

Dependency and Development in Latin America

The theory of imperialist capitalism, as is well known, has so far attained its most significant treatment in Lenin's works. This is not only because Lenin attempts to explain transformations of the capitalist economies that occurred during the last decade of the 19th century and the first decade of the 20th, but mainly because of the political and historical implications contained in his interpretations. In fact, the descriptive arguments of Lenin's theory of imperialism were borrowed from Hobson's analysis. Other writers had already presented evidence of the international expansion of the capitalist economies and nations. Nevertheless, Lenin, inspired by Marx's views, was able to bring together evidence to the effect that economic expansion is meaningless if we do not take into consideration the *political* and *historical* aspects with which economic factors are intimately related. From Lenin's perspective, imperialism is a new form of the capitalist mode of production. This new form cannot be considered as a *different* mode of economic organization, in so far as capital accumulation based on private ownership of the means of production and exploitation

of the labour force remain the basic features of the system. But its significance is that of a new *stage* of capitalism. The historical 'momentum' was a new one, with all the political consequences of that type of transformation: within the dominant capitalist classes, new sectors tried to impose their interests and ideologies; the State, the Army and all basic social and political institutions were redefined in order to assure expansion abroad. At the same time new types of liberation and social struggles came onto the historical scene—the colonial liberation movements and the fight against 'trade unionism', the latter a struggle against an initial form of working class compromise with the bourgeoisie made possible by the exploitation of the colonial world.

From that broad picture of a new historical stage of capitalist development Lenin inferred new political tasks, tactics and strategies for socialist revolution.

Lenin's Characterization of Imperialism

The main points of Lenin's characterization of imperialism that are essential to the present discussion can be summarized as follows:

a) the capitalist economy in its 'advanced stages' involves a concentration of capital and production (points that were well established by Marx in *Capital*) in such a way that the competitive market is replaced in its basic branches by a monopolistic one.

b) this trend was historically accomplished through internal differentiation of capitalist functions, leading not only to the formation of a financial stratum among entrepreneurs but to the marked prominence of the banking system in the capitalist mode of production. Furthermore, the fusion of industrial capital with financial capital under the control of the latter turned out to be the decisive feature of the political and economic relations within capitalist classes, with all the practical consequences that such a system of relations has in terms of state organization, politics and ideology.

c) capitalism thus reached its 'ultimate stage of development' both internally and externally. Internally, control of the productive system by financiers turned the productive forces and the capital accumulation process toward the search for new possibilities for investment. The problem of 'capital realization' became in this way an imperative necessity to permit the continuing of capitalist expansion. In addition there were internal limits that impeded the continuous reinvestment of new capital (impoverishment of the masses, a faster rate of capital growth than that of the internal market, and so on.) *External outlets* had to be found to ensure the continuity of capitalist advance and accumulation.

d) the increased and increasing speed of the development of productive forces under monopolistic control also pushed the advanced capitalist countries toward the political control of foreign lands. The search for control over *raw materials* is yet another reason why capitalism in its monopolistic stage becomes expansionist.

In short, Lenin's explanations of why advanced capitalist economies were impelled toward the control of backward lands, was based on two main factors. One stressed movements of capital, the other outlined the productive process. Both were not only linked to each other but also related to the global transformation of the capitalist system that had led to the control of the productive system by financiers. It is not difficult to see that such modifications deeply affected state organization and functions as well as the relationships among nations, since a main thrust of capitalist development in the stage of imperialism was toward the territorial division of the world among the leading capitalist countries. This process guaranteed capital flows from the over-capitalized economies to backward countries and assured provision of raw materials in return.

Imperialism and Dependent Economies

From that perspective, the consequence of imperialism with respect to dependent economies and nations (or colonies) was the integration of the latter into the international market. Inequality among nations and economies resulted from imperialism's development to the extent that import of raw materials and export of manufactured goods were the bases of the imperialist-colonial relationship. The reproduction and amplification of inequality between advanced economies and dependent economies developed as a by-product of the very process of capitalist growth.

Certainly, Lenin was aware of particular types of interconnections, as in Argentina and other economies dependent on Great Britain, where local bourgeoisies controlled sectors of the productive system creating more complex patterns of exploitation. The same was true with respect to the political aspects of dependency in those countries where the state tried to defend the national bourgeoisie against imperialist pressures.

Nevertheless, from the theoretical point of view, as a mode of exploitation, imperialism should tend to restrict the economic growth of backward countries to mineral and agricultural sectors in order to assure raw materials for the advanced capitalist nations in their drive for further industrialization. For the same reasons the indigenous labour force could be kept at low wage and salary levels. By that means the dominant central economies were assured of cheap raw material prices. Consequently, in colonized or dependent nations, internal markets did not have any special strategic significance.

Of course, in terms of 'capital realization', selling products abroad had importance. But even so, the main imperialistic tie in terms of direct capital investment was oriented toward the concession of loans to the dependent State or to private local entrepreneurs. In both cases, however, political and financial guarantees were assured by the State or the administration of the receiver country.

In short, imperialist profit was based on unequal trade and financial exploitation. The latter could be measured by the increasing indebted-

ness of exploited economies to the central economies. The former was evidenced through the different types of products exchanged, i.e. raw materials for manufactured goods. This process of exploitation of the indigenous labour force thus insured an unevenness in both types of economies. Moreover, technological advances in the industrial sectors of central economies provided a high level of exploitation, increasing the relative surplus value extracted through a continuously advancing technology of production (leading in turn to unevenness of the rate of organic composition of capital), while in the dominated economies the direct over-exploitation of labour prevailed in the productive system.

Politically, this type of economic expansion thus reinforced colonial links, through wars, repression and subjugation of peoples that previously were not only marginal to the international market, but were culturally independent and structurally did not have links with the Western world. Such were the African and Asian regions where nations, in spite of previous commercial-capitalist expansion, remained largely untouched in terms of their productive systems.

Latin America from the beginning was somewhat different in its links to the imperialist process. It is true that this process of colonialistic penetration obtained with respect to some countries (mainly the Caribbean nations). Yet throughout most of Latin America, the imperialistic upsurge occurred by way of a more complex process, through which Latin American countries kept their political independence, but slowly shifted from subordination to an earlier British influence to American predominance.

Ownership of the productive system was the site of the main differences. Some Latin American economies, even after imperialist predominance, were able to cope with the new situation by maintaining proprietorship of the local export economy in the hands of native bourgeoisies. Thus in some countries (such as Argentina, Brazil, Uruguay, Colombia, Chile), the export sector remained at least to some extent controlled by the local bourgeoisie and the links of dependence were based more on trade and financial relations than directly on the productive sectors. In some countries the internal financial system was itself mainly dominated by internal bankers, and financial dependence was based on international loans contracted, as noted above, by the State or under State guarantees¹.

In spite of numerous political and economic variations, Lenin's basic picture remained valid: the internal market of Latin American countries grew in a limited way during the period of the first imperialist expansion; the industrial sector was not significantly expanded; external financial dependence grew enormously; raw materials including food-stuffs constituted the basis of export economies.

At the same time not only were the majority of Latin American

¹ See, F. H. Cardoso, and E. Faletto, *Dependencia y Desarrollo en America Latina*, Mexico, 1972.

countries unable to keep control of the export sector, but some of the countries that had previously retained dominance of raw materials or food production, now lost that capacity (as in the Chilean mineral economy).

New Patterns of Capital Accumulation

In spite of the accuracy of Lenin's insights as measured against historical events during the first half of the century in many parts of the world, some important recent changes have deeply affected the pattern of relationship between imperialist and dependent nations. These changes demand a reappraisal of emergent structures and their main tendencies. Even if these modifications are not so deep as the shift that enabled Lenin to characterize a new stage of capitalism during the period of imperialist expansion, they are marked enough to warrant a major modification of the established analyses of capitalism and imperialism. Nevertheless, contemporary international capitalist expansion and control of dependent economies undoubtedly prove that this new pattern of economic relationships among nations remains imperialist. However, the main points of Lenin's characterization of imperialism and capitalism are no longer fully adequate to describe and explain the present forms of capital accumulation and external expansion.

With respect to changes that have occurred within the more advanced capitalist economies (chiefly the rise of monopoly capital and corporate enterprise) there are some consistent analyses. Baran and Sweezy's works, as well as those of Magdoff, Mandel and O'Connor, come to mind. These offer a comprehensive body of descriptive and explanatory material showing the differences between capitalism now and during Lenin's life.

In spite of some recent criticism, Baran and Sweezy argued convincingly (and Sweezy's article on 'The Resurgence of Financial Control: Fact or Fancy?'² helps to affirm that conviction) that corporations operate as a quasi-self-sufficient units of decision and action vis-à-vis capital accumulation. Hence previous notions of banking control over industry need to be rethought. Similarly, the conglomerate form of present big corporations and the multinational scope of the production and marketing adds considerable novelty to the capitalist form of production.³

These transformations (and we are only suggesting some of the principal ones which affect all processes of capitalist transformation) have led to important consequences that have been already analysed by the authors noted, as well as others. These writers stress, for instance, the increasing secular growth of profit rates under administered prices in a monopoly system. Of course, this is a central point in Marxian theory and in Lenin's analysis. Yet now important modifica-

² See, P. Sweezy, 'The Resurgence of Financial Control: Fact or Fancy?' *Socialist Revolution*, No. 8, Vol. 2, No. 2, March–April 1972, pp. 157–192.

³ See, H. Magdoff, and P. Sweezy, 'Notes on the Multinational Corporation' in Fann and Hodges, *Readings in U.S. Imperialism*, Boston, 1972, pp. 93–116.

tions, such as those mentioned, alter the type of political response that the capitalist system is able to produce in order to cope with the challenging situations created by its expansion.

It is equally necessary to approach the problem of surplus realization with a fresh perspective. In this connection some authors have considered the strengthened ties between militarist expansion and the reinforcement of military control over society, through a war economy, as the basic means of capital realization. As a second argument, but a still important factor, State expenditures in welfare are emphasized as alternative outlets for capital accumulation.

Though the adequacy of this analysis may be questioned, Marxist authors have carried out a fairly comprehensive *economic* reinterpretation of the mode of functioning of monopoly capitalism. The same is not true, however, when one considers the *political* aspects of the problem and especially the *politico-economic* consequences of monopoly capitalism in dependent economies. Let us start with the last aspect of the question.

New Forms of Economic Dependency

Recent figures demonstrate (see Tables I and II) that foreign investment in the new nations and in Latin America is moving rapidly away from oil, raw materials and agriculture and in the direction of the industrial sectors. Even where the bulk of assets continues to remain in the traditional sectors of imperialist investment, the rate of expansion of the industrial sector is rapid. This is true not only for Latin America but also for Africa and Asia.

The point is not only that multinational corporations are investing in the industrial sectors of dominated economies, instead of in the traditional agricultural and mineral sectors. Beyond that, even when 'traditional' sectors of dependent economies, they are operating in technically and organizationally advanced modes, sometimes accepting local participation in their enterprises. Of course, these transformations do not mean that previous types of imperialistic investment, i.e. in oil

TABLE I
Growth of the American direct investment—1929 to 1968

	VALUE U.S. \$ 10 ^P				RATE OF GROWTH		PER CENT OF PARTICIPATION		
	1929	1950	1960	1968	1950-60	1960-68	1950	1960	1968
<i>All Regions</i>	9,5	11,8	31,9	64,8	10,4	9,3	100	100	100
Canada	2,0	3,6	11,2	19,5	12,0	7,2	31	36	30
Latin America	3,5	4,6	8,4	13,0	6,2	5,6	39	26	20
Europe	1,4	1,7	6,7	19,4	14,7	12,4	14	21	30
Other areas	0,6	1,9	5,6	12,9	11,4	11,0	16	17	20
<i>Sectors</i>									
Manufacturing	1,8	3,8	11,1	26,4	11,3	11,5	32	35	41
Oil	1,1	3,4	10,8	18,8	12,3	7,2	29	34	29
Mining	1,2	1,1	3,0	5,4	10,6	7,6	9	9	8
Others	3,4	3,5	7,0	14,2	7,2	9,3	30	22	22

SOURCE: *Survey of Current Business*; ECLA analysis.

In F. Fajnzylber, *Estrategia Industrial y Empresas Internacionales*, United Nations, ECLA, Rio, November 1971.

or metals, are disappearing, even in the case of the most industrialized dependent economies, i.e., Argentina, Brazil and Mexico in Latin America. However, the dominant traits of imperialism in those countries, as the process of industrialization continues, cannot be adequately described and interpreted on the basis of frames of reference that posit the exchange of raw material for industrialized goods as the main feature of trade, and suppose virtually complete external ownership of the dependent economies' means of production.

Even the mineral sector (such as manganese in Brazil, copper in Chile during Frei's government, or petro-chemicals in various countries) is now being submitted to new patterns of economic ownership. The distinguishing feature of these new forms is the joint venture enterprise, comprising local state capital, private national capital and monopoly international investment (under foreign control in the last analysis).

As a consequence, in some dependent economies—among these, the so called 'developing countries' of Latin America—foreign investment no longer remains a simple zero-sum game of exploitation as was the pattern in classical imperialism. Strictly speaking—if we consider the purely economic indicators—it is not difficult to show that *development* and *monopoly penetration* in the industrial sectors of dependent economies are not incompatible. The idea that there occurs a kind of development of underdevelopment, apart from the play on words, is not helpful. In fact, *dependency*, *monopoly capitalism* and *development* are not contradictory terms: there occurs a kind of *dependent capitalist development* in the sectors of the Third World integrated into the new forms of monopolistic expansion.

TABLE II
Percentage of United States direct investments in
manufacturing compared with total US
direct investment (%)

YEARS	TOTAL FOR LATIN				OTHER COUNTRIES
	AMERICA	ARGENTINA	BRAZIL	MEXICO	
1929	7	25	24	1	4
1940	8	20	29	3	3
1946	13	39	39	21	6
1950	18	45	44	32	7
1952	21	50	51	43	1
1955	22	51	51	45	7
1956	22	51	50	46	8
1959	17	43	53	47	7
1960	19	45	54	49	8
1961	20	43	54	50	7
1962	22	51	56	51	8
1963	24	55	59	55	8
1964	26	57	67	59	9
1965	29	62	67	64	11
1966	31	63	68	64	12
1967	32	63	67	66	13
1968	34	64	69	68	14

SOURCE: *Survey of Current Business*, several numbers. *U.S. Investments in Latin America*: ECLA analysis.

In F. Fajnzylber, op. cit., p. 204.

As a result in countries like Argentina, Brazil, Mexico, South Africa, India, and some others, there is an internal structural fragmentation, connecting the most 'advanced' parts of their economies to the international capitalist system. Separate although subordinated to these advanced sectors, the backward economic and social sectors of the dependent countries then play the role of 'internal colonies'. The gap between both will probably increase, creating a new type of dualism, quite different from the imaginary one sustained by some non-Marxist authors. The new structural 'duality' corresponds to a kind of internal differentiation of the same unity. It results directly, of course, from capitalist expansion and is functional to that expansion, in so far as it helps to keep wages at a low level and diminishes political pressures inside the 'modern' sector, since the social and economic position of those who belong to the latter is always better in comparative terms.

If this is true, to what extent is it possible to sustain the idea of *development* in tandem with dependence? The answer cannot be immediate. First of all I am suggesting that the present trend of imperialist investment allows some degree of local participation in the process of economic production. Let us indicate a crucial feature in which present and past forms of capitalism differ. During the previous type of imperialism, the market for goods produced in dependent economies by foreign enterprise was mostly, if not fully, the market of the advanced economies: oil, copper, coffee, iron bauxite, manganese, etc., were produced to be sold and consumed in the advanced capitalist countries. This explains why the internal market of dependent economies was irrelevant for the imperialist economies, excepting the modest portion of import goods consumed by the upper class in the dominated society.

Today for G.M. or Volkswagen, or General Electric, or Sears Roebuck, the Latin American market, if not the particular market in each country where those corporations are producing in Latin America, is the immediate goal in terms of profit. So, at least to some extent, a certain type of foreign investment needs some kind of internal prosperity. There are and there will be some parts of dependent societies, tied to the corporate system, internally and abroad, through shared interests.

On the other hand, and in spite of internal economic development, countries tied to international capitalism by that type of linkage remain economically dependent, insofar as the production of the means of production (technology) are concentrated in advanced capitalist economies (mainly in the US).

In terms of the Marxist scheme of capital reproduction, this means that sector I (the production of means of production)—the strategic part of the reproductive scheme—is virtually non-existent in dependent economies. Thus, from a broad perspective, the realization of capital accumulation *demands* a productive complementarity which does not exist within the country. In Lenin's interpretation the imperialist economies needed external expansion for the realization of capital accumulation. Conversely, within the dependent economies

capital returns to the metropole in order to complete the cycle of capitalist reproduction. That is the reason why 'technology' is so important. Its 'material' aspect is less impressive than its significance as a form of maintenance of control and as a necessary step in the process of capital accumulation. Through technological advantage, corporations make secure their key roles in the global system of capital accumulation. Some degree of local prosperity is possible insofar as consumption goods locally produced by foreign investments can induce some dynamic effects in the dependent economies. But at the same time, the global process of capitalist development determines an interconnection between the sector of production of consumption goods and the capital goods sector, reproducing in this way the links of dependency.

One of the main factors which explained imperialist expansion in Lenin's theory was the search for capitalist investment. Now since foreign capital goes to the industrial sector of dependent economies in search of external markets, some considerable changes have occurred. First, in comparison with expanding assets of foreign corporations, the net amount of foreign capital actually invested in the dependent economies is decreasing: local savings and the reinvestment of profits realized in local markets provides resources for the growth of foreign assets with limited external flow of new capital. This is intimately related to the previously discussed process of expansion of the local market and it is also related to the mounting of 'joint ventures' linking local capitalists and foreign enterprise. (See Table III).

Secondly, but no less important, statistics demonstrate that dependent economies during the period of monopolistic imperialist expansion are *exporting* capital to the dominant economies.

As a reaction against that process, some dependent countries have tried to limit exportable profits. Nevertheless, international corporations had the foresight to sense that the principal way to send returns abroad is through the payment of licenses, patents, royalties and related items. These institutional devices, together with the increasing indebtedness of the exploited nations vis-a-vis international agencies and banks (in fact controlled by the big imperialist countries), have altered the main forms of exploitation.

It is not the purpose of this presentation to discuss all the consequences of this for a monopoly capitalist economy. However, some repercussions of the new pattern of imperialism on the US and other central economies are obvious. If a real problem of capital realization exists under monopoly capitalism, the new form of dependency will increase the necessity to find new fields of application for the capital accumulated in the metropolitan economies. Witness the push toward more 'technical obsolescence' administered by corporations. Military expenditures are another means of finding new outlets for capital.

Nevertheless, I am not considering the whole picture. In fact, some of these conclusions might change if the capital flows and trade interrelations among advanced capitalist economies were taken into consideration. Thus the preceding remarks are presented with the single

TABLE III
Sources of Investment

AREAS AND SECTORS	1957/1959			1960/1962			1963/1965			1957/1965		
	Source of Investment			Source of Investment			Source of Investment			Source of Investment		
	IF	LF	USF	IF	LF	USF	IF	LF	USF	IF	LF	USF
<i>All Areas</i>												
Total	0,52	0,22	0,26	0,57	0,24	0,19	0,48	0,32	0,20	0,52	0,27	0,21
Mining	0,46	0,13	0,41	0,63	0,20	0,17	0,68	0,26	0,06	0,60	0,20	0,20
Oil	0,48	0,23	0,29	0,61	0,15	0,24	0,43	0,29	0,28	0,50	0,23	0,27
Manufg.	0,57	0,24	0,19	0,53	0,30	0,17	0,49	0,35	0,16	0,51	0,32	0,17
<i>Canada</i>												
Total	0,57	1,13	0,30	0,70	0,12	0,18	0,64	0,22	0,14	0,64	0,17	0,19
Mining	0,40	0,20	0,40	0,52	0,14	0,34	0,75	0,23	0,02	0,58	0,19	0,23
Oil	0,42	0,24	0,34	0,66	0,11	0,23	0,58	0,18	0,24	0,55	0,18	0,27
Manufg.	0,77	0,01	0,22	0,81	0,11	0,08	0,63	0,24	0,13	0,71	0,15	0,14
<i>Latin America</i>												
Total	0,50	0,17	0,33	0,71	0,23	0,06	0,60	0,31	0,09	0,59	0,24	0,17
Mining	0,46	0,01	0,43	1,08	0,26	-0,34	1,04	0,13	-0,17	0,78	0,14	0,08
Oil	0,57	0,09	0,34	1,06	0,01	0,07	0,96	0,14	-0,10	0,79	0,08	0,13
Manufg.	0,36	0,40	0,24	0,38	0,40	0,22	0,38	0,40	0,22	0,38	0,40	0,22
<i>Europe</i>												
Total	0,44	0,37	0,19	0,42	0,30	0,28	0,40	0,38	0,22	0,41	0,35	0,24
Mining	—	-0,50	0,50	1,25	-0,50	0,25	0,32	0,23	0,45	0,44	0,04	0,52
Oil	0,30	0,44	0,26	0,33	0,18	0,49	0,22	0,40	0,38	0,27	0,35	0,38
Manufg.	0,52	0,33	0,15	0,46	0,35	0,19	0,47	0,37	0,16	0,48	0,36	0,16
<i>Other Areas</i>												
Total	0,58	0,23	0,19	0,51	0,29	0,20	0,38	0,35	0,27	0,46	0,23	0,23
Mining	0,82	-0,18	0,36	0,48	0,30	0,22	0,29	0,41	0,30	0,40	0,31	0,29
Oil	0,57	0,23	0,20	0,55	0,24	0,21	0,36	0,28	0,36	0,47	0,26	0,27
Manufg.	0,56	0,29	0,15	0,43	0,39	0,18	0,42	0,42	0,16	0,44	0,39	0,17

IF = Internal Funds (Reinvestment of profits and depreciation funds)

LF = Local Funds, or funds coming from third countries

USF = Funds coming from the United States

SOURCE: *Survey of Current Business*, several issues, analysed by ECLA

In F. Fajnzylber, op. cit., p. 65

aim of stressing that the present trend of capital export from the under-developed countries to the imperialist ones leads to a redefinition of the function of foreign expansion for capital realization.

The idea that the growth of capitalism depends on Third World exploitation requires some further elaboration. In fact, the main trends of the last decade show that Latin American participation in both the expansion of international trade and investment is decreasing. If we accept the distinction between two sectors of international trade—the Centre and the Periphery—one finds that the trade rate of growth was 7.9 per cent per year in the central economies and 4.8 per cent in the peripheral ones. As a consequence, exports of the peripheral economies which reached a peak in 1948 (32 per cent of the international trade) decreased to 26 per cent in 1958 and to 21 per cent in 1968 (below the 28 per cent of the pre-war period). In the Latin American case this participation decreased from 12 per cent in 1948 to 6 per cent in 1968.⁴ The same is happening with respect to the importance that the

⁴ These data and analyses can be found in Anibal Pinto and Jan Knakel's interesting paper 'El sistema centro-periferia 20 años después', ECLA, 3rd version, 11-11-71, pp. 14 and following.

periphery has for US investments. The periphery absorbed 55 per cent of the total US direct investment in 1950 and only 40 per cent in 1968. Latin American participation in this process fell in the same period from 39 per cent to 20 per cent.

Of course, these data do not show the increase of 'loans and aid' which—as was stressed before—has been of increasing importance in economic imperialism. However, the fact that the interrelations among the most advanced economies are growing cannot be utilized as an argument to infer the 'end of imperialism'. On the contrary, the more appropriate inference is that the relations between advanced capitalist countries and dependent nations lead rather to a 'marginalization' of the latter within the global system of economic development (as Anibal Pinto has outlined).⁵

Some Political Consequences

The new forms of dependency will undoubtedly give rise to novel political and social adaptations and reactions inside the dependent countries. If my analysis is correct, the above mentioned process of fragmentation of interests will probably lead to an internal differentiation that in very schematic terms can be suggested as follows. Part of the 'national bourgeoisie', (the principal one in terms of economic power—agrarian, commercial, industrial or financial) is the direct beneficiary, as a junior partner, of the foreign interest. I refer not only to the direct associates, but also to economic groups that benefit from the eventual atmosphere of prosperity derived from dependent development (as is easily demonstrated in Brazil or Mexico). The process goes further and not only part of the 'middle-class' (intellectuals, state bureaucracies, armies, etc.) are involved in the new system, but even part of the working class. Those employed by the 'internationalized' sector structurally belong to it.

Of course, structural dependence does not mean immediate political co-option. Effective political integration of groups and persons depends on the political processes, movements, goals and alternatives that they face.

Nevertheless, as the process of internationalization of dependent nations progresses, it becomes difficult to perceive the political process in terms of a struggle between the Nation and the anti-Nation, the latter conceived as the Foreign Power of Imperialism. The anti-Nation will be inside the 'Nation'—so to speak, among the local people in different social strata. Furthermore, to perceive that, in these terms, the Nation is an occupied one, is not an easy process: there are very few 'others' in cultural and national terms physically representing the presence of 'the enemy'.

I do not wish to give the impression that I conceive the political process in a mechanistic way. Consequently, my intention is not to 'derive' some

⁵ A comprehensive and pioneer analysis on new forms of imperialism can be found in J. O'Connor, 'The Meaning of Economic Imperialism', Radical Education Project, Detroit. See also H. Alavi, 'Imperialism, Old and New', *Socialist Register* 1964.

political consequences from a structural economic analysis. Rather, the point is that most socialist interpretations of the Latin American political situation not only run in that direction but also assume the wrong structural point of departure.

Some more general remarks can be summarized thus:

a) Analysis which is based on the naive assumption that imperialism unifies the interests and reactions of dominated nations is a clear oversimplification of what is really occurring. It does not take into consideration the internal fragmentation of these countries and the attraction that development exerts in different social strata, and not only on the upper-classes.

b) The term 'development of underdevelopment' (in A. G. Frank) summarizes another mistake. In fact, the assumption of a structural 'lack of dynamism' in dependent economies because of imperialism misinterprets the actual forms of economic imperialism and presents an imprecise political understanding of the situation. It is necessary to understand that in specific situations it is possible to expect *development* and *dependency*.

It would be wrong to generalize these processes to the entire Third World. They only occur when corporations reorganize the international division of labour and include parts of dependent economies in their plans of productive investment.

Thus the majority of the Third World is not necessarily involved in this specific structural situation. To assume the contrary will lead to political mistakes equivalent to those derived from, for instance, Debray's analysis of Latin America. Debray once accepted the view that imperialism homogenized all Latin American countries (with one or two exceptions) and assumed a frame of reference which stressed the old fashioned type of imperialist exploitation with its attendant reinforcement of oligarchic and landlord-based types of dominance.

Now, I am assuming that there are different forms of dependency in Latin America and that in some of them, development produces a shift in internal power, displacing the old oligarchical power groups and reinforcing more 'modern' types of political control. In that sense, the present dictatorships in Latin America, even when militarily based, do not express, by virtue of pure structural constraints, a traditional and 'anti-developmental' (I mean anti-modern capitalism) form of domination.

It is hardly necessary to repeat that from the left's point of view there are strong arguments to maintain its denunciation of both new forms of imperialism or dependency and political authoritarianism. But clearly, new political analyses are needed to explain the bureaucratic-technocratic form of authoritarian state which serves the interests of the internationalized bourgeoisie and their allies.

In this context, and in order to avoid a mechanistic approach, a correct

orientation of the struggles against capitalist imperialism demands special attention to cultural problems and the different forms of alienation.

If the capitalist pattern of development in industrialized dependent countries pushes toward internal fragmentation and inequalities, values related to national integrity and social participation might be transformed into instruments of political struggle. To permit the State and bourgeois groups to command the banner of nationalism—conceived not only in terms of sovereignty but also of internal cohesion and progressive social integration—would be a mistake with deep consequences. I am not supproting the idea that the strategic (or revolutionary) side of dependent industrialized societies is the 'marginalized sector'. But denunciation of marginalization as a consequence of capitalist growth, and the organization of unstructured masses, are indispensable tasks of analysis and practical politics.

For this reason it is not very realistic to expect the national bourgeoisie to lead resistance against external penetration. Consequently, denunciation of the dependency perspective cannot rest on values associated with bourgeois nationalism. National integrity as cited above means primarily popular integration in the nation and the need to struggle against the particular form of development promoted by the large corporations.

In the same way that trade unionism may become a danger for workers in advanced capitalist societies, development is a real ideological pole of attraction for middle class *and workers'* sectors in Latin American countries. The answer to that attractive effect cannot be a purely ideological denial of economic progress, when it occurs. A reply must be based on values and political objectives that enlarge the awareness of the masses with respect to social inequalities and national dependency.