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La formación económica de la sociedad argentina. Volumen 1: Renta agraria, ganancia industrial y deuda externa. 1882–2004, by Juan Iñigo Carrera. Buenos Aires: Imago Mundi, 2007. Pp. xviii + 299. €13 (pb). ISBN 978-950-753-056-0

Juan Iñigo Carrera's *La formación económica de la sociedad argentina* has a double purpose: to measure agrarian ground-rent in Argentina and, by this means, to assess the magnitude of its role in that country's national process of capital accumulation. If, as the author claims, there exists a belief that the 'natural' field of development of the critique of political economy founded by Marx is that of general economic determinations, and that this critique is ineffective at accounting for and measuring concrete economic forms, *La formación económica de la sociedad argentina* is a thorough attempt to prove it wrong.

Juan Iñigo Carrera is an independent researcher, director of the Centre for Research as Practical Critique (CICP, after its acronym in Spanish) and Professor in the University of Buenos Aires and the National University of General Sarmiento.¹ Being both a public accountant and an economist, he has consulted for several official planning organizations since 1975. The research that he presents in *La formación . . .* is partly nourished from the data compiled during his experience working in this area.

The book begins by (perhaps too) succinctly reviewing existing attempts to measure agrarian ground-rent in Argentina, whether appropriated in the first instance by landowners or by other social subjects. The next two chapters present a qualitative definition of the objects of measurement: in the first, following Marx's findings, Iñigo Carrera summarizes the most general determinations of ground-rent, which he exposes specifically in reference to *agrarian* ground-rent (although occasionally highlighting their specificities in comparison to the determinations of *mining* ground-rent); and in the second, he describes the ways in which the general political representative of capital – that is, the state – can interrupt the flow of ground-rent to landowners as a means of its recuperation by industrial capital. This forms the conceptual basis for the exhaustive system of indicators that he proposes, gathered from over 170 different sources, to support his original insights on the economic formation of Argentinian society. His focus is the successive forms assumed by ground-rent appropriation by landowners and others over the past 120 years, and their effects on the development of labour productivity. The volume includes almost 250 statistical series and thorough detail on data sources and methodological criteria.

CONCEPTUAL BASES AND MEASUREMENT

As Iñigo Carrera points out, despite the centrality that the debate on agrarian ground-rent, the social subjects that benefit from it and the effects of the forms of its appropriation on labour productivity has

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¹ Non-Spanish readers wanting to get acquainted with some of Iñigo Carrera's theoretical work will soon be able to do so (Iñigo Carrera forthcoming a,b).

had in Argentinian history (in the academic field and in the field of more immediate political action), existing attempts to systematically measure agrarian ground-rent and the courses of its appropriation are scarce.

For him, existing work is discontinuous chronologically, geographically and/or thematically (e.g. in terms of the type of production involved), limiting their possibilities to allow a national estimate. He argues that approaches based on more general sources suffer from a range of methodological problems, including: a failure to distinguish inside 'agrarian surplus' among ground-rent, agrarian capitals' profit and the consumption of fixed capital; basing the distinction between agrarian capitals' profit and ground-rent on the setting of an arbitrary profit rate; reducing agrarian capital to its fixed component; wrongly assuming that agrarian capitals do not use agrarian products as means of production; or overlooking the fact that the reduction in the internal price of agrarian commodities implies the reduction of both the price of agrarian labour power and of the means of subsistence consumed by agrarian capitalists and landowners.

On what basis, then, could the flows of social wealth that are characteristic of the Argentinian economic formation be accounted for? Iñigo Carrera begins by revisiting the general determinations of ground-rent originally presented by Marx, before moving to examine the differences between political power emerging from the ownership of agrarian land *vis-à-vis* the ownership of mining land. He builds on Marx's findings by arguing that even if monopoly over differential natural conditions not controllable by average capital may grant landowners a share in the social product, this does not mean that the flow of such a mass of social wealth cannot be either partially reverted (by means of directly taxing ground-rent) or partially interrupted. Given that landowners are parasitic in terms of the movement of capital accumulation, there is no social necessity for their complete appropriation of ground-rent. Rather,

another, more powerful monopoly dominates over the monopoly that landowners exert on land availability: the monopoly exerted by the state over the direct regulation of the circulation of social wealth within national boundaries. Its power over differential rent appropriation emerges from the national unity of the process of capital accumulation in which the lands in question are integrated. (p. 18)²

Basing his findings on Argentinian historical development, Iñigo Carrera focuses his attention on the various forms that the partial interruption of the flow of ground-rent to landowners can assume; that is, on the courses of its appropriation in the first instance by social subjects other than landowners. He refers to five such courses: first, the specific taxation of agrarian exports (or '*retenciones*'), which does not affect the normal valorization of agrarian capital but actually results in a reduction of the rents paid for the lands destined to the production of such exports; second, the overvaluation of national currency for agrarian exports, which has the same effect inasmuch as it reduces the internal purchasing power of the equivalent to the exported commodities in the act of converting it from foreign currency to pesos;³ third, direct state regulation of the internal prices of agrarian commodities, whether by the fixing of prices, by the establishment of volume quotas to exports or by the participation of the federal state in the internal purchase of agrarian commodities in order to sell them overseas; fourth, the reduction in the price of agrarian commodities (and, hence, of buying labour power) due to the three means of appropriation of ground-rent just noted; and, finally, the internal circulation of non-agrarian means of production consumed by agrarian capitals at prices that exceed the direct expression in pesos of their price of production.

As for the measurement of agrarian ground-rent and of its courses of appropriation, Iñigo Carrera presents thorough detail on the distinctions within the total social product (and within its reflection in available statistical data) that it presupposes. His estimate of each component takes into account an astonishing variety of sources, including those allowing comparison with the United Kingdom and the United States (USA). Iñigo Carrera initially started working on the construction of these series in 1974,

² All translations from the book are the reviewer's own.

³ Whenever national currency is undervalued, landowners obtain *extraordinary* ground-rent.

when developing a model for the measurement of the profit rate in order to apply it to a typology of capitals acting in diverse economic activities (Iñigo Carrera 1975). The focus of the model was on the links between agrarian and manufacturing capitals.

The rare meticulousness of his use of statistical sources and data transformation procedures enables readers to critically reproduce his elaboration of data and, consequently, to assess directly the quality of his subsequent analysis. It allows, as well, the application of the methods that he proposes to data series from other countries.

THE SPECIFICITY OF ARGENTINIAN CAPITAL ACCUMULATION

What is the unity that, according to Iñigo Carrera, lies behind the diverse expressions of the Argentinian portion of social metabolism? One question that he sets out to explain is how the local net profit rate generally equals – or, at times, exceeds – that obtained by capitals located in Europe or the USA that operate at a global scale. He argues that domestic capital accumulation must have nourished itself from sources other than the simple extraction of normal surplus value from its workers. He derives this from the divorce between the growth of material product and the stagnation and fall of its value (reflecting a fall in the average unit price of national production), the simultaneous expansion of the portion of the value of product that is appropriated as surplus value and the evolution of labour productivity in Argentina relative to its evolution in the USA. He then identifies three sources of compensation for the limited scale in which capitals operate locally: the systematic purchase of labour power for less than its value since the early 1950s and, especially, since the mid-1970s; the recuperation of obsolete equipment (i.e. its treatment as brand-new machinery by industrial promotion policies); and the flow of value resulting from size differences among capitals that are connected with each other in circulation. However, Iñigo Carrera warns, these alone cannot fully explain why the local net profit rate generally equals or exceeds that obtained by normal scale capitals with bases in Europe or the USA.

Rather, he argues, the redirection of a part of agrarian ground-rent mediated by official policies acted as additional compensation for the reduced scale at which Argentinian capitals operate. According to Iñigo Carrera, such redirection represented one-sixth of the average profit rate of industrial and commercial capitals located in Argentina from 1940 to 1974, and it has represented around one-eighth of the same rate ever since then (i.e. ever since the systematic purchase of labour power for less than its value has been consolidated as a basis for local capital valorization). The mechanisms for this compensation were noted earlier: the specific taxation of agrarian exports; the overvaluation of national currency; the official fixing of prices of agrarian commodities; and the reduction of the domestic price of agrarian commodities and, hence, of labour power, resulting from the previous three.

Since these forms of compensation act on ground-rent while it is still attached to agrarian capitals (i.e. at the time of the return of these capitals in the valorization cycle), their occurrence has effects on both the extension and the intensity with which capital can be applied to land (p. 101–22). Thus, by affecting the scale of national agrarian production, it affects the general scale of the national process of capital accumulation and, consequently, social labour productivity in general. In addition, the appropriation of ground-rent through the overvaluation of national currency limits the possibility of exporting non-agrarian industrial commodities and, therefore, implies a further restriction to the scale of operation of local capitals.

In the words of the author,

from the beginning of the twentieth century to the crisis of the 1930s, three social subjects converged as the main partners in the appropriation of differential ground-rent. First, landowners, who were in charge of the general political administration of the appropriation process. Second, foreign industrial capitals which operated in the circulation of agrarian commodities – particularly those bound for overseas markets – and in public services in large urban areas. This partner took a portion of rent whenever it imported duty-free commodities with an overvalued *peso*, the appropriation of which had remained unresolved when agrarian commodities were exported at

that same exchange rate; it took another portion of rent whenever its profits, locally obtained, were remitted abroad; still another portion was appropriated by means of the reduction in the value of local labour power resulting from the domestic cheapness of agrarian commodities (a consequence, for its part, of the previously noted overvaluation of the *peso*); and, finally, a further portion was appropriated by tying down the normal valorization of agrarian capitals to clearly higher fares and rates than the ones current in other countries. Third, the creditor capital of national external debt. This partner got its part through the collection of its credits at an interest rate that largely exceeded its equivalent overseas. The national state paid its external debt with ground-rent that had remained unrealized when agrarian commodities were exported with an overvalued *peso*, and later flowed to its coffers in the form of import taxes. (p. 79)

To take the story beyond this period:

After the 1930s crisis Argentina turned into a space of capital accumulation that has been specifically characterized, at first, by the appearance and development of a mass of national industrial capitals that expanded their scope in the production of the generality of commodities despite their lack of the necessary scale to compete in the global market. Their lack of a normal scale reached the point of causing a reduction in average industrial labour productivity. Hence these capitals could not simply base their valorization on the surplus value extracted from their workers, but needed to add a significant portion of the differential ground-rent appropriated in the national economy. However, the very crisis suffered in their accumulation when faced with a contraction of the ground-rent available for their appropriation highlights that the development of these small capitals was just the starting point of the specificity that is at stake. Thus, the development of small industrial capitals shows it was only the basis for the entrance to Argentina of industrial capitals that do have the needed scale to directly compete in the global market – or in the markets constituted by their countries of origin, substantially bigger than the Argentinian domestic market – and nevertheless locate and valorize fragments of themselves here – fragments which operate in the particularly restricted scale that corresponds to the local market. During the first fifteen years of massive operations in the country, these capitals valorized at rates that at least equalled the ones they obtained operating elsewhere in a normal scale. This is due to a double and specific base. On the one hand, they add a portion of differential ground-rent that flows away from landowners and profit that flows away from small capitals to the surplus value they get from their workers. On the other hand, they recover obsolete equipment and technology – which has been left behind by the worldwide development of the scales of industrial production – as costless or low cost capital, and find themselves liberated – through tax evasion and tax avoidance – from participating in the support of a national state able to act as the political subject of the development of society's productive forces. The reproduction of these bases entails the permanent widening of the absolute gap of labour productivity, to the point that it has resulted in the stagnation and recession of the mass of value produced by the domestic economy, generating a growing surplus working population relative to capital's needs. (pp. 71–2)

The changing role of external national debt before and after the 1940s is also dealt with, as well as more indirect courses of appropriation of both ground-rent and labour power value (such as, for instance, the setting of a negative real interest rate).

In short, Íñigo Carrera's approach to the specificity of capital accumulation in Argentina is the simple yet rather unprecedented proposition that by 'showing distinct ups and downs, and even going through periods during which it has been sustained at the expense of the rest of social wealth, *ground-rent has constituted a substantial source of surplus value for the domestic economy*' (p. 45) and that this applies through contemporary national history (i.e. even in those periods when the class of landowners had a distinct participation in the political representation of the national process of capital accumulation). It has been through the varied forms of its appropriation by industrial capitals that the national portion of capital accumulation has reproduced itself and that, by doing so, it has reproduced the classes of landowners, capitalists and workers as social subjects (although it has reproduced the latter in

conditions that tend to deteriorate). In fact, the existing forms of appropriation of ground-rent by industrial capital are a condition of the reproduction of landowners, inasmuch as the (at least abstractly present) alternatives would imply either the specific taxation of agrarian ground-rent at a particularly high rate – which would signify a difference among formally equal means of production unacceptable to bourgeois law – or the centralization of national ground-rent and capital as the collective property of workers in the form of state property (pp. 120–1).

Iñigo Carrera's analysis of this enormous mass of data is the foundation of his insights on the role that Argentina has played in the global economy since its consolidation as a national sphere of capital accumulation. In prior work, he postulated that this role was common to a sizeable portion of Latin America (Iñigo Carrera 2003). Here, he illustrates the procedures that allow the examination of that role, which could be thought through in relation to other countries as well.

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