

Capital accumulation and the occupation of global markets

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Abstract

The logic of the process of expanded accumulation of capital in the manner described by Marx can explain the phenomenon of accumulation on a global scale. The processes of accumulation, concentration and centralization of capital are inherent to the way capital operates, nationally and internationally, are mechanisms that transmit the contradictions of capitalist production.

The effective agent of this movement is Capital, embodied in individual capital holdings that are increasingly concentrated and centralized. These are large multinational companies operating in oligopolistic markets, controlled by professional executives, that now lead the process of accumulation worldwide.

The process of global-scale accumulation is the result of the very nature of capital accumulation, which does not take into account geographical-political boundaries in its expansion. By virtue of this movement, capital constantly reproduces its contradictory characteristics of accumulation, occupying local, regional, national and world spaces. In each space that it occupies, from the center outwards, it reproduces its contradictions by the creation of inequalities and its exclusionary character.

In the first place, we would highlight the process of expanded accumulation of capital, which incorporates the logic of expansion that exists in the very nature of capital. This more general movement of capital is not dependant on the processes of concentration and centralization. In addition – and related to this movement – is the process of capital concentration. This constantly expands the total amount that is seeking to increase its own value. In turn, this increases and makes more critical the need of capital for space for new investments – a process that has industrialized Latin America and now China. Crowning the form and contradictions created by the accumulation process is the process of capital centralization – the expropriation of the capitalist by capital itself. This is characterized by processes of productive restructuring.

The processes outlined above are described in more detail in the main text, and should not be seen as separate factors. Rather, they are dimensions of the same process.

1. Introduction

The objective of this text is to demonstrate how the capacity of the logic of the processes of expanded capital accumulation, as treated by Marx, can explain the movement of accumulation on a world scale, with its contradictions and impacts on the global market. Beginning with the idea that the processes of accumulation, concentration and centralization, intrinsic to the nature of the operation of capital and often seen as restricted to national economies, are in fact, in the measure that they describe movements of capital, processes that do not respect geographical or political boundaries; they are mechanisms for the transmission

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of the contradictions of the capitalist mode of production, and the consequent inequalities, first in a local sphere, then expanding to a global scale from the original center formed around the countries which form the Triad (EUA, Europe and Japan).

The effective agent of this movement is a capital embodied in individual capital holdings that are increasingly concentrated and centralized. Today these are large multinational corporations that operate in oligopolistic markets, controlled by professional executives, who have long since replaced the individual capitalist, who personified the capital they controlled. It is the multinational corporation, apparently devoid of personality, that now appears to drive the process of accumulation worldwide, and does so in a professional manner.²

The process of global-scale accumulation is the result of the very nature of capital accumulation, which does not take into account geographical-political boundaries in its expansion. Capitalism was born and flourished having as one of its seeds the early European unification processes and the foundation of the State, always building on the hierarchical relations of power and domination that were located in the hegemonic centers³. Today these centers of domination are the countries that comprise the Triad under North American leadership (Palloix, 1971:14). From these central hubs, capital has historically expanded between countries of the Triad and between these and the peripheral countries.

In this process, capital reproduces its contradictory characteristics of accumulation, constantly occupying local, regional, national and global spheres, reproducing not only those conditions which constantly create inequalities (its exclusionary and poverty-creating characteristic⁴) but also its contradictions inherent to the very process of expanded accumulation which ultimately result in economic crises in each area it occupies, from the center to the global sphere. In this sense, the expansion of capital constitutes not only the exploitation of new markets as usual, adding new places to ensure the reproduction of capital by foreign investment, but also the disintegration and exclusion of different places, and finally, due mainly to the process of centralization – which should be understood not just as the expropriation of capitalists by capital, but also as a return of capital to a center – the possible exclusion of whole regions from the map of accumulation through the restructuring

² Oligopolistic multinational capital frees itself from the individual capitalist through the professionalization of its control by contracted administrators (see Sweezy e Baran, 1978:39 e Mészáros, 2002:103) and remains free of the contradictory motivations of the individual capitalist in its “Faustic conflict between the drive to accumulate and the need to enjoy life” (Marx I, 1980:690).

³ For example, Giovanni Arrighi’s, search for historic models in the diverse forms of global hegemony (see Arrighi, 1996 and Arrighi and Silver, 2001).

⁴ The term “exclusion” here is used under the lens of participation in the accumulation of capital. Given that the social relation under capitalism transforms everything into merchandise, for an individual to be pertinent and included in society they must fulfil their function as merchandise, a role which can only be realized as labour power or as controller of other’s labour.

of global working capital. To the extent that the movement of capital is more autonomous and less restricted, these movements have the tendency to gain in strength as capital takes full control of the accumulation process.

In the first place, we must highlight the process of expanded accumulation of capital itself which incorporates the logic of expansion present in the very nature of capital. In a certain way, this more general movement of capital is not necessarily dependent on the processes of concentration and centralization, natural consequences of the accumulation process. Rather it is characterized by the obligation that each individual capital has to constantly seek to maintain itself in the process of valorization, and this becomes more dramatic to the extent that capitalism becomes more concentrated and centralized (oligopolistic). It is the need to constantly restore the newly created surplus value in the process of valorization. This in itself drives capital to search for new spaces.

Alongside this movement - and related to it - is the process of capital concentration. This constantly expands the volume of surplus value in the hand of each individual capital in search of valorization, elevating and making more critical the search by capital for new areas. It's a movement of capital expansion. An integral and more apparent part of this need to broaden the base of capital accumulation is the search for new markets, new spaces to realize additional value - which becomes more important with the increasing concentration of individual capital - and principally, in the process of expanded valorization, the search for new spaces to re-invest created value.

Crowning the form and contradictions created by the accumulation process is the process of capital centralization - the expropriation of the capitalist by capital itself. Each individual capital is impelled to expand through the retraction of the mass of working capital by way of productive restructuring, acquisitions, mergers, incorporations, outsourcing, joint-ventures, etc. Unlike previous expansionary processes, this process of capital centralization withdraws capital and brings it back to a center. The process is different from previous ones (accumulation and concentration) that, according to Samir Amin (2002:89), were "constructive and integrating" by virtue of the productive investments that central countries made between themselves and in the periphery. The process of global centralization promotes disintegration and retraction. While concentration and increased accumulation expand capital - carrying the contradictions everywhere - centralization is a response to the emergence of these contradictions, promoting retraction and exclusion. As everything indicates, it appears that the principal characteristic of the globalization of capital that occurred during the 1980-90s was the centralization of capitals on a global scale.

It is worth pointing out that the processes outlined above, in respect to their relation to the internationalization and globalization of capital, which will be further detailed later in this text, should not be seen in any particular order or rank. Rather, they are dimensions of the same process. They constitute a kind of spiral motion that is related to the territorial expansion of capital; they are produced and reproduce in each new space occupied by capital, reaching and occupying the entire global space; they carry the contradictions of the process to all spaces, creating expansion and exclusion, economic growth and crisis, both in each new place that capital occupies, and on a global scale. They are movements of autonomous capital, free from any social control, and many times strengthened by their States of origin.

The fact that Marx did not directly comment on the international or global aspects of some of these processes would raise the question of whether this approach might be pertinent. However, when one considers the nature of these processes in the way described by him, it is difficult not to relate them to worldwide accumulation. Rosa Luxemburg, Lenin, Bukharin, Sweezy, Baran, Magdoff and more recently Palloix, Hobsbawm, Chesnais, Michalet and many others discuss these global relationships stemming from Marx, from his logic of accumulation, in the dimensions discussed here. Perhaps the only less well-known dimension is the process of centralization of capital on a global scale in so far as its logic of global economic restructuring. Less well known, perhaps due to the fact that it is a relatively recent phenomenon strengthened as it is by the policies of deregulation and liberalization that permit complete capital autonomy, when not directly supporting it.

2. The question of the space of accumulation

Such an approach also brings into question the political and geographical space. It puts forth highly contradictory issues since there can be no capital without frontiers and without a state. Historically, capital continues to be related to political boundaries, as for example, in China or the US.

In spite of this, capital struggles to overcome geographic and state borders, and to this end uses, contradictorily, borders and states; it destroys spaces only to rebuild them hierarchically around certain hegemonic centers. In this sense, at the same time that it negates space, it reaffirms it⁵. This contradiction is at the base of capital's unequal logic of expansion. It seeks to control and weaken States and borders that hinder its free expansion while

⁵ China is characterized as a new space of accumulation giving forth to a State strategy of attraction and control of multinational capital (see Sawaya, 2010).

strengthening states and borders that give it protection and power⁶ (as with China, for example) thus defining a relationship of hegemony and domination. “If there is anywhere in the world – aside from the dramatic decomposition of some ‘quasi-states’ in Africa – where we can talk about States weakened by the process of globalization, (...) this is the territory of the so-called emergent markets, in particular Latin America” (Fiori, 2001:66). This movement is part of the logic of accumulation, and is today present in the formation of poles which encircle the countries of the Triad and in the formation of the periphery which participates in the process⁷. China is a new element in this relationship which, as a powerful State, appears to be able to more effectively control the capital which it receives at its borders.

Borders and states influence the movement of accumulation, concentration and centralization of capital, sometimes negatively and other times positively, but few modify the logic of accumulation except when certain social pressures can exert changes or controls on the accumulation process, as happened in the golden age of the Welfare State of the center, or even when the periphery States imposed protectionist measures. At the same time in which the political institution, on the one hand, may give potential to the accumulation process through the protection it offers to capital, at other times it presents itself as an impediment to freedom of capital. At the same time that capital protects itself behind a national State, becoming stronger because of this support, it tries to break the geographic and political barriers through the process of expanded accumulation. If in one way it feeds itself off the State, in the other it seeks to destroy it.

This de-territorialization that characterizes the movement of capital has a tendency to occupy all geographical areas in unequal ways (Ianni, 1999:179). Inequality is not new in the accumulation process as it has always been present even when capital was restricted to the national arena. “We cannot wonder why free-traders cannot understand why one country can enrich itself at the cost of another, because these same gentlemen do not want to understand how within a nation, one class can enrich itself at the expense of another” (Marx, 1985:196). The accumulation process reproduces this global inequality and has the tendency to reproduce and expand exclusion on a global scale. “Globalization tends to polarize the global space. A large part of national economies are excluded from the movement and these are principally the least developed countries” (Michalet, 2002:146). As it could not be otherwise, this polarization has its roots in the worldwide movement of capital. Capital, in its uncontrolled

⁶ Poulantzas’ treatment of the central State affirms “... to support ... that when the more that economic power expands and concentrates, the more it takes power from the state, is to not recognize that the State is not embodied with it’s own power, but also that it intervenes in a decisive manner in this concentration.” (Poulantzas, 1975:86).

⁷ Here we refer to that part of the periphery that is included in the process, which, according to Michalet, consists of fifteen or so countries, amongst which is Brazil. Argentina appears incognito (Michalet 2002:147).

movement, tends to expand, taking with it its form of existence with all its contradictions to all global spaces in a process of creation and destruction, integration and disintegration, inclusion and exclusion.

If the occupation of geographical areas is unequal, the manner in which capital frees itself of both the geographical and political confinements also differs. It is not the state itself that is called into question but some States: the ones of the periphery and the ones that don't guarantee accumulation.

“The decisive criterion by which of the capitalist system societies are classified as ‘central’ or ‘peripheral’ is the character of their State. The central capitalist societies are characterized by the crystallization of a central bourgeois state whose main role (besides simply maintaining the dominion of capital) is to monitor the conditions of accumulation through the national control it exerts on the reproduction of the labor force, the market, the centralization of surplus, natural resources and technology. The state here meets the conditions that permit a ‘self-centered’ accumulation, that is, by subjecting external relations (more often than not, aggressively) to the logic of accumulation. By contrast, the peripheral state (like any other state that fulfills the function of maintaining the internal domination of class) does not control local accumulation. So it becomes – objectively – the instrument of ‘adjustment’ of the local society to the demands of global accumulation, for which changes of direction are determined by changes occurring at the center” (Amin, 1990: Chapter 6).

Capital, by the logic expounded by Marx, could never be restricted to a single geographical area, and when capital breaks from a space it is not changing its nature. It has historically broken geographical boundaries, through its movements of accumulation, concentration and centralization. Within this movement capital, free from any form of control, can lead to either inclusion or exclusion on a global scale and not only locally. México is a classic example: it was included as a center for maquila production for the U.S. market, but was quickly replaced by China as a new center. For this reason, China attempts to maintain multinational capital under its control. Exclusion is not something that can occur only in the periphery, but also in the center. The transfer of centers of production to China has contributed to the beginning of de-industrialization of the U.S. and of the European periphery.

“Driven by the constant need for new markets, the bourgeoisie invades the entire globe. It needs to establish itself everywhere, explore everywhere, and create connections everywhere. By exploiting the world market, ... it imprints a cosmopolitan character to production and consumption in all countries ... it removes industry from its national base [destroying] old industries ... daily In place of the old needs satisfied by domestic producers, are born new wants that claim products from afar for their satisfaction ...” (Marx, 1977:24).

3. Globalization: accumulation and concentration

Capital has the tendency towards the occupation of global arenas due to its very nature, its own movement seeking the valuation of value, a movement materialized by the

direct investments of multinational companies seeking to perpetuate their existence and permanence as capital.

It would perhaps be pertinent to ask why emphasize capital accumulation, given that this is the synthesis of the process that characterizes the mode of capitalist production and which leads, at least historically, to concentration and centralization as related movements. Accumulation is the movement that ensures the existence of value as capital, which “can be understood only as a motion, not as a thing at rest. Those who regard the gaining by value of independent existence as a mere abstraction forget that the movement of industrial capital is this abstraction in *actu*.” (Marx II, 1980:107). In a certain way, because of this, accumulation is independent of concentration and centralization of capital, but is strengthened and given potential by them.

Authors such as Sweezy and Baran (1978), and even Lenin⁸ (1987), strongly relate the process of the globalization of capital⁹ to monopolistic capitalism (centralized), clearly identifying the formation of monopolies in certain locations to the expansion of capital, with the movement for the occupation of new territories of the world. Certainly the degree of concentration and centralization of capital drives the movement towards the occupation of new spaces in a very dramatic way, due as much to the deepening of contradictions that capital must face on its home grounds of accumulation as to its own need of expansion for the continuity of valorization. Monopolistic capital enhances this process that is already part of its nature of accumulation. But it is important here to point out that the process of capital accumulation carries a peculiar feature that requires capital to expand independently of its degree of monopolization. The search for new arenas for accumulation of capital, given potential through monopolization, demonstrates that under capitalism there is no alternative but to accumulate at an increasing scale in danger of perishing, of ceasing to exist as capital. This is the constant pressure on individual capital, of large companies, to transform the surplus value created into new capital through restarting the process of valorization of value. Capital accumulation is the constant re-application of this surplus value as a new source of capital (Marx I, 1980:674). This process impels capital to expand its territories from the local to the national and global.

It is worth noting that this is a process described not only by Marx. Keynes in his “General Theory” (1982) analyzed the logic of capitalism, and also demonstrated the

⁸ To Lenin, monopolistic capital is what embodied the movement of internationalization (Lenin, 1987:60).

⁹ In truth they denominate the process as internationalization. Despite the use of the terms globalization and internationalization being strongly connected, their specificity is almost a question of semantics for what is proposed here. The use of internationalization is linked to the idea of capital beyond borders while globalization leads more to the idea of occupying the world space (see Chesnais, 1996, Michalet, 1983 and 2002).

imperative need for investment and the reapplication of value created during production to new capital and, to use the terms of Marx, on an ever increasing scale, to allow the flow of accumulation to be realized in order to avoid the system going into crisis (Keynes, 1982:95; see also, Chick, 1993:27). For Keynes, the productive investment decisions are central to maintaining the dynamic of accumulation, including ensuring the realization of the created value. Keynes, however, parts from the viewpoint of the problem of realization, of the demand necessary for the continuation of the process, a demand not from consumers in general but from capitalists, in terms of the means of production and labor, which must be ever increasing to maintain the circular flow and guarantee the employment of resources. Already for Marx, the question of expanding of the process of accumulation to a large scale is not only related to its realization, but to the ever-increasing need for the valorization of capital imposed on each individual capital, linked to inter-capitalist competition and reinforced by centralization.

On the other hand, for Keynes the constant need for an increasing investment does not necessarily imply the globalization of capital. It can take place within a single nation as long as there is a growing circular flow, being restricted by the size of the income, its distribution, the level of employment, and the size of the population. For this reason it is a process that can be administered by the State¹⁰ to control the damage that free capital causes (unemployment and crisis, natural consequences in any economy acting with free markets). For Marx, on the contrary, capital cannot be restricted by these elements; the accumulation process would in fact be in crisis because, besides seeing itself blocked in its expanded accumulation, it would create in the restricted space of accumulation contradictions that also entail problems of realization. Thus, the central problem pointed out by Marx is that the accumulation of Capital cannot be restricted in its dynamics to a single space, or in other words, a restricted space limits expanded accumulation. The principal motive for this lies in part in the contradictions (unemployment, exclusion) created by the very process of accumulation itself which hinders the realization of value; the other part of this lies in the possibility of increasing the pace and extent of accumulation by removing these local bonds. Restricted space limits accumulation, and this limit is what is overcome as much by the expansion of capital to the world through globalization, as through centralization (mergers, acquisitions, joint ventures, etc.) in the local space, in a process of elimination of surplus working capital (Sawaya, 2006:cap.I). This process partly offsets the spatial limit, but this limit will reappear on a global scale when the useful global arenas for accumulation also begin to narrow.

¹⁰ See Robinson, 1964:92.

“The development of capitalist production makes it constantly necessary to keep increasing the amount of the capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist production to be felt by each individual capitalist, as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend it he cannot, except by means of progressive accumulation” (Marx I, 1980:688). “It must never be forgotten that the production of this surplus-value — and the reconversion of a portion of it into capital, or the accumulation, forms an integrate part of this production of surplus-value — is the immediate purpose and compelling motive of capitalist production” (Marx III, 1980:280).

Thus, one could say that to keep this movement of capital on an increasingly larger scale – as required by the process itself, to maintain capital as capital, value in the process of valorization, that assures the constant transformation of money into capital – presupposes the search for new spaces in which to make new investments. In this sense it is implicit in the very movement of expanded accumulation, any type of restriction whether political or geographic, that is inappropriate to the process of accumulation. Restrictions in that sense would be factors external to the movement of capital that could imply impediments to its accumulation on an expanded scale. As such, the only restriction to this expansion would be the useful world-space for accumulation.

This process of capital accumulation on a world scale renders itself concrete by the action of individual capitals. Just as it is they who embody the expanded accumulation of capital in general, so too are they the ones who pursue the occupation of global arenas. Each individual capital is obliged to move, to grow not only in scale but also in control over markets, and in the available spaces for accumulation in order to assure its existence. The company or group, just as individual capital, must maintain its surplus value in the process of valorization in order to maintain its existence. “...the continuous increase of its capital becomes a condition to maintain it” (Marx II, 1980:80). The perishing of a company under capitalism is bound to its inaction with regard to the movement of capital as a whole, as social capital (not individual), embodied in their competitors.

While analyzing the movement of companies seeking competitive advantage, Michael E. Porter, far from being a Marxist, places this need for embodied capital in the company’s actions as follows:

“The nascent global industry leaders always begin with an advantage created internally, being a preferred model of product, a higher level of product quality, a new marketing concept or a cost of factors advantage. But *the continued success generally requires that the company not stop there*. The advantage obtained in the country of origin then becomes the leverage for the entry into foreign markets. Once there, the successful global competitor complements the initial internal advantage with the economies of scale...” (Porter, 1989:76 – emphasis added).

Thus it becomes clear that the movement of capital expansion in its process of accumulation is what guarantees the continuation and the “success” of the company. This ultimately ends up by breaching borders in the search for new spaces to continue the process of valorization of value or for maintenance of individual existence as capital. It is a process driven by concrete microeconomic actions undertaken by concrete agents, and embodied by the movement of Foreign Direct Investment-FDI. These microeconomic agents are multinational corporations¹¹ that are obliged to act in this way in order not to be overcome by the very movement of capital, which would mean to perish in the competition or see their profit rates diminished.

The intrinsic necessity to maintain capital accumulation on a growing scale explains the investment from the center to the periphery as much as it explains investment between the countries of the center.

“In this new and continuously evolving environment, the key strategic issue for firms becomes how to survive and prosper, knowing that there is a market for firms and that sanctions await them if they fail to delivery growth and profit. One such sanction is to be taken over. All the basic motivations for firms to undertaken cross-border mergers and acquisitions combine to become key elements in the overarching strategic goal to defend and develop competitive positions” (UNCATD, 2000:153).

4. Concentration

The concentration of capital, resulting from the expanded accumulation process itself, strengthens and complements this movement. It is characterized by the broadening of the base of accumulation of an individual capital increasing its ability for the extraction of the surplus value. Normally this process is confused with the centralization of capital because the latter almost always results in greater concentration, in the broadening of the base of accumulation of an individual capital, while at the same time it might be linked to a decrease in the mass of social working capital. In crises, centralization occurs because the base of accumulation has diminished, driving stronger capitals to eliminate weaker ones in the fight for the remaining space of accumulation. But an individual capital does not need centralization in order to concentrate itself. Concentration is the result of the very accumulation of capital itself in which “every accumulation becomes the means of new accumulation. With the increasing mass of wealth which functions as capital, accumulation increases the concentration of that

¹¹ These companies or groups that embody what is known as “individual capital”, when they expand to the world, are called multinational corporations here because it is considered that they are linked to national states. “...a transnational corporation, unlike a multinational corporation could not be controlled or restricted by the policies of individual national states” (Hirst e Thompson, 1996:29). So, in the concept of transnational, there would exist the absence of a supporting state, which is not the case of multinationals. Even with the shift to China, despite there being a major contradiction in the term, they now seem to be subordinated to a new state, the Chinese, even if they do not wish it (Sawaya, 2010).

wealth in the hands of individual capitalists, and thereby widens the basis of production on a large scale and of the specific methods of capitalist production” (Marx I, 1980:726).

This process helps to increase the need to search for new areas of accumulation, pressing for greater globalization, given the mass of surplus value that is put into the hands of individual capitalists forcing them to maintain the process of valorization in order not to perish. It exerts pressure on them to seek new places for accumulation independent of the limits of local areas. Abroad thus becomes an “outlet for the investment of surplus capital created in the sector of large enterprises of the system” (Sweezy e Baran, 1978:110), a surplus which increases the higher that the degree of concentration of capitalist production exists in the hands of large individual capitals. It is the fulfillment of the potential nature of accumulation which was already impelling capital across borders.

Charles-Albert Michalet (1983, 2002 and 2007) and François Chesnais (1996), going beyond the form exposed by Baran and Sweezy – who relate surplus value much more to its financial component (as does Lenin, 1987) – are the authors who named this movement of capital toward the occupation of all spaces, of the expansion of capital beyond borders, as the process of “Globalization of Capital”. Globalization transforms individual capital into multinational capital which, when acting as a multinational company, undergoes constant pressure to broaden its base of accumulation “denying the local area (national or regional) through the process of transferring the location of the formation of value” (Michalet, 1983:127). It exports capital through productive investments, creating productive structures in relevant areas that maximize and fortify accumulation. This movement follows the logic of competitiveness and oligopolistic competition by multinational firms in the process of global expansion (Michalet, 2002:27-57). Historically, according to Michalet, Hobsbawm (1995), or even Chesnais, that movement of capital takes form and becomes preponderant on a global scale between the 1960’s and the 1980’s under the form of productive Foreign Direct Investment -FDI.

“In fact in the 1970s observers began to draw attention to a new “International division of labor”, that is, a massive transfer of industries, ... of industrialized economies that formerly monopolized them, to other parts of the world. This was due... to ... the move, by companies in the old industrial world, of a share of ... their production, to the second and third worlds...” (Hobsbawm, 1995:354).

In spite of an expansion throughout the world characterized by an intrinsic necessity for continuity of accumulation, the motives which bring multinational corporations to chose other locations in which to invest are related to the control of markets and competition: distance, protectionism, financial benefits, consumer habits, and the risk of loss of competitiveness. (Michalet, 1983:147-9 and also Michalet, 2002). The multinational

corporation seeks to reduce uncertainty and the risk of perishing as individual capital, which can be materialized through the loss of competitiveness, through the difficulty of realizing value (selling), involving loss of control over the markets where it and its competitors operate. Integration on a global scale through verticalization or horizontalization is the form of maintaining control over markets and minimizing the risks of disrupting the process of expanded accumulation; the way is by internationalization through direct investment. This set of motives is linked to the pressure on capital to always accumulate on an expanded scale; it is this that moves individual capital and permits its existence as capital. The pressure for the constant valorization of value, which is the nature of capital, materializes for the individual capitalist as competition and competitiveness (see also Hymer, 1978, Ch. 3).

According to Palloix, this process, which he calls “productive internationalization”, is characterized by the consolidation of multinational corporations as the center of global accumulation of capital by way of productive investments throughout the world (Palloix, 1971).

5. Accumulation and concentration: a question of geo-political space.

In this movement, the multinational company or corporation which was established and strengthened under the protection of a particular State, expands its operations to new areas of the world where it installs production facilities in industry sectors it already dominated in its location of origin. There are several ways to exercise this type of control over productive processes outside of a company’s original territory, in each case modified according to industry sector technology, factors used, etc. Some forms of expansion become generalized for production in other places: the establishment of subsidiaries; partnerships with local businesses, acquisitions, mergers, joint ventures or outsourcing¹².

Regardless of the form it takes, this reaching by capital to overcome the local territory (the word “reaching” in this context is important because recent history has not seen any abolition of borders) is not homogenous. In powerful States of the center, capital enjoys a political power and, because of this, obtains a certain ‘protection’ that guarantees its growth. This removes from capital the idea of weakening this State with respect to its role in the accumulation process. The modification that takes place within that center-state is based on its relationship with multinational capital, “going from a system in which networks of accumulation were inserted into the network of power and subordinate to it, to a system in

¹² Outsourcing is characterized as the most modern form in certain sectors by which the multinational company transfers some of the burden of the production process – labor-force management, situational contingencies, local costs and risks – to third parties (Chesnais, 1996:35), without losing control over the production process and without appearing as a local producer. Depending on the power relationship between the leader enterprise and the outsourced, the existence of a contract may not even be necessary as is common practice between auto manufacturers and auto-parts suppliers in Brazil.

which the networks of power are inserted into the networks of accumulation and subordinate to these” (Arrighi, 1996:88), but without losing their symbiotic relationship. It is the very States at the center of the system who designed policies for the internationalization of capital in the post-war years (Bretton Woods agreements) and later in the 1980s and 1990s via liberalization policies, serving the process of capital centralization, and which would contradictorily serve to industrialize China to the detriment of other parts of the world.

“While the strongest national states continue to employ imperialist activities, to formulate geopolitical and geo-economic strategies, their prerogatives are no longer those of “classic” imperialism. Together with national States, even the strongest ones, are placed and imposed transnational corporations, which even transform themselves into global power structures. Insofar as corporations gain the strength, versatility and size that are realized with the globalization of capitalism, to the same extent this reduces or subordinates the possibilities of national States, which were once the examples of excellence of imperialism and interdependence” (Ianni, 1999:186).

This is not exactly what occurs in less powerful States or those that insert themselves into the process of global accumulation in a subordinate manner such as in Latin America. The tendency of capital in its globalization movement is to seek to weaken and control those weaker States with the help of stronger States of the center, sometimes even with the use of military force, with the objective to subordinate these weaker states in accordance with the interests of the Capital. Because of this, the idea of the elimination of States or borders brings with it an inequitable character. Capital performs this task not by destroying the institutional structure that gives it support, but by weakening or co-opting those that block the path of accumulation. “In monopolistic capitalism, the creation and realization of surplus value necessarily employs political as well as economic domination” (Palloix, Vol I, 1971:22). This is a trend that acts as much on the central State as it does on the peripheral State. The difference being that the peripheral State weakens under pressure from both the hegemonic State as well as from globalized capital. This is exactly what China, with its national strategy, is not appearing to allow to happen in its territory (Sawaya, 2010).

Furthermore, the process of capital expansion is not generalized in all regions of the world. Globalization is a process related only to a set of regions where resources or markets exist. This further strengthens its exclusionary and poverty-creating aspect. Some regions are at the outset excluded from the process (Chesnais, 1994:32), in a trend toward the hierarchical polarization of the world (Michalet, 2002:147). Thus the expansion of capital is organized from the hegemonic centers formed around the Triad countries from which capital is launched over the world. China, again, seeks to be an exception.

6. Internationalization as realization of value

Commercial internationalization as an element that seeks to guarantee the realization of value (the search for new markets) has been historically the spearhead for the occupation of geographical areas by capital. It is worth recalling that capitalism was born from the growth of commerce, which gradually occupies spaces from regional to global, always involved in mechanisms of domination and political control over markets and regions. This means it was born as a global-system. The productive internationalization by way of FDI comes as a result of this movement, modifies it, but far from suppressing, maintains it. “The notion of the world economy encompasses simultaneously those phenomena related to circulation and production. This shift in the field of traditional analysis from the circulation to the process of production must be accompanied by the primacy of the latter over the former” (Michalet, 1983:11)¹³.

In spite of the fact that realization of value (a commercial problem) has always been treated as the central phenomenon of the internationalization of capital, it is only one part of the integral process of capital accumulation. It concerns a part of the rotation of capital, the commercialization of goods, the realization of value as merchandise. Therefore, despite its importance in the accumulation process, since without realization the process of accumulation could cease and go into crisis, it is only a part of the process – the circulation. The valorization of capital does not occur in the exchange of goods, final goods, but in the specific exchange that occurs between capital and labor, the real source of value. It is not the exchange of merchandise that value is created.

The realization process is responsible for economic crises that normally appear to be cyclical and not as a structural crisis of the capitalist mode of production. Its structure is altered only to the extent that these crises become catalyzing factors of centralization. Not that the realization process is a minor aspect in the rotation of capital but it only addresses the conversion of goods into money and not the creation of value itself. The realization of goods as value “the mortal leap of merchandise” can accelerate, decelerate or halt the process of capital accumulation (Marx II, 1980:107), interfering directly in the rotation of capital but is not the center of it.

In any event, realization is one aspect that has already been directly focused on by Marx as one of the motives for the internationalization of capital. “The tendency to create a global market is given immediately by the idea of capital. All limits put to it are seen as barriers to be overcome” (Marx, 1987:360). As such, the search for new markets beyond the

¹³ Despite this fact, the manuals for International Economics are still highly focused on trade relations between countries.

local arena is an intrinsic characteristic of the movement of capital in the process of expanded accumulation.

Extrapolating beyond local, regional and national spaces, the process of realization is related to the contradictions of the accumulation process itself. In the first place, realization is the result of over-accumulation of capital due to the inherent need of each individual capital to reintroduce surplus value created in each new accumulation process. Secondly, it is a consequence of differences in the rotation periods of various individual capitals that result in conjunctural cycles of realization, often times disconnected, which may temporarily interrupt the cycle resulting in crises of realization. Finally, the realization process is the result of the exclusionary nature inherent in the accumulation process that excludes the worker in the way that it substitutes labor for constant capital and, additionally, excludes even capitalists themselves, to the extent that capital centralizes itself.

These crises of realization resulting from expanded accumulation may lead to crises of overproduction (Luxembourg, 1983) or of under-consumption (Baran and Sweezy, 1978) which, according to these authors, may be overcome by the export of surplus goods, driving commercial internationalization. Luxemburg is the main theoretician of the logic of the internationalization of capital by the export of merchandise. Having a clear understanding of the problem she states: “the reproductive process transforms itself into a requirement, an inevitable condition of economic existence to individual capitalists” (Luxemburg, 1983:19). But Luxemburg sees as the main inconsistency of accumulation, the problem of realization which prevents the system from maintaining reproduction. Internationalization is for her then, linked to disruptions in the rotation of capital resulting in the need for the expansion of a capital no longer able to realize surplus production within its original boundaries. As such it is necessary, according to her, an internationalization not only as a condition to maintain accumulation on an expanded scale, but also as means of increasing the extraction of surplus value, something it accomplishes through the destruction of traditional local structures. It is interesting to note the destructive aspect that this process of internationalization brings to local traditional economies, eliminating local production, a process that opens the market to occupation by multinationals. This fact is not highlighted by the author, but it exists as a logical extension of her argument. Thus, for Luxemburg, the limits to realization within the local arena are what impede the continuity of valorization to the point that there is no possibility for the accumulation of capital within an isolated society (Luxemburg, 1983:298). Moreover for her, these elements impose an international relationship of the center-periphery type.

It is important to highlight certain aspects arising from her analysis. The contradiction that exists in the process of accumulation that results in the reduction and exclusion of the capacity of realization, in fact impedes the continuity of accumulation when restricted to a local market. This is because the surplus to be realized at each cycle of the rotation of capital is expansive due to the very nature of the process of creation and re-creation of value. This imposes on capital the need to search for new locations for realization. On the other hand while occupying new spaces, capital finds not only the potential for the realization of the surplus that that failed to be accomplished at the place of origin, but principally it increases its capacity for the expansion of capital given that the potential for consumption and the possibility of realization both increase in the conquest of new markets. This is an additional factor that is independent of the crisis of realization in the center of origin. Overcoming the boundaries in the field of realization increases the potential for capital accumulation. This, which has been happening throughout history, is present in the logic developed by Luxemburg.

In point of fact, capital seeks new markets to insure its growth, and the more markets it controls, the greater its potential for growth and the greater its capacity to have under its dominion a significant mass of surplus value. Historically, capital expands its bases for realization, be it as in the past through the conquest of colonies through the military might of its States of origin, or as today through the direct control over markets through its concrete presence in the global arena of accumulation by way of direct investments that ultimately strengthens its activity as multinational capital. The provision of loans, or political pressure to place certain products in a potential market, are other forms of control (also noted by Luxemburg) over other places. The necessity for the search for new spaces for realization, therefore, is an integral part of the process of capital accumulation in relation to the amplification of capacity or the speed of the rotation of capital; it is also the spearhead of the contradictions of the process of accumulation on a global-scale, which will result in the occupation of the periphery by the productive apparatus of the center itself. This same process happens between the countries of the center.

On the other hand, some elements that impel capital outside the local arena change historically due to the globalization of capital that had only its beginnings in the problems of realization. It is important to point out that the logic of capital to seek markets outside of its borders when faced with the lack of ability to perform realization locally, as proposed by Luxemburg, today appears to assume an inverted form in the center-periphery relationship. Regions mainly composed of peripheral nations industrialized through Foreign Direct Investment (FDI) that have huge Internal income inequalities (who brought the contradiction

to within their borders) and as such, have an impaired capacity for internal realization, prioritize their development strategies based on exports, in the realization of surplus value abroad as mechanisms for the valorization of capital.

Moreover, the form of subordination of the periphery is also altered since today that which defines the flow of goods around the world is the existing flow of Foreign Direct Investments (FDI). It is the decision of productive localization by firms in their various modalities that define the flow of goods around the world. “It is the FDI and the localization strategies chosen by multinational companies that command a very important part of cross-border flow of goods and services contributing greatly to mold the structure of the exchange system. ... Its organization is the result of the combined interaction of states and key players of the capitalist economy which today are industry groups and major banks acting in response to pressure from a number of opportunities (to profit) and economic, political and technological obligations”. (Chesnais, 1996:212).

Hence the problem of realization of surplus value in the global market is still present, but the shift of production, a movement of capital itself materialized in the FDI of multinationals, is what now governs world realization (global commerce). Thus the characteristics of submission of the periphery are altered in relation to the manner proposed by Luxemburg. Part of the periphery continues with a subordinate role, but another part becomes quite industrialized in a different manner of subordination. And if we consider China, this relation, although present, becomes complicated in reference to the form of its non-subordinate insertion into the process (Sawaya, 2010). Continuing further, as will be pointed out later, even parts of the industrialized sector of periphery nations have their future threatened by the relations that are imposed through the global centralization process, accelerated by the policies of liberalization and deregulation, especially in the periphery which entered the process in a subordinate manner.

In this way a new problem is posed. If earlier the global market in the “unoccupied” periphery served to guarantee the realization of surplus produced in the center, today this peripheral space has been occupied by the expansion of capital. The question that arises then is where to continue this expansion and occupation. For Luxemburg, capitalism would go into crisis. For what we intend to demonstrate here, capitalism can adjust itself even within a crisis as indeed has occurred historically, not by a movement of expansion, but rather by its opposite, a movement of centralization of capitals which always occur in local areas (as noted by Marx III, 1980:283), as a factor to counter-balance against crises. This adjustment to the process of accumulation is made through the qualitative reorganization of individual capitals

in the world, with the elimination of part of them in a worldwide process of centralization of capital. This point will be taken up again later.

7. Realization, internationalization, and geo-political space

Under the logic of the commercial internationalization, the mode of action of capital to control space, especially the periphery, was much clearer, even in its inequitable aspect. Luxemburg and Lenin explained it through the concept of imperialism given that the control of markets is exercised directly by the central states through military power in alliance with productive and financial capital. The concept of imperialism is still present in the new forms of international relations involving expanded accumulation concentration and centralization, as they are focused on hegemony and control not only in commercial terms. But the concept of imperialism is much more evident in the commercial internationalization period – still present today – given its military character. The process of globalization also carries the same concept, except that it occurs under a more subliminal domination based on an apparent economic aspect, since it has ahead of it the multinational capital which installs itself in the regions and States that it seeks to control, “imposing a determined line of conduct on each country, their political parties and their governments.” (Chesnais, 1996:34). This is what occurred in Latin American, and is what China is seeking to avoid.

It's worth it to raise a few points here. On the one hand, capital in its quest for realization beyond borders seeks to weaken them in their political aspect. This movement exerted by the commercial internationalization was involved in power relations between states. In the past these power relations were predicated on military capability and led to two world wars. Later during the process of productive internationalization of capital in the post-war era, States of the central countries did not shy away from supporting dictatorships of the periphery who guaranteed their large capital interests (Schoultz, 1999). Today, even though recent events show that this “military face” is more than present, it is attenuated given that capital, through direct foreign investment realized by multinational firms, has occupied different regions and modified the relations of economic power over them transforming itself into a new form of imperialism. Because of this, the exercise of this power over spaces remains uneven and the periphery continues being the periphery. Capital exerts pressure on all spaces and States but can only weaken the peripheral countries (including by arms if necessary) rather than core countries. On the contrary it is the strengthening of the central State that defines its power and control over the periphery and the weakening of the peripheral State.

“The reality of the modern world system, the economy of the capitalist world, is that it is a hierarchical, unequal and polarizing system, whose political structure is that of an interstate system in which some states are manifestly stronger than others. To sustain the

incessant process of capital accumulation, stronger states are constantly imposing their will on weaker states insofar as they can do so. This is called Imperialism and is something inherent to the structure of the world system” (Wallerstein, 2004:138).

By any manner, commercial internationalization is characterized by having the State as the center of its articulation, the element that goes ahead, while the globalization of capital characterized by investment in production and the installation of production plants in different places, it is articulated by transnational capital based on multinational corporations (Arrighi, 1996:88). Thus is modified the aspect of control over the process but not the symbolic relationship between State and capital. Capital continues to rest on the power of the central States and the co-optation of peripheral State.

This process was somewhat subverted by China in its manner of integration into global capitalism. China took advantage of the movement of capital in the 80s-90s attracting it to within its borders, but trying to maintain strict control by the Chinese State. Thus China integrated itself into the process of globalization of capital but not in a subordinated manner as with the rest of the periphery. The planned and coordinated action by its National State was central to this process, not permitting capital to act according to its own nature, but in a contradictory manner, assuring it a new space for accumulation hitherto unexplored (Sawaya, 2010).

8. *The Centralization of Capital*

It is as much the process of accumulation itself, as well as the process of concentration – intrinsic results of the nature of expanded accumulation of capital – as it is the problems of realization, which all drive capital to attempt to overcome the local space, seeking accumulation on a global scale. These are processes that expand capitalism following the precepts of accumulation: search for places that will guarantee accumulation and realization, that have resources and markets, and that provide profit rates (extracted surplus) to guarantee the process of expanded accumulation. As Samir Amin points out, these processes are “integrators” and creators of interdependencies, though unevenly reaching places and regions and, instead of diminishing the differences of unequal development, it maximizes them. These are part of the global expansion of capital. The accumulation and concentration of capital are as much processes of expansion of individual capitals as expansion of capital in general. China was the most recent space to be occupied, but with its own characteristics.

“Imperialist capital continued its forward march exporting new capitals to conquer new spaces to submit to its expansion. In that sense capital continued with its ‘constructive’ vocation integrating more [places] than it excluded” (Amin, 2002:87). The problem is that now, as the author himself states, “Everything indicates that the page of this ‘constructive’

expansion has already been turned” (Ibid 88). And it appears that everything indicates that it is the process of capital centralization on a global scale that turns this page.

This stems from the very polarizing nature of the process “putting an end to the secular trend which would go in the direction of integration and convergence. Polarization is, first of all, internal to each country. The effects of unemployment are inseparable from those resulting from the disparity between the lowest and the highest incomes... secondly, there is an international polarization brutally deepening the gap between the countries situated in the heart of global oligopoly and the periphery” (Chesnais, 1986:37) which link themselves in a subordinate way to mega capitals.

Despite being a process arising from the very nature of accumulation and its contradictions, centralization is exclusionary by nature. It was so on the local and on national scale and is so now worldwide. It occurred on the local level where contradictions made the continuation of the process of accumulation unsustainable, and superfluous capitals needed to be eliminated or devalued so that the process of accumulation could continue under new terms. This is a process that now occurs on a global scale when these same contradictions are globalized and, at the same time, capital gains more autonomy with the advent of liberalization and deregulation policies which capital imposes, through their representatives the national States, principally on the periphery that submits to this logic.

“This last does not mean that simple concentration of the means of production and of the command over labour, which is identical with accumulation. It is concentration of capitals already formed, destruction of their individual independence, expropriation of capitalist by capitalist, transformation of many small into few large capitals. This process differs from the former [concentration] in this, that it only presupposes a change in the distribution of capital already to hand, and functioning; its field of action is therefore not limited by the absolute growth of social wealth, by the absolute limits of accumulation [the capacity for realization or the restriction of space of accumulation, for example]. Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many. This is centralization proper, as distinct from accumulation and concentration” (Marx I, 1980:727).

Centralization thus marks the expropriation of capital on its highest level: first, capital expropriates labor; then, in the process of centralization, it expropriates the capitalist himself (Marx III, 1980:283). Thus, capital is denied as the property of one individual to reaffirm it as an autonomous being, through the “destruction of their individual independence”; marks the separation between the individual and the process of accumulation; claims capital as a social being that has its action in the sense of expanded accumulation materialized in the actions of a large company, corporation, or multinational group. It is a process that strengthens and leads capital to a higher degree of autonomy as capital (Mészáros, 2002:97 e Baran e Sweezy, 1978:39); a process which used to occur on the local level and now on a global scale. This autonomy is not a specific movement of centralization but of accumulation itself; however,

centralization, in as far as it transforms many individual capitals into a few, empowers this autonomy.

At the same time that the centralization of capital exacerbates the contradictions of the accumulation process, in contrast, being the mechanism of qualitative reorganization of the productive structure through the destruction of superfluous capitals and the centralization of many capitals into one, it is a process that allows the surviving individual capital to strengthen and preserve its level of profitability in face of contradictions created by its own process of accumulation. To simply presuppose a new reallocation of capitals that are already in operation, guarantees the remaining individual capitals, either a greater share in the surplus value generated, or the maintenance of the volume of that surplus value in the hands of a lesser amount of individual capitals. Thus the result of the process can either increase the rate of profit for those who remain, as it can simply maintain them under the “absolute limits of accumulation” as stated by Marx. While that excludes and exacerbates the contradictions by imposing limits on accumulation, it ensures the continuation of profitability to the individual capitals that remains, at least until a new wave of centralization.

This process materializes in the actions of multinational corporations in the form of productive and administrative restructuring (so-called “reengineering”) or in the form of mergers, acquisitions, joint-ventures and other types of agreements¹⁴ like outsourcing. This may involve “... a network of subcontracting in which companies legally autonomous and not controlled by share ownership do not constitute autonomous capital from the viewpoint of the valorization of capital” (Aglietta, 1979:196). This way they can function as enterprises involved in portions of the valorization or integrated production lines whether contractually linked or not¹⁵. The degree of integration depends on techno-economic relations on which no single company can have an influence (Aglietta, 1979:196). These forms of integration are intended to elevate and maintain the profitability of each individual capital. These actions occur in the context of the power of individual capitals whose goals are always to eliminate the competition in order to raise profit rates and rid individual capital of uncertainties and risks.

Centralization gains even greater impetus during conjunctural crises often linked to problems of realization and a decline in profit rates resulting from the contradictions of the movement of capital. The strongest capital survives such movements through the expropriation of other weaker capitals, resulting in more centralization. Capital destroys part

¹⁴ A series of examples of inter-relationships between companies seeking to maintain profitability is given by Porter (1998: cap.9).

¹⁵ See also Willianson, 1985

of itself in order to maintain and strengthen itself as Capital with a base of accumulation and realization on a smaller scale as result of the crisis.

As such, the process of centralization, while exacerbating the contradictions, feeds on them. It leverages the contradictions because it excludes not only labor (un-employing it) but the capitalist himself; it reduces the very base for the realization of created value. On the other hand it strengthens the capitals that survive the crises under a lower base of accumulation, creating new conditions for the development of accumulation. In this way, the process of the centralization of capital acts as an element of compensation for the crises, keeping the process of accumulation as a whole under a reduced base of accumulation in which participates a fewer number of individual capitals (Aglietta, 1979:196).

Neither crises of under-consumption or over-accumulation have in fact historically shown that the process of accumulation becomes unviable. The process of centralization of capital is instead strengthened by these movements of crisis causing a rearrangement of the productive structure and re-division of surplus value between capitals, strengthening the individual capitals that remain. By any manner, the result is always an increase in the volume of exclusions exacerbating the contradictions and leading to new crises and further rounds of centralization, but rules out the idea of the end of capitalism for this reason since it strengthens the capital that survives. "...The destruction of a part of capital ... decreases the total mass of capital employed in production and provides new possibilities of valorization for all capitals." (Aglietta, 1979:196).

And this does not create inconsistencies for the process of accumulation itself, at least while the hypothesis is not taken to the extreme. Rather, the process is able not only to maintain itself, but also to preserve or elevate profit of those individual capitals that survive. In any case, if the argument that centralization, as a way for capital to resolve the problems of cyclical crises, is taken to its limit in an exercise of "futurology", only a large group responsible for all production would remain (Marx I, 1980:728), an idea also feared by Schumpeter (1961: cap12). In this case, only those who are included would have access to income, employment and assets, while the rest would be in complete exclusion and poverty, as was commented by Lenin in his preface to the work by Bukharin (1984:11) and by Mandel (1982:235) commenting in agreement with Lenin. But this is not a likely scenario given that a more accurate hypothesis is, perhaps, that long before that there would be (rather than the

revolution advocated by Mandel¹⁶ and Marx¹⁷) the chaos described by Kurts (1992) in “The Collapse of Modernization” given the volume of the excluded.

The process of centralization suffers an additional pressure that goes beyond the very contradictions of the accumulation process. It is accelerated by the pressure to achieve a profitability level imposed by the logic of financial capital to productive capital. This fact imposes on firms the processes of restructuring and reengineering that accelerate the waves of centralization. Likewise it imposes or is directly responsible for agreements, mergers, and acquisitions taken with the objective of increasing the level of profitability of businesses to that of financial capital. Banks have specific departments to achieve these types of deals between companies, acting as brokers even before they are sought out. Thus, during the phase of globalization when direct productive investments prevailed, the element that drove the multinational was more related to the competitive growth of the company. Today the imposition of profitability has come to direct corporate action: the principle of competition is superseded by the principle of profitability (Michalet, 2002:109).

Also acting in the same way to elevate centralization are the policies of deregulation and liberalization. Since the centralization of capital is part of the process of capital accumulation and is strengthened by the degree of autonomy that this capital achieves, it is a process that greatly strengthens in the face of these policies that are required or imposed upon nation-states by capital itself, principally over peripheral States. Liberalization and deregulation are mechanisms that ultimately leave the logic of accumulation exclusively in the hands of capital. In its movement of accumulation, free capital, which already excluded locally, today tends to exclude world-wide, entire regions.

Going a bit further, the processes of liberalization and deregulation that often appear as mechanisms for attracting and maintaining multinational capital in the industrialized periphery (included in a subordinated manner), at the same time that these mechanisms attract capital, they contradictorily exacerbate exclusion in so far as they: allow multinational capital to eliminate national capital; reorganize the production of companies located in the periphery, increasing unemployment; eliminate local production by substituting it with importation; allow mergers and acquisitions among multinational corporations themselves; and release them to trade freely, eliminating the barriers that once required them to maintain affiliates in

¹⁶ “Even Lenin did not preclude in any way, obviously, the possibility of a concentration and greater centralization of international capital – including that of the major imperialist powers: in fact explicitly stating that the long-term historical trend is headed ‘logically’ to a single world trust. But he was convinced that this development, long before reaching this point Imperialism would collapse as much as a result of its internal contradictions as for the proletarian revolutionary struggle of oppressed peoples” (Mandel, 1982:235).

¹⁷ “A development of productive forces which would diminish the absolute number of labourers, *i.e.*, enable the entire nation to accomplish its total production in a shorter time span, would cause a revolution, because it would put the bulk of the population out of the running.” (Marx III, 1980:302).

the countries of their interest. Thus liberalization imposes new contradictions on the periphery that de-structuralize its domestic market, contrary to the desired objectives of the measures of liberalization. Capital itself ends up destroying part¹⁸ of what attracts it.

“The destruction of workplaces far exceeds the creation of new jobs, a fatality not only attributed to technology itself. It results, at least in equal measure, from the nearly total mobility of action which industrial capital recovered, in order to invest and disinvest at will, ‘at home’ or abroad, as well as the liberalization of international trade. The effect of these factors, in turn, is increasingly marked by the change in ownership of industrial capital ... the new owners (investment funds, pension funds, insurance companies) [impose] still a great pressure to reduce costs ... ” (Chesnais, 1996:304-6).

So, once again, the question of geographical location is presented in terms of a new reality in the way the process of accumulation is reorganized by the centralization of capital through the movement of multinational firms in search of profitability and competitiveness. Processes and contradictions previously restricted to local space today appear on a global scale. The process of centralization that occurred on a global scale in the 1990s had a dramatic impact on the periphery, which was still included in the system in a subordinated manner. Individual capitals and local industrial structures were eliminated to be centralized in a few centers of accumulation. China was the peripheral country that understood how to take advantage of this movement through its political control of the process. It is worth repeating what Marx quoted previously: “Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many”.

“The anarchic character that drives the competitive base of capitalism induces it to resolve competition through force, which leads inevitably to concentration, to centralization This occurs as much in the national arena as internationally. But if the monopoly doesn’t completely eliminate the competition, new forms are created which require a continual struggle to maintain hegemony. This struggle assumes different contradictory forms in its development. The general tendency of the process is for an integration under the imposition of a hegemonic center: but this tendency cannot be completely realized because integration develops new levels of contradiction, leading to new conflicts and, as such, partial disintegrations, or total disintegration requiring a new wave of centralizations, and so on and so forth” (Dos Santos, 1977:20).

9. The centralization of Space

Two contradictory forces make up the movement of capital: one of expansion and occupation of new spaces; the other of retraction, of re-ordering of capital. Both guarantee the continuity of the process of expanded accumulation. Capitalism expands itself, transcending regional areas because of its inherent need for accumulation and the very contradictions it generates in each new space it occupies. It reproduces in this movement, on a global scale, the

¹⁸ It is said to be ‘part’ because local production factors such as attractive elements to capital typical of so-called “enclave” (i.e. petroleum exporters) economies would have to be analyzed.

character of inequality, occupying these regional spaces. Thus it recreates the same contradictions in the world on a large scale, resulting in international movements of centralization to ensure the existence of some capital at the expense of others on a reduced global accumulation base. It is the reproduction of exclusion which once took place in the local space, later in the new locales occupied by capital, and now occurs on a global scale. “The globalization movement is exclusionary” (Chesnais, 1996:33). The visible indicators of this process are the growth of direct investment and global commercialization polarized around the centers formed by Triad countries, as is well demonstrated by the data from UNCTADs year 2000 “World Investment Report”.

As UNCTAD points out, centralization is what characterizes the globalization process of the 1990s. “Cross-border M&As, particularly those involving large firms, vast sums of money and major restructurings, are among the most visible faces of globalization. Not only do they dominate FDI flows in developed economies, they have also begun to take hold as a mode of FDI entry into developing and transition economies” (UNCTAD, 2000:159). This signifies that the principal characteristic of the current globalization of capital is the centralization of capitals, a process that was described by Marx.

In this process, the struggles by capital for liberalization and deregulation gain logical sense as essential elements to maintaining the accumulation process by way of productive restructuring involving the centralization of capital, now on a global scale. It makes sense then this struggle for free movement of capital, and for the definition of regulations which benefit the centralization process by the States of the Center, at times imposed upon the periphery and other countries. It is not possible to structure the logic of production polarized in centers of control and centers of production if capital, in its commercial, productive and financial forms is not free to move. It is this free mobility that ensures the possibility of centralization and its effectiveness as a mechanism to maintain the process of accumulation and profits of each individual capital given the contradictions that its own movement creates in the various spaces.

“The operations of multinationals are characterized by high mobility of investment, by the ability to constantly redirect their activities and, with regard to third world countries, the total lack of rooting in any given country or commitment to it. These characteristics, explain some of the huge setbacks experienced by developing countries in the last twenty years...” (Chesnais, 1994:223). It’s worth noting: here, he refers to those countries that entered into global capitalism in a subordinate manner.

Chesnais further affirmed that the trend was not the spatial distribution of subsidiaries in various countries, but the concentration in centers, “combining the technical and

organizational modalities of Toyotism (Chesnais, 1994:132; see also Michalet, 2002:118). This model leads to greater efficiency, eliminates jobs and excludes regions. It's worth remembering that capital does not need to include all to remain in operation. It expands toward the periphery of the system and other countries to the extent that there exist elements yet to be explored in these regions and, once the contradictions that weaken and impoverish the system are established, it centralizes its operations only in places that ensure continued accumulation.

This process generated enormous competition between countries (Dicken, 1992:44 and Michalet, 2002) that adopted the strategy of attracting multinational corporations in a subordinate manner over the past fifty years in order to develop their economy. Some of these countries have made their economies highly dependent on the strategy of big corporations and multinational groups that incorporate this current movement of capital. In this scenario of productive restructuring of these enterprises, these countries opted for the construction of an 'ideal scenario' of liberal policies in a fierce competition between the peripheral states keep foreign capital in their territories (Michalet, 2002,:110). As such, they gave up their hegemony as States, and the control over their local space, believing that they could maintain participation as "dependent associates" of multinational capital, an idea that "seduced local elites who believed that by doing their homework they could play with the big ones" (Michalet, 2004:114). But instead of achieving success, this exacerbates internal contradictions, and to the contrary of what was intended, frightens capital away.

In contrast to the majority of the periphery, which entered into internationalization and globalization in a subordinate form, China, the subject of another work by this author (Sawaya, 2010), developed a strategy totally differentiated and based on a powerful State apparatus in order to enter into modern capitalism. This is entirely different from what occurred in Latin America, and only history will show if this will be successful.

Autonomous and free capital, standing on its "own feet" through its agents – enterprises and multinational corporations – entails concentration and centralization through the exacerbation of the processes of accumulation, imposing the consequent contradictions today on a global scale. It was these contradictions that appeared, in radical form, in the most recent crisis (Sawaya, 2009).

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