



# From the British to the Chinese Periphery: Capital Accumulation Through Primary-Commodity Production in Australia and Argentina

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## Abstract

This paper compares the economic development of Australia and Argentina. Drawing on key insights of Marx's critique of political economy, it argues that both national portions of *global* capital accumulation have been structured under the same *specific* form; namely: to produce primary commodities under favourable natural conditions. Consequently, they have both been sources of large amounts of ground-rent which rent-paying international capital could appropriate/recover through nation-state mediation. Differences in the economic development of Australia and Argentina are explained in terms of the concrete historical and natural conditions under which this national modality of capital accumulation came about in the two national economies. This analysis serves to highlight the specificities of national processes of economic development structured to produce raw materials for world markets as well as the conditions leading to differentiation.

**Keywords** Argentina · Australia · Capitalism · Marx · Political Economy · Comparative

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## Introduction

One of the classical discussions in development economics relates to the long-term potentials of national economies that participate in global markets as suppliers of raw or semi-processed materials. Though different theories have been proposed to account for the development and growth of this type of national economy, the mainstream position on the topic has recently settled on the agreement that whatever limitations prevail in such societies they are nothing other than self-inflicted. For that, it seems, one only needs to find a case that shows a national economy thus structured which behaves just like the most advanced national economies and compare it with one national economy that once did that but no longer does it thanks to its own policy mistakes. Australia and Argentina offer such pair. Unsurprisingly, these contrasting cases help build the argument presented in a path-setting work in the field of political economy of development: *Why Nations Fail* by Acemoglu and Robinson (2012). Appearances, however, can be misleading.

The exercise of comparing the Australian and Argentinian economies, however, is not new. In fact, the Australian experience has long been considered as the standard against which to compare Argentina's process of economic development while the Argentinian economy once figured as a warning in mainstream studies of Australian economic development (see, respectively, Dieguez 1969; Duncan and Fogarty 1984). Both national economies had in common a form of original incorporation in the international division of labour based on the production for British markets of temperate-weather primary commodities by white European settlers and a pattern of industrialisation based on production for protected domestic markets. Moreover, they have both recently undergone a process of deindustrialisation and increasing commercial integration with China. Notwithstanding the common long-term trends, Australian society has enjoyed higher living standards and more stable political trajectories. It is because of these differences in economic and political performance, despite the seemingly similar initial conditions, that the comparison of Argentina's and Australia's economic development has been a fertile ground to test contrasting theories. Despite differences, mainly because of the period when they arose, these theories have shared one specific point of the departure: they all focus on deep-seated, national-level institutional variables as the main force accounting for economic and political differentiation.

The goal of the present paper is to advance an account of the comparative economic development of Argentina and Australia alternative to mainstream institutionalist narratives which serves to highlight the specificities of national processes of capital accumulation (i.e. capitalist reproduction/development) structured around the production of raw materials for world markets as well as the conditions leading to differentiation. This comparison should appeal not only to those interested in the two countries, but also to those interested in the political economy of development in general. For, Australia, together with its New Zealander appendix, offer the only 'successful' post-colonial experiences based on Anglo-Saxon political traditions of representative democracy and 'rule of law' outside the United States (and its Canadian appendix). Without the antipodean cases supporting mainstream new



institutional theories, the US ‘exceptionality’ (i.e. being the only ex-colonial economy that became a science-based technologically vanguard industrial economy as the one that engendered it) and the British ‘singularity’ (i.e. the first industrialised national economy) would need to be explained on different grounds.

For that purpose, the paper is organised as follows. The next section reviews the central stages of academic and political debates on the comparative economic development of Argentina and Australia, uncovering their shared theoretical perspective and pointing at their main weakness. Section three offers a methodological critique of mainstream theories. Section four proposes the general guidelines of an alternative approach based on four insights drawn from Marx’s critique of political economy. First, that the contemporary process of social reproduction is organised autonomously as the boundless self-expansion of the objectified capacity to set in motion the private organs of social labour; i.e. as a process of capital accumulation. Second, that, as an expression of this historical potentiality, the process of social reproduction through capital accumulation is structured on a global scale; i.e. capital is a universal social relationship. Third, that the process of capital accumulation, though autonomously regulated, comes about through different direct relations amongst social labour’s independent organs, some of which transcend the private sphere to become politico-institutional relations; i.e. that economic-type (indirect) social relations realise through institutionalised (direct) social relationships. Fourth, that national processes of capitalist development are state-mediated, specifically structured particularisations of global-scale accumulation dynamics; i.e. that capital’s valorisation on a global scale takes form in the international division of labour and the specific determination of national processes of surplus-value production (Marx 1976; Iñigo-Carrera 2014a, 2016). Building on these insights, section five presents an overview of the three main historical stages of Australian and Argentinian economic development: the formation of the national economy based on primary-commodity exports; the process of import-substitution industrialisation (ISI); the neoliberal deindustrialising period. Section six advances an analysis of the main determinants of differentiation in the process of economic development in both countries and section seven compares their manifestation in the processes of economic growth. Section eight closes the paper summarising its main points and conclusions. The appendix at the end presents the main quantitative evidence supporting the historical and theoretical analyses.

## **Theories of Australian and Argentinian Comparative Economic Development**

The comparative study of Argentinian and Australian societies has a long history. Debates around the economic development of both societies from a comparative perspective can be broadly divided into four stages. The first one, which largely included policy-related research, spread through the early decades of the twentieth century when Argentina’s economy was rapidly catching up with Australia’s and both had become world’s largest wool producers. Authors then focused on incipient signs of divergence and Australian leadership in terms of technological



development, labour productivity, and capital intensity in the agrarian sectors of two seemingly similar economies; largely attributing them to the impact of cultural heritage on work ethics and business attitudes (see Duncan and Fogarty 1984: 1–4).

The second stage started around the mid-1960s. After a long period of industrial growth based on import substitution/replacement, differences between the Australian and Argentinian economies seemed more a matter of degree than of kind. Mainstream accounts on income-level and growth-dynamic divergences centred on identifying differences in industry policies and the political forces shaping them. Thus, most authors pointed at the relative weakness of the land-owning class, thanks to an early land-distribution programme, and the relative strength of the working class, as an expression of British labourist traditions, as the key factors explaining Australia's advantage in the formulation of state initiatives promoting industrialisation *vis-à-vis* Argentina (see, e.g. Ferrer and Wheelwright 1966; Dieguez 1969; Moran 1970). A few, nevertheless, already pointed at the '*diabolus ex machina*' of Peron's 1946–1955 government to explain Argentina's 'extreme' version ISI and consequent underperformance relative to Australia (e.g. Smithies 1965).

The third stage of debates began around the mid-1980s. By then, and despite the industrial development and economic growth occurring during much of the 'golden age of capitalism', both national economies were going through severe crises. A new version of the institutionalist account then emerged to explain differences in that context. Contrary to the previous one, this version started by pointing at these countries' deviance from their alleged 'comparative advantages' in productions intensively using their abundant land as the underlying cause behind their economic and political difficulties. Quantitative differences were explained in terms of the *degree* of those deviations because of their internal political dynamics. Thus, Duncan and Fogarty (1984), who had taken part of a long-term bi-national collaborative research project on the comparative development of Argentina and Australia, proposed that key differences in political institutions, crucially the extent to which policy decisions were consensual (Australia) rather than confrontational (Argentina), had led to differences in the extension and depth of economically inefficient ISI policies and in the resolution of distributive conflicts related to their specifically structured industrialisation processes. And, they claimed, the source of this difference in political institution could be traced back to the origins of these national societies; crucially to the forms in which the regions settled during the late-nineteenth century global-economy expansion articulated with those of older, more conservative vintage (Fogarty 1981). A relatively similar account emerges from the work of Armstrong (1985) and Schwartz (1989), who underlined the importance of institutional settings shaping the development of antagonistic class relations and domestic politics. This perspective has received a recent revival in the comparative study carried out by Gerchunoff and Fajgelbaum (2006), who argue that the key difference between the two national processes of economic development has not only resided in the way in which inefficiencies have been minimised and distributive conflicts and 'external restrictions to growth' dealt with, but also in the type of structural non-policy conditions that determined their respective magnitude. Thus, they point at the relative weight of wage goods in exports and the labour-intensity of industrial output, as



key determinants of the extent of distributive conflicts; at geopolitical factors, such as the Second World War (WWII) and the Cold War, as key determinants of both countries' industrialisation timing; at geographical variables, such as the stock of mineral resources and distance to markets, as key determinants of current-account sustainability. As in most other positions, Peron's 1946–1955 government is seen as an extreme, somehow unnecessary, and avoidable, form taken by Argentina's political development that reinforced its inherently contradictory economic dynamics.

The fourth stage began in the second part of the 2000s. After two decades of divergent growth performance, differences between the Australian and Argentinian processes of economic development had become substantial, not only in quantitative but also qualitative terms. While the Australian economy was transiting its longest period of continued growth (i.e. the second decade of its 'miracle'), the Argentinian was experimenting a recovery that would not fully compensate for the negative effects of the previous crisis periods. While the Australian economy fully abandoned the ISI-based 'model of development', moving to a more 'market-friendly' resource-based growth process consistent with neoclassical international trade theory, the Argentinian economy was, after a decade-long neoliberal reforms, attempting to re-embrace classical-type ISI policies. This growing economic and political differentiation shifted the attention of scholars working on the comparative development of both societies. Research efforts, then, began to focus on the institutional settings shaping market development in the two national economies. In line with the new-institutional turn that was gripping political economy and cognate disciplines, academic authors started to point at the quality of the underlying economic, and supporting political, institutions allegedly driving markets' extensive and intensive development as the fundamental variables accounting for the difference in question as well as the long-term divergences in income levels and growth dynamics. Thus, some authors signalled Argentina's 'extractive' colonial past as the source of its institutional weaknesses *vis-à-vis* the 'inclusive' political economy hard-fought by Australian settlers (see, e.g. Acemoglu and Robinson 2012: 274–282, 383–387; McLean 2013),<sup>1</sup> while others pointed at additional cumulative effects of mid-nineteenth-century developments such as the violent character of Argentina's territorial expansion (see, e.g. Lloyd and Metzger 2013: 17–18). Yet again, others focused on the structural institutional break allegedly undertaken during Argentina's 1946–1955 period (e.g. Gallo 2006; Sanz Villarroya 2009), claiming that economic-growth dynamics in the two countries began to diverge thereafter, rather than in the previous decades, as conventionally argued, or in the mid-1970s, as in fact it did.<sup>2</sup>

<sup>1</sup> Implicit in this account lies either a theory that claims that Australian non-elite white settlers were particularly strong when fighting for economic and political democracy because of their cultural heritage or one that claims that Australian elites were relatively weak because of underlying economic conditions. Since the former rests on the very principles the authors contest, it follows that 'inclusive' institutions arose where the conditions for colonialism based on 'extractive' institutions could not prosper and those for settlement were suitable.

<sup>2</sup> See Fig. 1 in the appendix for the evolution of Australian and Argentinian per-capita Gross Domestic Product (GDP) relative to US levels. It can be seen there that Argentina's per-capita GDP grew at the same rate as Australia's until the mid-1970s and more slowly thereafter. In other words, relative to their initial and self-reproducing potentialities, pre-mid-1970s growth was equal in both economies.



Despite their many differences, which expressed the problems present when the theories were formulated, these variegated accounts share a key methodological approach. As Gallo (1979) suggested in the introduction to a seminal collective project, scholars basically proceed by identifying a common, distinctive attribute amongst individuals, Australia and Argentina, as main determinants of a shared developmental pattern. This attribute is, invariably, one associated to their relationship with the global economy/society that engendered them. The implicit assumption in these studies is that comparing two national cases of economic development with nothing relevant in common has very little explanatory usefulness, like comparing apples with pears (Fogarty 1981).

Thus, for some that common characteristic is being a 'dominion' economy of the growing British empire (Dennon 1979; Schwartz 1989); for others it is the more universal attribute of 'late settlement' in the context of 'empty spaces' (Fogarty 1981; Schedvin 1990); for others the even more universal development of 'late industrialisation' in an economy with 'comparative advantages' for land-intensive goods (Smithies 1965); yet for others it is simply being subjected to colonisation as a result of Europe's outwards expansion (Acemoglu and Robinson 2012). Having proceeded in this way, they have no option other than to explain intra-group differentiation by reference to an attribute other than that already discovered which is present in both individuals to a different degree. Hence, because of their methodological similarities those comparative approaches share a key theoretical perspective. As Gallo (1979: 12–3) also pointed out, differences in nations' economic record tend, ultimately, to be explained by reference to national-level cultural or political peculiarities according to the author's preferred social theory; and so, too, the choice of the common attribute amongst the many possible options (Fogarty 1981: 415–19). So much that even those who assign some explanatory value to natural factors (Schedvin 1990) and geopolitical processes (Gerchunoff and Fajgelbaum (2006) feel compelled to find an institutional, nation-based characteristic that ultimate overrides their importance in fostering or hindering economic development. Unsurprisingly, this methodological approach resembles that identified by Sewell Jr. (1967) in a classical paper on the logic of Bloch's comparative-historical analyses.

In a nutshell, the key problem with the approaches just reviewed is that political processes and institutional settings are social relations coordinating human interaction for society's reproduction which become effective before the individual organs of social labour are deployed for that purpose; and, as such, they have yet existed under particular or national forms. In capitalism, however, the process of social reproduction is, as a general norm, regulated through market relations and inter-subjective coordination obtains indirectly after individual labours are privately performed by independent producers; as such, they are inherently universal or global. As a result of this shortcoming, those explanatory traditions are irremediably one-sided, taking political and institutional manifestations of national processes of capitalist development as the cause of their economic specificity instead of searching it in the globally structured dynamics of capital accumulation and treating those national processes as mediations through differentiation.



## The 'Comparative Method' and 'National' Development

There is a long-standing discussion amongst comparativists regarding the specificity of the 'comparative method' in social sciences. There are, broadly, two positions. One that considers that case-based comparative studies follow the same method of controlled hypothesis testing used in non-comparative research, being a default option when the number of relevant cases is not large enough to allow for statistical analysis (Sewell Jr. 1967; Swank 2007). Another position that considers that comparative analyses pursue an altogether different strategy from a non-comparative studies, focusing on self-contained, multi-dimensional 'macrosocial' units rather than on the relationship between multiple variables and, hence, are not suitable for additive, multivariate hypothesis testing; they adapt general theories to special, complex cases (Ragin 1987; Shalev 2007). This opposition, however, is a false dichotomy. Inferring causal relationships through empirical analyses or statistical tests is not different to applying a theory to new data (case) to find out the extent and form of its fit; at one point the laws that compose the theory were induced from a cumulus of individual cases that seemed qualitatively similar to the ones under analysis which thus complete the series. Effectively, despite differences regarding how to interpret the relationship between general theories, universal laws, and special cases in relation to the specificity of the comparative method, comparativists concur that the only possible source of scientific, theoretical knowledge of causal relationships is the search for regularities in the processes studied (Seawright 2005). The problem is that, as Hume argued long ago, regularity, however it is found, does not constitute proof of law-like universality, because an irregular case can always appear thereafter; much less can it demonstrate causality (necessity), because, as Kant added, the internal relationship between cause and effect cannot be not established by fine-tuned reference to temporal and spatial correlation (Watkins 2009).

Effectively, *causation* is not simply the occurrence of one process previously and contiguously to another one—their 'constant conjunction'—as philosophers have resigned themselves after Hume, especially since the positivist revolution onwards (Garret 2009). Rather, it is the realisation of the cause's potentialities under the developed form of its effect (Hegel 2010). For it to be demonstrated, the necessity of the effect—the form's content—needs to be uncovered analytically in its cause. But, by considering them as self-identical and non-contradictory entities (i.e. simple immediate affirmations), cause and effect become bereft of any capacity to self-move and relate to each other.<sup>3</sup> Hence, starting from such ontological principle (i.e. that nothing can simultaneously be and not be), the standard scientific method cannot undertake any course of action other than to search for recurrent (i.e. common) attributes and construct 'analytical' categories (i.e. concepts) which can then be externally connected through a logically constructed necessity, based itself on their degree of repetition and on axiomatic propositions. In short, the problem of both groups of comparativists lays not in their methodology in the sense of research

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<sup>3</sup> These two principles are maintained even in non-binary logical systems that drop the principle of the 'third excluded'.



strategy but, as in non-comparative studies, in their method of enquiry or form appropriation in thought of their object's potentialities. However, what is a common, general limitation of the standard scientific method, becomes compelling when few complex and multidimensional 'individuals' are studied, as in comparative social research (Iñigo-Carrera 2013a, 2014a).

Briefly put, the key to produce non-tautological, non-probabilistic objective knowledge about the object of study, and thus to enhance the potencies of the subject's actions aimed at transforming it, is to not simply search for the external cause of effects through the identification of subjectively selected recurring attributes in the objects studied, and then connect them according to a constructed necessity based on logical principles and their quantitative relations. Rather, it is to search for the objective necessity to exist of real (social) forms or for the cause's potentiality—its qualitative determination, necessity to transcend its qualitative term and become its self-same no-identical other—that is realised in its effect. In other words, for the former (the cause) to assert through self-negation thus existing under a concrete developed form (the effect) which is no longer its original one. Only this method can uncover the internal, immanent relationship between cause and effect; namely: that between an abstract (determining) real form and its concrete (determined) form of realisation (Iñigo-Carrera 2008: 237–260, 2013a).

Thus, as Marx (1973: 100–108, 1976: 100–103, 493–494) argued in the few passages discussing his method of enquiry, the researcher needs first to discover the cell-form (i.e. simplest social form/quality) of capitalist social life—i.e. the general social relationship or historically specific form of organisation of the social division of labour—through a succession of analyses that penetrate singular concretes/social forms (e.g. Argentina's and Australia's economic development) in search of their causal necessity, and the causal necessity of the causal necessity and so forth. In other words, dialectical analysis of social life searches for the qualitatively simplest/most general determination (i.e. self-negating affirmation, potentiality) within singular existing forms/concretes rather than for the quantitatively most recurring/universal attribute (i.e. self-identical affirmation, actuality) amongst a series of individuals/social forms. Advancing further through analysis with the purpose of discovering the necessity of the cell-form itself would take the researcher into its natural (i.e. non-social, hence non-historical) determinations, rather than uncovering the necessity of its historical specificity. For this can only be known in its actual self-movement/constitution and self-development/transformation—i.e. in the realisation of its immanent potentialities. Once the general social relationship is thus discovered, the researcher can *ideally re-produce* the realisation/self-development, by means of their affirmation through self-negation, of the chain of *real* necessities it has analytically discovered inside the original singular social form, rather than *represent* the apparent external relations of conceptual abstractions by forcing an alien logical necessity based on their quantitative relations into the procedure. In this way, the researcher would reproduce in thought the internal concatenations, organic unity and immanent development of the object's multiple determinations; thereby overcoming the abstract disciplinary fragmentation of mainstream social scientific knowledge. Only then can the researcher discover the possible (quantitatively and qualitatively) self-differentiating forms of realisation of any given determination





(causal necessity) inherent in the object/subject studied, identifying the conditions (i.e. the realised causal necessities of external objects/subjects) under which these potentialities obtain (Iñigo-Carrera 2008: 260–285, 2013a, 2014b; Starosta 2008). And, only then, can the researcher trace the development of those causes that have already fully or partly exhausted their potentialities in becoming their effects and so for—i.e. the historical development of the processes studied. As Marx (1973: 105) put it, ‘Human anatomy contains a key to the anatomy of the ape. The intimations of higher development amongst the subordinate animal species, however, can be understood only after the higher development is already known’.<sup>4</sup>

The methodological limitations of the scientific method briefly sketched are not abstract and innocuous; rather, they have practical consequences. Effectively, because of their method, comparative social studies, like those reviewed above,

<sup>4</sup> As an example of this point, it is worth recalling how different economic theories construct their basic concepts. When searching for the cause that explains differences in prices, classical political economy finds that being the product of human labour is the most universal, repetitive attribute that determines the exchangeability of useful things, and the magnitude of that substance as the determinant of their exchange capacity. It thus misses that there are use-values with exchange capacity which are not the product of human labour—e.g. land—and products of human labour without exchange capacity—e.g. feudal dues in kind. Neoclassical economics purports to avoid this problem by pointing at a more universal attribute that not only de-historicises but de-humanises social relations and de-materialises social reproduction: scarcity. Yet it misses that neither scarcity nor utility can be the cause of exchangeability, much less the substance which is equalised in the exchange process; not least because there are useful things which are scarce and allocated to final consumers through non-market relations. Put differently, these theories find the quality that determines the social form price in the quantitative presence of a given attribute (i.e. its recurrence in a series of individual concrete forms of social life) rather than in the necessity or potentiality of its content to take that self-negating form. Having pursued such abstract analysis, they are forced to explain the exceptions to the norm in an ad-hoc manner: scarcity in the case of classical political economy; purpose in the case of neoclassical economics. These theoretical limits do not end there but manifest themselves when attempting to explain the quantitative expression of the quality that determines the social form ‘price’. In attempting to avoid tautological reasoning, classical political economy engages in all sorts of contradictions related to the obvious fact that in capitalist markets equivalence obtains between commodities that are materialisation of different amounts of labour (e.g. Smith; Ricardo); thereby dropping its fundamental principles (e.g. Mill) or reproducing them acritically in a ‘sophisticated’ form (e.g. Sraffa). Neoclassical economics does not fare better. It either contradicts itself in the form of the ‘two-blade scissors’ or results in the post-Ricardian tautology of explaining prices by prices (i.e. the sum of factor prices or costs of production). In both cases, the resolution of the contradictory foundations comes by assuming away what needs to be explained: the materiality of the social wealth that takes the form of the normal profits expressed in prices. Conversely, Marx’s critique of political economy discovers through dialectical analysis social labour’s private form of realisation as the potentiality that realises/represents itself in the exchangeability of the use-values it produces—i.e. the historically specific commodity form of the products of human appropriation of its natural environment through labour. It then discovers the necessity of the commodity to express its exchange capacity or value in the body of other commodities, as exchange-value, and in the independent form of money (i.e. in the body of a single commodity), as price, and to realise the expansive powers of human labour as self-valorising value or capital. Having recognised capital as the materialised subject of social reproduction, the critique reproduces the realisation of its potentialities in the concrete form of commodity-producing private capitals and the prices of commodities as the concrete form of realisation of the indirect regulation of social reproduction (i.e. allocation of social labour) through commodity exchange by means of their determination as organs of the total social capital and, hence, as proportionally valorising capitals. The reproduction in thought of capital’s potentialities also recognises that the former necessity determines the non-reproducible, natural conditions of labour as a private monopoly capable of giving the price form to useful things which are not the product of human labour; e.g. virgin land (Iñigo-Carrera 2021:3–11, 179–190)



are bound to consider the local/national culture/society as a ‘macrosocial’ unity of development, irremediably missing their specificity as expression of world-historical processes; hence, their emphasis on non-universal institutional settings/factors as explanatory variables. They do so because, in the process of finding regularities in the populations studied, relating to others through kinship, clanship, chiefdomship, kingship, lordship, or citizenship appears as the most recurrent/universal, observable attribute that individuals bear in their subjectivity (i.e. in their existence as living subjects of the human kind). Though this might be, to an extent, non-problematic in studies of most self-contained pre-capitalist societies, it is certainly not in studies of societies that, because of their own historical dynamics or external forces, material reproduction came to be organised in a capitalist form—i.e. through the generalised production of commodities (exchangeable labour products). This, it should be noted, does not simply mean that the capitalist world-system has become the unit of analysis and, consequently, there is not such a thing as national development, as Wallerstein (1974) argued. For this assertion, by failing to uncover the historical necessity structuring the organic unity of such worldwide process of social reproduction, either leaves national differentiation theoretically unexplained or is forced to bring the nation-level factors back into the centre of the explanation (Ragin 1987). Rather, it means that the necessity of the world-wide capitalist process of social reproduction to take different specific national-type forms can only be found in the self-movement of the cell-form (general social relationship) of capitalist society; for this uncovers its world-historical specificity and hence its possible self-differentiating forms.

### **From Global Capital Accumulation to National Economic Development: Australia and Argentina in the International Division of Labour<sup>5</sup>**

Marx discovered long ago that the historical specificity of the capitalist mode of human-life production resides in that the social division of labour is organised not through hierarchical relationships of personal dependence but impersonally and indirectly, through the exchange of the products of labour-processes performed privately by independent producers. For, to produce things which are useful for themselves, private organs of social labour must produce use-values for others and give them the social form of commodities; the expenditure of the human body to consciously transform nature into a means for society’s reproduction is thus represented (i.e. asserts through self-negation and takes concrete form) as the value or exchangeability of its products. In capitalism, the general social relationship takes an objectified form. In the process of organisation of social reproduction, individual organs of social labour hence relate to one another not as persons who bear in the subjectivity their place in social production and consumption, but as persons whose posit

<sup>5</sup> This section summarises the advances presented in Marx (1976) and Iñigo-Carrera (2008: 9–51, 2014a, 2014b, 2016).



(i.e. alienate) that power in the objects they privately produce; as *personifications* of objectified social relations, commodities. In other words, the free conscience and will of private independent producers is nothing but the form of realisation of their alienated consciousness (Marx 1976: 125–177; Iñigo-Carrera 2008: 10–12, 2014a: 557–560, 2014b: 74–76).

Personal independence, however, means that direct cooperation to expand society's appropriation of its natural environment can only arise through impersonal association; under the form of commoditised, wage labour employed by independent producers under the form of private capitals. In capitalism, the expansive powers of human life thus take the form of a process in which the private organs of social labour are deployed not with the purpose of producing useful nor exchangeable objects, but of producing more value (exchange capacity) than what is needed to set them in action independently of each other; i.e. self-valorising, producing for-a-profit. In other words, the objectified capacity to organise individual organs of social labour, value-as-money, asserts itself as capital, the automatic subject of social reproduction, and never-ending accumulation becomes its driving force (Marx 1976: 178–269, 707, 929; Postone 1996: 7–83, 100, 149, 259; Iñigo-Carrera 2008: 12–15, 2014a: 560–563, 2014b: 76–81).<sup>6</sup>

Organised as a process of capital accumulation, the general material unity of social reproduction is only established indirectly, as a by-product of private capitals market-based, competitive interactions. Hence, the *indirect* organisation of social labour through commodity exchange must come about through diverse types of institutionalised *direct* relations between the conscious bearers of materialised social relationships that regulate those inherently antagonistic relations. The contract between trading partners is the simplest and less extensive of such institutions; the state the most universal one. Its capitalist specificity develops to regulate the reproduction of the generic capacity to produce use-values, and thus value, transformed into a very commodity, labour-power, in the conditions needed by the *total capital of society* (i.e. the objectified form of social labour) to produce surplus-value and accumulate. Thus, the process of social reproduction regulated through capital's valorisation transforms the inherently antagonistic, and potentially disruptive, relationship between buyers and sellers of labour-power, reproduced as collective personifications of commodities who directly, however consciously, cooperate to maximise the outcome of their market transactions –the capitalist and working classes– into a relationship of universal solidarity based on personal natural attributes, *citizenship*. Yet, as a concrete form of realisation of the indirectly regulated general social relation, *capital*, citizenship exists (i.e. asserts through self-negation) objectified as a power that imposes upon otherwise 'free' and 'independent' individuals; namely: rule-based and hierarchically organised regulatory, administrative, coercive, and ideological apparatuses or *state* institutions. In other words, the self-regulated process of capital accumulation exists in and through the struggles between personifications

<sup>6</sup> As the product of private labour under the concrete form of self-valorising value, commodities' exchangeability takes the concrete form of prices that allow the proportional valorisation of the individual organs of the total social capital (Marx 1981: 117–313.).



of commodities, differentiated into antagonistic social classes, which takes concrete form in the relationship of *citizenship of the state* and capital's direct regulation of social labour (Marx 1976: 375–411; Müller and Neusüß 1975; Iñigo-Carrera 2008: 95–101).

As any other objectified social relation, the state is embodied in the conscious and voluntary actions of individuals who are private owners, and hence personifications, of the material conditions of production under the form of commodities. Yet, under the relationship of *citizenship of the state*, the disruptive character of the class struggle, through which capital's 'general interest' is contradictorily asserted, comes about through the collectively organised and formally even contest to gain the capacity to embody the state institutions in charge of producing the norms that regulate market-level relations. In other words, unless the costs of state/labour open confrontation *vis-a-vis* consensual politics become lower than capital's gains from it, and citizenship political rights are partly suspended, the class struggle takes shape in a legal, group-based universal competition to personify *social* capital's political representation; i.e. to govern the state (Jessop 1990: 170–189; Iñigo-Carrera 2008: 102–106).

As the direct representative of the process of capital accumulation in its unity (i.e. of the general unity of social production and consumption in capitalism), the state subsumes all direct forms of regulation of labour-power's use and reproduction and, more generally, of social labour's extra-market socialisation to produce surplus-value through labour-saving direct cooperation and scale-intensive technical change whenever this process is beyond the market-based competitive relationships amongst social capital's individual organs. This involves not only 'public-goods' provision and management of 'natural monopolies', as often acknowledged by mainstream economic theory, but also the centralisation of capital to accelerate its concentration, either under public or private ownership (Marx 1976: 779; Iñigo-Carrera 2008 106–108).

Hence, organised as an impersonal, boundlessly expansive process of capital accumulation which socialises/associates private labours, the capitalist mode of social reproduction is global in terms of its general potentialities, structural dynamics, and historical trends. With the advent of capitalism, the human process of social metabolism came to be organised under a single driving force and a unified locale: profit-seeking, market-mediated production. However, as an expression of its historical origins in feudal societies organised in the form of fragmented and overlapping sovereignties (which meant that the 'modern' state arose necessarily as a territorially based social relationship) and of the private character of social labour in capitalism (which has yet limited the development of a universal direct social relationship), as well as capital's continuously reproducing necessity to self-differentiate in order to enhance its accumulation process, the production of surplus-value on a global scale has yet come about through the interaction of politically mediated economic units; i.e. of interdependent fragments of capital accumulation represented by formally independent national states and state-like institutions. Hence, 'path-dependent' cultural, ideological, and institutional settings are not autonomous societal forces that jointly co-determine national patterns of capitalist development. Nor are the geopolitical forces that emerge from



inter-state dynamics. Rather, these direct, non-market forms of regulation of social labour reproduce themselves as an expression of the production of surplus-value and thus shape national societies in order to mediate the self-differentiating, organic unity of the process of capital accumulation on a global scale; i.e. social reproduction through capital's bondless valorisation (Marx 1976: 222, 702, 929; Braunmühl 1979; Iñigo-Carrera 2014a, 2016).

It is well known that the nineteenth-century incorporation of the territories of modern Argentina and Australia into the circuits of global-scale accumulation resulted from, largely, British capital's search for primary commodities that, thanks to the prevalence of favourable natural conditions, could be produced at lower costs than in established European locations (Nurkse 1961). To the extent that those primary commodities were directly or indirectly consumed by the incipient European working classes, as it largely occurred, this process lowered the value of their labour-power without affecting its quality and therefore increased surplus-value for the total social capital of importing economies and enhanced their accumulation powers without investing in labour-saving technological development (Marx 1976: 579–81). Moreover, regardless of their end-use as means of consumption, production, or circulation, their lower cost freed up capital for accumulation (Marx 1981: 200–06). However, because primary-commodity prices are not determined, like those of industrial goods and services, by average conditions of production and valorisation but by marginal ones (Marx 1981: 779–823), the process also resulted in a drain of surplus-value in the form of ground-rent away from importing economies and into the pockets of those who took possession of the territories where primary commodities could be produced more cheaply, landowners; partly offsetting the gains. From being simply a source of cheap raw materials, the Argentinian and Australian spaces of accumulation thus also became a source of extraordinary surplus-value under the form ground-rent.<sup>7</sup>

<sup>7</sup> The capitalist ground-rent is surplus-value materialised in the prices of primary commodities; it has two sources. First, ground-rent arises in the process of profit-rate equalisation in the presence of privately appropriated, differentially favourable natural conditions of production that cannot be reproduced by capital in the normal conditions of valorisation. The size of this portion of the ground-rent depends on the quality of the land (including distance from consumer markets) and its impact on the productivity of the labour set in motion, and the time of production undertaken, by *discrete* capital investments of a given size extensively or intensively undertaken. It is earned by all but 'marginal' capitals and is made of surplus-value directly extracted by capitals consuming rent-bearing primary commodities. Second, ground-rent arises from the absolute monopoly over non-reproducible natural conditions of production. The size of this portion depends on market strength and it is paid equally for the use of all portions of land regardless of their quality; it might be made of surplus-value produced in the primary sector, when the organic composition of capital (the ratio of non-labour capital to wealth-creating labour) in the sector is below, or its turnover rate above, the economy-wide average and the equalisation of inter-sectoral profit rates realises through its self-negation, and/or in other sectors, when these conditions do not obtain and landed property simply forces a monopoly surcharge. In all cases, ground-rent is paid for directly or indirectly with surplus-value extracted by the total capital of society and rests from that available for its accumulation. Regardless of the institutional background of landed property (i.e. private or public), its degree of concentration (i.e. large or small landowner), the attributes of its personifications (i.e. conservative or moderniser), or their relationship with productive capital (i.e. rentier or landowning capitalist), ground-rent is surplus-value qualitatively distinct from primary-capital profits and from petty-producer income (Marx 1981: 751–916; Iñigo-Carrera 2017: 3–131).



## The Historical Development of Capital Accumulation in Argentina and Australia

The previous section argued that the Argentinian and Australian processes of capital accumulation were engendered in the process of production of surplus-value on a global scale; i.e. in the realisation of private labours's socialising powers through capital's boundless expansion. As such, they became organised to produce low-cost primary commodities. This section will advance a brief comparative history of the main politico-economic forms of realisation of both national processes of capital accumulation. It will be argued that, to recover ground-rent, capital structured/shaped them under a *specific* national form different in kind from the European processes that, directly and indirectly engendered them, and in degree only from other primary-commodity-producing appendages (Iñigo-Carrera 2016; Grinberg 2018). Differentiating itself into separate state-mediated national economies, this specific form of accumulation would allow rent-paying capital to overcome its contradictory relationship with landed property. For space reasons, concrete class-struggle, sectoral-lobbying, and policy-formation dynamics mediating their development will be left out and the focus will instead be placed on the analysis of the main determinations particularising the realisation of common trends.

### Formation of the National Process of Capital Accumulation: Expansion of British Capital and the Relocation of Raw Materials Production<sup>8</sup>

The expansion of European capitalism incorporated the territory of current-day Argentina long before the Royal Navy landed in Botany Bay in 1788 and rapidly transformed the area into a penal colony where British capital could dump part of its surplus population while placing its military forces in a ubiquitous position. Yet, though the northern part of Argentina acted as an appendage of the Potosi silver mines (supplying food, textiles and agrarian-origin inputs) since the seventeenth century, and the hinterland of Buenos Aires began to host British and French smuggling trade a few decades later, direct production of raw materials for world markets only became relevant in the first half of the nineteenth century with the production, in the Humid Pampas, of salted beef for slave consumption and of tallow and hides for the European manufacturing industry; around that time Australia's whale-oil and wool exports to Britain began to take off. In both cases, favourable natural conditions in the form of extensive grasslands, accessible marine catches and suitable climate resulted in relatively high levels of labour productivity that more than compensated for location disadvantages. In both cases, natural conditions of production were freely or quasi-freely appropriated by industrial (i.e. use-value, exchange-value, and surplus-value producing) capitals invested in primary-commodity production

<sup>8</sup> Sections 5–7 are based on Iñigo-Carrera (2006, 2007, 2013b), for Argentina, and Grinberg (2022, 2023) for Australia. For a general overview of the comparative economic histories of these countries, see the works discussed in Section 2, especially Duncan and Fogarty (1984); Schwartz (1989); and Gerchunoff and Fajgelbaum (2006).



after expulsing/eliminating, through physical violence and epidemic disease, aboriginal possessors. In both cases, semi-bonded labour constituted the largest portion of the initial workforce. In both cases, British commercial capital administered the primary-export business by taking over international transport and distribution and by advancing most of the capital needed to undertake the required private and public investments. In both cases, though in different degrees, British capital's profits in the enterprise were bulked up with ground-rent appropriated through inter-capital uneven relations (i.e. between normal-size British transport/commercial/banking capitals and small-size Argentinian/Australian agrarian capitals) and state-regulated interest-rate differentials (Wells 1989: 16–64; Schwartz 1989: 56–58, 198–199; Iñigo Carrera 2013b: 74–85, 100–144).<sup>9</sup>

By the 1850s, as the world market entered a new expansionary phase, two changes occurred in the political economies of the Australian colonies and the Argentine republic. In the former, gold mining consolidated and advanced further into new productive areas. The associated quantitative expansion and qualitative development of the colonial economies accelerated the movement towards self-government; by the early 1850s the Australian colonies gained extensive legislative powers on internal economic policy, crucially, on the use of state landed property.<sup>10</sup> In Argentina, once bovine cattle had softened the soil of the Humid Pampas and shortened the grass growing there, ovine stocks substituted them and highly lucrative wool production for world markets replaced the declining salt-beef industry. In both cases, landowners consolidated as personifications of state functions, both in their role of agrarian capitalists and as junior partners of foreign (i.e. British) commercial interests (Wells 1989: 65–68; Schwartz 1989: 58–61, 199–201; Iñigo Carrera 2013b: 86–100).

In the last decades of the nineteenth century, the process of capital accumulation in Australia and Argentina received a new boost from world-market developments associated with the second industrial revolution. First, demand for food and textile fibres increased as the European working classes expanded. Second, demand for minerals grew strongly as scientific and technical advances multiplied their uses as means of production. Third, transport (railways and ironclad steamships) and communication (telegraphs) methods and conservation techniques (canning, cooling, and freezing) developed sufficiently to allow the production of raw and semi-processed foodstuffs in those two 'peripheral' places and the production of bulky minerals in Australia. Thus, while cereals and meat production expanded strongly across Argentina's Humid Pampas, the increased production of dairy, wheat and meat in Australia was paralleled by that of tin, copper, zinc, silver, and lead. The amount of ground-rent flowing to these 'dominion' economies thus experienced a strong expansion because of

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<sup>9</sup> Normal-size capitals are those that attain the degree of concentration necessary to invest in state-of-the-art means of production. Small-size capitals are those whose amount does not reach that degree of concentration.

<sup>10</sup> Being represented by the same national state limited the capacity of British capital to appropriate ground-rent in the colonies while respecting landed-property rights in Britain.



increases in production output, market prices, and/or labour productivity (Wells 1989: 120–130; Iñigo Carrera 2013b: 145–171).

As primary-commodity production for European markets expanded in Australia and Argentina, both in scale and scope, European, especially British, capital developed new interests in these economies. Given the predominance of small-size capitals, agrarian production remained in the hands of local, including immigrant, capitalists, either petty, as in wheat and dairy, or not so petty, as in wool and meat. Given the greater scope for scale economies, mining production allowed, sooner or later, the investments by normal-size, European capitals. In most cases, ‘capital-intensive’ raw-material processing industries (e.g. meat packing and mineral smelting) directly or indirectly fell under the control of ‘international’ capital while the incipient production of non-durable consumer goods for domestic markets and machine-repair shops under that of local small-scale ‘national’ capitals. The international trade and financing of primary-commodity production remained, mostly, in the hands of British commercial capital and, increasingly, its Continental competitors; though local capitals also emerged. A key difference arose then with respect to industrial capital supporting primary-commodity exports; i.e. in the transport industry and urban services. Whereas in rent-rich Argentina, European industrial capital took the lion’s share of those sectors, pocketing hefty profits through state subsidies, and commercial capital funded state’s complementary actions, at usurious interest rates, in Australia, where the inflowing rent was less abundant, the state had to take over initially subsidised, inefficient private ventures. There, colonial states ended carrying out the operation of most ‘public utilities’, funding their investments in British money markets, where they paid slightly high (i.e. above-market) interest rates. Differences notwithstanding, in both countries, materials and equipment for the industries were mostly imported from Britain, generating weak backward linkages (Wells 1989: 111–134; Schwartz 1989: 61–67, 201–222; Schedvin 1990: 550; Iñigo-Carrera 2013b: 484–535).

In brief, the process of capital accumulation based on primary-commodity exports in Argentina and Australia resulted from British/European capital’s worldwide expansion to secure low-cost raw materials produced in favourably endowed locations and thus increase its surpluses without investing in technological development to enhance labour productivity. This position in the valorisation of capital on a global scale would result in a specific economic structure, already apparent during this formative period. Instead of transforming the inflowing ground-rent into an industrial capital with the degree of concentration necessary to produce manufactures for world markets, taking advantage of Australia’s and Argentina’s relative proximity to Asian and Latin American markets, respectively, provincial/colonial states there transformed it, by action or inaction, into income for landowners and extraordinary profits for rent-paying British capital. They could not even create the national polities/markets where to start that process until well into the late nineteenth century.





## **Import-Substitution Industrialisation: Recovery of Ground-Rent by Capital Invested in Manufacturing Production**

The expansion of primary-commodity production for world markets eventually manifested itself in both countries in the development of a manufacturing industry and in the expansion of agrarian production for domestic markets. In the first place, some of the exported commodities needed local processing to reduce transport costs. Secondly, primary-commodity and processing industries required the development of supporting equipment repair services as well as transport and urban infrastructure. Thirdly, these developments manifested themselves in a process of labour upskilling which, together with the expansion of social overhead capital, pulled the sectors producing building materials. Fourthly, the development of export-oriented and supporting industries and regulating public-sector activities created a domestic market for non-durable consumer goods, especially perishable ones, which could be produced taking advantage of available female labour. In Australia, the development of manufacturing industry that accompanied the primary-export expansion occurred relatively early and swiftly; the large distance from original suppliers and availability of mineral resources tended to shelter, stimulate, and facilitate local productions. In Argentina, the conditions for the development of those industries were different. Not only distance from supplier and consumer markets was shorter but also local availability of raw materials for the construction and capital-goods industries was lacking; hence the savings involved in local production were smaller. Moreover, it became cheaper for agrarian capital to take advantage of exchange-rate overvaluation (an option unavailable to sterling-using Australian capital) and contract Italian workers on seasonal basis (at wages that covered transatlantic voyage and year-round living expenditures in the home country) instead of having them settled and housed with their families in Argentina; thereby reducing the effective size of domestic demand and markets (Iñigo-Carrera 2013b: 678). In both economies, though in different degrees, the nationwide integration of goods markets and the upgrading of labour's reproduction came about through the extension of political citizenship and incipiently brought working-class organisation into the personification of the state actions mediating those developments. In both polities, this process took shape in broad-based, interclass alliances (Moran 1970; Schwartz 1989: 130–134; Iñigo-Carrera 2013b: 760–788).

The expansion of domestic markets that resulted from the development of primary-export and supporting industries began, through the first decades of the twentieth century, to produce a new offspring; i.e. durable-goods manufacturing. By the 1920s, this began to incipiently attract foreign, largely British and USA, industrial capitals. The process was stronger in Australia, where the domestic markets were deeper, the workforce more skilled, the availability of raw materials more diverse, and the network of inputs suppliers more extensive. In both countries, inflowing industrial capitals established, as incumbent domestic firms, productive units that were smaller than the ones they owned in their home markets and frequently used equipment that was considered already obsolete there. Labour productivity would, consequently, turn out to be lower than that regulating international prices while wages' purchasing power was, at least, equal to that prevailing in the industrially



advanced countries (Schevlin 1987: 23–24; Flichman 1990: 5–10).<sup>11</sup> Industrial capital would compensate for those extraordinary costs by appropriating a portion of the local ground-rent through different policy-mediated mechanisms; namely: favourable internal terms-of-trade (i.e. low-priced agrarian- and mining-origin inputs/food and high-priced output) produced by the combination of differential import tariffs and exchange-rate overvaluation;<sup>12</sup> public-sector expenditures (i.e. investments and subsidies funded with ground-rent appropriated through land sales/rentals/taxes and import/export duties/monopolies);<sup>13</sup> and, foreign exchange-market dynamics (i.e. by paying foreign currency used for non-protected imports of inputs/equipment and for profit remittances with a state-regulated overvalued national currency).<sup>14</sup>

The development of small-scale industrial production for protected domestic markets, the so-called process of ISI, was, eventually, taken over by capitals originating in those spaces of accumulation not only leading global technological development but also consuming the bulk of the primary-commodity exports in which the Australian and Argentinian ground-rent was materialised. Yet, as any other process of ‘late industrialisation’, the consolidation of ISI came about through the regulation of markets and direct ownership by the two nation-states to speed up the concentration of capital. Given the early development of the basic, especially metallurgic, and engineering industries, thanks to its resource base and its participation in both world wars, Australian state’s ownership of capital was limited to ‘natural monopolies’ (i.e. public-utility provision), working-class reproduction, and developmental banking. Given the underdevelopment of the basic industries, due to its lacking resource base and non-participation in international conflicts and associated technology transfers, Argentinian state’s ownership of capital extended beyond those activities into sectors producing key basic industrial inputs. In both cases, though in different degrees, state-owned companies/organisations supported the accumulation processes of private industrial capitals though low-cost inputs/services and expanded consumer markets. In both countries, though with different timing, once the bases were established by labour-led nationalistic governments, capitals from countries consuming Argentina’s and Australia’s exports accelerated their investments into manufacturing, under conservative administrations, to take advantage of the possibility to valorise while appropriating/recovering ground-rent and giving profitable

<sup>11</sup> See Iñigo Carrera (2007: 63–65) and Broadberry and Irwin (2007: 267–268) for the evolution of labour productivity before WWII. See Figs. 2 and 3, respectively, on the evolution of labour productivity (1957–2014) and wages’ purchasing power (1901–2014) relative to world-market norms.

<sup>12</sup> As domestic markets expanded, a growing portion of the ground-rent became borne in domestically consumed primary commodities.

<sup>13</sup> Export taxes leave in the public treasury a portion of the price of exported commodities than cannot be other than ground-rent; otherwise, they would affect the normal valorisation of the different capitals in the value chain. Import taxes, in turn, transfer to the treasury a portion of the ground-rent materialised in the (undervalued) foreign currency with which imports are bought; otherwise, they would affect the normal valorisation of importing capitals and of those down the value chain.

<sup>14</sup> See Fig. 4 for the evolution of the ground-rent appropriated by capital relative to total surplus-value in the Australian and Argentinian economies. For exchange-rate overvaluation: Iñigo-Carrera (2007: 43–44) for Argentina; Grinberg (2021: 7) for Australia.



use to outdated, usually already amortised, means of production (Sourrouille et al. 1985: 17–46; Katz and Kosacoff 2000: 287–291, 302–303; Bell 1993: 15–45; Merrett 2015: 325–327).

In brief, the development of ISI was the paradigmatic politico-economic form through which manufacturing capital replaced that invested in public utilities and state-debt securities as the leading partner in the business of ground-rent appropriation in national economies producing, like the Australian and Argentinian, primary commodities for world markets. Though ISI allowed ‘international’ capitals paying the bulk of the ground-rent to recover a portion of that surplus-value, the process resulted, though to a different extent, in inefficient and rent-hungry industrial sectors. Producing for domestic markets with outdated technologies and/or at suboptimal scales, manufacturing capital required growing amounts of ground-rent to valorise and expand. Its accumulation process thus became dependent on the flow of that extraordinary surplus-value. Moreover, by lowering (increasing) primary-commodity output (input) prices, state-mediated forms of ground-rent appropriation by others than landowners (e.g. exchange-rate overvaluation and export/import taxes) also tended to restrict, to the extent that they were not compensated for with other policies, capital investments in primary-commodity production and, hence, limited the evolution of output and ground-rent. Jointly, these two growth dynamics manifested themselves, though in different degrees of intensity, in the so-called ‘external restriction’ to growth and in a ‘stop-go’ accumulation dynamic.

### **Deindustrialisation: Recovery of Ground-Rent by Capital Invested in Primary-Commodity Production, Services, and Residual Manufacturing**

The contradictions inherent in the Australian and Argentinian processes of ISI not only manifested themselves in irregular economic-grow dynamics. By the late 1960s, as global capital accumulation entered a slowing phase, the Australian and Argentinian national portions began to manifest themselves in their inability to reproduce ISI under the qualitative forms and quantitative scale hitherto prevailing. The ground-rent not only became insufficient to sustain further industrial deepening; what had occurred began to be partly reversed through trade opening. In Australia, the process was enhanced by a particular condition. The expansion of mining production and exports during the 1960s was pulled by growing demand from Japanese industrial capital, which had not taken part in the local ISI process dominated by British and US capitals. Conversely, Japanese industrial capital was looking to expand its markets in high-income countries like Australia. In Argentina, such relationship did not exist. The incipiently liberal economic policies implemented there in the latter part of the 1960s simply expressed the inability of ground-rent to sustain the previous industrial deepening and the difficulty of agrarian capital to valorise with previous levels of rent ‘taxation’ in a context of low international primary-commodity prices. Trade opening and exchange-rate devaluation were thus supplemented there with state-regulated wage squeezing in reproducing rent-fed, ISI-based accumulation (Duncan and Fogarty 1984: 66–81; Bell 1993: 46–75).



The late-1960s move towards ISI dismantling, however, was cut short in both countries by the 1972–1974 primary-commodity-price boom. The strongly increased ground-rent available for appropriation in the Australian and Argentinian economies gave place to a revival of state initiatives supporting the process. In Australia, the high-price period manifested itself in strongly expansionary fiscal policies, investments in infrastructure and sharp real-term wage increases that enlarged and diversified domestic markets for industrial capital. The subsequent 1975–1982 period, when the commodity-price hike reversed, saw the partial reversal of the trade-opening policies and growing sectoral differentiation in the degree of market protection and state support afforded to industrial-sector capital in favour of the automotive/steel and clothing/textile industries, the two leading branches of the post-WWII ISI process, and to the detriment of most other manufacturing sectors. In Argentina, where basic industries were less developed, the short-lived yet strong growth of the ground-rent available for appropriation during 1972–1974 manifested itself not only in large wage increases and infrastructure investments but also in further state-led industrial deepening. The 1975–1982 period, however, witnessed, as in Australia, the contradictory reproduction of the ISI process through the combination of neoliberal and developmentalist policies and the supplementation of the contracting ground-rent with, as in Australia, large loanable-capital inflows and, to a much larger extent than in Australia, under-priced labour-power.<sup>15</sup> In both economies, short-lived labour-led nationalistic-populist governments, especially in Argentina, administered the 1972–1974 expansion of ground-rent while conservative, strongly anti-labour administrations, especially in Argentina, its subsequent contraction. In both polities, the latter got hold of state power through illegitimate means; the Kerr coup in Australia, a military coup in Argentina (Sourrouille, et al. 1985: 46–60; Flichman 1990: 16–8; Duncan and Fogarty: 1984: 82–104; Bell 1993: 76–126).

The ‘debt crisis’ of the early 1980s and the subsequent strong decline of primary-commodity prices manifested themselves in growing difficulties for the Australian and Argentinian ISI processes; especially in view of the increasing presence in world markets of low-priced consumer goods produced in East Asia with disciplined and cheap labour-power which had become highly productive thanks to contemporary work-simplifying, manual-skill-replacing technical change (i.e. electronics-based automation associated with so-called post-Fordism). Nevertheless, the dismantling of the protective system and, consequently, of the industrial sector was, in both countries, a slow and contradictory process. A key difference arose, however. In Australia, the process’ impact on economic growth and labour’s reproduction was softened by continued loanable-capital inflows and the expansion of the mining production for the growing Asian markets partly underwriting them. In Argentina, on the contrary, its impact was aggravated by extensive loanable-capital outflows that syphoned out of the national economy a large portion of the contracting ground-rent. In both countries, industrial wages fell after 1984, when they had recovered fully, through briefly, from late-1970s purchasing-power losses; more strongly in

<sup>15</sup> In Australia, the 1975–1982 wage squeeze centred on indirect wages, which had increased strongly during the previous years.



Argentina, thereby creating thereafter a permanent additional source of extraordinary surplus-value. In both economies, foreign-trade opening accelerated in the late 1980s, after undergoing balance-of-payments crises in the middle part of the decade. In both polities, the period of wage compression was administered by governments with a popular support base (Sourrouille et al. 1985: 63–129; Katz and Kosacoff 2000: 292–297; Bell 1993: 127–165).

During the 1990s, neoliberal reforms advanced in both countries as an expression of the underlying transformations in the economic structure of these societies. Foreign-trade and capital-account opening, state-asset privatisation, and labour-market deregulation were carried out extensively in Australia and Argentina. Extractive- and service-sector capital began then to replace industrial-sector capital as the leading partner in the business of ground-rent appropriation. In both countries, especially in Australia, there were large inflows of capital into mineral and hydrocarbon extraction. In Australia, the textile/garments and automotive/steel sectors remained in business for as long as residual protection and direct subsidies allowed it. In Argentina, large loanable capital inflows plus privatisation funds, complementing the ground-rent in subsidising equipment imports and profit remittances, together with managed-trade regional-market arrangements, expanding the shallower yet still protected markets, afforded a new lifeline to the residual ISI-based local manufacturing sector, especially the foreign-owned automotive and chemical industries. In both countries, neoliberal reforms were consolidated by labour-led governments (Iñigo-Carrera 2006; Fagan and Webber 1994: 93–122; Humphrys 2019).

After the 1998–2002 global-economy slowdown, which manifested itself more severely in Argentina than in Australia, both national economies entered a new phase of growth, initially sustained on exchange-rate undervaluation and mildly (Australia) or markedly (Argentina) lower wages and subsequently, as international demand accelerated, on increasing primary-commodity prices. The new ‘commodities super-cycle’ that ensued through the mid-2000s manifested itself in a strong expansion of sales of primary commodities to Asia, especially China, and of the ground-rent flowing into Australia and Argentina. The politico-economic forms through which capital recovered it, however, would increasingly diverge. In Australia, the withdrawal of ISI policies was completed by conservative and, as the ‘commodities boom’ gathered momentum, labour-led administrations; ground-rent became largely appropriated by foreign-origin capital in the extractive, service and residual manufacturing sectors through exchange-rate overvaluation and royalties-funded state expenditures that multiplied exported profits and minimised normal-profit taxation, respectively (Walter 2013: 168–171; Goot 2013, 187–192). In Argentina, ‘classical’ ISI-style policies were reintroduced by a labour-led government to transfer an increasing portion of a strongly growing (2006–2011) and later shrinking (2012–2015) ground-rent to, largely ‘international’, capital invested in the ‘national’ industrial sector. During the second part of the 2010s, however, they were again reversed in a pattern resembling 1980s and 1990s developments (Grinberg and Starosta 2014: 259–270).

In brief, the dismantling, partial or complete, of the Argentinian and Australian ISI processes through neoliberal policies did not entail the restructuring of the national economies to specialise, once again, in productions intensively using their most abundant factor, land. From the perspective of global capital accumulation,



they had been doing that since their origins in the mid-nineteenth century. Rather, neoliberal policies, more extensively and consistently implemented in Australia than in Argentina, have entailed the transformation of the modes of ground-rent recovery by rent-paying capital, especially the relative displacement of industrial capital invested in manufacturing production from that business and its replacement, mostly, by capital in the service and primary-commodity sectors.

## The Economic Development of Argentina and Australia in Comparative Perspective

The Australian and Argentinian processes of capital accumulation have developed under the same specific form. As national fragments of globally structured capitalist reproduction, and hence as national organs of the production of surplus-value on a global scale, both have been organised to produce primary commodities under favourable natural conditions and, consequently, as places where capital can compete with landed property for the appropriation of extraordinary profits in the form of ground-rent. This common, specific accumulation structure, nevertheless, has taken form in differentiated economic dynamics, some of which have been briefly outlined above. These differences, however important in quantitative terms, have not resulted from forces alien to the contradictory development of the shared economic structure of both societies. Rather, they have been *singular* forms through which this *specific* national modality of the process of *global* capital accumulation has come about in the concrete *historical* and *natural* conditions of those two economies.

In the first place, differentiation arose directly from the ecological, geological, and geographical characteristics of the non-reproducible natural conditions used to produce primary commodities in the two national economies. For, these have determined, on a first instance, their rent content and the types of complementary productions. In general terms, the higher average quality and closer distance to original European markets of Argentina's agrarian lands *vis-à-vis* those located in Australia meant that labour productivity in cereals and livestock production tended to be, *ceteris paribus*, higher, and total costs lower, in Argentina than in Australia. Hence, when those markets were predominant, the rent borne in each unit of Argentina's agrarian output tended to be larger than in Australia's. Conversely, when Asian markets became quantitatively important, around the mid-1960s, this circumstance partly reversed; since then, however, Argentina and Australia have produced different primary commodities. While Argentinian primary-sector capital has continued specialising in temperate-weather cereals and meat, while moving to produce subtropical-weather oilseeds, Australian capital has increasingly specialised in mining productions which, given their bulky characteristics, have particularly benefited from the relatively proximity to rapidly growing East Asia markets. These differences have had important manifestations in the process of national economic development. For they resulted in the more extensive development of value-adding activities in the Australian primary-commodity and related productions *vis-à-vis* the Argentinian experience.



First, farther distance from original markets in Europe, and higher transport costs, meant that Australian agrarian capitals tended to specialise in commodities with higher value to weight/size, such as fine-fibre merino wool and, especially, dairy products and canned/dried fruits, which tended to require larger capital investments in production and further processing than Argentina's exports of coarse wool, cereals, and meat. By the same token, distance from the main sources of supply of consumer goods and machinery/equipment, the United States and Western Europe, also resulted in higher transport costs for those imports and meant that local manufacturing production complementing primary-commodity exports needed to develop relatively earlier and more extensively in Australia than in Argentina, even if this further reduced the rent content of exported primary commodities in the former *vis-à-vis* latter. Importing them, as in Argentina, would have reduced the size of ground-rent available for appropriation in Australia even more. Second, the relatively higher weight of intensive agriculture (e.g. dairy, wheat, and fruits) that resulted from the previous dynamic meant that Australia's agrarian production has, to a larger extent than Argentina's, been carried out by small capitals, requiring more complex labour skills, and creating a larger internal market. Third, the higher weight of mining rent in the total Australian ground-rent has resulted, *ceteris paribus*, in a milder fluctuation of the flow of ground-rent *vis-a-vis* the Argentinian experience since weather conditions are much less important determinants of labour productivity in mining than in agrarian production. Fourth, the vast availability of a wide variety of easy-access and high-quality minerals, crucially heavy-industry inputs, meant that skill-intensive mineral-processing and metal-working industries developed earlier and more extensively in Australia than in Argentina. Moreover, it also meant that the Australian economy has particularly benefited from the relocation of steel and metal-mechanic industries to East Asia occurring since the mid-1960 (Schedvin 1990). Fifth, lower-quality natural conditions of production in Australia's agrarian sector have meant that industrial capital there has had to undertake earlier and more intensive investments in research and development, innovative or adaptive, to increase labour productivity than it has been needed in Argentina. Though this was initially carried out by the independent activities of petty-commodity producers, around the 1920s the state took over them, some three decades earlier than in Argentina (Ferrer and Wheelwright 1966; Dieguez 1969: 560–561). Given the extensive presence of small capitals that normally occurs in the agrarian sector, national states have increasingly tended, as a general global-economy trend, to concentrate investments in those areas (Iñigo-Carrera 2017: 333–343).

In the second place, differentiation arose from the contradictory dynamic resulting from the state-mediated forms of ground-rent appropriation by capital. In general terms, the larger rent materialised in Argentina's agrarian commodities, together with the geographical concentration and environmental homogeneity of leading productive areas of the Humid Pampas, has resulted in higher average rates of net implicit taxation of rent-bearing commodities (i.e. in stronger 'anti-exports bias'). In specific terms, the predominance of basic wage goods, like dry-weather cereals and grass-fed meat, in Argentina's agrarian output, especially before the mid-1980s oil-seeds expansion, has meant that industrial capital's recovery of ground-rent there has tended to take more indirect and undifferentiated forms that result in below-market



domestic prices of agrarian staple-food commodities, and of labour-power consuming them. In contrast, the Australian economy has largely specialised in the production of non-food industrial inputs like wool fibres and, increasingly, base-metal and energy commodities; hence, the ground-rent borne in them has tended to be appropriated by capital through rent-funded state expenditures (via import taxes, mining royalties, and land taxes and sales) and low-priced capital-goods imports (via exchange-rate overvaluation) rather than low-priced labour-power.<sup>16</sup> These differences have also had specific manifestations in the process of national economic development. For they have resulted in more capital-intensive and higher value-adding primary-commodity and industrial production, as well as in a larger ground-rent, in Australia *vis-à-vis* Argentina.

First, the higher average net taxation of rent-bearing commodities prevailing in Argentina has resulted in lower farmgate prices, thus affecting investments suffering from diminishing returns undertaken intensively on intramarginal lands or extensively on extramarginal ones.<sup>17</sup> On both accounts, this has resulted in lower average capital intensity on lands of a given quality and tended to slow the introduction of technical change in Argentina's agrarian sector, let alone vanguard technological development which tends to occur in extra marginal conditions of production (Iñigo-Carrera 2017: 333–347).<sup>18</sup> Consequently, it has resulted in weaker demand for worker skills and labour-productivity growth, particularly slowing *vis-à-vis* world-market trends the growth of primary-commodity production and, therefore, of the total ground-rent borne in it.<sup>19</sup> Moreover, lower capital investments on agrarian lands of a given quality have meant that the evolution of Argentina's agrarian output and ground-rent have been particularly affected by the impact of fluctuating climatic conditions. Second, since Argentina's ground-rent has been largely appropriated by industrial capital through low-priced food, lower wages for labour-power of a given quality have facilitated, *ceteris paribus*, the expansion of labour-intensive production by small-size capitals, thereby affecting the development of scale and scope economies, technical change, and productivity growth in the manufacturing sector. This contrasts with the situation in Australia, where ground-rent has been largely appropriated through low-priced capital-goods imports and local industrial

<sup>16</sup> The impact of exchange-rate overvaluation on the prices of agrarian commodities other than wool has been partly compensated for with direct subsidies and market protection. This helps explain the lower level of social conflict mediating such appropriation of ground-rent in Australia *vis-à-vis* Argentina.

<sup>17</sup> Investments in agrarian production consist of deploying living and materialised labour to enhance the potentialities of an organic process. As such they consist of discrete quotas of capital intensively applied which, unlike investments in non-agrarian production, yield different quantities of a qualitatively similar product.

<sup>18</sup> See Figs. 5 and 6 on indicators of capital intensity in agrarian production during the ISI period. See also Ferrer and Weelwright (1966: 5.12–5.17); Dieguez (1969: 561–62) for the early noticing of this trend.

<sup>19</sup> While labour productivity in the US agrarian sector increased 19.7 times between the 1940s and the 2000s it multiplied by 5.6 in Argentinian (Iñigo-Carrera 2017: 234). Due to data availability, similar comparisons cannot be undertaken for Australia. See Fig. 7 for the period 1961–2015. It should be noted that, given its product mix, scale-intensive technical change (e.g. the Green Revolution) is bound to have resulted in a relatively weaker impact on Australian labour productivity than in the USA and Argentina.





inputs (e.g. wool, coal, and base metals) as well as through state-funded infrastructure. Third, since mining production consist of the application of labour to extract already-existing minerals from the land, rather than to potentiate a biological process as in agrarian production, capital investments in the sector do not take a discrete form but constitute a continuous technical unit, especially in open-cut operations. Consequently, mining lands do not yield rent arising from the differential output that results from equal-size discretely and successively applied investments on the same unit of land (Iñigo-Carrera 2017: 10–14). Hence, given the higher weight of agrarian over mining production, the restriction on intensive investment of capital and to the development of related services and labour skills has tended to be more acute in Argentina's than in Australia's primary sector.

In the third place, differentiation arose from the manifestation of global-scale technological and organisational trends associated with Fordism in the concrete conditions for capital's valorisation of the specifically structured Argentinian and Australian national economies. In general terms, these received flows of migrant workforces of different quality, partly because of the divergent demand for skills there and partly because of their different historical origins. Whereas pre-WWII Australia received a large quantity of skilled industrial workers and miners mostly from the British Isles, Argentina mainly received rural workers from linguistically close, industrially laggard Southern European countries. Whereas, in post-WWII Australia, large inflows of semi-skilled Southern European workers complemented the inflow of skilled Western Europeans to feed the rapidly growing demand for labour-power in the manufacturing sector, in post-WWII Argentina, capital would have to rapidly transform local unskilled surplus rural workers into an industrial workforce. In other words, due to its continuous role as recipient of population redundant for the process of capital accumulation in Britain, Australia has had throughout its process of ISI more extensive access to a ready-to-use workforce with skills and experiences associated with Fordist technical conditions of production. In more specific terms, the earlier and stronger development of mining, metallurgic, and engineering industries –because of its the resource base, the natural protection afforded by distance and its participation in the supply chains of war-related items during world military conflicts– meant that Australian industrial capital also developed during the Fordist period (c1920–c1980) a sectoral structure, productive diversification, and scale of production relatively closer to that of industrially advanced countries of Western Europe, thus demanding a complex set of skills from its collective worker. These differences also had cumulative manifestations in the process of economic development. For they resulted in the more extensive development of high value-adding activities in the Australian manufacturing productions *vis-à-vis* Argentina.

First, given the type of economies of scale and scope associated with the Fordist technical base (e.g. larger for continuous-flow and serial-mechanical production than for manual-assembly operations) and form of company organisation (i.e. vertically integrated industrial companies), the higher quality of the imported workforce and the extent of previous basic-industry development (e.g. iron and steel) meant that ISI-based manufacturing capital developed in Australia larger and more integrated (i.e. less fragmented) productive units than in Argentina (e.g. in the all-important white-goods and automotive industries) (see Ferrer and Wheelwright 1966);



thus obtaining higher levels of labour productivity and requiring lower amounts of ground-rent to valorise and accumulate.<sup>20</sup> This, in turn, gave place to domestic prices closer to world-market levels and larger markets for durable-consumer goods. In other words, a given ground-rent yielded a larger and deeper ISI process. Second, to reproduce a workforce relatively similar to that of the industrially advanced countries, the Australian state, unlike the Argentinian, not only had to increase expenditures on universal social services and close the national borders to non-European migrants during entire ISI period; it also expelled previously imported unskilled workers from the Pacific Islands and actively discriminated against the aboriginal populations confining it to deserts regions and to perform unskilled seasonal labour in rural areas under particularly exploitative arrangements.

In the fourth place, differentiation arose from the manifestation of global-scale technological and organisational trends associated with post-Fordism in the concrete conditions for capital's valorisation of the specifically structured Argentinian and Australian national economies. For, as noted, during the post-Fordist period (i.e. since around the early 1980s), the process of capital accumulation in Australia began to take, as in the pre-ISI period, the form of 'resource-based' primary-exports growth whereas in Argentina it continued taking the form of increasingly limited and rent-dependent ISI. As the Argentinian ground-rent continued, to a large degree, being borne in working-class means of consumption, policy-mediated forms of appropriation (i.e. low-priced food and, increasingly, energy) continued taking shape in capital's consumption of labour-power, and hence in 'labour-intensive' productions (i.e. the assembly stage of consumer-goods manufacturing) and relatively large domestic markets for mass-produced manufactures (e.g. motor-vehicles, clothing/shoes, white-goods, consumer electronics). Being the ground-rent largely borne in base metals (iron ore) and energy (mineral coal and hydrocarbons) with relatively close overseas markets and low transport costs, this was no longer the case in post-1980s Australia. Moreover, association with the similarly structured Brazilian economy greatly expanded the protected markets where industrial capital, largely foreign-invested, could continue pursuing the appropriation of the Argentinian ground-rent through increasingly uncompetitive small-scale manufacturing (e.g. motor vehicles). The small-market New Zealand economy did not offer such possibility to Australia-based industrial capital. These differences also had cumulative manifestations in the process of economic development. For they resulted in the more extensive reproduction of high value-adding activities in the residual Australian manufacturing sector

<sup>20</sup> Given Argentina's higher weight of manufacturing capital in total capital, and the larger extent of state-ownership of industrial capital, largely funded with the expanded ground-rent during 1945–1955, *vis-à-vis* Australia, Fig. 4 confirms that the valorisation of private capital in Argentina's manufacturing sector was more rent-dependent than in Australia's. Moreover, the estimation for Australia offered in Fig. 4 does not deduct the pre-1986 subsidies granted to agrarian capitals and, hence, slightly overestimates the ground-rent appropriated by others than landowners. It should also be noted that the ground-rent materialised in the fixed capital of state-owned companies, which is transferred to private capital through their activities, is counted in the period when the ground-rent is originally appropriated by the state and the investments made even though a portion is only thereafter transferred through subsidised output prices.



*vis-à-vis* Argentina and the more extensive reproduction of standardised consumer-goods production in the latter than in the former.

First, while the Australian economy shed most of its international uncompetitive consumer-goods industries, Argentina-based capital reproduced its ISI process under weakening bases and increasingly shallow forms. For not only has the scale and technological development of Argentina's manufacturing capitals, foreign and national, continued lagging significantly behind world-market norms with its negative impact on labour productivity. In addition to this, the quality, structure, and price of its workforce have diverged markedly from that required by work-simplifying and manual-skill-replacing post-Fordist, electronics-based technologies. This meant that the productivity and cost gaps relative to world-market norms in mass-produced consumer goods (see previous paragraph) and standardised inputs (e.g. steel, aluminium, chemicals, textiles) grew by an order of magnitude with respect to previous periods and trends. With a stagnant ground-rent to appropriate, capital has relied on increasingly precarious and contradictory sources of extraordinary surplus-value to sustain its limited valorisation process; namely: state-borrowed foreign loans; state-engineered labour's underpayment; and state-asset privatisation funds. Second, while Australia, favoured by its broader ISI-developed skill and technical bases, kept a relatively large part of its science- and design-intensive industries, especially those associated with the primary-commodities sector, the Argentinian economy shed most of its capital-goods and engineering industries in the process of sustaining its durable-goods sectors.

## **The Economic Growth of Argentina and Australia in Comparative Perspective**

The differences in the conditions and dynamics of the Argentinian and Australian processes of capital accumulation have manifested themselves not only in qualitative differences in the process of economic development but also in their quantitative evolution. In general terms, between the late-nineteenth century and the 1910s, before the consolidation of the ISI processes, differences in absolute levels of nationwide per-capita GDP resulted to a significant degree from the fact that a large part of Argentina's the territory was made of long-settled regions that capital could not profitably transform into grounds to produce primary commodities for European markets; in Australia, conversely, regions with those characteristics were left for the residual aboriginal societies to reproduce in miserable conditions as surplus populations. As it is widely acknowledged, Argentina's Province of Buenos Aires, including the country's capital, where most of the Humid Pampas are located, had then a level of per-capita GDP approximately equal to Australia's New South Wales (NSW) and Victoria (Duncan and Fogarty 1984: 22). More favourable natural conditions of production in the former resulted in a (higher) labour productivity and rent content which compensated for lower physical and 'human' capital investments. The lower national average of Argentina was owed to the slower economic growth of the societies traditionally linked, as inputs suppliers, to the declining Bolivian and Peruvian silver-mining production. The fact that absolute differences in average Argentina/



Australia per-capita GDP shrank during the period (Fig. 1; Sanz-Villarroya 2009) means that, given the continuous relative decline of Argentina's northern regions (Aráoz et al. 2020: 77–79), per-capita economic growth was significantly stronger in the Province of Buenos Aires than in NSW and Victoria.

Between the mid-1910s and the mid-1970s, when the ISI process arose, matured, and peaked in both countries, per-capita GDP grew at broadly the same rate (see Fig. 1).<sup>21</sup> The Australian economy had, for the reasons discussed in the previous section, higher levels of per-capita GDP, average worker skills and labour productivity, and a deeper industrial sector, than its Argentinian counterpart. The absolute gap in per-capita GDP thus grew, at a moderate rate, expressing initial differences in the potentialities (i.e. scale of accumulation) of both economies. Because of the growing cross-regional integration of Argentina's national economy, partly through large internal migration and partly because of productive diversification, inter-regional differences in per-capita GDP tended to smoothen relative to the previous period. Moreover, the absolute growth of the economy of the Humid Pampas provinces, where most industrial production was based, meant that their share in national output increased.<sup>22</sup> Hence, with industrialisation, the growth rates of Argentina's most economically dynamic regions became representative of nationwide trends more closely than in the previous period. Yet, despite persistent differences in per-capita GDP and labour productivity, during this period, average wages in the mainstream industrial sector were roughly similar in both countries (see Fig. 2), implying that proportionally greater amounts of ground-rent were necessary to support the valorisation of manufacturing capital in Argentina than in Australia.

Since the mid-1970s, as the ISI process entered crisis in both national economies, marked growth divergences began to set in. First, the production of mining and energy commodities, and to lesser extent of education and tourism services, enjoyed thereafter a strong expansion in Australia, pulled by rapidly increasing demand from East Asia, where large parts of the global manufacturing industry have been relocating. Not only has mining production pulled nationwide economic growth; the inflowing ground-rent also experienced a strong expansion. Conversely, the size of the ground-rent available for appropriation in the Argentinian economy contracted during 1975–1990, being siphoned out of the national economy during the 1980s, and it slightly recovered during the middle part of the 1990s; it would only expand strongly during the second part of the 2000s, as Chinese consumption of raw materials boomed. Second, the Australian process of capital accumulation began to take, as in the period before the formation of the Commonwealth, the form of 'resource-based', primary-exports growth whereas in Argentina it continued taking the form of a increasingly contradictory and weak ISI. This meant that while the Australian

<sup>21</sup> See also Sanz-Villarroya (2009: 318) on the stability of Argentina's per-capita GDP relative to Australia's between 1900 and 1975 and its relative fall thereafter. It can be seen in Fig. 1 that New Zealand's per-capita GDP growth after the mid-1970s followed a pattern more akin to Argentina's than to Australia's despite sharing the latter's institutional background.

<sup>22</sup> According to new estimates produced by Aráoz et al. (2020), there was partial inter-regional convergence in per-capita GDP between 1914 and 1946 and relative stability thereafter. At the same time, the combined GDP of the Buenos Aires City and Buenos Aires Province went from 55 to 62.5% of national product between the beginning of ISI c1914 and its peak c1965, decreasing to 60% in 1975; a trend that reversed further thereafter as deindustrialisation advanced.



economy shed its low-productivity sectors and took advantage of cheap industrial goods made in East Asia, Argentina's process of capital accumulation continued reproducing its increasingly low-productivity, high-cost, and rent-sustained consumer-goods industries. Consequently, while Australian manufacturing capital reduced its share in the business of ground-rent appropriation as its capacity to produce ordinary surplus-value eroded, Argentina-based manufacturing capital retained its take to the point that since the 1990s it has struggle to produce ordinary/normal surpluses, valorising itself largely through the appropriation of extraordinary surplus-value under the form of ground-rent and/or labour-power's underpayment (see Iñigo-Carrera 2007: 55; Figs. 2, 3, 4). In sum, while the Australian economy underwent a decade-long period of stagnation and restructuring (the 1980s) followed by accelerating growth and solid wage recovery, pulled by East Asian expanding demand for energy and metals, as well as education and tourism, the Argentinian economy entered a three-decade-long period of continual decline and sharp real-wage reduction only reverted partly and briefly during the 2006–2011 primary commodities price 'super-cycle'.

## Summary and Conclusions

The comparative analysis of the Australian and Argentinian experiences of economic development has recently occupied a central place in mainstream theories of development economics. These have added to a long history of academic and policy debates in Australia and Argentina. In the former, the experience of Argentina was originally used as a red flag signalling what could happened to the nation if nationalistic populism could flourish and later if neoliberal reforms were not undertaken in time. In the latter, the experience of Australia was used in the past as a carrot to show what could be achieved if populism was tamed and it is currently used by capital's advocates to promote further 'structural' reforms. This paper showed that these analyses and propositions are misleading because they are focused on national politico-economic dynamics.

This paper has argued that, regardless of the notable divergences in terms of economic institutions and growth performance, the Australian and Argentina economies have been structured in the same specific form. The process of capital accumulation on a global scale has engendered them as places where to produce cheap primary commodities and, therefore, as places where to also appropriate/recover ground-rent. Differentiation between these two national processes of economic development has sprung from the different historical and natural conditions under which this specific modality of capital accumulation has come about rather than from different institutional and political settings.

Though, for space reasons, the analysis of institutional differentiation has fallen outside the scope of this paper, the economic dynamics uncovered here provide the first steps for studying the common (e.g. state-controlled labour-market institutions that included compulsory conciliation and electoral systems with compulsory voting) and divergent (e.g. common-law parliamentarism vs civil-law presidentialism) political institutions and the differentiated ideological (e.g. legal racism vs nationalistic populism) forms of realisation of the Argentinian and Australian national spaces of global capital accumulation. A few initial attempts in the direction of such analysis were already made along this paper.



## Appendix

See Figs. 1, 2, 3, 4, 5, 6 and 7.

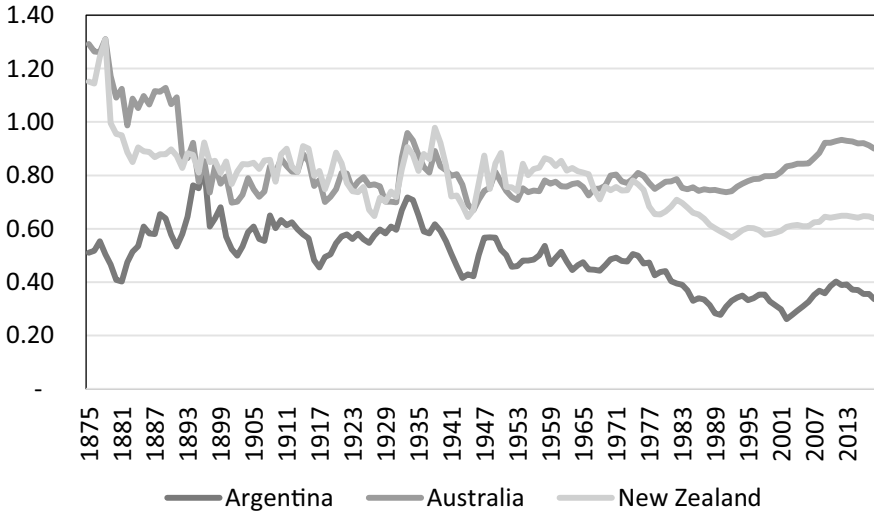


Fig. 1 GDP per capita relative US levels. Source: Maddison-Project database (2020)

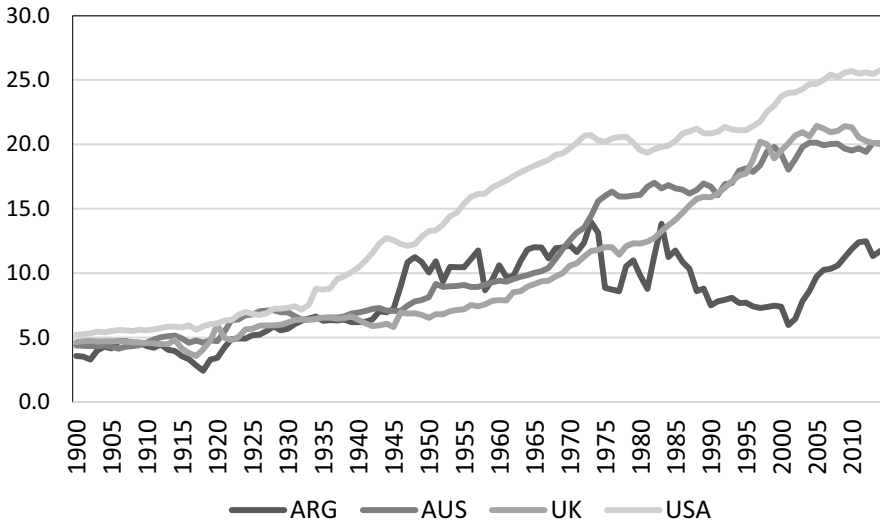
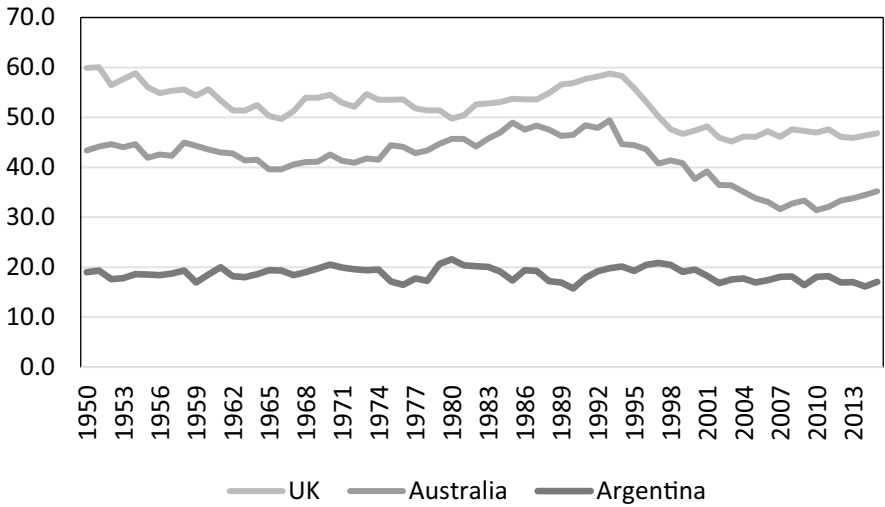
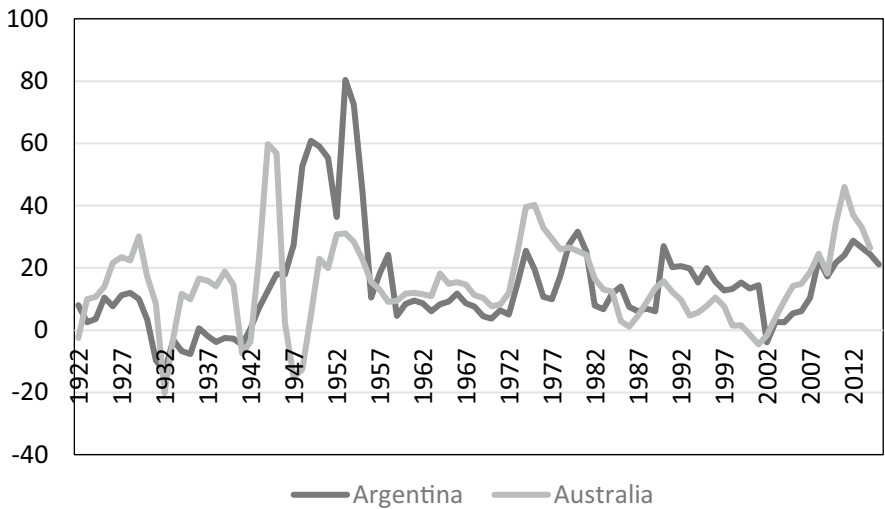


Fig. 2 Purchasing power of industrial wages in 2005 US\$. Methodology: Benchmark estimation of 2005 values by World Bank is indexed with the evolution of real purchasing power in local currency. Sources: Economic History Database (EHD), Federal Reserve Economic Database (FRED), Office of National Statistics (ONS)



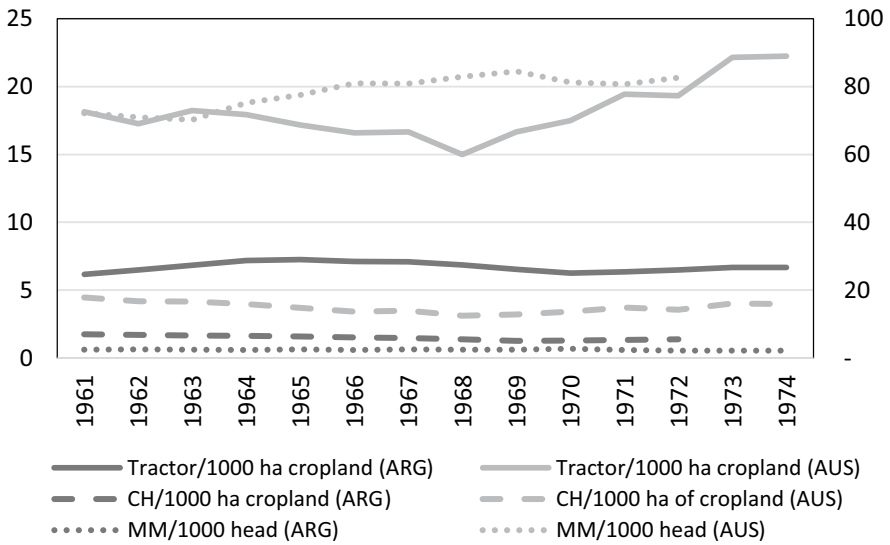


**Fig. 3** Labour productivity in manufacturing relative to US levels (in percentage). Sources: EHD, FRED, ONS, World Development Indicators, Mitchell (2013), and Iñigo-Carrera (2007: 202–3). Methodology: Benchmark estimation of 1987 values by Ark (1992), Pilat et al. (1993), for UK and Australia, and of 2000 values by Iñigo-Carrera (2007: 241–42) for Argentina are indexed using the relative evolution of physical output per worker. Benchmark estimations express manufacturing value-added per worker in US dollars through industry-specific parity exchange-rates (Australia and UK) and economy-wide ones (Argentina). By using an output index to complete the series, national-level price movements are isolated

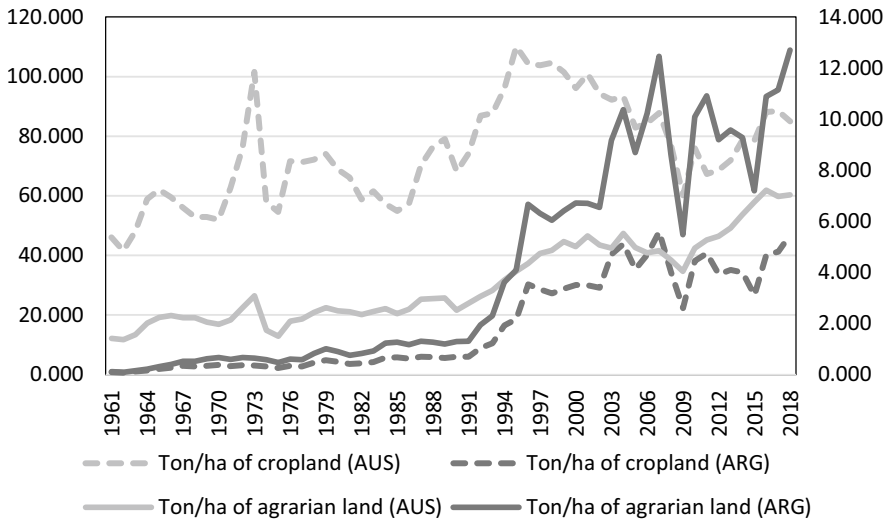


**Fig. 4** Ground-rent appropriated by capital over surplus-value in percentage. Sources: Iñigo-Carrera (2007: 229–31, 262–63) and Kornbliht et al. (2020) for Argentina; Grinberg (2021: 1–18) for Australia. Methodology: Ground-rent appropriated by capital is estimated by measuring the impact of various state policies on domestic primary-commodity prices (e.g. exchange-rate overvaluation, export taxes, foreign-trade regulations) and industrial prices (e.g. import protection) in addition to direct taxes on extraordinary profits and landed property as well as land rentals and sales. Direct subsidies to the primary sector are discounted





**Fig. 5** Use of agrarian machinery. Sources: FAOSTAT. Note: CH: Combined harvesters; MM: Milking machines. Tractors and CH: left axis; MM: right axis



**Fig. 6** Fertilizer nutrients in agrarian production Sources: FAOSTAT. Note: Tons of nutrients per hectare of cropland in the left axis; Tons of nutrients per hectare of agrarian land in the right axis





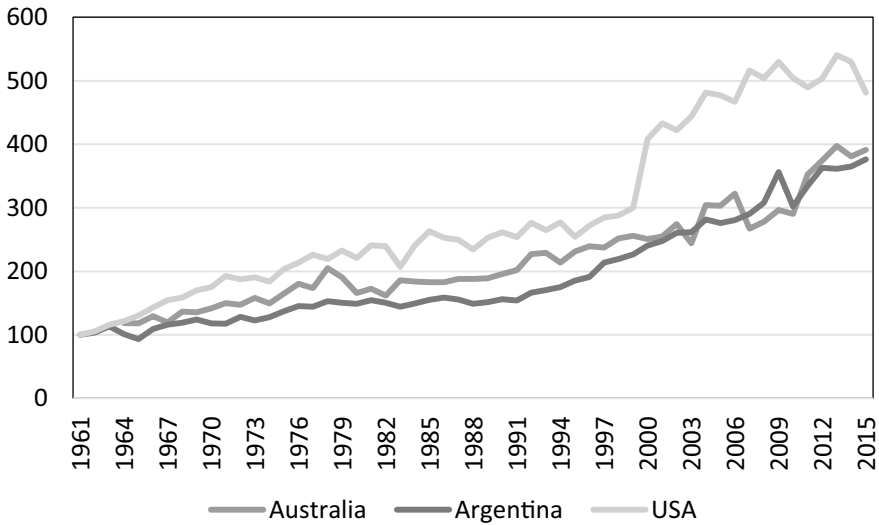


Fig. 7 Index of labour productivity in the agrarian sector. Sources: FAOSTAT; FRED; Iñigo-Carrera (2007: 209–10, 2017: 234). Note: 1961 = 100

## Databases

1. Maddison Project Database 2020
2. Australian National University, Department of Economic History, Research School of Social Sciences Clio Database
3. Federal Reserve Economic Database
4. Office of National Statistics, A millennium of macroeconomic data for the UK
5. World Development Indicators, World Bank
6. Food and Agriculture Organization of the United Nations, Statistical Database

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