

# OVEREXPLOITATION OF THE WORKFORCE AND CONCENTRATION OF WEALTH: KEY ISSUES FOR DEVELOPMENT POLICY IN BRAZILIAN PERIPHERAL CAPITALISM

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**Abstract:** This article aims to work out transformational proposals for development policies in Brazil sustained by Ruy Mauro Marini's analysis of the nature of peripheral capitalism in Latin America. In his analysis, superexploitation is constituted as a category showing the structural conditions of capitalism in Latin America, which tend to reproduce. In his most important work—*Dialectics of Dependence* (1973 [2000])—Marini shows that this very specific Latin American capitalism is deformed as compared to that observed in advanced countries. In this case, superexploitation does not impair the reproduction of labor power, but it limits the dynamics of accumulation through the extraordinary concentration of income and wealth. Considering that the political stance of Marini is clearly revolutionary, the proposals are valid only as an exegesis of his thought, and are not presented as a result of its theoretical propositions. The idea is to associate superexploitation and concentration of wealth, showing that the *sui generis* nature of peripheral capitalism represents a concentration of wealth and income much higher than that observed in developed capitalism.

**Key words:** peripheral capitalism; Latin America; superexploitation; concentration of wealth; development policy

So far therefore as labor is a creator of use-value, is useful labor, it is a necessary condition, independent of all forms of society, for the existence of the human race; it is an eternal nature-imposed necessity, without which there can be no material exchanges between man and nature, and therefore no life.

(Marx 1996, Chapter 1, Section 2: 172)

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## Introduction

The adverse living conditions endured by workers are illustrated by Marx in various passages of his works, especially those in which he treats early English industrial capitalism in the nineteenth century. These conditions may possibly be interpreted as overexploitation, serving to highlight circumstances that in principle would be unsustainable, because they are insufficient to reproduce the work force over the long term. In this case, overexploitation occurs when the wage level is consistently below the cost of reproduction of labor power and through increases in the length of the working day.

Overexploitation is at the center of Marini's interpretation of the nature of peripheral capitalism in Latin America. In his most important work—*Dialectics of Dependence* (1973 [2000])—Marini shows that this specific type of Latin American capitalism is deformed in comparison to that in advanced countries. In such cases, overexploitation is constituted as a category reflecting elements of the limited dynamic range of accumulation given by the recurrent extraordinary concentration of income and wealth.<sup>1</sup>

In this context, Marini's policy options are clearly revolutionary. Still, there are aspects of his works that confront the policies of the state and government in several respects. Such is the case with the articles "Dialectic of Capitalist Development in Brazil" (1966 [2000]) and "The Crisis of Developmentalism" (1994 [2010]). Although clearly maintaining the revolutionary perspective, these articles suggest that there is room for tactical reformist actions that can decrease the burden of dependency.

This article aims to reveal those structural determinations of the historical development of Brazil that can be sustained by Marini's analysis of the nature of peripheral capitalism in Latin America, and that will allow the discussion of proposals for transformative policies. Its intent is to associate overexploitation and concentration of wealth, showing that the *sui generis* nature of peripheral capitalism corresponds with concentration of income and wealth above that observed in developed capitalism.

The text is organized into three sections besides this introduction. The first is a comparison between the status conferred by Marini on the concept of overexploitation and the one that can be extracted from the analysis of Marx. In the second, there is a proposal to update Marini's definition of overexploitation. In the third, there is a discussion of the implications of overexploitation for the distribution of income, wealth and dependence in Brazil, and its effects on the dynamics of accumulation. Finally, there is a brief concluding summary.

## The Meanings of Overexploitation in Marx and Marini

The idea of overexploitation is not explicit in Marx's *Capital*.<sup>2</sup> The theme of the exploitation of labor power appears in the discussion of the law of value in the opening chapter on commodities and is revisited by Marx in different moments over the remaining chapters of Book I, particularly in Section III of Chapter VII, which deals with the rate of surplus value. The following passage from Chapter I reflects very well the importance of the topic:

At first sight a commodity presented itself to us as a complex of two things—use value and exchange value. Later on, we saw also that labor, too, possesses the same twofold nature; for, so far as it finds expression in value, it does not possess the same characteristics that belong to it as a creator of use values. I was the first to point out and to examine critically this twofold nature of the labor contained in commodities. As this point is the pivot on which a clear comprehension of political economy turns, we must go more into detail. (Marx 1996, Chapter 1, Section 2: 171)

The examination is done in detail, with instructive and exhaustive explanations of the distinctive nature of labor power, the commodity from which profit is derived. The issue revolves around the duality of the cost of reproduction of labor power and its social use by the capitalist. The following passage from *Wages, Price and Profit*, a text that was written before *Capital* but which appears in the 1996 edition, goes straight to the point:

[...] But there are some peculiar features which distinguish the value of labor power, or the value of labor, from the values of all other commodities. The value of labor power is formed by two elements—the one merely physical, the other historical or social. Its ultimate limit is determined by the physical element, that is to say, to maintain and reproduce itself, to perpetuate its physical existence, the working class must receive the necessaries absolutely indispensable for living and multiplying. The value of those indispensable necessaries forms, therefore, the ultimate limit of the value of labor. On the other hand, the length of the working day is also limited by ultimate, although very elastic boundaries. Its ultimate limit is given by the physical force of the laboring man. If the daily exhaustion of his vital forces exceeds a certain degree, it cannot be exerted anew, day by day. However, as I said, this limit is very elastic. A quick succession of unhealthy and short-lived generations will keep the labor market as well supplied as a series of vigorous and long-lived generations. Besides this mere physical element, the value of labor is in every country determined by a traditional standard of life. (Marx 1996, Wage, Labor and Capital, section XIV)

To summarize: the value of the product equals the amount of work required for its production. The work is performed by the worker, who sells his labor to the capitalist according to its reproductive value. The difference between the value of the commodity and the value of labor power is surplus value. From the relationship between surplus value and the value of labor power Marx calculates the rate of exploitation.

Carcanholo (2012) shows that from Marx's proposition, it follows that the purchase of labor power gives the capitalists the legal and social right to use labor power as they wish. Thus for Carcanholo the term exploitation means use of labor power. Thus, it would not be incorrect to say that the exploitation rate can also be understood as the labor power utilization rate, a meaning that is not always noticed by Marx's readers.

The broader purpose of Marx's *Capital* is to reveal the economic laws of bourgeois society in the historical context of the consolidation of industrial capitalism, particularly in England, the country in which Marx lived when he was writing *Capital*. The political context was one of bourgeois revolution in several European countries; thus, the aim of the work was politically useful to the lower classes:

[...] In *Capital*, the author's purpose was to reveal the economic law of bourgeois society, or in a different formulation, the laws of the birth, development and death of the capitalist mode of production. At a time when the mechanistic view was prevalent in the physical sciences, Marx was able to free himself from this concept and formulate economic laws as trend laws. That is, as laws determining the course of phenomena in the midst of opposing factors that cause variations, deviations, and interim mitigations. (Gorender 1996: xxviii)

On the other hand, the historical context in which Marini formulates his interpretation of the nature of peripheral capitalism is the hegemony of developmentalism in Latin America, usually stimulated by military dictatorships. According to Marini's autobiography,<sup>3</sup> the theoretical basis of the *Dialectics of Dependence* (1973) was laid in the second half of the 1960s and early 1970s, the transition period between what Marini calls his first and second exile (Mexico and Chile).

Developmentalism can be understood as an ideology that provides the intellectual basis for social projects of the ruling class.<sup>4</sup> In economics, developmentalism was supported by proposals of the United Nations' Economic Commission for Latin America and the Caribbean (ECLAC), an agency that legitimized economic modernization without endangering capitalism.

Indeed, ECLAC was placed in the context of critical theories of development of the post-World War II era.<sup>5</sup> However, Marini's intent was to discuss the international integration of economies in Latin America, taking import/export tariffs and prices as an empirical element. Many economists held that capitalist development would

not be feasible in Latin America unless there was a change in the international division of labor that prevailed until the 1940s. The economic policies that might enable this historic change were supportive of industrialization.

It is important to note that Marini contested this possibility. He understood that industrialization did not generate transformation in what was for him the mark of underdevelopment, i.e., overexploitation of the workforce.

So, it is fair to say that Marini's conceptions of dependent capitalism are the result of two influences. The first is the product of his social situation, his life trajectory as a radical militant who made a conscious choice to struggle politically for social transformation. The second is the theoretical debate between Marini and organizations that offered counterpoints to his views; this includes aspects of the programs of the Advanced Institute of Brazilian Studies (ISEB), ECLAC and the Communist Party of Brazil.<sup>6</sup>

Concretely and historically, the originality of Marini lies precisely in his introduction of overexploitation of the labor force as an analytical category. His critical view of capitalism is entirely sustained by Marx, but Marini was cognizant of geographical and social conditions that allowed him to see clearly that capitalist development did not occur evenly and did not completely subvert all aspects of earlier modes of production. Instead, the historical process of capitalist development was created out of the existing structures of domination, so that capitalist societies had specificities much more relevant than at first suggested by the reading of *Capital*, and particularly the *Communist Manifesto*.<sup>7</sup>

From this conviction comes the theory of dependent capitalism in Latin America:

Instead of following this reasoning, and remaining faithful to my principle that underdevelopment is the other face of development, I analyzed the conditions under which Latin America had been inserted into the world market and how this integration: a) worked for the world capitalist economy, and b) changed the Latin American economy. In general, the export economy, which arises in the mid-nineteenth century in the pioneer countries (Chile and Brazil), appeared, from this perspective, as the process and outcome of a transition to capitalism, an outcome that is born with the marks of a particular international division of labor. If this can be accepted, the transfers of value that were derived therefrom could not be seen as an anomaly or a hindrance, but rather as a consequence of the very legality of the global market and as a spur to the development of capitalist production in Latin America. This rests on the basis of two assumptions: abundance of natural resources and overexploitation of labor (which presupposes abundance of labor). The first assumption could result in mono-production, the second is one of the main indicators of underdeveloped economies. Coming late to industrialization was determined by the internal and external relations of production, shaped on the basis of these premises. In my view this answered the fundamental question, namely how

capitalism affected the heart of the Latin American economy. Regarding the formation of surplus value, I started to worry about the transformation of this into profit and its particularities. Some indications referring to the point reached in my research are contained in the text and other works written at this time, but I just really solve the problem a few years later in Mexico. (Marini, *Memories*, available at [http://www.marini-escritos.unam.mx/002\\_memoria\\_es.htm](http://www.marini-escritos.unam.mx/002_memoria_es.htm); accessed January 21, 2012)

It is important to recognize that overexploitation is not just an intense exploitation (use), as was mentioned previously. It is important also because the fundamental aspect of overexploitation requires revisiting Marx's explanation of surplus value.

According to Marx, the value at which commodities are exchanged is given by the amount of labor necessary for their production. Production is the result of human effort in the production process, which under capitalism is done by the worker who sells his labor to the capitalist. The workforce is a type of differentiated merchandise that leads to the creation of profits derived from the production process. The workforce is paid for its cost of reproduction, i.e., the amount of commodities necessary for the reproduction of the worker as such. The capitalist uses the worker for a certain period of time during which the worker's productive capacity and his ability to produce value are appropriated. The difference between the amount paid and extracted in the production process is the surplus value or surplus labor.

A possible meaning of overexploitation in Marx is the breaking of the basic features governing economic exchanges based on the law of value. The limits to the extraction of surplus value in Marx's exposition are a result of the limits of the working day and the cost of reproduction of labor power. Marx's historical analysis of the evolution of working hours shows that the historical conditions in Britain and other European countries were very adverse.

The Factory Act of 1850 now in force (1867) allows for the average working day of 10 hours, i.e., for the first 5 days 12 hours from 6 a.m. to 6 p.m., including  $\frac{1}{2}$  an hour for breakfast, and an hour for dinner, and thus leaving  $10\frac{1}{2}$  working-hours, and 8 hours for Saturday, from 6 a.m. to 2 p.m., of which  $\frac{1}{2}$  an hour is subtracted for breakfast. 60 working-hours are left,  $10\frac{1}{2}$  for each of the first 5 days,  $7\frac{1}{2}$  for the last. (Marx 1996: 163)

Marx shows in his chapter on the workday that in many cases there were no legal limits, and even in the presence of limits, inspectors' factory reports show that the laws were circumvented or ignored. In such cases, Marx refers to a ravenous impulse for more work, but does not call this overexploitation, likewise in regards to underpayment for the reproduction of labor power.

It is not inappropriate to call overexploitation the extension of limits to the production of surplus value defined by the length of the working day and the cost of

reproduction of labor power. However, it must be remembered that this is a different connotation from that found in Marx. Marini's analysis is as follows:

We have seen that the problem of unequal exchange in Latin America is not specifically to oppose the transfer of value, but to offset a loss of surplus value and, unable to stop it at the level of market relations, the reaction of the dependent economy is to compensate for it in terms of production. The increased intensity of work appears in this perspective as an increase in capital gains, achieved through greater exploitation of the worker and not an increase of its productive capacity. The same could be said of the prolongation of the working day, i.e. the increase in absolute surplus value in its classical form; unlike the first, it is here simply to increase the surplus labor time, which is the time in which the worker is still producing after having created an amount equal to the means of subsistence for their own consumption. It should be observed, finally, a third procedure, which is to reduce the workers' consumption beyond their normal limit by which "the necessary background of the worker becomes in fact, within certain limits, a background for the accumulation of capital," implying a specific way to increase the surplus labor time. (Marini 2000: 123–124)

The proposition of the dialectic of dependency is based, therefore, on the identification of a specific form of the development of global capitalism—the spreading of capitalism from a central core.<sup>8</sup> This propagation of capitalism stems from a pattern of consumption that engenders an international division of labor. It is grasped in the dialectic of developed and underdeveloped societies and directed to actualize the potential of the capitalist mode of production.<sup>9</sup>

The condition of overexploitation is found in different historical contexts and social formations. However, in Latin America this condition was not only present but also reproduced, which gives it a sense of historic specificity. The reasons for this are found in passages of Marini's texts dealing with the economic basis of monoculture and the abundance of labor.

### **Overexploitation in the Historical Conditions of 21st Century Brazil**

The category of overexploitation was controversial from the moment it began to be used to characterize contemporary Latin American capitalism—1960s onwards.

As we have seen, the cost of reproduction of labor power is the sum of the value of the commodities necessary to restore the general condition of the worker. This would be equivalent to the minimum cost required to reproduce both the energy of the worker spent in the production process as well as the living conditions of the worker throughout his life, and taking into account the historical, political and cultural conditions of each society. Overexploitation is established when the

remuneration of work is below this value, the determination of which must consider the length of the working day and the intensity of the work.<sup>10</sup>

The controversy is partially grounded in the Marxist method itself. In Marx's exposition, the interpretation of the nature of capitalism is made in the abstract. This theoretical approach is gradually applied to concrete historical conditions, hence the challenge of explaining overexploitation in light of the peculiarities of concrete national conditions.

In short, Marx says:

The seventeenth-century economists, for example, always took as their starting point the living organism, the population, the nation, the State, several States, etc., but analysis led them always in the end to the discovery of a few decisive abstract, general relations, such as division of Labor, money, and value. When these separate factors were more or less clearly deduced and established, economic systems were evolved which from simple concepts, such as labor, division of labor, demand, exchange-value, advanced to categories like State, international exchange and world market. The latter is obviously the correct scientific method. The concrete concept is concrete because it is a synthesis of many definitions, thus representing the unity of diverse aspects. It appears therefore in reasoning as a summing-up, a result, and not as the starting point, although it is the real point of origin, and thus also the point of origin of perception and imagination. (Marx 1996: 218–219)

In the Marxist perspective, the proposition has to do with the actual historical development, which poses problems for overexploitation as a category. Marini made a major effort to clarify his proposal within the debate on dependence, especially in direct confrontation with Fernando Henrique Cardoso.<sup>11</sup> However, his best passages and arguments are still found in *Dialectic of Dependency*:

Well, the three mechanisms identified—the intensification of work, the extension of working hours and the expropriation of part of the work required by the worker to replace his capacity to work—configure a mode of production based solely on the further exploitation of the worker and not the development of its productive capacity. This is congruent with the low level of development of productive forces in the Latin American economy, but also with the types of activities that take place therein. In fact, more than in manufacturing, where an increase of at least one product entails higher expenses for raw materials; in the quarrying industry and agriculture the effect of the increase is much less acute, for it is possible, by the simple action of man on nature, to increase the wealth produced without additional capital. It is understood that in such circumstances the productive activity is mainly based on extensive and intensive use of labor, which adds to the increased degree of exploitation of labor.



It should be noted also that in the three mechanisms considered, the essential characteristic is found in the fact that the employer refuses to provide the employee with the conditions necessary to renew his capacity to work: in the first two cases, because the worker is bound to an expenditure of labor power above what he should deliver normally, thus causing premature exhaustion, the latter because the worker is denied the possibility to consume what is necessary to maintain his capacity to work in a normal state. In capitalist terms, these mechanisms, which usually work in combination, mean that the work is remunerated below its value, which indicates overexploitation of labor. (Marini 2000: 125–126)

So, it is suggested that the core of controversy was less the abstract definition of overexploitation, and much more its historical expression as a defining element of capitalism in Latin America. The finer points of the discussion focus on possible evidence of overexploitation as an historic trend, for example, of Brazilian development, besides the reproduction of this condition in the context of global capitalist development.<sup>12</sup> In this case, it is the discussion on the importance of the transfer of surplus value from Latin America to the center of capitalism, thus accelerating the dynamics of accumulation.

For purposes of this article, the discussion must be situated in the historical context of the hegemony of neoliberalism from 1990 onward. This is being done with increasing impact, especially in academic circles. In addition to publication in Portuguese of the *Dialectic of Dependency* in 2000, there are at least three publications essential to understanding the scope of the discussion. The first is a work by James Osorio (2004), *Critique of Vulgar Economy*. Osorio was cited by Marini in his memoirs as one of the authors who sought to advance the understanding of overexploitation.

A second book, *Ruy Mauro Marini: Life and Work* by Roberta Traspadini and João Pedro Stédile (2005), resumes the discussion of Marini as part of an effort to politicize militants under the *Movimento Sem Terra* (Without Land Movement) and to popularize Marini's works in Portuguese. Finally, a third book edited by E. Sader, T. dos Santos, C. E. Martins and A. S. Valencia, *Latin America and the Challenges of Globalization* (2009), includes essays by Marini and offers an assessment of Marini's historical significance.

One way to resume the discussion in the historical context of the 1990s onward is to examine some parts of the historical discussion between Marini and Fernando Henrique Cardoso:

The purpose of my "critics" is to demonstrate that the unequal exchange, as I analyze it, does not lead dependent countries to react against it by appealing to the overexploitation of labor (though this is not the primary cause, as already indicated). [...] they

are determined to prove that my reasoning is absurd in the sense that Latin American exports of food, by reducing the value of variable capital and increasing as a consequence the composition of capital value, exacerbates the downward trend of the profit rate in the advanced capitalist countries. For this purpose, and utilizing even mathematics, the "Misadventures"<sup>13</sup> show that reducing the variable capital grows the mass and rate of surplus value, and therefore of profit. What is obvious say our "critics" is that it "would not be logical to assume, moreover, that as V decreases, thanks to Latin American exports of food, C would have to increase" [...] No, it is not at all logical to assume that because variable capital decreases, constant capital must increase. However, my unfortunate "critics," the point of departure is strictly the opposite: the export of Latin American food is accomplished under conditions of the European industrial revolution. These exports facilitate reduction of the variable capital needed to increase productivity on the basis of the increase of constant capital; they do not hold down the rate of profit (DD, p. 26). As indicated in the text, this corresponds to the dynamic insertion of Latin America into the global division of labor imposed by modern industry, which allows core countries to focus on advanced manufacturing production and to neglect agricultural production. The production of industrial raw materials then becomes the specialty of the peripheral countries. [...] (Marini 2000: 175–176)

This discussion does not always directly reference the overexploitation of the labor,<sup>14</sup> but the dynamics of capitalist development and the global integration of economies depend on it. There does not seem to be any controversy regarding the adverse conditions of labor in Latin America. The controversy lies in explaining its structural reproduction under the extensive industrialization process that occurred in Latin America in the 1950s and 1960s.

In a distortion of my analysis, the "Misadventures" use not only the inversion method, but also addition. So, they consider that I suppose the Latin American production for export has increased "in conditions of decreasing or stagnant productivity," which is not in any of my texts. *The only thing maintained is that, regarding exchanges conditioned by the clear technological superiority of the advanced countries, dependent economies should make use of a compensation mechanism, allowing the increase of the mass of value and realized gain, as well as its taxation, in order to oppose, at least partially, the loss of surplus value that they have hitherto had to accept as well as the mechanism which brings this about, namely the overexploitation of labor.* This explains the strong development of the export economy in Latin America despite the unequal exchange between the peripheral and core countries. It is reasonable to assume that my "critics" do not intend, considering the transfer of value that this implies, that the Latin American economies should react by raising their level of technology at a pace equal to that made in the advanced countries. This does not imply in any way that their productivity has stagnated or declined, but that it is always

behind the advanced countries. Nor is it necessary to derive from what was said what was not said: the overexploitation of labor is encouraged by unequal exchange, but it is not derived from it. Overexploitation grows out of the fever for profit that creates the world market and is based primarily on the formation of a relative surplus population. Once set in motion, an economic process based on overexploitation awakens a mechanism of monstrous wickedness that, far from decreasing, is accentuated by the drive to increase productivity through technological development. (Marini 2000: 176–177) (Emphasis ours)

As pointed out in Carcanholo (2012), the discussion of the status of overexploitation leads to an interpretation of Latin American capitalism that was proposed by Marini. Taking overexploitation as a category, Marini considers it essential to the characterization of dependent capitalism. The methodological procedure is a change in level of abstraction in relation to Marx; it is a concrete rather than abstract approach.<sup>15</sup>

As seen, the overexploitation of labor cannot be regarded as a category in Marx, even at the level of abstraction at which he was working in *Capital*. Differentially, the Marxist theory of dependency, at lower level of abstraction in relation to Marx, understands the specificity of dependent capitalism through this category. As said before, we intend to show now that overexploitation is not just a set of mechanisms that lead to an increase in the rate of surplus value, but, moreover, it is a central category—in fact the most important category—in the Marxist theory of dependence. (Carcanholo 2012: 8)

The possible empirical observation of overexploitation was central to Marini's reading of the constitution of Brazilian capitalism and to his dialogue with other interpretations. This seems possible through the historical distance of the present analysis in relation to the theoretical and political debate in which Marini participated.

It is important to note that the discussion that occurred in the 1970s and 1980s was highly politicized. This has two aspects. The first is the tone of argument in the article by Serra and Fernando Henrique Cardoso, where the work of Marini is blatantly dismissed. The second is the prohibition on reading Marini's texts in graduate programs in economics, especially (and surprisingly) in those few programs considered heterodox (Almeida Filho 2011).<sup>16</sup>

Apart from the use of overexploitation of the labor force as a central interpretive category, Marini is quite prominent in the theory of countries who are “latecomers” to capitalism (Mello 1985); thus, his influence is widespread in Brazil (Almeida Filho 2011). In both cases, his aim is to show how advanced capitalism develops in Brazil, the country taken to reflect the possibilities of the region in which it is the largest economy in terms of population, territory and production potential.

In Mello (1985), the characterization of Brazilian capitalism hinges upon two important features of its origin: as a colonial economy linked to mainland Portugal and by the point in time when the transition to advanced capitalism occurred, understood as the point when the conditions of production became specifically capitalist. This moment is marked by the abolition of slavery and the emergence of wage labor as the dominant norm of the production process. It is assumed that the conditions for transition between forms of work will have repercussions for the constitution of the labor market. Thereafter, the analysis is entirely formulated in terms of the process of capital accumulation in abstraction from the class struggle inherent in capitalism.

For Marini, these initial conditions also include the overexploitation of labor, understood in the broad sense of systematic payment of labor power below its value. So for him the class struggle is at the center of the analysis and at the center of the dynamics of Brazilian development.

One of the polemical points in the current context is precisely the transition and extensive presence of overexploitation in a period when the productive forces are being revolutionized and the differentiation of industries and productive occupations is proceeding apace. The measure of the value of Marx's labor power was applied at different levels, in such a way that the existence of extensive overexploitation became controversial. It was even more difficult to ascribe overexploitation to the advanced stage of capitalist production.

A simple idea that we should remember here is that wage compression, in the proportion in which it occurred, was not due solely to an inexorable logic of the economy of "dependent capitalism" which would have obeyed blindly the political repression which actually took place and set aside the possibilities of organization and protest of the popular sectors. Certainly, given the correlation of forces that seized power in 1964, there were "structural" limits on possible solutions to the economic crisis of 1963–64. But it was those reactionary forces and the considerable weakness of trade unions and political groups that led to the wage squeeze and "antisocial" economic policies. And as the economy found the road to recovery in terms of a lower wage level "embedded" in their schemes of accumulation, it became much more difficult to promote any significant change in the policy previously adopted, especially since it was coming from the "top down." Even after 1968 and until 1973, at the very height of the economic "miracle," with inflation nearly stabilized and GDP growing at a very high rate, strong wage restraint remained an official policy, eventually making improvements in this area subject to "market forces," and not due to government policy (which remained restrictive); union actions and social protests followed upon these policies as wages become more repressed than ever before. (Serra and Cardoso 1978: 75)

For this reason, it is argued here that the account of the historical elements of overexploitation needs to be expanded by drawing a level of abstraction at which the conditions of the formation of the Brazilian state, and therefore the scope of its policies, are clearly accounted for. This is because it is essential to describe the historical conditions of overexploitation, of the period in which overexploitation indisputably began its development through use of pre-capitalist inheritances such as compulsory labor. It gained its structural contours in the Republican period, especially after 1930. Thereafter, the Brazilian State fulfilled the typical functions of a capitalist state.

It is important to remember that the ancient and primary industrial base—born simultaneously with the success of the coffee economy—was the prisoner of a completely outdated labor-management model characterized by the absence of public regulation of labor and intercapitalist competition. Therefore, we highlight the role of public regulation of labor at that time in Brazil, because it was consolidated just as industrial activity gained national space, leaving the background activities in the rural areas.

Until the 30s, for example, the industrial employer absorbed virtually all of the reproduction cost of its employees from the final price of the product or service sold. As a kind of inheritance of the period of slavery, industrial employees had virtually all of their reproduction costs internalized in the production structure, meaning, in most cases, the company took responsibility for establishing and maintaining, in addition to salaries, the so-called workers' villages (housing, education, health, welfare and assistance, among other costs).

From the Revolution of 1930, when the project of industrialization was established, a project that was already delayed in comparison with the original phases of industrialization that occurred in the centers of global capitalism, much of the cost of reproduction of the workforce was outsourced from the internal structure of the production company. In other words, besides food and clothing, the monthly wage received by the urban employee also had to cover living expenses, security and welfare, education and health, among others.

In this sense, the problem of the reproduction of the labor force gained importance in defining the minimum wage (introduced in 1940) and the tax structure designed with a view to funding by the state of public policies on education, health, welfare and assistance. However, this potentially new articulation of the social forces failed to provide a comprehensive social protection system associated with the advancement of the urban-industrial base. In fact, we established a social protection system of a meritocratic and individualistic nature, geared solely to employees with a formal contract. As most of the working class was in the fields, only the urban employees have benefited from the minimum wage as well as the social and labor legislation (Consolidation of Labor Laws). (Pochmann 2004: 7–8)

Therefore, the thesis of the existence of overexploitation as a mark of Brazilian capitalist development requires broader determinations than those originally put in place by Marini. On the other hand, it is certain that the changing nature of the labor market in Brazil is subject to the process of transition to advanced capitalism, and that this same process has important implications for the distribution of wealth.

### **Implications of Overexploitation for the Distribution of Income, Wealth and Dependence, and Its Effects on the Dynamics of Capital Accumulation in Brazil**

In *Capital*, the issue of the distribution of wealth (income) is treated in terms of the social relations of production, i.e., in terms of class conflict. The dynamics of accumulation follows structural elements of the process of production values, given the rate of exploitation and technical progress. The synthesis of these elements is given in the categories of productive forces and social relations of production. The characteristics of these elements form a pattern of reproduction of capital, which indicates the potential scale of the concrete production process.<sup>17</sup>

These are fundamental to understanding the nature of capitalism and its form of social reproduction. Additionally, they are sufficient to show the characteristic of wealth concentration that is immanent in the production process.

Nevertheless, the social debate on the distribution of income and wealth is historically established in Brazil on a different field, the level of which can be defined as the level of economic dynamics.<sup>18</sup> The direct influence of Marxist thought was small, because at that time the political and social confrontation was focused on the ideological struggle, with markedly adverse conditions for advocates of socialism, and even for the advocates of a more profound reform of Brazilian capitalism. The focus of the discussion revolved around the question of interpreting empirical data about the concentration of income provided by the 1970 Census. These data, when compared to data from the Census of 1960, clearly showed an increasing concentration of wealth.<sup>19</sup>

It is important to say that economic dynamics is a theoretical level regarding the movement of capital, in which other elements are taken as subordinate. This means abstracting, for purposes of analysis, some of the contradictory relations internal to the movement of capital, particularly the class struggle, which central to the Marxian analysis, and placing emphasis on the autonomous movement of capital.

Capital reveals [...] a dual character: one antagonistic and the other progressive. Its antagonistic character comes from the very social relationship that underlies it: capital is based on the appropriation of working time; it is opposed to the worker in a "hostile and antagonistic" way, and it reproduces him as wage worker. Capital is, on the other

hand, progressive, because its goal, the appropriation of the maximum value, assumes full appropriation of unpaid labor, which implies the maximum development of the productive forces and, therefore, the maximum accumulation. This "production for the sake of production," this tendency toward "absolute development of the productive forces," this "progressive accumulation" thus constitutes an immanent law of the system of capitalist production, in the sense that it can be deduced and united with the very concept of capital as value that is valorized through the appropriation of unpaid labor. (Mazzucchelli 1985: 20)

Thus the dynamic movement can be understood as the level of competition between capitals, where the broader elements exposed by Marx to apprehend the dialectics of the mode of production itself, are advanced in their concreteness by being applied within the boundaries of National States.<sup>20</sup> There are many who suggest that this is a plan in which the contributions of other authors are essential:

[...] To start from the conceptual determinations of capital is to achieve a double objective. On the one hand, through the inclusion of competition and its determination to establish the foundations of the theory of capitalist dynamics is a task that cannot dispense with the contributions of Keynes, Kalecki, Schumpeter and Steindl, among others. The fact that these authors use a theoretical framework that is sometimes strange to Marx is in fact of little interest: what matters is that its results are part of a plan—of competition—something not studied systematically by Marx, and about which there are no few references to the need for a "special investigation." (Mazzucchelli 1985: 10)

In general, discussions of economic dynamics, despite the macroeconomic integration of economies, are best done at the level of particular societies.<sup>21</sup> This is precisely the case in the debate about the concentration of income and wealth in Brazil.

In Tavares (1975), there is a discussion of the structural reasons for the recurring process of concentration of income and wealth that occurred in Brazil in the 1970s.<sup>22</sup> The thesis is that it reflects structural elements, which operated as a result of the historical process of industrialization and transition to capitalism.

In addition to her own contribution, Tavares was sustained by Kalecki's interpretation of the differences between the dynamics of accumulation of developed and underdeveloped capitalist economies. In Kalecki (1980), the substantive reason for the differentiation between these two dynamics is linked to the existence of different pathways of development under capitalism.<sup>23</sup>

According to Kalecki, in advanced countries, historical development brings gradual convergence of the consumption of workers and capitalists, thereby increasing the scale of the market and thus the accumulation process at the national

level. In the underdeveloped countries, on the contrary, the segmentation of the consumption of the two classes is reproduced, thus limiting the domestic market. It is a configuration of two patterns of accumulation.

According to Tavares (1975: 37), the pattern of accumulation is defined as the link between the specific dynamic process of differentiation of the productive structure (investment) and a certain structure of income distribution.<sup>24</sup> Although the phenomenon motivating the discussion is the development of Brazilian capitalism, the discussion is intended to be more general, encompassing all the countries of Latin America.

To demonstrate this, Tavares points out that in any industrialized economy, even if undeveloped, we can detect at least two productive sectors—consumer commodities and producer commodities—where the solution to the opposition between profits and wages takes place in an accumulation process in which intersecting relationships are key. Understanding this process in each historically conditioned concrete accumulation pattern requires the identification of the basic relationships, inherent in the process of accumulation, between the structure of production and the distribution of income, and the way in which the conditions of systemic reproduction reinstate or modify this articulation of the basic productive structure.

Also, according to Tavares, this process cannot be captured by Marx's reproduction schemes, which show essentially the conditions for the possibility of "balance" (compatibility) between the production and realization of surplus value, given the distribution of income between wages and profits, and assuming a constant rate of capital accumulation. These schemes allow one to work with the abstract laws of the constitution and reproduction of the capitalist mode of production, but there is no indication of how the historical movements of accumulation allow changes in the very pattern of accumulation to occur.

Tavares's option is to use the basic schemes of reproduction to reach a vision of how modifications occur to the basic characteristics of the endogenous articulation between income distribution and accumulation in different historical patterns of accumulation. The idea is to seek forms in which the contradiction between production and realization of a surplus is resolved dynamically, taking into account the emphasis of technical progress and the accumulation process in each of the three great departments of the economic expansion.

The formulation is based on Kalecki's schemes of reproduction, where D1 produces capital or investment goods; D2 produces consumption goods for capitalists; and D3 produces consumption goods for workers. Here the scheme is done at market prices rather than value, which permits a view of the intersectoral reallocation of profits (transfer of surplus value) both through the change in relative prices between departments, and via capital transfers.



This feature of Brazilian economic development and, by extension, Latin American development, was not adequately discussed. As a formulation down to the level of capital accumulation, the focus is on the level of competition and the stricter dynamics of capital in abstraction from class struggle.

But the class struggle is essential to understanding the extraordinary nature of the process of concentration of income and wealth that occurs in Brazil and Latin America.<sup>25</sup> This is precisely the focus of the work of Ruy Mauro Marini. In emphasizing the overexploitation of labor as a distinctive feature of the capitalist development of Brazil and Latin America, he intended to show a level of social inequality far above that which is inherent in capitalism as a social order.

It is argued here that the assertion of a particular character of the concentration of income, based on evidence of overexploitation of the workforce, inserts one more important element into the discussion of the possibilities of capitalist development in the periphery, independent of any relevance that the concept of overexploitation may (and certainly does) have for the dynamics of accumulation in the center of capitalism.

## Conclusion

This article reviews the formulation of the overexploitation of labor as a mark of peripheral capitalism in Latin America in terms developed by Ruy Mauro Marini. The review is done with emphasis on the effects of overexploitation on economic dynamics and the process of capital accumulation on the national level. Thus, we propose a formulation of this approach with others that deal specifically with economic dynamics.

The justification for this proposition is placed on the failure of analyses of Brazilian development that are partially based in Marx and more heavily based in Keynes and Kalecki. Although these analyses are important for understanding the nature of the Brazilian process of transition to capitalism, they disregard essential aspects necessary for understanding the nature of the particularly unequal Brazilian development.

For Marini, the condition of overexploitation is registered in different historical contexts and social formations. However, in Latin America this condition was clearly present and reproduced, thus giving it a sense of historical and geographical specificity. The reasons are presented in transcribed passages of Marini's texts related to the economic basis of monoculture and the abundance of skilled labor.

However, the thesis of the existence of overexploitation as a mark of Brazilian capitalist development, as well as in other social formations, requires determinations broader than those originally offered by him. This article notes the importance of incorporating the dimension of the regulation and operation of the State due to its

decisive role in the dynamics of capital and therefore in the reproduction of the extraordinary conditions of concentration of income and wealth.<sup>26</sup>

In this sense, the article implicitly argues that there are elements still to be worked out, especially if the intention is to affirm the existence of overexploitation as having contemporary relevance for understanding economic development in Brazil and Latin America.

## Notes

1. As is well said in Hirsch (2010: 209–217), the limitation of scale imposed by the workers' underconsumption can be overcome by capitalist consumption (especially for consumer commodities production). However, there are likely to be dynamic effects of this as discussed later in this article.
2. This is mentioned by scholars who study Marini's thought. See, for example, Osorio (2004: 90).
3. In fact, it is a Descriptive Memorial, UNB's academic requirements for the process of his reintegration after his return to Brazil.
4. See Fonseca (2004).
5. See Bonente and Almeida Filho (2008), Almeida Filho and Corrêa (2011) and Bonente (2011).
6. For a good review of the visions in dispute, in the 1960s in Brazil, see Bresser-Pereira (1985, cap1.—Six Interpretations of Brazil), available at <http://www.bresserpereira.org.br/papers/1982/82-SeisInterpretacoes.p.pg.pdf> (accessed March 8, 2012).
7. See Arrighi (2008).
8. In Arrighi (1995), there is a formulation of this idea, defining the Organic Nucleus of Capitalism, formed by the countries that have defined the direction of global development in the last fifty years.
9. Development, in this precise sense, is the range of all possible dimensions of capitalist society. Bonente (2011) shows Marx's ontological development, keeping the potential meaning of privatization of all aspects of capitalist society. This way of understanding the development of capitalism in Marx can deduce limits to development, which are not permanent but that engender crises in social formations globally and nationally.
10. As we shall see later, there are historical changes affecting these two elements, particularly the intensity of work that has occurred since the 1970s and especially in the 1990s.
11. See "The reasons for neodesenvolvimentismo (response to Fernando Henrique Cardoso and Serra)," Marini (2000: 167–242).
12. This article reproduces a debate confined to Brazilian development, considering the origin of the contenders and the importance of Brazil in Latin America.
13. Reference to a brief text critical of Marini's propositions is "Misadventures of the Dialectic of Dependency," Jose Serra and Fernando Henrique Cardoso, written in January 1978, available at [http://www.cebrap.org.br/v1/upload/biblioteca\\_virtual/as\\_desventuras\\_da\\_dialectica.pdf](http://www.cebrap.org.br/v1/upload/biblioteca_virtual/as_desventuras_da_dialectica.pdf) (accessed January 22, 2012).
14. As is shown in Carcanholo (2012), it would be better to say "overexploitation of the workforce." Apparently, Marini is making a structural reference to Latin American capitalism, hence the reference to the overexploitation of labor, a product of class domination.
15. This change in abstraction level is pointed out in Osorio (2004: 90): "The categories and relationships that work [capital] are the starting point to discuss the organization of analysis units less abstract (or concrete), but it does not do it entirely. Hence the need for new categories in order to analyze the capitalist world system, patterns of reproduction of capital, socio-economic formations and conjuncture. [...] The notion of superexploitation explains the way in which dependent economies reproduce capital in the context of developing such systems. His treatment, such as imperialism or categories for the analysis of conjuncture, will not be found in the work of Marx, because the units of analysis that they express are not addressed in *Capital*."

16. The work of both Ruy Mauro Marini and Theotônio dos Santos is better known in other Latin American countries like Mexico, Chile, Argentina, Venezuela and Cuba than in Brazil. This piece of information is in the preface to “Dialectics of Dependence” written by Emir Sader as the introduction to Marini (2000).
17. “The pattern of reproduction of capital points to the ways in which the capital is set out in specific historical periods and determined geographical-economic social areas, being regions or social economic formations. In this sense the pattern of reproduction of capital is a category that allows for mediation between general levels of analysis and less abstract or historical levels. In this sense, it uses conceptual and methodological levels present in the abstract, but claims of categories and methodologies that are proper” (Osorio 2004: 36).
18. This is a contentious issue that divides authors who take shelter in the Marxist perspective. In Possas (1989) there is a proposition defining the object of Marx in *Capital*, arguing that grasping the more general nature of the movement of capital—a form of reproduction of capitalist society—is not sufficient to account for the actual dynamics. “(...) The important thing to note here is the impossibility of reducing the real dynamics, in its more concrete theoretical determinations, to the mere ‘expression’ outside of one or more laws of motion” (1989: 24). The author’s proposition is to define, beyond the object of Marx in *Capital*, the object of Economic Dynamics, i.e. the movement of the accumulation level of the plurality of capitals, where the nature of the monetary economy (Keynes) is privileged. Osorio (2004: 90) calls this a cyclical plan.
19. See Malta (2011: 196–199).
20. This feature was more important until the 1970s. Thereafter, with the progress of the financialization of capitalist development and the growing integration of national economies, the macroeconomic scale became virtually identified with economic dynamics.
21. It is important to note that we are referring to a debate that occurred in the context of critical thinking in its various forms. This debate has achieved orthodoxy, but then the discussion was set in the apparent level of the process of income concentration and so is not important for this article.
22. The debate was established at the disclosure of data from the Brazilian Census of 1970. A comparison of these data with those of the Census of 1960 showed income concentration. The Brazilian military governments diffused a favorable image of Brazilian development. The book edited by Tollipan and Tinelli (1975) condenses different views of this phenomenon.
23. This is an interpretation because he only deals with two groups of economies, developed and underdeveloped. Thus follows the idea of a global capitalist economic divide between these two groups. It must be noted that the theoretical work of Kalecki was done in a historical period of geopolitical and ideological polarization of the world, so the issue is with regard to the framework of capitalism, although we know of his concerns about underdeveloped socialist economies.
24. This definition and its ramifications are better explained by Almeida Filho (1993).
25. There are references to this phenomenon in several works of Brazilian development interpreters—Caio Prado Jr, Francisco de Oliveira, Celso Furtado, Maria da Conceição Tavares, Ignacio Rangel, Fernando Henrique Cardoso—and also in more recent works—Arandia (1992), Almeida Filho (1994), Cardoso and Pochmann Jr (2000), Ferreira (2000), among others. Therefore, it is a structural phenomenon that affects decisively the dynamics of accumulation in Brazil.
26. The book by Joachim Hirsch (2010)—*Materialist Theory of the State*—is surely a reference to this embodiment. He maintains that: “The state apparatus is the field where it generates a regulation—by force or by consensus—of class relations, and where a policy of capital may appear relatively consistent which exceeds the existing competitive relationships. In the State system are reflected both the competitive capitalist relations and antagonistic class relations. This can result in an expansive dynamic which is not a direct product of the economic interests of valorization, as in the case of social consensus achieved by means of projections on the external enemy, or when internal legitimacy problems are offset by external aggression. That is, ‘trade’ may completely follow the flag” (2010: 215–216).

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