

# DOWNLOAD PDF CAPITALISM AND THE STATE IN THE U.S. LATIN AMERICAN RELATIONS

## Chapter 1 : What role does the government play in capitalism? | Investopedia

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Search Theory of Capitalism Capitalism is a system of largely private ownership that is open to new ideas, new firms and new owners—in short, to new capital. At the same time, capitalism is also known for its tendency to generate instability, often associated with the existence of financial crises, job insecurity and failures to include the disadvantaged. There are basic questions about capitalism that have hardly begun to be studied. How large are the benefits of this system both in productivity and more broadly in the rewards to its participants? How much worse if at all is this system with respect to stability and inclusion - compared with corporatist systems found in continental western Europe and east Asia? What changes or additions to those institutions and policies could be hoped to improve its dynamism, stability or inclusiveness? Are capitalist systems more or less prone to financial crises than corporate ones? The Debate Over Capitalism The claims for capitalism differ from the classical case for a competitive market economy. This valuable ability of unimpeded markets could not be matched by a central government bureau, as Ludwig von Mises warned the socialists in the s. Would competition among firms suffice to generate change, with or without private ownership? A few central European economies twice became laboratories in recent decades for testing competition without private ownership. From the late s to the late s they allowed each state-owned firm to set their own prices, outputs, wages and workforce in competition with the others. Whether or not efficiency improved, it was clear that economic dynamism did not ensue. In the s, the state firms were put on their own. This time, with their backs to the wall, they began innovating like mad, hoping that with luck it would be their ticket to survival. But these state firms were not able to innovate successfully. More recently, it has come to be argued that the corporatist economies of east Asia, which had achieved wonders when there was a yawning gap with the West, ran into trouble in the s because state intervention in the corporate sector through permissions, subsidies and guarantees led ultimately to mass overinvestment and insolvency. How does capitalism do it? With the upheavals of the late 19th century still in their thoughts, the German School, led by Arthur Spiethoff and Gustav Cassel, linked innovations to technological developments and the opening up of overseas markets and materials. And it did not provide an economics of innovations in normal times, when capitalism has to generate endogenous innovations, if there are to be any at all. A decade later, Joseph Schumpeter arrived with a new perspective. Innovations are normally the creation of business people, he said, and do not spring reliably or quickly from recent inventions by scientists and engineers. Banks—the venture capitalists of that era—selected which investment projects of these entrepreneurs to finance. Friedrich Hayek saw it as a core feature that, under capitalism, entrepreneurs are self-selected, aided by their particular experience and driven by their distinctive visions. For this reason capitalism will generally draw on richer experience and wider knowledge than any one central planner could draw on. In reality, financiers must also act on intuition, taking an initial and limited chance on an applicant in spite of the ambiguity of the evidence. Since an innovative project is in part inherently difficult to articulate, the success of bankers and venture capitalists in selecting among them hinges not so much on their knowledge of the project as on their ability to enter into a sequential and provisional relationship with the entrepreneur that leaves the latter leeway to experiment and prove himself. The innovation is there: But the entrepreneurship differs: In this sophisticated sector, other institutional mechanisms are evidently at work but their functioning is not well understood and their effectiveness is not yet estimated with much confidence. Yet innovation is not the only aspect of capitalism on which there is not yet much fundamental understanding. It is obvious that jobs are far more precarious in the relatively capitalist economies than in the corporatist ones, where governments try to avoid any rocking of the boat and to backstop with assorted job protection laws. However, capitalism appears to exhibit long swings in economic activity, as measured by employment and unemployment rates, of far wider

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amplitude than those detectable in the more corporatist economies. Here too a reply is conceivable. It may be that when contractionary forces strike, the prompt restructuring that firms in the relatively capitalist economy are generally permitted to do actually dampens the size of the slump that follow, while the rigid posture maintained by firms in the relatively corporatist economies, with their strictures against layoffs, entails a much deeper and longer slump. Another of the fluctuation issues is the justice of regarding long booms as no better than long slumps. A more radical position raises questions about the justification for blocking or moderating long slumps, provided they are purely or mainly structural rather than the result of monetary malfunctioning. This is the question of economic inclusion. Quite possibly, there is little cost from a failure of highly corporatized or highly socialized economies to include the less advantaged; in those economies a low rate of inclusion is often deemed acceptable and, in some of them, only a minority of the population are in the labor force. Far more may be at stake in the inclusion of the less advantaged where the business sector is predominantly capitalist. If these capitalist business sectors offer relatively good job satisfaction and personal growth on the whole or offer relatively high wages in comparison with the pay in underground and domestic activities, then an appreciable deficiency in inclusion arising from a wide gap between low-end wage rates and the median wage, with the consequent demoralization and decline of employability, may be deemed unacceptable and may impose high social costs on virtually everyone. And that problem is now more difficult since the West has grown aware of how fortunate it was to have had the capitalist engine driving its development over the past two centuries and how valuable this engine can be again. So the West is faced with a conundrum: Among the issues are whether retraining can address job losses, whether long booms are to be treated, and whether employment subsidies are cost-effective as a remedy for a deficiency in inclusion. The other hypothesis is the volatility of financial flows. Norton, New York,

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## Chapter 2 : The 50 States and U.S.-Latin America Relations | AULA Blog

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The skyline is instead blighted by an endless array of signs beckoning diners to all the well-known transnational fast food chains, from Burger King to Pizza Hut, Kentucky Fried Chicken to Panda Express and Pollo Campero. Autopista Sur, San Salvador credit: Robinson The new face of global capitalism is everywhere in Latin America, from the ubiquitous fast-food chains, malls, and superstores that dominate local markets in emerging megacities to vast new fields of soy run by transnational agribusiness, which has invaded the Southern Cone countryside; from sprawling tourist complexes that have displaced thousands of communities to the export processing zones EPZs that employ hundreds of thousands as low-wage workers for the global assembly line. Whole neighborhoods have been built with remittance wages sent by the tens of millions of Latin American emigrants who provide cheap itinerant labor for other regions in the global economy. New trading patterns now link Latin America commercially to every continent. It has transformed the old oligarchic class structures, generating new transnationally oriented elites and high-consumption middle classes that enjoy the fruits of the global economic cornucopia even as it has displaced tens of millions, aggravated poverty and inequality in many countries, and wreaked havoc on the environment. Those newly marginalized and dispossessed have been anything but passive, as several articles in this issue make clear. Social movements of all kinds have joined in mass grassroots struggles that have helped to push a number of governments to the left in recent years and are now challenging the whole paradigm of global capitalism. This pre-globalization model of accumulation had been based on domestic market expansion, populism, and import-substitution industrialization ISI , the growth of traditional agro-exports and other primary commodities, the creation of state sectors, a role for the state in guiding accumulation, and redistribution through corporatist and populist coalitions. This model began to unravel in the late s, paving the way for the neoliberal model based on integration to the global economy. During those two decades, the mass movements, revolutionary struggles, and nationalist and popular projects of the s and s were beaten back by local and international elites. The tide turned against these projects in the face of the debt crisis that hit the region hard in the s, by state repression, and U. Behind all of this, globalization shifted the worldwide correlation of class forces away from nationally organized popular classes and toward a new transnational capitalist class and local economic and political elites tied to transnational capital. In the s and s, as the logic of national accumulation became subordinated to that of global accumulation, new transnationally oriented elites among the dominant groups in Latin America gained control over states and capitalist institutions in their respective countries, and used that control to push forward capitalist globalization and a new model of accumulation. Latin America had entered the global age of hothouse accumulation, financial speculation, credit ratings, the Internet, malls, fast-food chains, and gated communities. Neoliberalism forged a social base among emergent middle classes and professional strata for which globalization opened up new opportunities for upward mobility and participation in the global bazaar. But neoliberalism also brought about unprecedented social inequalities, mass unemployment, the immiseration and displacement of tens, if not hundreds, of millions from the popular classes, as Sarah Kozameh and Rebecca Ray “investigators with the Center for Economic and Policy Research” discuss in this issue. The changes triggered a wave of transnational migration and new rounds of mass mobilization from those who stayed behind. First, industry has been reoriented toward global markets with national industrial activity integrated into global production chains as component phases of the Global Factory. Most notable is the phenomenal spread of maquiladoras, which have been established along the U. Table 1 above shows the ongoing reorientation of industry into the Global Factory, and Table 2 below shows the explosive growth of maquiladoras in Central America from the s into the 21st century. Second, new

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transnational agribusiness exports have increasingly eclipsed the old agro-export and domestic agricultural models. Every national agricultural system in Latin America has been swept up in the new global agribusiness complex—the Global Farm. Soy is mass-produced and processed as industrial and edible oils, animal feed, and food for markets in Asia and elsewhere. Colombia and Ecuador are now the second- and third-largest exporters, respectively, of cut flowers to the world market. The list goes on. This new face of transnational corporate agribusiness in Latin America involves capitalist rather than the earlier oligarchic or semi-feudal relations of production and draws in rural, often female, workers rather than the early peasant or peon labor. Third, the growth of the global tourist industry has exploded over the last two decades. Virtually every Latin American country has been swept into the industry, which now employs millions of people, accounts for a growing portion of national revenue and gross national product, penetrates numerous traditional communities, and brings them into global capitalism. Local indigenous, Afro-descendant, and mestizo communities have fought displacement, environmental degradation, and the commodification of local cultures by tourist mega-projects such as the Ruta Maya in Mexico and Central America, the Ruta Inca in Peru, Punta Cana in the Dominican Republic, and San Pedro de Atacama in Chile. For many countries—including Costa Rica, Ecuador, Guatemala, Mexico, and most of the Caribbean nations—tourism is the first- or second-most important source of foreign exchange. The arrival of the Global Supermarket has involved the invasion of transnational retail conglomerates like Walmart, K-Mart, Costco, Carrefour, and Royal Ahold, as well as fast-food chains, as noted above, generally in partnership with Latin American investor groups. Fast-food chains, super-stores, and malls are the outlets for the distribution of goods from the Global Farm and the Global Factory. They have displaced thousands of small traders, disrupted local economies, and propagated a global consumer culture and ideology. Meanwhile, data-processing and call centers, outsourced from the Global North, have spread at an astonishing rate. Transnational capital pours into the region as productive investment in the Global Factory, Farm, and Supermarket and also as portfolio and speculative financial ventures. These schemes take advantage of the bonanza created by the privatization of public assets, the deregulation of banking systems, and the issue of government bonds as a widespread mechanism in the region to attract investors from the money markets that dominate the global financial system. The global financial markets push countries to accommodate them and hold enormous power over states and social movements and their ability to transform society. Fifth, labor has been among the major exports to the global economy. The wave of outmigration caused by capitalist penetration and disruption of local communities and of whole national and regional economies, and the social ravages of neoliberalism over the past few decades, is without precedent, comparable to migrations generated by war. Immigrant labor is exported across Latin America to intensive zones of accumulation and to the global economy, the United States, Europe, and beyond. In turn, this Latin American immigrant labor sends back remittances. In other words, the social reproduction of millions of Latin Americans is dependent on these new global labor, financial, and commercial flows. In many countries remittances are the number one source of foreign exchange ensuring macroeconomic stability, mitigating fiscal crises, and providing an escape valve for acute social and political tensions. Ironically, a portion of this extractive expansion has taken place in the more left-oriented countries that have come to power in recent years, such as in Ecuador under President Rafael Correa or in Bolivia under President Evo Morales. These governments have used combinations of nationalizations, tax reforms, and social programs to redirect a portion of the income generated by extractivist activities toward poor majorities. What has been done in these cases is a reconversion from the old extractivism to a neo-extractivism, or 21st-century extractivism, in which the state has a larger participation in the rent generated by mining and oil, and there is a broader distribution of the income generated by these exports through social policy. Propelled by privatizations and liberalization during the 1980s and 1990s and in some countries, into the 21st century as well, sectors of the capitalist class and the elite in Latin America amassed an unprecedented amount of wealth and power. They have merged with one another across borders into powerful grupos and conglomerates, known as multilatinas. In turn, these have cross-invested with extra-regional transnational corporations. According to

one estimate, some 70 multinationals are capable of competing worldwide in the global economy. The new patterns of accumulation and the set of neoliberal policies that governments implemented to facilitate integration into global capitalism were unable to bring about any sustained development for a majority of the population, or even to prevent continued backward movement. The world recession of 2001 hit Latin America hard, undermining growth and reversing gains of previous years. Politically, the fragile democratic systems installed through the so-called transitions to democracy of the 1990s were increasingly unable to contain the social conflicts and political tensions generated by the polarizing and pauperizing effects of neoliberalism. The Washington Consensus eroded as the region experienced renewed economic stagnation. By the early 21st century, neoliberalism appeared to be reaching its ideological and political limits. Those countries that stuck to the neoliberal path have been hardest hit by the crisis unleashed by the collapse of the global financial system. In their respective articles, Ugarteche and Kozameh and Ray highlight that those countries that have pursued post-neoliberal redistributive and regulatory policies, and limited re-nationalizations have fared much better, both with faster rates of economic growth and reductions in poverty and inequality. In their article in this issue, sociologist R. Clearly, the prospects for confronting the crisis of global capitalism must involve a deepening of these efforts. Far from over, the international financial crisis is likely to heat up in the coming period. The IMF and other international economic agencies predicted sluggish performance in the global economy over the next year and likely recurrences of financial crises. Most informed observers agree that we are in the midst of a deep structural crisis, that neoliberalism is reaching its material and ideological limits, and that we are entering a time of great turbulence, conflict, and uncertainty in the global system. Structural crises of world capitalism are historically times of sustained social upheaval and transformation, as reflected in Latin America in the rise of pink tide governments and the resurgence of mass grassroots movements from below. As Latin America becomes drawn ever deeper into the vortex of global turbulence, these struggles among distinct social and class forces over the nature and direction of change are sure to escalate. Benjamin Dangl, *Dancing With Dynamite*:

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## Chapter 3 : Examples of Capitalism

*Richard R. Fagen is the author of Capitalism And The State In U. S. Latin American Relations ( avg rating, 1 rating, 0 reviews, published ), Poli.*

Toggle display of website navigation Feature: Welcome to a world where the bottom line trumps the common good and government takes a back seat to big business. October 12, , 3: In recent decades, the duo has shared a common ascent. By almost any measure, global capitalism is triumphant. Most nations around the world are today part of a single, integrated, and turbocharged global market. Democracy has enjoyed a similar renaissance. Conventional wisdom holds that where either capitalism or democracy flourishes, the other must soon follow. Yet today, their fortunes are beginning to diverge. Many economically successful nations “from Russia to Mexico” are democracies in name only. Of course, democracy means much more than the process of free and fair elections. It is a system for accomplishing what can only be achieved by citizens joining together to further the common good. But though free markets have brought unprecedented prosperity to many, they have been accompanied by widening inequalities of income and wealth, heightened job insecurity, and environmental hazards such as global warming. Democracy is designed to allow citizens to address these very issues in constructive ways. And yet a sense of political powerlessness is on the rise among citizens in Europe, Japan, and the United States, even as consumers and investors feel more empowered. This fact is not, however, a failing of capitalism. As these two forces have spread around the world, we have blurred their responsibilities, to the detriment of our democratic duties. And while capitalism has become remarkably responsive to what people want as individual consumers, democracies have struggled to perform their own basic functions: Democracy, at its best, enables citizens to debate collectively how the slices of the pie should be divided and to determine which rules apply to private goods and which to public goods. Today, those tasks are increasingly being left to the market. What is desperately needed is a clear delineation of the boundary between global capitalism and democracy “between the economic game, on the one hand, and how its rules are set, on the other. If the purpose of capitalism is to allow corporations to play the market as aggressively as possible, the challenge for citizens is to stop these economic entities from being the authors of the rules by which we live. As consumers and investors, we want the bargains and high returns that the global economy provides. They come from workers forced to settle for lower wages and benefits. They come from companies that shed their loyalties to communities and morph into global supply chains. They come from CEOs who take home exorbitant paychecks. And they come from industries that often wreak havoc on the environment. Unfortunately, in the United States, the debate about economic change tends to occur between two extremist camps: Instead of finding ways to soften the blows of globalization, compensate the losers, or slow the pace of change, we go to battle. Consumers and investors nearly always win the day, but citizens lash out occasionally in symbolic fashion, by attempting to block a new trade agreement or protesting the sale of U. It is a sign of the inner conflict Americans feel “between the consumer in us and the citizen in us” that the reactions are often so schizophrenic. Such conflicting sentiments are hardly limited to the United States. Take, for instance, the auto industry. In , DaimlerChrysler faced mounting financial losses as European car buyers abandoned the company in favor of cheaper competitors. Even profitable companies are feeling the pressure to become ever more efficient. In , Deutsche Bank simultaneously announced an 87 percent increase in net profits and a plan to cut 6, jobs, nearly half of them in Germany and Britain. Twelve-hundred of the jobs were then moved to low-wage nations. Today, European consumers and investors are doing better than ever, but job insecurity and inequality are rising, even in social democracies that were established to counter the injustices of the market. In Japan, many companies have abandoned lifetime employment, cut workforces, and closed down unprofitable lines. Surely some Japanese consumers and investors benefit from such corporate downsizing: By , the Japanese stock market had reached a year high. But many Japanese workers have been left behind. A nation that once prided itself on being an "all middle-class society" is beginning to show sharp

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disparities in income and wealth. Between and , the share of Japanese households without savings doubled, from 12 percent to 24 percent. And citizens there routinely express a sense of powerlessness. On the other end of the political spectrum sits China, which is surging toward capitalism without democracy at all. Income inequality has widened enormously. And those who are affected most have little political recourse to change the situation, beyond riots that are routinely put down by force. They have the ability to alter the rules of the game so that the cost to society need not be so great. But they have no responsibility to address inequality or protect the environment on their own. We forget that they are simply duty bound to protect the bottom line. Democracy has become enfeebled largely because companies, in intensifying competition for global consumers and investors, have invested ever greater sums in lobbying, public relations, and even bribes and kickbacks, seeking laws that give them a competitive advantage over their rivals. The result is an arms race for political influence that is drowning out the voices of average citizens. In the United States, for example, the fights that preoccupy Congress, those that consume weeks or months of congressional staff time, are typically contests between competing companies or industries. While corporations are increasingly writing their own rules, they are also being entrusted with a kind of social responsibility or morality. Politicians praise companies for acting "responsibly" or condemn them for not doing so. Yet the purpose of capitalism is to get great deals for consumers and investors. Corporate executives are not authorized by anyone "least of all by their investors" to balance profits against the public good. Nor do they have any expertise in making such moral calculations. Democracy is supposed to represent the public in drawing such lines. And the message that companies are moral beings with social responsibilities diverts public attention from the task of establishing such laws and rules in the first place. It is much the same with what passes for corporate charity. But shareholders do not invest in firms expecting the money to be used for charitable purposes. They invest to earn high returns. Shareholders who wish to be charitable would, presumably, make donations to charities of their own choosing in amounts they decide for themselves. The larger danger is that these conspicuous displays of corporate beneficence hoodwink the public into believing corporations have charitable impulses that can be relied on in a pinch. The only way for the citizens in us to trump the consumers in us is through laws and rules that make our purchases and investments social choices as well as personal ones. A change in labor laws making it easier for employees to organize and negotiate better terms, for example, might increase the price of products and services. A small transfer tax on sales of stock, to slow the movement of capital ever so slightly, might give communities a bit more time to adapt to changing circumstances. The return on my retirement fund might go down by a small fraction, but the citizen in me thinks it worth the price. Extended unemployment insurance combined with wage insurance and job training could ease the pain for workers caught in the downdrafts of globalization. Let us be clear: The purpose of democracy is to accomplish ends we cannot achieve as individuals. But democracy cannot fulfill this role when companies use politics to advance or maintain their competitive standing, or when they appear to take on social responsibilities that they have no real capacity or authority to fulfill. That leaves societies unable to address the tradeoffs between economic growth and social problems such as job insecurity, widening inequality, and climate change. As a result, consumer and investor interests almost invariably trump common concerns. The vast majority of us are global consumers and, at least indirectly, global investors. In these roles we should strive for the best deals possible. That is how we participate in the global market economy. But those private benefits usually have social costs. And for those of us living in democracies, it is imperative to remember that we are also citizens who have it in our power to reduce these social costs, making the true price of the goods and services we purchase as low as possible. We can accomplish this larger feat only if we take our roles as citizens seriously. The first step, which is often the hardest, is to get our thinking straight.

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## Chapter 4 : Latin America in the New Global Capitalism | NACLA

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Instead of planning economic decisions through centralized political methods, as with socialism or feudalism, economic planning under capitalism occurs via decentralized and voluntary decisions. Capitalism and Private Property Private property rights are very important in capitalism. Once owned, the only legitimate means of transferring property are through trade, gifts, inheritance or wages. Private property promotes efficiency by giving the owner of resources an incentive to maximize its value. The more valuable a resource, the more trading power it provides the owner. In a capitalist system, the person who owns property is entitled to any value associated with the property. When property is not privately owned, but shared by the public, a market failure can emerge, known as the tragedy of the commons. The fruit of any labor performed with a public asset does not belong to the laborer, but is diffused among many people. There is a disconnect between labor and value, creating a disincentive to increase value or production. People are incentivized to wait for someone else to do the hard work and then swoop in to reap the benefits without much personal expense. For individuals or businesses to deploy their capital goods confidently, a system must exist that protects their legal right to own or transfer private property. To facilitate and enforce private property rights, capitalist societies tend to rely on contracts, fair dealing and tort law. Capitalism, Profits and Losses Profits are closely associated with the concept of private property. By definition, an individual only enters into a voluntary exchange of private property when he believes the exchange benefits him in some psychic or material way. In such trades, each party gains extra subjective value, or profit, from the transaction. Voluntary trade is the mechanism that drives activity in a capitalist system. The owners of resources compete with one another over consumers, who in turn compete with other consumers over goods and services. All of this activity is built into the price system, which balances supply and demand to coordinate the distribution of resources. A capitalist earns the highest profit by using capital goods most efficiently while producing the highest-value good or service. Profits are an indication that less valuable inputs have been transformed into more valuable outputs. By contrast, the capitalist suffers losses when capital resources are not used efficiently and instead create less valuable outputs. Capitalism and free enterprise are often seen as synonymous. In truth, they are closely related yet distinct terms with overlapping features. It is possible to have a capitalist economy without complete free enterprise, and possible to have a free market without capitalism. Any economy is capitalist as long as the factors of production are controlled by private individuals. However, a capitalist system can still be regulated by government laws and the profits of capitalist endeavors can still be taxed heavily. Although unlikely, it is possible to conceive of a system where voluntary individuals always trade in a way that is not capitalistic. Private property rights still exist in a free enterprise system, although private property may be voluntarily treated as communal without government mandate. Many Native American tribes existed with elements of these arrangements. If accumulation, ownership and profiting from capital is the central principle of capitalism, then freedom from state coercion is the central principle of free enterprise. Skilled workers lived in the city but received their keep from feudal lords rather than a real wage, and the farmers were essentially serfs for landed nobles. It took the Black Plague, one of the most devastating pandemics in human history, to shake up the system significantly. By killing scores of people in both town and countryside, the various plagues of the Dark Ages actually created a labor shortage. Nobles fought to hire enough serfs to keep their estates running and many trades suddenly needed to train outsiders, as entire guild families were wiped out. The advent of true wages offered by the trades encouraged more people to move into towns where they could get money rather than subsistence in exchange for labor. As a result of this change, birth rates exploded and families soon had extra sons and daughters who, without land to tend, needed to be put to work. Mercantilism Mercantilism gradually replaced the feudal economic system in Western Europe, and became the main

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economic system of commerce during the 16th to 18th centuries. Mercantilism started as trade between towns, but it was not necessarily competitive trade. Originally, each town had vastly different products and services that were slowly homogenized by demand over time. After the homogenization of goods, trade was carried out in wider and wider circles: When too many nations were offering similar goods for trade, the trade took on a competitive edge that was sharpened by strong feelings of nationalism in a continent that was constantly embroiled in wars. Colonialism flourished alongside mercantilism, but the nations seeding the world with colonies were not trying to increase trade. Most colonies were set up with an economic system that smacked of feudalism, with their raw goods going back to the motherland and, in the case of the British colonies in North America, being forced to buy the finished product back with a pseudo-currency that prevented them from trading with other nations. It was Adam Smith who noticed that mercantilism was not a force of development and change, but a regressive system that was creating trade imbalances between nations and keeping them from advancing. His ideas for a free market opened the world to capitalism. Fortunately, a new gold mine was found in the mechanization of industry. As technology leaped ahead and factories no longer had to be built near waterways or windmills to function, industrialists began building in the cities where there were now thousands of people to supply ready labor. For the first time in history, common people could have hopes of becoming wealthy. The new money crowd built more factories that required more labor, while also producing more goods for people to purchase. Contrary to popular belief, Karl Marx did not coin the word, although he certainly contributed to the rise of its use. Wages increased, helped greatly by the formation of unions, and the standard of living also increased with the glut of affordable products being mass-produced. This led to the formation of a middle class that began to lift more and more people from the lower classes to swell its ranks. The economic freedoms of capitalism matured alongside democratic political freedoms, liberal individualism and the theory of natural rights. This is not to say, however, that all capitalist systems are politically free or encourage individual liberty. Economist Milton Friedman, an advocate of capitalism and individual liberty, wrote in "Capitalism and Freedom" that "capitalism is a necessary condition for political freedom. Capitalism and Economic Growth By creating incentives for entrepreneurs to siphon away resources from unprofitable channels and into areas where consumers value them highly, capitalism has proven a highly effective vehicle for economic growth. There is no historical evidence of any society experiencing compound economic growth prior to the rise of capitalism in the 18th and 19th centuries. Research suggests global per-capita income was unchanged between the rise of agricultural societies through approximately 1000 AD, when the roots of the first Industrial Revolution took hold. In subsequent centuries, capitalist production processes have greatly enhanced productive capacity. More and better goods became cheaply accessible to wide populations, raising standards of living in previously unthinkable ways. As a result, most political theorists and nearly all economists argue that capitalism is the most efficient and productive system of exchange. The Differences Between Capitalism and Socialism In terms of political economy, capitalism is often pitted against socialism. The fundamental difference between capitalism and socialism is the scope of government intervention in the economy. The capitalist economic model allows free market conditions to drive innovation and wealth creation; this liberalization of market forces allows for the freedom of choice, resulting in either success or failure. The socialist-based economy incorporates elements of centralized economic planning, utilized to ensure conformity and to encourage equality of opportunity and economic outcome. In a capitalist economy, property and businesses are owned and controlled by individuals. In a socialist economy, the state owns and controls the major means of production. In some socialist economic models, worker cooperatives have primacy over production. The capitalist economy is unconcerned about equitable arrangements. The argument is that inequality is the driving force that encourages innovation, which then pushes economic development. The primary concern of the socialist model is the redistribution of wealth and resources from the rich to the poor, out of fairness and to ensure equality in opportunity and equality of outcome. Equality is valued above high achievement and the collective good is viewed above the opportunity for individuals to advance. The capitalist argument is that the profit incentive drives corporations to develop innovative new products that are

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desired by the consumer and have demand in the marketplace. It is argued that the state ownership of the means of production leads to inefficiency, because without the motivation to earn more money, management, workers and developers are less likely to put forth the extra effort to push new ideas or products. In a capitalist economy, the state does not directly employ the workforce. This can lead to unemployment during economic recessions and depressions. In a socialist economy, the state is the primary employer. During times of economic hardship, the socialist state can order hiring, so there is full employment. In addition, there tends to be a stronger "safety net" in socialist systems for workers who are injured or permanently disabled. Those who can no longer work have fewer options available to help them in capitalist societies. The proper role of government in a capitalist economic system has been hotly debated for centuries. Capitalism operates on two central tenets: These dual concepts are antagonistic with the nature of government. They do not engage voluntarily, but rather use taxes, regulations, police and military to pursue objectives that are free of the considerations of capitalism. Strictly speaking, any government intervention in a capitalist economy takes place outside the defined confines of capitalism. In fact, some argue that a capitalist society needs no government at all. Anarcho-capitalism, a term coined by Austrian-school economist Murray Rothbard, describes a market-based society with no government. Politics and taxes would not exist in an anarcho-capitalist society, nor would services like public education, police protection and law enforcement that are normally provided by government agencies. Instead, the private sector would provide all necessary services. For example, people would contract with protection agencies, perhaps in a manner similar to how they contract with insurance agencies, to protect their life, liberty and property. Victimless crimes, such as drug use, and crimes against the state, such as treason, would not exist under anarcho-capitalism. Assistance to the needy would be provided through voluntary charity instead of compulsory income redistribution welfare. The idea is that an anarcho-capitalist society would maximize individual freedom and economic prosperity; proponents argue that a society based on voluntary trade is more effective because individuals are willing participants and businesses have the profit incentive to satisfy customers and clients. Classical liberals, libertarians and minarchists free-market proponents argue that the government must have authority to protect private property rights through the military, police and courts. In the United States, Keynesian economists believe that macroeconomic forces within the business cycle require government intervention to help smooth things out; they support fiscal and monetary policy as well as other regulations on certain business activities. In contrast, Chicago School economists tend to support a mild use of monetary policy and a minimal level of regulation. When government does not own all of the means of production, but government interests may legally circumvent, replace, limit or otherwise regulate private economic interests, that is said to be a mixed economy or mixed economic system. A mixed economy respects property rights, but places limits on them: Property owners are restricted with regards to how they exchange with one another.

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## Chapter 5 : Richard R. Fagen (Author of Capitalism And The State In U. S. Latin American Relations)

*United States; United States - Foreign relations - Latin America. Capitalism and the State in U.S.-Latin American relations / edited by Richard R. Fagen ; contributors, Cynthia Arnson [et al.] - Details - Trove.*

Overview[ edit ] Until the end of the 19th century, the United States had a special relationship primarily with nearby Mexico and Cuba. Otherwise, relationships with other Latin American countries were of minor importance to both sides, consisting mostly of a small amount of trade. Apart from Mexico, there was little migration to the United States and little American financial investment. Politically and economically, Latin America apart from Mexico and the Spanish colony of Cuba was largely tied to Britain. The United States had no involvement in the process by which Spanish possessions broke away and became independent around In cooperation with, and help from, Britain, the United States issued the Monroe Doctrine in , warning against the establishment of any additional European colonies in Latin America. Texas, which had been settled by colonies of Americans, fought a successful war to steal land from Mexico in Mexico refused to recognize the independence and warned that annexation to the United States meant war. Annexation came in and the Mexicanâ€”American War began in The American military was easily triumphant. About 60, Mexicans remained in the territories and became US citizens. France took advantage of the American Civil War â€”65 , using its army to take over Mexico. The Anglo-Venezuelan boundary dispute of Guayana Esequiba in asserted for the first time a more outward-looking American foreign policy, particularly in the Americas, marking the United States as a world power. This was the earliest example of modern interventionism under the Monroe Doctrine, in which the U. By the late nineteenth century the rapid economic growth of the United States increasingly troubled Latin America. A Pan-American Union was created under American aegis, but it had little impact as did its successor the Organization of American States. American cartoon, published in The building of the Panama Canal absorbed American attention from The US facilitated a revolt that made Panama independent and set up the Panama Canal Zone as an American owned and operated district that was finally returned to Panama in The Canal opened in and proved a major factor in world trade. The United States paid special attention to protection of the military approaches to the Panama Canal, including threats by Germany. Repeatedly it seized temporary control of the finances of several countries, especially Haiti and Nicaragua. The Mexican Revolution started in ; it alarmed American business interests that had invested in Mexican mines and railways. The United States involvement in the Mexican Revolution , include, among other violations of sovereignty, the ambassadorial backing of a coup and assassination of President Francisco I. Madero and the military occupation of Veracruz. Large numbers of Mexicans fled the war-torn revolution into the southwestern United States. Meanwhile, the United States increasingly replaced Britain as the major trade partner and financier throughout Latin America. The US adopted a " Good Neighbor Policy " in the s, which meant friendly trade relations would continue regardless of political conditions or dictatorships. The era of the Good Neighbor Policy ended with the ramp-up of the Cold War in , as the United States felt there was a greater need to protect the western hemisphere from Soviet Union influence and a potential rise of communism. An attempted invasion failed and at the peak of the Cold War in , the Cuban Missile Crisis threatened major war as the Soviet Union installed nuclear weapons in Cuba to defend it from an American invasion. There was no invasion, but the United States imposed an economic boycott on Cuba that remains in effect, as well as a broke off diplomatic relations, that lasted until The US also saw the rise of left-wing governments in central America as a threat and, in some cases, overthrew democratically elected governments perceived at the time as becoming left-wing or unfriendly to U. After , Latin America increasingly supplied illegal drugs, especially marijuana and cocaine to the rich American market. One consequence was the growth of extremely violent drug gangs in Mexico and other parts of Central America attempting to control the drug supply. In the s and 80s, the United States gave strong support to violent anti-Communist forces in Latin America. Street art in Venezuela , depicting Uncle Sam and accusing the U. Left-wing governments in nations

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such as Brazil, Peru, Paraguay, Argentina, and Uruguay during this period were considerably more centrist and neutral. Since , the United States has signed other notable free-trade agreements with Chile in , Peru in , and most recently Colombia and Panama in . By , relations were tense between United States and Venezuela. Large-scale immigration from Latin America to the United States grew since the late twentieth century. Furthermore, over 10 million illegal immigrants live in the United States , most of them with Hispanic origins. Many send money back home to family members and contribute considerably to the domestic economies of their countries of origin. Large-scale immigration to the United States came primarily from Mexico and Cuba. Smaller, though still significant, immigrant populations from El Salvador , the Dominican Republic , Guatemala and Colombia exist in the United States. Most of Latin America is still part of the Organization of American States , and remains bound by the Inter-American Treaty of Reciprocal Assistance also known as the Rio Pact, which provides for hemispheric defense, with the exceptions of Bolivia , Cuba , Ecuador , Nicaragua , Mexico and Venezuela , all of which withdrew from the Treaty during the past decade. After a period of worsening relations during the late s administration of Cristina Kirchner , the election of centre-right President Mauricio Macri has resulted in renewed interest in both countries to continue improving trade and bilateral relations. One of the first acts of the Junta was to send a diplomatic mission to the United States to seek the recognition of the Supreme Junta of Caracas as the legitimate government of Venezuela in the absence of the King. He had been sent by President James Madison in as a special agent to the South American Spanish colonies to investigate the prospects of the revolutionaries in their struggle for independence from Spain. Despite this, European interventions continued to occur in American countries with the tacit or explicit support of the United States. These interventions include the occupation of the Falkland Islands by Britain in , the French naval blockade of Argentine ports between and , the Anglo-French blockade of the River Plate from to , the Spanish invasion of the Dominican Republic between and , the French intervention in Mexico between and , the British occupation of the Mosquito coast in Nicaragua and the occupation of the Guayana Essequiba in Venezuela by Great Britain in . It was the first bilateral treaty concluded by the United States with another American country. It was ratified by both countries and began enforcement in May . The commercial provisions of the treaty granted reciprocal most-favored-nation status and were maintained despite the dissolution of Gran Colombia in . The treaty contained a clause that stated it would be in force for 12 years after ratification by both parties; the treaty therefore expired in . Thus Great Britain , which attended with only observer status, managed to negotiate many trade deals with Latin American countries. US Annexation of Texas occurred in ; predictably, war followed annexation in . The American military was triumphant. About 60, Mexicans remained in the new territories and became US citizens. Washington denounced this as a violation of the Monroe Doctrine, but was unable to intervene because of the American Civil War. In , the United States stationed a large combat army on the border to emphasize its demand that France leave. France did pull out and Mexican nationalists executed Maximilian. Nothing came of it. Diplomatically, the US was content to see the island remain in Spanish hands so long as it did not pass to a stronger power such as Britain or France. War of the Pacific” [ edit ] Main article: War of the Pacific The United States tried to bring an early end to the War of the Pacific in , mainly because of US business interests in Peru , but also because its leaders worried that the United Kingdom would take economic control of the region through Chile. Chileans suspected the new US initiative was tainted with a pro-Peruvian bias. As a result, relations between Chile and the United States took a turn for the worse. As part of the policy, Blaine arranged for and lead as the first president the First International Conference of American States in . Blaine went on to live for a few years in Mexico following his success in their relations. Pughe, Map showing: A tribunal convened in Paris in to decide the matter, and in , awarded the bulk of the disputed territory to British Guiana. The sinking of the USS Maine occurred on February 15, resulting in the deaths of people and causing the United States to blame Spain, since the ship had been sent to Havana in order to protect a community of U. Revolts against Spanish rule had been occurring for some years in Cuba as is demonstrated by the Virginius Affair in . In the late s, journalists Joseph Pulitzer and William Randolph Hearst which used

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yellow journalism , anti-Spanish propaganda, to agitate U. However, the Hearst and Pulitzer papers circulated among the working class in New York City and did not reach a national audience. The United States sent an ultimatum to Spain demanding it surrender control of Cuba. First Madrid, then Washington, formally declared war. US naval power proved decisive, allowing expeditionary forces to disembark in Cuba against a Spanish garrison already facing nationwide Cuban insurgent attacks and further wasted by yellow fever. It was one of only five out of twelve US wars against a total of eleven sovereign states to have been formally declared by Congress. With prior promises that no such seizure would occur, the US allowed the action to go ahead without objection. Instead, he agreed in principle to submit some of the claims to international arbitration, which he had previously rejected. Germany initially objected to this, particularly because it felt some claims should be accepted by Venezuela without arbitration. President Theodore Roosevelt forced the blockading nations to back down by sending his own larger fleet under Admiral George Dewey and threatening war if the Germans landed. However, the blockade remained during negotiations over the details of the compromise. The Washington Protocols agreement was signed on February 13, When the Permanent Court of Arbitration in The Hague subsequently awarded preferential treatment to the blockading powers against the claims of other nations, the U. This incident was a major driver of the Roosevelt Corollary and the subsequent U. The amendment defined the terms of Cuban and U. On December 25, , Cuba amended its constitution to contain the text of the Platt Amendment. Although she was in time to join in the Battle of Santiago Bay, the voyage would have taken just three weeks via Panama. Roosevelt was able to reverse a previous decision by the Walker Commission in favour of a Nicaragua Canal and pushed through the acquisition of the French Panama Canal effort. Panama was then part of Colombia , so Roosevelt opened negotiations with the Colombians to obtain the necessary permission. Controversially, Roosevelt implied to Panamanian rebels that if they revolted, the U. Navy would assist their cause for independence. Roosevelt Corollary[ edit ] When the Venezuelan government under Cipriano Castro was no longer able to placate the demands of European bankers in , naval forces from Britain, Italy, and Germany erected a blockade along the Venezuelan coast and even fired upon coastal fortifications. The blockade was maintained during negotiations over the details of refinancing the debt on Washington Protocols. In addition, the corollary proclaimed the explicit right of the United States to intervene in Latin American conflicts exercising an international police power. Roosevelt first used the Corollary to act in the Dominican Republic in , which at the time was severely indebted and becoming a failed state. Knox followed a foreign policy characterized as "dollar diplomacy.

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## Chapter 6 : Capitalism - Wikipedia

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You can help by adding to it. February The gold standard formed the financial basis of the international economy from to Capitalism was carried across the world by broader processes of globalization and by the beginning of the nineteenth century a series of loosely connected market systems had come together as a relatively integrated global system, in turn intensifying processes of economic and other globalization. Industrialization allowed cheap production of household items using economies of scale while rapid population growth created sustained demand for commodities. Globalization in this period was decisively shaped by 18th-century imperialism. Also in this period, areas of sub-Saharan Africa and the Pacific islands were colonised. The conquest of new parts of the globe, notably sub-Saharan Africa, by Europeans yielded valuable natural resources such as rubber , diamonds and coal and helped fuel trade and investment between the European imperial powers, their colonies and the United States: The inhabitant of London could order by telephone, sipping his morning tea, the various products of the whole earth, and reasonably expect their early delivery upon his doorstep. Militarism and imperialism of racial and cultural rivalries were little more than the amusements of his daily newspaper. What an extraordinary episode in the economic progress of man was that age which came to an end in August The United Kingdom first formally adopted this standard in Soon to follow were Canada in , Newfoundland in , the United States and Germany de jure in New technologies, such as the telegraph , the transatlantic cable , the radiotelephone , the steamship and railway allowed goods and information to move around the world at an unprecedented degree. The postwar boom ended in the late s and early s and the situation was worsened by the rise of stagflation. The extension of universal adult male suffrage in 19th-century Britain occurred along with the development of industrial capitalism and democracy became widespread at the same time as capitalism, leading capitalists to posit a causal or mutual relationship between them. Moderate critics argue that though economic growth under capitalism has led to democracy in the past, it may not do so in the future as authoritarian regimes have been able to manage economic growth without making concessions to greater political freedom. Moderate critics have recently challenged this, stating that the current influence lobbying groups have had on policy in the United States is a contradiction, given the approval of Citizens United. This has led people to question the idea that competitive capitalism promotes political freedom. The ruling on Citizens United allows corporations to spend undisclosed and unregulated amounts of money on political campaigns, shifting outcomes to the interests and undermining true democracy. According to Hahnel, there are a few objections to the premise that capitalism offers freedom through economic freedom. These objections are guided by critical questions about who or what decides whose freedoms are more protected. Often, the question of inequality is brought up when discussing how well capitalism promotes democracy. An argument that could stand is that economic growth can lead to inequality given that capital can be acquired at different rates by different people. In *Capital in the Twenty-First Century* , Thomas Piketty of the Paris School of Economics asserts that inequality is the inevitable consequence of economic growth in a capitalist economy and the resulting concentration of wealth can destabilize democratic societies and undermine the ideals of social justice upon which they are built. Singapore has a successful open market economy as a result of its competitive, business-friendly climate and robust rule of law. Nonetheless, it often comes under fire for its brand of government which though democratic and consistently one of the least corrupt [66] it also operates largely under a one-party rule and does not vigorously defend freedom of expression given its government-regulated press as well as penchant for upholding laws protecting ethnic and religious harmony, judicial dignity and personal reputation. Hall and David Soskice argued that modern economies have developed two different forms of capitalism: Germany, Japan, Sweden and Austria. Those two types can be distinguished by the primary way in which firms coordinate with each other and other actors,

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such as trade unions. In LMEs, firms primarily coordinate their endeavors by way of hierarchies and market mechanisms. Coordinated market economies more heavily rely on non-market forms of interaction in the coordination of their relationship with other actors for a detailed description see Varieties of Capitalism. These two forms of capitalisms developed different industrial relations , vocational training and education , corporate governance , inter-firm relations and relations with employees. The existence of these different forms of capitalism has important societal effects, especially in periods of crisis and instability. Since the early s, the number of labor market outsiders has rapidly grown in Europe, especially among the youth, potentially influencing social and political participation. Using varieties of capitalism theory, it is possible to disentangle the different effects on social and political participation that an increase of labor market outsiders has in liberal and coordinated market economies Ferragina et al. This signals an important problem for liberal market economies in a period of crisis. If the market does not provide consistent job opportunities as it has in previous decades , the shortcomings of liberal social security systems may depress social and political participation even further than in other capitalist economies. Academic perspectives on capitalism In general, capitalism as an economic system and mode of production can be summarised by the following: High levels of wage labour.

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## Chapter 7 : How Capitalism Is Killing Democracy – Foreign Policy

*(Archived document, may contain errors) 45 March 28, Revised From December 2, THE DETERIORATION OF U. S. LATIN AMERICAN. RELATIONS INTRODUCTION President Carter has hailed the new Panama.*

To see a footnote referenced in the text, click on the footnote number. The screen will automatically scroll to the footnote and display it at the top of the screen. To return to the same place in the text, click the "Back" button at the top of your browser window. Parker added, "the tendencies of Western capitalism could find fullest and most uncontrolled expression. American capitalists had almost a free hand in gaining control of a country unimaginably rich in natural resources. In straight-out contests of strength with both organized and unorganized workers American capitalists usually triumphed. State violence, judge-made law, compliant legislatures, and administrative procedures were arrayed effectively against challenges from below. In this book, capitalism is regarded as an economic system distinguished by certain characteristics whose development is conditioned by still other elements. The basic characteristics are: In this sense, the American economy became predominantly capitalist only by The earlier years fall into three periods. The first, from to , is characterized by handicraft-subsistence production alongside elements of a semi-capitalist economy stemming from commercial production of tobacco. The most commercialized sectors of the economy were predominantly staffed by enslaved and semi-enslaved workers. A working class of free and unfree elements is then growing rapidly. In the third period, , economic development attains an extraordinary pace as industry and, increasingly, agriculture becomes subject to capitalist forces. All capitalist economies are commercialized but not all commercialized economies are capitalist. Karl Marx, the first historian of capitalism, wrote primarily about English capitalism as the model of its kind. Try as you may, it is not possible to extract from his three-volume Capital a picture of the development of American capitalism. Marx did not deal centrally with the United States. While Marx identified free labor with capitalism, in the U. American society from the colonial period onwards was the very opposite of equalitarianism and self-denial in economic affairs. Without Indian land, the developments in nearly two centuries of colonial history would have been unthinkable. During the 17th and 18th centuries, land was the principal means of production in America. The booty was not distributed equally by any means. Instead, every level of government set up by European colonists was given a voice in the distribution of land. Politics revolved around how best to channel the choicest parcels of land to those closest to the seats of political power. Two years before the Declaration of Independence, wealth and income were concentrated in extreme fashion. This pattern continued in every seaboard town. As settlement moved westward, frontier communities repeated the pattern, whether in Paducah, Kentucky or Milwaukee, Wisconsin. To be sure, the European immigrants who were not semi-slaves in the form of indentured servants stood a better chance of becoming landowners than if they had remained in England or Europe. Few outside of a tiny circle of insiders received free land. Even during a time of presumed success in spreading ownership, fully half the adult white males owned no land. This, for example, was the case during the decades around the Civil War The proportion grew in the next generation or two. By the end of the 19th century, land had receded as the central means of production. Manufacturing and railroads took the forefront, along with new financial industries. Until around or so, the distribution of wealth and income in the U. Thereafter, concentration of wealth in the U. Around the same time, the United States became the most favored home for great wealth throughout the world. Nowhere else was the spread between the rich and the poor so great. It was most generous to those nearest when it came to distributing land and other valuable properties. And it has not hesitated to reach out to collect from the poorest person sufficient funds to extend capitalist rule. By the 17th century, Thomas Hobbes and John Locke had posited an individual whose essence consisted of proprietorship over his own person. Owning himself, he owed nothing to society. Persons who were economically dependent on others were therefore not free. An unceasing struggle for hegemony raged between men, and the market was the battlefield. Social relations were seen as market relations among proprietors of various selves, some

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their own. The struggle of owners for dominance was said to be the natural condition of man. To safeguard that natural striving, and especially to ensure the security of its outcome, government was instituted. Protection of individually-accumulated capital was the most fundamental function of government, a function said to be required not by common decision but by the very nature of man. Macpherson calls this conception "possessive individualism" 3 "I own, therefore I am" is the paradigm of possessive individualism. Possession and possessing make the man; they also make him free. Such a person cannot conceive of existence apart from possession or the striving after it. Because ownership is the core of self, the person is not himself but what he owns. He is, in a sense, alienated from, without ever having been joined with, himself. He has senses; his self is problematical. Pioneering, for example, often forced a communal purpose upon economic life. Widespread barter attested to an underdeveloped market and thus lessened the base for possessive individualism. In the tobacco South, where commercialism was a dominant principle of economic life, unfree forms of labor predominated. Ownership extended not merely to the labor power or its products but to the laborer himself. The law of conquest, accepted universally by all civilized countries, constituted the legal basis of human slavery. As the British Privy Council explained in *Where the King of England conquers a country the conqueror, by saving the lives of the people conquered, gains a right and property in such people, in consequence of which he may impose upon them what laws he pleases.* American history is the apotheosis of private property. In a thoroughly bourgeois society, based on property rights, the pecuniary logic knows no self-limitation. One sells his labor, another buys it; why not, then, permit private appropriation of the laborer himself? Colonial American society welcomed the development of slavery. English law had long been congenial to the practice of debt slavery in the coal regions of Scotland. During the 17th and 18th centuries propertied interests, including the Crown, hastened to monopolize the bounties of bound labor forthcoming from Africa. The very philosophy of individualism facilitated the adoption of slavery. It was first fashioned to extend local markets; then, it became an indispensable means to create a national market. Both American industrialization and capitalism were crucially dependent upon the corporate form of organization. The corporation was not, however, a disembodied "first cause"; it spread in response to concrete economic challenges. But the corporation had first to become a legal instrument before it could be anything else. While the law dealt amply with the internal affairs of corporations, no internal logic dictated the further development of the corporate form. Corporate law, after all, is not a branch of higher mathematics whose cogency requires a series of more elementary operations. External, primarily economic pressures helped generate the corporation. The combined force of those pressures and the nature of American legal thought determined the eventual shape of the modern business corporation. In colonial America, the business corporation was almost unknown. During all the years before, only thirty such firms were formed and virtually all of them failed. For the next half-century, the industrializing countries of the world turned America into a vast storehouse of cotton, wool, meat, and grain; in time, also lumber and coal. To produce these raw materials and get them to market, transportation improvements were crucial. But transportation is nothing if not expensive. Foreign investors found it convenient to buy shares in American transportation corporations. By doing so, they helped feed and clothe their own industrial population and meanwhile laid the foundation for the modern business corporation in America. And they made a handsome profit. The corporation proved an excellent net, too, to catch scattered, though appreciable, domestic investment funds. But what is a corporation? In ancient Rome *collegia* or *corpora* performed essentially public duties and later became part of municipal administration. In no meaningful sense could they be regarded as voluntary associations of private businessmen. Also, the head of a Roman corporation who brought an action in law represented the corporation rather than its individual members. It was reasoned that such organizations were carrying out work in the public interest and thus deserved government privilege. Lord Coke, in the 17th Century, rendered a definition that was for long considered classic: A corporation aggregate of many is invisible, immortal, and rests only in intendment and consideration of the law. They cannot commit treason, nor be outlawed, nor excommunicated, for they have no souls, neither can they appear in person, but by attorney. A century later, Adam Smith barely discussed the

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corporation, pausing several times only to denounce it for conspiring to charge more than the "natural price" for goods. They had to fashion the doctrine out of the crucible of practice. Both jurists and non-jurists puzzled over the exact nature of a corporation. Lord Coke, for example, had asserted that the corporation was a creature of the law.

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## Chapter 8 : A Short History of American Capitalism: INTRODUCTION

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For years, Latin American economic development lagged despite abundant natural resources, vast fertile lands, and a sophisticated culture. This was because Latin American nations were slow to discard the economic and social controls inherited from their Spanish colonial masters, who had ruled by selling government privilege and by suppressing indigenous markets for goods, services, and capital. This book describes the efforts to combat established local plutocratic elites and international agencies in order to privatize state industries and establish independent markets. The author re-examine the orthodoxies of international development and the regulation of markets, and point to the success of rapidly growing, open markets in Mexico, Argentina, and Chile. This book provides an insightful portrait of the dramatic economic turn-around, with crucial lessons for the United States. Latin America on the Rise Chapter 2: The Blocked Society Chapter 4: Development Planners in Their Heyday Chapter 5: Outdated International Development Institutions Chapter 7: Argentina has controlled inflation and achieved economic growth. The economic benefits of the expansion have helped all levels of society. The middle class is growing, and governments are able to devote more resources to helping the poor because they are no longer paying for the losses of state owned corporations. For example, the Chilean healthcare system, which is mostly privatized, has worked. The market-oriented programs have gained widespread support from the general citizenry. To prevent further mistakes, the World Bank and other international governmental lending organizations should be disbanded or privatized. Synopsis Like the fabled city of gold, Latin American prosperity has seemed tantalizingly difficult to attain. Finally, real progress may have come to the region. This new development is based on a solid market footing that has replaced corrupt government projects with private investment and growth. Just as the explorers searching for the city of gold brought back valuable information about regions through which they traveled, Roberts and Araujo show that the Latin American experience contains valuable lessons about the policies that nations should foster and avoid. The Spanish government created a situation in which political connections could ensure profitable monopolies while entrepreneurship was of little benefit. Public offices were lucrative means to economic advancement and could be bought and sold. These tendencies toward mercantilism were not expelled with Spanish authority. In fact, the situation become worse during the years following World War II when developed nations advocated greater government intervention in the economy as part of their aid programs. Roberts and Araujo are quick to point out the irony of this proposal which runs counter to the system under which developed nations had achieved their prosperity. Economists advocated the influx of outside aid to capitalize the economies while believing that trade would only hamper growth. Pursuing these policies, governments built huge public works projects and imposed oppressive tariffs. Economic change Recent economic history is the real story in this book. Suddenly, Latin America is doing something right. These nations have become models for the rest of the world. This change has dramatically increased investment in Chile and abroad. The new system offers the promise of much higher retirement benefits for those involved. Why have these changes occurred? Quite simply, the authors suggest, the governments found they had little choice. With their money supply out of control and the standard of living failing to make progress, many Latin American leaders turned to economic liberalization as their only hope. With a few interruptions, the new course has been working. Certainly, the changes have not been flawless. Often, the government was more interested in the profits from selling off state-owned monopolies rather than in opening up markets to competition. Still, the benefits are indisputable. Political dimensions While this book focuses its attention on the economic aspects of the region, it also addresses the politics that caused and resulted from the economic changes. The authors do not deny that the regime committed contemptible acts of political repression nor do they advocate dictatorship as a useful and necessary means of attaining economic

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reform. However, they do note that in each case of reform a strong leader had to act with strength and vigor to overcome opposition by special interests. This was true in Chile, Argentina and Mexico. Often leaders gained extraordinary support from fed-up citizens for using unconstitutional methods to overcome recalcitrant legislators. For example, the authors tell of the Mexican army using a bazooka to enter the house of a well-guarded and corrupt union official. The economic changes have also brought political consequences. The authors see the recent charges of corruption against Latin American, and particularly Mexican, officials as a sign that these individuals are being held increasingly accountable to the law. Without the powerful control of patronage, the PRI in Mexico and other ruling parties are becoming more truly democratic. Wider implications The potential ramifications of change in Latin America are stunning. This book reminds the reader that the region is potentially a bigger economic force than the United States and Canada combined or the European Union. Eventually, the United States may find the region an important source of markets and competition. When this happens, the US will not be successful if it clings to its inefficient social programs and burdensome regulations. Further, the Latin American experience holds important lessons for poor nations that have not yet found the path out of poverty. The authors believe that it is time for a major reconsideration of the role of the international community in development. Poor countries do not need top down foreign aid investment, but rather the economic development that will occur in a well-organized capitalist system. If you want to understand how the market revolution is freeing us from that bondage, you must read this book. The Capitalist Revolution in Latin America is essential reading for those who have, or wish to have, commercial relations with our neighboring continent. Roberts and Araujo now bring us the story of the tortuous path that has brought capitalism and markets to Latin America. The Capitalist Revolution in Latin America lays out the record of Latin American accomplishments to date, along with a precautionary assessment of near-term prospects. Only open economies and open societies provide an adequate framework for prosperity. The Collapse of the Socialist Era.

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### Chapter 9 : Books by Richard R. Fagen (Author of Capitalism And The State In U. S. Latin American Relations)

*In assessing how U.S.-Latin American relations have been shaped by foreign investment, O'Brien argues that over the course of the twentieth century U.S. businesses and their government have forged a close working alliance to promote American interests in Latin America.*

Jeb Sprague-Silgado Thursday March 9, 4: This talk is sponsored by the Committee on U. It is funded in part by the SAFC. First in a series on Understanding the Global Capitalist Economy Today The global economy is more productive than ever, and yet for a majority of people in the United States, Latin America, and around the world, living conditions have not improved. Debt continues to shackle an entire generation, generating enormous profits for banks. Young people, facing mounting pressure to succeed, are finding that avenues for financial and material security are simply not there even with a college degree. As we face heightening conflicts, ecological destruction, job loss, and economic disenfranchisement, many are frustrated and looking for answers. Divisive politics have seized upon these crises in an attempt to scapegoat marginalized groups, such as immigrants and refugees, who are themselves uprooted by the same issues. However, crises have also inspired many people to turn toward a critical analysis of our underlying economic system — capitalism — in order to better understand and counteract these forces. The economy today is global. Understanding what that means for us means reaching and thinking beyond borders. Upcoming events in the series: How is human labor turned into a commodity? What does this mean for those of us who work for a living? A brief history of capitalism and Latin America Thursday, April 13, 4: How and where did the first capitalist systems come about? What makes capitalism unique? How did it spread? What has the spread of capitalism meant for Latin America? What can be done? How can we use an understanding of capitalism to organize today? Why is it important for activists to study the global economy?