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TRANSFORMATIONS IN ARGENTINA'S CAPITALIST DEVELOPMENT SINCE THE NEOLIBERAL AGE

Limits and Possibilities of a Peripheral Development Strategy

Mariano Félix

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Abstract: Capitalism in Argentina underwent some important transformations between the neoliberal era (1975–2001) and the new, neodevelopmentalist one (2002–2015). These changes constituted a new mode of peripheral participation of Argentina's economy that has novelties as well as strong continuities, where State form and modes of intervention change. We'll show how this project of development reproduces, in a new context, and within new structural and subjective/political conditions, the historical process of combined and uneven development in Argentina. We propose to analyze such transformation, and assess their limitations for creating a sustainable option for capitalist reproduction in Argentina. Our analysis will provide an alternative view of recent capitalist development in Argentina that combines the process of class formation, class struggle and political conflict, with the structural tendencies of changing global capitalism.

Key words: Argentina; neoliberalism; neodevelopmentalism; crisis; dependency; super exploitation; extraordinary rents

1. Introduction

Argentina went through several decades of neoliberal restructuring, and in the early 2000s, its crisis led to a new process of renewed capital accumulation. All along, the struggle of classes operated as the engine for transformations. During the last decade, class conflict materialized in a reconfiguration of the block in

power with transnational capital acting as the new hegemonic fraction. The transformation through neoliberalism was the foundations on which a new developmentalist strategy was built as a sociopolitical configuration meant to displace and channel class antagonism on a productive path for capital.

This article attempts to discuss this process, understanding structural transformations and continuities as the mediated result of class conflict. This means comprehending so-called economic structure and the State as social forms resulting from class struggles, operating as mediations and ground for its development.

In the following section, we analyze how changes from neoliberalism into neodevelopmentalism in Argentina can be understood in this light. Section three introduces us to one significant element in the constitution of the neodevelopmentalist strategy. There we attempt to analyze how the new hegemonic social project is based on particular sources of valorization such as the super exploitation of labor and nature that have resulted from continued struggles through and beyond neoliberalism. Finally, we present a discussion on how the former have come to articulate a new form of dependency, which not only changes the nature of the cycle of capital in Argentina but also creates *significant* limits to the hegemonic project. We end the article with some conclusions and references.

2. Argentina after Neoliberalism

During almost 25 years Argentina went through its vernacular neoliberal stage (Féiz 2012a). Beginning in 1975 in the year before the last military coup, capitalist class pushed forward the most radical, violent restructuring of social relations seen in Argentina's history. In an attempt to change the correlation of social forces in its favor, dominant fractions within the hegemonic capitalist class were able to advance a new economic policy together with widespread repression of popular organizations. At the same time, in a more or less disarticulate fashion, individual capitals in every sector acted in an attempt to recreate the microeconomic conditions for valorization and capitalist appropriation of value. On the side of labor, after repression and retreat during the first years of the military government, working class was able to recover, attempting re-articulate itself politically to confront structural adjustment. Most of the eighties became the forefront of class struggle, with big local capitals, financial capital and—increasingly—transnational corporations working their way through to break labor's resistance. Growing stagnation and crisis, exploding public finances and hyper inflation in the late eighties were finally able to break with the working people's attempts to stave off the final stage of neoliberal reorganization. In fact, through the nineties, dominant classes were able to push forth (through and outside the State) a process of liberalization, transnationalization and privatization of society as a whole. The ghost of the falling of

1 the Berlin Wall, the Washington Consensus (WC) and Thatcher’s “There is no
2 alternative” (TINA) was able to create the necessary atmosphere for neoliberalism
3 to move forward in Argentina more than any other place in the region.

4 While neoliberalism, not as an “economic model” but as a process of transfor-
5 mations and political project of the dominant classes, was successful in the end,
6 crisis ridden capitalism in the periphery again set the pace for a new era. Even if
7 reforms were swift and deep in Argentina, class struggle led to the overt crisis of
8 neoliberal momentum and eventually its transcendence. In the nineties, the comple-
9 tion of neoliberal transformations created significant structural tensions while at
10 the same time were not able to dismantle working class resistance. The program of
11 the nineties (dubbed “Convertibility plan”) created immense pressure on valoriza-
12 tion of capital, mainly as it pressed on the tendency for the profit rate to fall (Fé-
13 liz 2007). Reorganization of capital in its different forms fueled increasing productiv-
14 ity of labor but at the cost of a growing organic composition of capital. The pressure
15 created turned into deflationary tensions, heightened as the crises of the neoliberal
16 project began to circle about in the periphery (Mexico in 1995, Southeast Asia in
17 1997, Russia in 1998, Brazil in 1999). Resistance to neoliberal rule was picking up
18 strength as a process of political recomposing of the working people began to con-
19 solidate in the late nineties (Bonnet 2006). This combination was fatal for the neo-
20 liberal project in Argentina. Even if working class organization and struggle was
21 not able to stall the neoliberal reforms, it was capable of disarticulating its political
22 hegemony. As the Convertibility plan exploded in late 2001 after four years of
23 stagnation, a widespread crisis of organic nature, in Gramsci’s terms, led to a pro-
24 cess of heightened sociopolitical instability (Bonnet 2006).

25 **Toward a New Hegemonic Alternative**

26 A year of political and economic uncertainty was all it took for dominant fractions
27 of capital to recreate their ability to valorize. By early 2003, a new national gov-
28 ernment was transcending the capitalist crisis and building new consensus around
29 a capitalist development alternative. As the new dominant fractions of capital
30 (transnational) were coming to terms with a new economic policy favorable to
31 their needs, the political forces in the power of the State (Kirchnerism, a new
32 hegemonic fraction within the traditional Peronist national-popular movement)
33 was working out the means to channel on institutional tracks demands from popu-
34 lar movements, while at the same time dismissing the most radical proposals
35 (Fé-
36 liz 2012a).

37 The constitution of a new hegemonic project led by transnational capital
38 implied several novelties. First, though the State, dominant fractions of capital
39 were able to impose policies that allowed them to pass on the costs of the transi-
40 tional crisis to the lot of the working class (Fé-
liz 2012a, 109). In the first year of

the new stage, they were able to place a representative of big industrial capital (José Ignacio De Mendiguren, president of the Industrial Union of Argentina, Unión Industrial Argentina—UIA) as the head of the new Ministry of Industry. Second, as accumulation of capital picked on and conditions in the labor market improved (e.g., growing employment, falling unemployment), working class militancy from below and from within traditional trade union structures was able to push on for a progressive but partial recovery on incomes and working conditions for a fraction of the working class (Féliz 2012a, 111–12). Third, a new set of social policies was set in place to contain and dismantle discontent of a great mass of people that Argentina's new development strategy would not be able to include (Féliz 2012a, 113–15). Forth, a new economic policy set that attempted to create the framework for capital to take advantage of the structural changes set forth through neoliberal reforms, while consolidating them as structural characters of capital valorization and accumulation (Féliz 2015).

There's been much debate as to nature of this new historical phase in Argentina. On the one hand, discussion abounds as to whether changes were the mere result of relatively autonomous changes due to new political coalitions in the State (Varesi 2013). This view misplaces Poulantzas's account on the relative autonomy of the State and places explanation in the constitution and consolidation of a new political consensus within the new Peronist governing coalition, first under Eduardo Duhalde's government (Jan. 2002–May 2003) and then Néstor Kirchner (May 2003–Dec. 2007) and Cristina Fernández de Kirchner (Dec. 2007–Dec. 2015). Duhalde's transitional government was able to place the foundations of a renewed political hegemony of capital and the State as legitimate institution. The Kirchner's worked hard to recreate a national-popular tradition that sees development as the result of class compromise and the State as a means to obtain it. In this configuration, economic growth and reindustrialization would work together to promote that bases for social inclusion through salaried employment with the State operating as a complement for those deemed unemployable (Pérez and Féliz 2010; Féliz 2012a, 2012b).

On the contrary, we understand that the new stage opens up the reconfiguration of the block in power, which presents big transnational capital (BTC), especially its industrial fractions, as hegemonic within the dominant capitalist class. This new configuration displaces financial capital to the side in terms of its ability to appropriate surplus value directly, after having played a key role in the neoliberal stage easing privatizations and the restructuring of social capital. For some this meant the end of the domination of "financial valorization." To our understanding, while financial capital played a significant role across neoliberalism, it worked always mainly as a means to force general capitalist restructuring (Féliz 2015, 79). In this new era, BTC were able to articulate a new hegemonic block that could

1 allow them to take advantage of the new social, technical and political structure of
2 capital created through neoliberalism. To do so, they had to acknowledge the
3 existence of working people as an antagonist force within capitalist reproduction.
4 While through neoliberalism labor's demands and actions were directly dismissed
5 and repressed in the name of "modernization," in the new era capital had to recog-
6 nize a new political composition of labor (Féлиз 2015, 78–79). This meant that
7 accepting the need to incorporate partial demands in order to dismantle increased
8 political radicalization. This attitude was able to channel demands from organized
9 labor through traditional institutions thus aborting novel actions by base workers,
10 which were keen on using direct action and non-institutional methods in their
11 struggles. Besides, new social organizations led by unemployed workers played a
12 key role in forcing changes in State policies since the early years of this era.
13 Through their radical demands ("Que se vayan todos [They all must go]," "Por
14 trabajo, dignidad y cambio social [For work, dignity and social change]), these
15 movements put extreme pressure on the political system (Dinerstein 2002) since
16 they were not subjects of regular state intervention and their demands where pre-
17 sented in un-institutionalized fashion (road blocks, direct action). New social poli-
18 cies had to be instituted to contain these demands and through "conflictive
19 normalization" get a hold of the more radical sides of the movement, in an attempt
20 to deactivate them (Dinerstein, Contartese, and Deledicque 2010; Féлиз 2012a,
21 109, 113–15).

22 **Paradoxical Change: From Strong to Weak State Form**

24 While neoliberal reforms in Argentina were successful in creating a new social,
25 political and technical organization of capital, the political turmoil in the transition
26 out of neoliberalism transformed the bases for the constitution of hegemony. In the
27 nineties, the hegemony of the neoliberal project manifested—paradoxically—in a
28 "strong" State, even while the political discourse appealed to its "disappearance"
29 (Féлиз and Pérez 2004). This type of State was able to subdue both capital and
30 labor in an attempt to complete restructuration of society as a whole (Bonnet and
31 Piva 2013). Economic policies eliminated most of the State's instruments for
32 intervention thus leaving individual capitals to fight for themselves through the
33 process of reorganization: deregulation of the economy, unilateral liberalization of
34 both trade and capital foreign accounts, "independence" of the Central Bank, and
35 "convertibility" of the national currency (currency board) left each individual
36 fraction of capital to itself in the struggle for survival. This meant that eventually
37 only big, concentrated, transnationalized capitals would emerge successful in the
38 end. At the same time, the deregulation of labor market, privatization of social
39 security, and partial privatization of health and education all mean to put pressure
40 on the working people. These policies accompanied by open repression of social

struggles and protests, completed the process of political decomposition of the labor movement in the early nineties, and led to the completion of its reorganization of labor as variable capital. This included the precarization and flexibilization of working conditions across the board.

The turbulent exit from neoliberalism in Argentina meant a radical change in the form of the capitalist State, where we witnessed the transition to a weak State (Bonnet and Piva 2013). This was the result of a change both in the strategy of capital and that of the working people. On the one hand, exiting neoliberalism meant the possibility for capital to begin a renewed process of successful valorization and accumulation. This process would be based on a new constitution of the ruling classes around BTC, a novel means for exploitation of labor and nature, and a changed profile of international relations at regional and global levels. All of these were being made available due to successful capitalist restructuring during the long years of neoliberalism. These novelties put the State in a different position regarding capital since most structural reforms were finished, public policies were now to be placed in a different light: not just as a means for restructuring but as an instrument for favoring competition at a global scale (e.g., competitiveness). In terms of capitalist reproduction, the new State had to create the means for expanded reproduction of capital in this new context, while at the same time being able to maintain hegemonic conditions for BTC within the new power block. On the other hand, the new post-neoliberal State had to be able to contain social struggles within the boundaries of valorization of capital in a still dependent value space. As stated before, this meant the need to take actions to incorporate some demands from working classes while attempting to dismantle more radical, anti-capitalist struggles. This new form of the State no longer appears “detached” from class struggle but it appears as it is, a place of condensation of class forces and struggles (Clarke 1992). As a form of capital as a social relation, the State is now weaker, overtly permeated by the political blows from the social arena. Paradoxically, the political forces in this State appear as “populist” for they present a more “distributive” discourse and show a more openly political intervention. While the neoliberal Strong State’s action meant creating more rigid rules (as a form of expression of capital domination over society), this new weak State operates as a dispenser of rights and riches (preferring the use of “discretionary policy” over “rules”), as a result of the heightened level of political contradictions in struggles. Even if this seems as if the political force at the top of the State is more progressive (in the case of Argentina, Kirchnerism), the fact is that “progressive” policies express the changed relations among classes not mere political will. Since this change is only moderate in Argentina, and social hegemony remains within the capitalist class, barriers and limits of such progressiveness became evident soon.

1 As the new State form still represents the social hegemony of capital, now in its
 2 transnational form, public policies articulate to promote the competitive needs of
 3 capital within the framework of a dependent capitalist economy. These policies
 4 combine a new macroeconomic policy, with infrastructure expenditures and sub-
 5 sidies to capital in an attempt to exploit and consolidate the structural conditions
 6 created through neoliberalism and to recreate them in new ways (Féliz 2015).
 7

8 **3. Accumulation by Dispossession, Super Exploitation** 9 **of Labor and Nature, and Extraordinary Rents** 10

11 The process of valorization after 2002 was jump started through a huge redistribu-
 12 tion of value and income, which was made possible with a new economic policy
 13 and a new form of the State to accommodate changes in the political composition
 14 of classes. However, valorization was based not simply on the redistribution of
 15 value but also in new ways of producing surplus value. These new ways were
 16 developed from within neoliberalism and expanded afterward.

17 Argentina consolidated in this new stage as a producer-supplier of primary
 18 commodities. These commodities accrue ground (or extraordinary) rents (ER) and
 19 thus are a source of additional surplus value. ER are created though a combination
 20 of particular natural conditions that facilitate the production of certain commodi-
 21 ties, with particular technologies and a structure of demand for producing and
 22 selling those commodities, respectively (Féliz 2014). Argentina has always been a
 23 producer of primary products such as wheat, maize, and meat (Arceo 2003). Since
 24 the early nineties, Argentina began introducing new transgenic seeds that com-
 25 bined with other technological and social changes, created the adequate bases for
 26 the expansion of other foods stuffs such as Soya. A similar situation occurred with
 27 mining commodities such as gold (Svampa and Álvarez 2010). While mineral
 28 deposits created the objective conditions for production, only the development of
 29 new technologies and changed legislation were able to turn the potential into pos-
 30 sible. In both cases, a change in global demand conditions tilted the situation into
 31 actual productive potential and consequently into the production of higher flows
 32 of ER. In Marxian terms, we might say that a violent transition from Type I to
 33 Type II ground rent was being produced (Féliz 2014). In food stuffs production as
 34 well as in mineral extraction, rent generation depends on increasing expenditures
 35 of constant capital in the form of massive machinery and increasing investment in
 36 circulating capital; both open-pit mining and “modern” agricultural production
 37 depend heavily on the use of chemicals. This can only be done in a context of
 38 much higher prices for these commodities, a situation that was recently favored by
 39 commodity price speculation and the irruption of new value spaces, such as China
 40 and India, in the world market. In the background, the expansion of rent accruing

1 productions operates on the bases of a massive process of some form of accumula-
 2 tion by dispossession or land grabbing (Svampa and Álvarez 2010; Constantino
 3 2014). Through a variety of mechanisms, capital is displacing original settlers,
 4 users or proprietors (private or public) from the land turning the territory into a
 5 place for the valorization of capital. In most cases, this process involves some
 6 form of direct or indirect violence, in general with the mediation of the State to
 7 favor the capitalization of the territories.

8 In as much as ER from natural resources expanded creating a fabulous source
 9 of surplus value for capital's valorization (Kennedy 2014), neoliberalism had left
 10 the seeds for a parallel source for extraordinary profitability: super exploitation of
 11 labor. According to Marini (1973), this is the generalization of a form of exploita-
 12 tion of labor that speeds up the degradation of the labor force by paying wages that
 13 are well below its social cost of reproduction (e.g., below its value). This is the
 14 result of the nature of capitalist reproduction in a dependent country's value space.
 15 Since most capitals lag behind in terms of their ability to compete in the global
 16 cycle of capital, they attempt to compensate their lack of productivity through the
 17 use of precarization of labor conditions as a means to induce super exploitation
 18 (Féiz 2015, 83).

19 Super exploitation of labor has been a historical condition for dependent coun-
 20 tries, particularly in Latin America (Marini 1973). In the case of Argentina, the
 21 constitution of a strong labor movement created a significant force against the
 22 intensification of these process of extraordinary exploitation well into the seventies
 23 (Féiz and Pérez 2004). Only through neoliberal rule was capital able to expand
 24 these conditions, as the political decomposition of the working class was forced
 25 through its fragmentation by the way of outsourcing, subcontracting and flexibiliza-
 26 tion of labor regulations. This means that class struggle develops in a context that
 27 imperiled the ability for unified action of the working people and thus favoring an
 28 increasing division and stratification of working situations. As this generalized in
 29 the nineties, and consolidated in the neodevelopmentalist era, super exploitation
 30 became a significative source of extraordinary surplus value and profits. Even as
 31 labor market conditions improved somewhat after the crisis of neoliberalism and as
 32 a new form of the State came into being, structural conditions for the reproduction
 33 of the working people remained prone to super exploitation (Féiz 2015, 82–83).

34 As a matter of fact, we might say that the cycle of capital in Argentina in the
 35 current stage requires the super exploitation of both labor and nature. In both
 36 cases, the "resource" is used up as fast as possible with little regard for the social
 37 and environmental cost. The private cost of the expropriation of both value and
 38 use values for the expanded reproduction of capital within global commodity
 39 chains, is far less than the actual cost for the working people and the Pachamama
 40 (mother nature) in terms of both sustainability and the creation of conditions for

1 good living (*Buenvivir*). Never before was super exploitation so central in the
 2 expanded reproduction of capital in Argentina.

4. Old Dependency, New Dependencies

5
 6 This novel way to articulate the reproduction of capital within Argentina's value
 7 space is not isolated from the place dominant classes have been able to gain for
 8 themselves within global expanded reproduction in the era of transnational capital.
 9 Through neoliberalism, concentrated capital was able to rebuild its hegemony
 10 over society (Féлиз 2015). This required both the creation of a new structure of
 11 domination within the capitalist class and between classes. Within the capitalist
 12 class, transnational fractions were able to definitely displace competing national
 13 capitals from the dispute over social strategy. The domestic capital's strategy to
 14 act as an associate partner to foreign multinational capital (to paraphrase Cardoso
 15 and Magnani 1974) gave place to a situation where transnational capital occupies
 16 dominant positions in every branch of industry.

17 In this new venue, changes in the social division of capital mimics changes in
 18 the way dependency is produced and reproduced within Argentina's cycle of capi-
 19 tal. Before neoliberalism, Argentina had been placed as a solid peripheral local
 20 market for commodities (Basualdo 2006) while at the same time being a provider
 21 of certain productions for the world market (Arceo 2003). Labor struggles for bet-
 22 ter income had been able to create a sizable demand for basic consumption goods.
 23 At the same time, the historical dependency of Argentina's economy on its rela-
 24 tionship with the European countries (EU) and the United States (US), in terms of
 25 exports of primary products from agriculture in exchange for imports of machin-
 26 ery, created a significant limit to the possibility of actual capitalist development.
 27 This created, however, considerable room for local, national capital based manu-
 28 facturing for essential goods with multinational corporations occupying significa-
 29 tive, and growing, places in some constant capital intensive branches. In parallel,
 30 this limited the possibilities of actual development to the ability to generate world
 31 currency through exports to finance growing imports.

32 Changes through neoliberalism and its consolidation in neodevelopmentalism,
 33 have pushed a transformation in the partners for dependency. The old US- and
 34 EU-based dependency gave place to a new form. Behind the new imperialism, a
 35 number of sub-imperial nations thrived; for Argentina, especially Brazil and
 36 China. These new powers in the global south came to increasingly dominate the
 37 cycle of capital in Argentina's territory. Brazil through its determinant role in
 38 the Common Market of the South (Mercado Común del Sur, Mercosur) created in
 39 the late eighties. China, for its part, has become one of Argentina's fastest growing
 40 markets and today represents one of its most important trade partners. Exports to

Brazil, China (and India) represented 31.6% of total exports of Argentina in 2010 (only 24.9% in 2002), while imports from those countries rose from 32.7% in 2002 to 45.8% in 2010 (Féliz 2015, 83).

Historically the dependence of Argentina's cycle of capital was tied to exporting primary agricultural commodities to Europe and the US, both open competitors in this products; besides, these countries have always protected their agricultural producers. At the same time, those economic areas became developed—in the capitalist sense of the word—early in the twentieth century. Thus, competition on manufacturing production was based mainly in their productivity advantage and their ability to generate innovations, which gave capital in those spaces the ability to gain extra profitability based on monopoly power. Part of the additional profitability in the center is in fact a deduction or loss for peripheral countries through trade (Marini 1973). The response from peripheral capitals was to push forward super exploitation to compensate for the loss of value and surplus value thus produced (Marini 1973).

This articulation was the historical example of dependency and its consequences in Marini's account. Nowadays, Argentina's dependent relationships have been transformed. In the ties with Brazil, Argentina has sealed its fate to the development of the automobile industry, which has grown as a bi-national manufacturing complex (Guevara 2011). In this process, Argentina has received the short end of the stick. Basic strategic decisions are taken in Brazil by the same corporations that operate in Argentina. These decisions imply a persistent foreign exchange deficit, since exports to Brazil are far lower than Argentina's parts and car imports from Brazil. Within an especial trade regime, created in the early nineties, Argentina's car industry operates as an appendix of a cycle of capital that is led in the neighbor country. The size and importance of the automobile industry is such that Argentina's manufacturing complex as a whole is dominated by Brazilian needs for valorization, with little or no autonomy whatsoever. The ties with China, on the contrary, tend to replicate historical dependent articulation but with a twist (Slipak 2012). Argentina has become a significant provider of primary products (e.g., Soya) and some agricultural manufactures (such as Soya flour and oil) for China. On the contrary, China has become one of the main sources of industrial manufactures for Argentina's cycle of capital. This trade reproduces traditional unequal exchange but in a new setting. Capitalist China competes not only on the bases of increasing productivity of labor but also on the bases of relatively low wages and poor working conditions. This creates for Argentina's manufacturing capital an additional pressure in competition, pressure that is released on the working people as increased need for super exploitation as a means for competitiveness.

These forms of dependency illustrate the role that Argentina has gained, through the action of the new hegemonic fractions of capital, in the world market.

1 As part of the global commodity chains, Argentina's cycle of capital has been set
2 to occupy a place as provider of raw materials or some of its basic manufactures.
3 This is yet another structural limit of neodevelopmentalism for Argentina's rein-
4 dustrialization is bounded by a new place in the structure of dependency. Before
5 the neoliberal era, local industrialization was made possible within the framework
6 of a fragmented world market, partial international circulation of capital and a
7 strong laboring class movement that in Argentina forced a relative improvement
8 in living conditions (Félic and Pérez 2004). This meant that dependency and its
9 resulting processes (e.g., super exploitation of labor) were mediated through class
10 struggle to allow for a particular form of peripheral industrialization (the so-called
11 model of import substitution, in the time of classic developmentalism). On the
12 contrary, in the current era, as transnationalization of local capital has come to
13 dominate and become hegemonic, local processes of accumulation and investment
14 have become increasingly subordinated to the global needs of such agents. The
15 hegemonic victory of transnational corporations, radicalized through the irruption
16 of Chinese capitals, has left Argentina's capitalism in an awkward position. While
17 neodevelopmentalism has gained ideological support as a means to condense
18 social contradictions and—in conflict—normalize social demands, it has lost its
19 ideal social agent for development and change, the national local bourgeoisie
20 (Félic 2012b). In fact, the newly founded dominant agent (transnationalized capi-
21 tal) cannot—by social constitution—promote the autonomous capitalist develop-
22 ment process that developmentalism so eagerly awaits. This is the result of at least
23 three concurrent elements. On the one hand, the prevalence of ER cuts off the
24 incentive for local productive reinvestment and accumulation of surplus value.
25 Since the production of rents do not depend on reinvesting the extraordinary prof-
26 itability, a sizable fraction of surplus value can be circulated to be used elsewhere,
27 instead of being reinvested (Manzanelli 2011). In the case of transnational corpo-
28 rations, displacing surplus profits can operate neatly through the internal exchanges
29 within each capital (e.g., intra-firm trade, capital flight, etc.), making it harder for
30 it to be redistributed through State action. Secondly, since capitals accruing rent
31 operate as part of global enterprises, reinvestment of surplus value is conditioned
32 on its world-wide strategy. Since that strategy recognizes the current international
33 division of labor, Argentina does not have a place there as a center for manufactur-
34 ing production. Thus, dominant fractions of local capital fail to concentrate their
35 accumulation within this value space, reinvesting only in as much as is required
36 for the recreation of conditions for production and appropriation of rent. Finally,
37 since dominant fractions of capital have been able to locate Argentina as a source
38 of super exploitation of labor, the domestic market for consumption has limited
39 scope and any additional demand for popular consumption tends to be satisfied
40 through imports or displaced through inflationary means.

5. Preliminary Conclusions

New dependency is the premise and the conclusion of the process of transition from neoliberal rule into neodevelopmentalism. As neoliberalism collapsed into an organic crisis, emerging hegemonic fractions of capital had already been able to create the social bases for a new successful process of valorization and accumulation to take place. New modalities of super exploitation of labor and nature create the objective bases for production of surplus value and surplus profitability.

As the neodevelopmentalist project constitutes in a new form of the State, changes in class composition and social division of capital set the pace for a new way in which Argentina's economy occupies a link in the cycle of global capital. From this new position, local transnationalized capital can provide both use values and surplus value that enable Argentina to act as a "successful" partner for capital within the world market.

Through neoliberalism, BTC were able to create the social, political and economic bases for this new place within dependency relationships to take place. The so-called "regressive restructuring" of Argentina's economy forced a new political constitution of labor that made extensive super exploitation viable. Besides, it created a wide array of changes in the social and productive structure of capital to make the most of super exploitation of nature. Both changes were made possible through a changing form of dependency that reconfigured the global ties of the local cycle of capital, making the most of the new composition of capital and labor in terms of production, appropriation and use of value produced.

The aforementioned transformations were not an imposition from abroad or the mere "logical" result of the neoliberal age, but the fought over result of historical class conflict in Argentina. As a matter of fact, the nature of changes resulted from the defeat of labor in the battle for development. Neoliberal outfall was the conclusion of the strategic success of new hegemonic fractions within the dominant social agent (e.g., capital). The first traces of the neodevelopmentalist decade came as the forefront of this strategic success. However, the new hegemonic project had to take into account and partially include the renewed forces a changed political composition of labor. The need to channel these forces into a viable capitalist program explains most transformations at the level of the State.

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