intellectuals to deny their being in the name of their consciousness. After all, Latin Americans were, according to Alberdi, “Europeans born in America.”<sup>40</sup> This project of Westernization, rather than overcoming the colonial past and the circumstances born of it, was bound to recreate it in other ways, as a form of dependence on supposedly universal but really Eurocentered philosophy.

Zea has called for what he calls an assumptive project: that is, an assimilation of the past and our American circumstance as ours, instead of continuing to attempt to cut ourselves off formally and definitively from them. Taking a cue from his teacher José Gaos, who had been a student of José Ortega y Gasset before the victory of fascism in Spain forced him to migrate to Mexico, the ideal “I” (the second “I” in the Orteguayan definition, “I am I and my circumstance”)<sup>41</sup> is split off from the circumstantial “I”—an “I” that does not appear as an “I,” but rather as that of the subject, i.e., “my circumstance.” But it is not clear who the “I” is (or the intersubjective “we,” since Zea is making a point about authentic cultural identity) in this project to reclaim our identity. Zea’s Latin Americanism, his criticism of foreign interference in Latin American affairs, particularly by the United States, is laudable. It was during the twentieth century one of the most influential affirmations of our identity while recovering significant elements of our intellectual history. But it reaches its limits when the challenges to Latin American identity come from within Latin America, specifically from those sectors that do not form part of the visible history of the *nation-state*.

It is important to affirm a liberation of a Latin American identity from foreign dependence and domination as it is done by historicist conceptions of Latin American identity (Zea’s position). But one must go farther; at the same time it is necessary to question the meaning of that identity vis-à-vis internal colonization and economic inequality. In his *Ética de la liberación en la edad de la globalización y la exclusión*, Enrique Dussel represents a liberation by marginalized and exploited groups, through an originary affirmation of their lives, which are formally excluded and materially negated by systems of domination. That is why the affirmation of the lives negated by contemporary systems of domination requires an economic and political reconstruction from the viewpoint of the victims of those systems; Dussel makes it clear, however, that these victims are also builders of new communities and creators of new practices of liberation.<sup>42</sup> Philosophically, therefore, the affirmation of those who are negated by the system changes our perspective from a philosophy of identity to a philosophy of alterity, of the Other.

The economics of dependency theory developed in part as an *anti-developmental* theory during the development debates of the mid-twentieth century. For developmentalists, underdevelopment is an original stage and the development of underdeveloped countries must be “generated or stimulated by diffusing capital, institutions, values, etc., to [those countries] from the international and national capitalist metropoles.”<sup>43</sup> But, argues Gunder Frank, a distinction should be made between undeveloped (truly an “original” stage) and

underdeveloped.

Underdevelopment is the result of colonial and neocolonial structures that so shape the economy of subordinated (that is, peripheral or satellite) countries that it functions in the interest of the dominant (that is, core) countries. The theory claims that underdevelopment and uneven development may be "distortions" in development, and yet, they are also "systemic" to the relations among countries and regions of the world.

Dysfunctions such as poverty, high unemployment, low salaries, and economic dislocation are produced and reproduced by the patterns of domination exercised by the countries of the "core" (or the colonialist and neocolonialist countries) over the Third World, for the sake of the augmentation of wealth of the capitalist class of the core countries (whether during colonial, or during neocolonial and postcolonial times). The resulting consequences, according to the theory, are patterns of development in the peripheral countries that are subordinate to the needs and interests of the capitalist class of the core countries; these patterns of development do not respond to the needs and interests of the people of the periphery. The peripheral region becomes an instrument for sucking out economic surplus-value out of the workers of the periphery to the multinational corporations.<sup>44</sup> During the Fordist period, these superprofits made possible in part the ethical or social wage in the core countries; during the post-Fordist period, the situation is more chaotic and traumatic, since the low wages of the underdeveloped world make it possible to lower the wages of the workers of the core countries and also increase profits indirectly by the dismantling of the welfare state.

The mechanism of this transfer of surplus value from the periphery to the core is based upon differences in the organic composition of capital, according to Enrique Dussel. The higher the organic composition of capital, then the more technologically advanced production and the more productive the labor are, the lower the value transferred from the living labor used to the commodities produced, and therefore the lower the value of those commodities. Inversely, the lower the organic composition of capital, then the less technologically advanced production and the less productive the labor are, the higher the value transferred from the living labor used to the commodities produced, and therefore the higher the value of those commodities. Following Marx's theory, Dussel argues that the higher organic composition of capital of the more developed nations allows the capital of more developed nations to sell goods above their value (*for that particular capital*), and yet more cheaply than those of competitors when engaged in *foreign competition*. Therefore, surplus value is transferred from the poorer to the richer nations's bourgeoisies.

According to Dussel, competition transfers surplus value via the equalization of prices, not of values: First, different values of the commodities produced by different capitals are, second, placed face to face in competition; this leads, third, to the prices of the competing commodities becoming equalized and, thus, to the averaging of profits because of the averaging of prices. But fourth, this results in

the more developed capital obtaining for its commodities a higher price than their value and, by contrast, in the less developed capital accruing a lower price for their commodities than their value.<sup>45</sup>

This leads Dussel to redefine dependency theory in terms of Marx's economic theory:

Dependency ... consists of an international social relation among bourgeoisies possessing national total [*globales*] capitals at different degrees of development. In the framework of competition, the less developed total national capital is socially *dominated* (relation among persons), and in the final analysis, it *transfers surplus value* (the essential *formal* moment) to the more developed capital, which realizes it as extraordinary profits. <sup>46</sup>

This seems to me the fundamental economic condition that grounds both, the drive of important sectors of the intelligentsia of the core countries towards the widespread extension of formal democracy, but also their intolerance towards the intensification and extension of democratic mechanisms, so that they include a global redistribution of income.