

THE DISTINCTIVE IMPORTANCE OF THE STATE IN A DEPENDENT CAPITALIST ECONOMY

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1. Introduction

In the Marxist Dependency Theory, the fundamental and decisive characteristic of the dependent economies of Latin America is the dominance of superexploitation of the labor force. This characteristic presents diverse implications, one of which is highlighted by this article – in the sphere of circulation of capital, the existence of superexploitation of the labor force as the dominant characteristic will require a greater relative scale of productive and unproductive expenses of the capitalists for each level of growth because the expenses on consumption of the workers will be relatively lower through the lower relative wage/salary levels.

The hypothesis of the article is that in the Latin American economies, this greater demand of capitalist expenses is supplied in a significant manner by resources and actions of the State. The reasons may be found in the technical and financial limitations of the units of capital that operate in these economies, as well as in characteristics of the operation of the State itself, historically in solidarity with the private interests of fractions of capital, although without necessarily constituting a State monopoly.²

To investigate this theme, the article is organized in three sections. In the first of them, superexploitation is discussed based on Marxist categories, showing that in the concrete conditions of the Brazilian economy, for example, it is possible to represent dominance in this manner, extending it, by analogy and historical elements, to the other economies of Latin America. In the second section, the dynamic implications are discussed for an economy in which there is the dominance of superexploitation of the labor force. Finally, in the third section, the repercussions for the organization and operation of the State are indicated, including a specific form of “dispossession” in the sense conferred to the term by Harvey (2004).³

2. Superexploitation and dependency

Superexploitation of the labor force is an idea that may be found in the works of Marx including his main work *Das Kapital (Capital)*, but without the distinctive condition of the status of a category.⁴ Nascimento et alli (2013) register diverse passages from the

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² We are referring to the Leninist theory of the State which conceives it in strict organic relationship to large monopoly capital. See Lenin (1983).

³ As will be detailed below, “dispossession” in Harvey has a meaning similar to primitive accumulation, although it is, for him, a process inherent to historical capitalist development.

⁴ See Carcanholo (2013). He argues that the concept of superexploitation is central to the approach of Marini (2000) because it consists of the distinctive elements of dependent Latin American capitalism. However, superexploitation is not the point of departure of the analysis but is the fruit of the insertion of the economies in the region in global capitalism and of the intercapitalistic competition that is established

Book I in which Marx deals with historical situations of his time in which working conditions extremely distant from those minimally necessary for reproduction of the labor force prevail. However, he (Marx) does not refer to “superexploitation”, but to “dispossession” or to “brutal and crude conditions” of exploitation.

Therefore, apparently, “superexploitation” in Marx suggests a transitory situation because there is disproportionate exposition of the unequal conflict of classes, which is not functional to the process of capitalist development. For this social order, the appearance of justice will be fundamental to ensure the conditions of reproduction of society, regulated by the State and private institutions (Hirsch, 2010).

In the sphere of the “Theory of Value”, commodities are traded for values equivalent to the social labor incorporated necessary for their production. As is known, the labor commodity is unique because it is not a commodity that is produced. Its value is established in proportion to the commodities necessary for reproduction of the laborer, not only his vital energy, which equips him for daily labor, but also of the conditions necessary for his reproduction as a laborer, with social integration and life horizon.

According to Marx, these conditions of reproduction of the laborer are historically and socially determined, such that social development, upon modifying conditions of life, also comes to alter the value of the labor commodity in each society or social group.

This definition of the value of the labor force is of immense importance for the entire interpretation that it makes of nature in the capitalist mode of production since it is based on this that the origin of profit is precisely defined: the laborer is paid for the value of his labor force, the sum of abstract labor contained in the commodities of his basket of consumption of social reproduction, while from this labor force, a greater quantity of labor is extracted, the surplus labor, which explains the origin of profit. Thus, the commodity produced by labor and sold consists of a portion of paid labor and another of unpaid labor.

Because of the importance of this definition for the theoretical solidity of the understanding of Marx, there have been various controversies regarding the pertinence and ramifications of the proposition. Some of the controversies are due to the lack of attention to the different levels of abstraction that the Marxist analysis presents because it is affirmed that this formulation would not have the explanatory capacity for a developed industrial economy with a highly differentiated market and, therefore, with a complex wage/salary profile. It would only give a more general reference as of which other contributions would be indispensable.⁵

Nevertheless, it is here understood that the intention is to show essential elements in the determination and differentiation of wages/salaries in the labor market as of which a concrete qualification may be formulated.

In terms of the above definition, superexploitation would be an extraordinary situation in which the wages/salaries would be insufficient to ensure reproduction of the labor force. From it, there would be the theoretical and historical implication of shortening

at this level by portions of the global wealth produced. Superexploitation is fruit of the fragility of the regional capital resources in ensuring the value of their capital without imposing losses on the worker.

⁵ See Mazzuccheli (1985)

the life of the laborer, which would only be functional to the system in the face of a virtually unlimited labor supply.

Marini (1973), upon seeking to establish the characteristics specific to dependent Latin American capitalism, formulates the condition of superexploitation as an intrinsic condition, a result of the manner in which capitalism is established in the region. In this case, superexploitation has the status of a category, indispensable for understanding the nature of dependent Latin American capitalism.

This structural characteristic of superexploitation presents difficulties for empirical survey precisely by the definition itself of Marx, who, as we saw, considers calculation of the value of the labor force dependent on specific historical conditions of each society and of each historical period. In addition, capitalist development engenders increasingly complex societies, making the sphere of the economy, of labor organization and of its specific market likewise more complex, particularly in respect to the differentiation of categories of laborers and productive segments.

Thus, to advance upon the level of abstraction in which Marx formulates the question of the value of the labor force and in which the possibility of superexploitation is presented requires delimitation of national societies, for it is in this sphere that rules arising from the jurisdiction of the Nation States prevail. Evidently, the nature of the global system as unequal and hierarchical is presupposed.

Specifically in the case of the Brazilian economy, the social reference regarding minimum living conditions, possible in the degree of development of the society, has been calculated by a non-governmental organization created in 1955 by the Brazilian labor movements, the DIEESE – Departamento Intersindical de Estatística e Estudos Econômicos (Interunion Department of Statistics and Economic Studies). This body calculates the Minimum Wage/salary Necessary (Salário Mínimo Necessário - SMN), which consists of the value of the minimum income of a worker which is sufficient, in terms of Brazilian legislation in effect, to support to a family with four people, two adults and two children.⁶ The official minimum wage/salary has a level which is much below this level calculated by the DIEESE.⁷ See Table 1 below.

Table 1 – Minimum Wage/salary and Minimum Wage/salary Necessary

Period	Value of the minimum wage/salary in current R\$ (A)	Value of the minimum wage/salary necessary in current R\$ (B)	Mean monthly remuneration of employees in the formal labor market (C)	B/A	B/C
2012	622.00	2561.47	-	4.12	-
2011	545.00	2329.35	1967.94	4.27	1.18
2010	510.00	2227.53	1911.85	4.37	1.17

⁶ The methodology of calculation of the Minimum Wage/salary Necessary may be found in <http://trovatore.dieese.org.br/metodologia/metodologiaCestaBasica.pdf>, accessed on 01/17/2013. The legislation which regulates the minimum wage/salary is detailed in the Technical Note of the same body, available at <http://www.dieese.org.br/notatecnica/notatecSMC.pdf>, accessed 03/06/2013.

⁷ The popular governments of Latin America have been highlighting, as is the case of the Brazilian government, the real variations of the value of the minimum wage/salary, just as the policies for income transfer. That way they take the focus of discussion away from what should be the absolute value of this wage/salary so as to ensure adequate social conditions in the parameters of each society.

2009	465.00	1995.91	1863.95	4.29	1.07
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Source: DIEESE. Values calculated in December of each year. In the case of the official minimum wage/salary, the value in effect in December is used. Data from the Formal Labor Market is from the MTB (Labor Department).

In the case of the Brazilian Economy, the proportion of the population that receives below these minimum values is quite expressive. According to data from the IBGE – Instituto Brasileiro de Geografia e Estatística (Brazilian Geographical and Statistical Institute), the official agency of the Brazilian government for attaining and calculation of Brazilian indicators, the frequency of the population by income range defined by the minimum wage/salary is presented in Table 2 below:

Table 2 – People 10 years old or more according to classes of nominal monthly income – Brazil 2010 (Current reais)

Monthly income classes in reference to the minimum wage/salary	Total per classes	Total per classes accumulated	Share of the accumulated ranges in the general total in %
Total	161,990,266	-	-
Up to ¼ SM	5,049,380	5,049,380	3.11
More than ¼ to ½	5,221,389	10,270,769	6.34
More than ½ to 1 SM	34,223,224	44,493,993	27.47
More than 1 to 2 SM	30,579,905	75,073,898	46.34
More than 2 to 3 SM	10,167,427	85,241,325	52.62
More than 3 to 5 SM	8,139,184	93,380,509	57.65
More than 5 to 10 SM	5,819,348	99,199,857	61.24
More than 10 to 15 SM	1,072,841	100,272,698	61.90
More than 15 to 20 SM	882,780	101,155,478	62.45
More than 20 to 30 SM	456,189	101,611,667	62.73
More than 30 SM	270,451	101,882,118	62.90
Without income	60,108,148 ¹	161,990,266	37.11

Source: Census 2010, IBGE. Preliminary data.

1. Includes the people that receive only benefits.

Based on the information contained in Tables 1 and 2, it is possible to affirm that portion of 27.47% of the population above 10 years old in 2010 did not receive at least the official minimum wage/salary. That is without considering the portion of those who affirmed not to have income, which is 37.11% of this same population. In addition, if we take the income ranges of up to 3 minimum wages/salaries as a proxy of the population that does not attain the minimum wage/salary necessary, which is 52.62% of the people that indicated they had some income, it is possible to affirm that the condition of superexploitation is the dominant condition in the Brazilian economy.

Similar data may be extracted from the statistics of the other countries of Latin America, evidently with differentiations, which are in accordance with the theoretical,

historical definition itself of the value of the labor force and of superexploitation, the presentation of which is outside the purposes of this article.⁸

3. The dynamic implications of superexploitation

The dynamic implications of extremely low wages/salaries are, above all, limitation of the scale of potential growth and relative destabilization of the economy because a lower share of wages/salaries in national income requires recurrent compensatory productive and unproductive expenses.⁹

In Marx, at the high level of abstraction in which he formulates the possibility of reproduction of the productive process, the wage/salary levels have repercussion both on the production level and on the circulation of capital.

In the level of production, through the contradictory relationship that exists in capitalism, all things being equal, lower levels of wages/salaries bring about greater levels of profit. Nevertheless, at the level of circulation of capital and, once more, all things being equal, lower levels of wages/salaries imply an increase in the scale of productive and unproductive consumption necessary so that the process of accumulation comes about in an expanded way, or it requires sale of part of production in foreign trade.¹⁰

If, for analytical purposes, we imagine a closed economy, a fall in the general level of wages/salaries will impose an equivalent increase in productive consumption (investments) and unproductive consumption (consumer goods) of the capitalists so that the overall process of accumulation does not slow its pace.

Analysis of the implications of a general fall in wages/salaries by indirect mechanisms like legislation unfavorable to the worker was not analyzed by Marx because the focus was always on showing the nature of the process of accumulation of capital.

This question will arise later in the 20th Century when the global capitalist system reaches a greater degree of maturity in which an expressive set of societies had already entered in the advanced phase of production, with already consolidated industries.

In the sphere of Marxism, the question will assume the form of the debate surrounding the nature of periodic crises, whether crises of underconsumption or overproduction of capital. However, it will also arise in the discussion of the principle of the effective demand formulated by Keynes (1985) and Kalecki (1977).

⁸ Collecting these data is difficult because a large part of countries of the region do not have an agency responsible for statistical data. In addition, in relation to the theme of superexploitation, calculation would require some social parameter of what would be the minimum social remuneration.

⁹ The meaning of the word “productive” is consumption of goods directed toward production: inputs, capital goods and buildings.

¹⁰ The definition of productive or unproductive wage/salary is related to surplus value, to surplus labor. There is no connotation of social irrelevance. See Carcanholo (2008). This theme is originally dealt with in Marx at a high level of abstraction in which contemporary questions are not answered. Considering the enormous differentiation that exists in the labor market, it is necessary to formulate a definition on more concrete levels. In principle, the repercussion there is for the present article is to take the sphere of production as the sphere of production of surplus value. Therefore, in it, workers are considered not only as workers in industry and agriculture strictly speaking, but also workers of the service sector, with qualifications which are made in the article cited here.

It is precisely in the formulation of Kalecki, at a distinct and much more concrete level of abstraction that the implications of a fall in the level of wages/salaries may easily be grasped.¹¹

Kalecki formulates the capitalist dynamic as of a distributive arrangement which will allow him to set up a system of equations in which the distribution of income presents implications. See Table 3.

Table 3

Departments	I	II	II	Total
Profit	P1	P2	P3	P
Wages/salaries	W1	W2	W3	W
Income	I	Cc	Cw	Y

Source: extracted from Kalecki (1977, page 1)

In this accounting arrangement, the national income Y may be obtained through the perspective of expenses, or through the perspective of income:

$$Y = I + Cc + Cw = P + W$$

With,

Y = national income/product

I = productive expenses or aggregated investment

Cc = consumption of capitalists

Cw = consumption of laborers

P = profits and

W = wages/salaries/wages

The purpose of creating this *tableau* is to show that the variable I (investments) are most relevant in the determination of the national income level Y, considering the distribution of income in sectors (I, II and III) as given. This distribution will be the focus and result of the political dispute between laborers and capitalist, consistent with Marx's general formulation.

The emphasis placed on investment is not through its quantitative importance, but rather through being a variable subject to fluctuations arising from the conditions of accumulation of capital. Kalecki, just as Keynes, assumes that the social expenses of consumption are stable through habits and income limitations.¹² Nevertheless, in Kalecki, social consumption is divided into two variables, corresponding to the expenses of laborers and capitalists.

Following Marx and grasping the historical process, he will consider in a simplified manner that laborers consume all income, thus having a high propensity toward

¹¹ Although the theoretical analysis of Kalecki occurs, at all times, through prices, and as passing from values to prices is controversial in the sphere of Marxism, it is here assumed that the different positions regarding this theme do not essential alter the core argument of the repercussions that the wage/salary level has for the capitalist dynamic.

¹² See Possas (1987)

consumption. It is possible to interpret that, in the case of the capitalists, stability of consumption occurs through social habits.

Therefore, if we compare two economies with the same national income level Y , but with distinct income distributions, it is easy to verify that for a lower aggregated level of wages/salaries, a higher level of profits and investments would be necessary. See Table 4.

Table 4

Income	Economy A	Economy B	Demand	
Total wages/salaries	40	55	Laborer expenses	Laborer consumption
Total profits	60	45	Capitalist expense	Capitalist consumption
				Investment
National income	100	100		National product

In Table 3, departments I, II and III correspond to capital goods, capitalist consumer goods and workers' consumer goods. A general reduction in the wage/salary level leads to a fall in the share of department III in the aggregate income because the consumption of workers is reduced. So that income remains the same, growth of production in departments I and II are necessary, with lower levels of wages/salaries.

In these two departments, in contrast with department III, where expectations of profit and expenses are established in a subordinate manner through current variations of wages/salaries, spending decisions are determined by the expectations of profit in the system as a whole; therefore, by elements that are not formed by previous income.

Evidently, in the level at which Kalecki theorizes this process, an important source of compensation could occur through foreign trade. Even so, if we imagine two economies with stable productive international integrations, the differences in income distribution will also lead to differences in the levels of investment.¹³

Another possibility, not suggested by Marx or Kalecki in this tableau, are the unproductive expenses (in the Marxist sense of the term) made by the State. In a contemporary equation, this would be expressed by:

$$Y = C + I + G$$

Thus, in a relative comparison between two economies of the same income and distinct distributions of income, compensations would be carried out either by greater spending on investments or spending of the government (State).

4. Repercussions for the manner of operation of the State

Given the theoretical references developed in sections 2 and 3, it is now possible to deepen the discussion of the specific characteristics of the dependent economies of Latin America.

¹³ Obviously, imagining that there is no impediment of outside absorption of the commodities produced, regardless of their nature as consumer goods or capital goods.

In the Marxist Dependency Theory, the most prominent characteristic of these economies is the dominance of superexploitation of the labor force. Nevertheless, it is necessary to deal in a better way with the theoretical and historical repercussions of superexploitation for the organization and dynamic of national economies.

In the context of the origin of the Marxist Dependency Theory, the social implications weighty and significant for the workers were given privilege, as well as the implications for development of the national economies from the point of view of the possibilities of reproduction of the capital in the Periphery of the global system in the references of the of the standard of living of the Center countries.

In Marini (2000), for example, the insertion of Latin American economies in global capitalist development fulfilled functions of supplying food or raw materials at low prices. Therefore, he argues, the cost of reproduction of the labor force in the Center countries could be dynamically reduced, expanding the scale and the amount of profits, as well as the consumption capacity of the laborers. This structural condition of global insertion imposed a certain capital reproduction standard on the Periphery.¹⁴

On the other hand, in Theotônio dos Santos (1970; 1972), the nature of dependency and the perverse worsening of social conditions were intrinsic, particularly in the countries in which military dictatorships were established. Under these circumstances, he suggests that the historical development of the societies of the region imposed socialism or barbarity (fascism).

In the current state of affairs, part of the objective aspects then in place have been overcome or have taken on a new distinct form. The most notable of them is the absence of military dictatorships in the region, in most cases replaced by governments with popular roots. Bourgeois democracy was established, and the social demands of the subordinate classes came onto the national political agendas. There were significant gains of the working class, portrayed by better living conditions, above all if compared to the adverse history of the hegemony of Neoliberalism in the 1990s.

Even so, the conditions of superexploitation persist as the dominant form and, especially in regard to the purposes of this article, a form of State persists which centralizes and transfers resources directly to the private sector above the direct requirements of the process of accumulation and above its regular functions of monopoly of violence, control of money and guarantee of private property.

In Harvey (2004), the phenomenon of transfer of additional resources to the private sector in cyclical crisis periods is called dispossession. Not by chance, this is the same form of expression used by Marx and dealt with in Nascimento *et alli* (2013). According to Harvey, the phenomenon of dispossession is similar to that which is registered in

¹⁴ There is controversy in respect to the insertion of Latin American economies in the terms presented by Marini. Moreover, in the historical confrontation of positions in respect to the status of the concept of dependency, Fernando Henrique Cardoso and José Serra criticized the affirmation that Latin America was an exporter of wage goods and, therefore, that the region fulfilled the function of allowing a fall in the costs of reproduction of the labor force in the Center countries. This controversy is repeatedly reframed because the export data of the economies of the region to the developed economies does not back up the argument. Commodities typical of workers' consumption are not registered on the list of exports in the historical period of the 19th Century, which is the point of departure of Marini. In the perspective developed here, evidence of transfer of resources and registry of the much lower general level of wages/salaries is enough.

the Marxist literature as primitive accumulation, although it comes to have endogenous characteristics that are repeated under circumstances of threat of rupture of the capital accumulation process, intrinsic to the period of periodic crises.

The hypothesis developed here is that the phenomenon of dispossession is structural in Latin America, a result of specific development conditions. That means that dispossession, besides being a typical phenomenon in periods of capital crises, is part of the process of capital development in the periphery. Thus, the transfers of resources to private capital are part of the dynamic of accumulation.¹⁵

In section 3, we showed that the limitation of the general level of wages/salaries, in other words, the concrete existence of superexploitation of the labor force as a dominant characteristic in the labor market, imposes compensation to capitalist productive consumption (investment) for determined levels of income or product.

Thus, the aspect to be emphasized is that there is fragility of the local and regional capital in responding to this imposition placed on the theoretical level of the economic dynamic for reasons of historical development.

The Marxist Dependency Theory shows that the insertion of Latin American economies is historically dependent and specialized. In addition, according to Marini, insertion determines the characteristics and the dynamic of accumulation in which the increasing extraction of surplus value is predominantly through the route of increase of exploitation – absolute surplus value (increase in the work day or intensification of labor); in contrast, in the centers of capitalism, the extraction of relative surplus value predominates. While in the centers, the increase of surplus value is predominantly fruit of productive innovations, in the Latin American periphery, the innovations are incorporated with a lag by productive modernization, with expansion of the scale of production with intensive use of natural resources predominating (Marini, 2000: 113-119).

For that reason, the potential of private capital that operates in the region is structurally limited, incapable of confronting the demands of accumulation alone which are comparatively greater than those of the Center through the existence of superexploitation of labor and, therefore, of a relatively lower social consumption of the workers.

This limitation may be historically overcome by the opening to foreign capital or direct participation of the State in the productive process. In the historical process, both forms are possible to be registered. Nevertheless, the distinctive element of the economies of the region is of broadening of the functions of the State, above all in the national economies, in which the reserves of natural resources are significant.

It is clear that there are intrinsic limitations to the complementarity that the State is suited to perform because its financing resources principally depend on the scale of national accumulation, through the route of receiving taxes. Nevertheless, it may be observed that the productive functions of the State, once established, become autonomous in the form of public companies, many of them regulated nearly exclusively by the market. That means that the reach of the functions complementary

¹⁵ The theoretical argument is developed in Almeida Filho e Paulani (2011).

to the accumulation that the State may have will vary in proportion to the complexity and differentiation that each dependent economy succeeded in reaching.

In the specific case of the Brazilian Economy, these functions arrived at the paroxysm of reaching the entire production of infrastructure in the 1970s, retreating in the Neoliberal period to supplying of power, communications and services in general, although in this last case, particularly centered in financing for investment through the route of public banks. In Table 5 below, it is possible to perceive the relative importance of the state companies for determination of the national income.

Table 5 – Participation of state companies in the FBCF (Gross Fixed Capital Formation) (in millions of current R\$)

Items\ Year	State companies (A)	Public Admin.* (B)	Public Sector C= A+B	FBCF IBGE (D)	A/C	A/D
1995	11,446	15,955	27,401	129,297	41.8%	8.9%
1996	12,338	17,054	29,392	142,382	42.0%	8.7%
1997	14,175	16,231	30,406	163,134	46.6%	8.7%
1998	13,124	23,665	36,788	166,174	35.7%	7.9%
1999	8,366	15,274	23,639	166,746	35.4%	5.0%
2000	9,283	21,124	30,406	198,151	30.5%	4.7%
2001	11,212	24,403	35,615	221,772	31.5%	5.1%
2002	16,591	32,520	49,111	242,162	33.8%	6.9%
2003	18,665	26,049	44,714	259,714	41.7%	7.2%
2004	19,695	31,520	51,215	312,516	38.5%	6.3%
2005	21,827	35,133	56,960	349,463	38.3%	6.2%
2006	23,371	46,103	69,474	390,134	33.6%	6.0%

(*) The Federal govt., States and Municipalities. Table compiled from Gobetti (2010: 54)

Another manner of grasping the importance of state companies in the Brazilian economy is through their shares in the sectorial structure. According to data collected by the magazine Exame¹⁶, which annually publishes the ranking of the largest and best companies that are active in Brazil, it is possible to observe the insertion of state companies in the domestic economy. In Table 5 below, data for the year 2011 show that of the ten largest Brazilian companies in the energy sector through net sales six are state companies. The Table furthermore shows the relative position of each company within the 500 largest Brazilian companies.

Table 6 – Largest and Best of the energy sector

Position in the ranking	The Corporate Name	Known as	Sector	Type	Control	Net Sales (in million US\$)
1	Petróleo Brasileiro S.A. - Petrobras	Petrobras	Energy	State	Brazilian	100,694.2
37	Eletropaulo Metropolitana Eletricidade de São Paulo	Eletropaulo	Energy	Private	Amer./Brazilian	5,387.8

¹⁶ Weekly magazine specializing in economic themes and published only in Portuguese. Official site: <http://exame.abril.com.br/>

	S.A.					
42	Cemig Distribuição S.A.	Cemig Distribuição	Energy	State	Brazilian	4,661.7
47	Cooperativa de Produção de Cana-Açúcar, Açúcar e Alcool Est Sp	Copersucar-Cooperativa	Energy	Private	Brazilian	4,484.9
56	Furnas Centrais Elétricas S.A.	Eletrobras Furnas	Energy	State	Brazilian	3,861.5
60	Itaipu Binacional	Itaipu Binacional	Energy	State	Brazilian	3,652.2
63	Light Serviços de Eletricidade S.A.	Light Sesa	Energy	Private	Brazilian	3,564.5
69	Companhia Paulista de Força e Luz - Cpfl	Cpfl Paulista	Energy	Private	Brazilian	3,064.8
73	Copel Distribuição S.A.	Copel	Energy	State	Brazilian	3,007.4
76	Companhia Hidro Elétrica do São Francisco - Chesf	Chesf	Energy	State	Brazilian	2,803.8

Source: Exame magazine. Available at <http://exame.abril.com.br/negocios/melhores-e-maiores/empresas/maiores/1/2011/vendas/-/servicos/-/>, accessed on 01/20/13.

This same information now for the services sector is compiled in Table 7. In this case, among the ten largest companies by net sales, there are five state companies.

Table 7 – Largest and Best in the services sector

Position in the ranking	The Corporate Name	Known as	Sector	Type	Control	Net Sales (in million US\$)
20	Empresa Brasileira de Correios e Telégrafos - Ect	E.C.T.	Services	State	Brazilian	7,238.5
36	Cia. Saneamento Básico do Estado de São Paulo-Sabesp	Sabesp	Services	State	Brazilian	5,438.1
57	Amil Assistência Médica Internacional S/A	Amil	Services	Private	Brazilian	3,729.8
101	Cielo S/A	Cielo	Services	Private	Brazilian	2,219.2
115	Empresa Brasileira de Infra-Estrutura Aeroportuária Infraero	Infraero	Services	State	Brazilian	1,934.3
131	Companhia de Saneamento de Minas Gerais	CopasaMg	Services	State	Brazilian	1,758.9
135	Companhia Estadual de Águas e Esgotos	Cedae	Services	State	Brazilian	1,735.0
143	Get Net Tecnologia Em Captura e Proc. de Transações H.U.A.H. S/A.	Get Net	Services	Private	Brazilian-Uruguayan	1,670.5
156	Unimed-Rio Cooperativa de Trabalho Médico do RJLtda	Unimed Rio	Services	Private	Brazilian	1,564.1
162	Redecard S.A.	Redecard	Services	Private	Brazilian	1,518.7

Source: Exame magazine. Available at <http://exame.abril.com.br/negocios/melhores-e-maiores/empresas/maiores/1/2011/vendas/-/servicos/-/>, accessed on 01/20/13.

Finally, in Table 8, banking institutions are indicated, highlighting two large banks among the five largest that operate in the country.

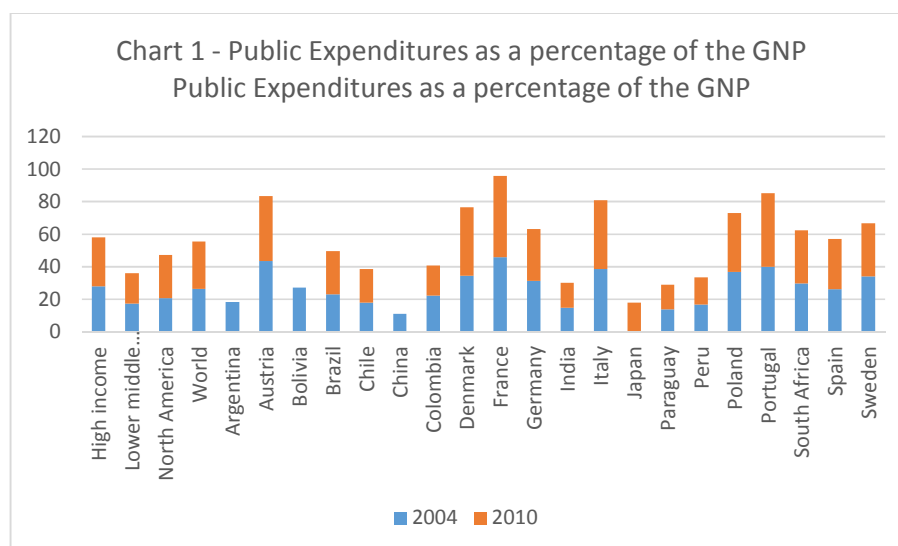
Table 8 – Main Brazilian Banks – financial intermediation (September 2012)

Institutions	Type of capital	Total Assets Intermediation	Total Assets
ITAU	Private	834,587,991	901,420,803
BB	State	877,803,258	1,046,450,806
BRADESCO	Private	644,581,228	741,552,351
CEF	State	618,389,559	673,475,813
SANTANDER	Private	436,187,777	453,075,553

Source: BACEN. Available at <http://www4.bcb.gov.br/top50/port/top50.asp> . Accessed on 01/20/2013.

All these data configure a specific structural condition. However, it is necessary to highlight that the State share in the Brazilian economy is significant, but in terms of weight in the national economy, it is not in contrast to the economies of the center countries.

Brazilian public expenditures, seen as payments in money for government operational activities in providing goods and services, including remuneration of employees (such as wages and wages/salaries), interest and subsidies, grants, social benefits and other expenses, such as rent and dividends, are below the world average. The same is the case for the other countries of the region. The contrast is greater for the countries of the centers of capitalism. The data are in Chart 1 below, taken from the World Development Indicators of the World Bank.



Therefore, the specificity of the States in the dependent economies, and in the Brazilian economy in particular, is not in the weight of the state resources in the economy but in the nature of the participation. Unfortunately, there are no statistics available for comparison of the weight of state companies or of participation of the

State in the expenditures on investments at the international level, which would permit one to visualize the differences of the functions of manner of regulation of the State in distinct patterns of reproduction of capital.

Even more difficult is to substantiate the degree of transfer of public resources of the State obtained by means of taxation, or of monetary and financial transfers, to the private sector. These are the transfers that configure the dispossession of the social resources by private activity as defined by Harvey (2004).

In the Brazilian economy, the degree of dispossession may be approximated in two ways. The first is through checking the degree of concentration of income that the collection activity of the State imposes on the Economy. The second way is through the dynamic operation of public debt, in other words, through management of the public debt.

In respect to the first form, in Santos (2010) and Silveira (2010), it is shown that the tax collection system in Brazil has an overall income concentrating effect. The collecting structure is divided up into three large sets of taxes: direct taxes, indirect taxes and social security taxes. Of these, the indirect taxes are notably of a concentrating nature while those of social security are neutral and direct taxes are de-concentrating. Even so, the net effect is concentrating.

On the other hand, in Santos (2010), it is shown that the dynamic of public indebtedness is a highly concentrating reality through the structure of possessions of the titles of the debt in few social segments, notably the banks and pension funds. Considering that the funds are in general managed by the banks, the dynamic of public indebtedness transfers expressive resources from the public sphere to the private sphere.

Dispossession takes shape when resources are transferred to the private sector without returns in social actions, justified by the difficulties that the group or segments of capital have for being reproduced, or simply through private advantages obtained by means of direct political action in the sphere of the apparatus of the State.

All these theoretical and historical elements evidently require deeper study. Nevertheless, the records presented here are sufficient to portray the specificity of the pattern of reproduction of capital in the Latin American periphery of capitalism, regardless of the hierarchy of the regional economies.

5. Conclusions

The purpose of this article is to show that the superexploitation of the labor force has significant implications for dependent societies. Among these implications, the comparatively expanded function of the State in relation to the societies of the centers of capitalism stood out.

This characteristic, far from mitigating the universal nature of capitalism in concentrating riches, as Marx has exhaustively shown in *Capital*, ends up strengthening it. In effect, the economic operation of the State in the Brazilian economy shows that both its manner of financing regular activities, as well as management of public debt, have overall wealth concentrating effect.

In this case, this is reflected in the relative position of Brazil in the social hierarchy of global capitalism. In Latin America, Brazil is one of the countries with the greatest Gini index: 53.9.¹⁷ In Santos e Almeida Filho, (2012) there is a synthesis of social indicators all showing the enormous social disparity of the country in comparison to the countries of the Organic Core of Capitalism (Arrighi, 1995).

Therefore, there are diverse phenomena that show that capitalist development in Latin America, in spite of its macroeconomic performance which is comparatively better than the center countries since 2007, exhibits its own dynamic. If these elements can be added to those presented in Izumov e Vahaly (2012), which indicate there was an increase in exploitation in the economies in development and in the economies in transition, in the classification used by the World Bank, we will thereby have a general framework indicating that the structural determinants of global capitalism continue the same as ever.¹⁸

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¹⁷ Data available in the 2011 Human Development Report of the UN.

¹⁸ The paper provides estimates for levels and trends in the rate of surplus value (RSV) and profit and labor shares of the GDP for 79 developed, developing and transition economies representing close to 90% of the Gross World Product. Estimates for 1995-2007 indicate that levels of RSV and profit shares in developing and transition countries were on average 1.5-2 times higher than in developed economies. During the period under study, RSV in the developed economies was found to be generally stable. However developing and transition economies experienced a sustained increase in RSV. As a result the global RSV and profit share were found to be increasing during the period, thus extending the “labor share squeeze” of the 1980s and 1990s at least until the beginning of the Great Recession.

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