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Essays on globalization: a journey to a possibly new stage of capitalism
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Download date: 14 Dec 2018
5 Capitalism and stages of accumulation

This chapter proposes an approach to distinguishing different periods in the history of capitalism. While periodization is alien to conventional economic theory, non-mainstream economics has provided three theoretical frameworks: the Regulation approach, the Social Structure of Accumulation approach, and a variant of long wave theories. While there are differences among and within these approaches, it will be shown that they also complement each other and have much in common.¹ A body of joint features is outlined in this chapter that can be used as a heuristic device to analyze different stages in the long-run evolution of capitalism. This framework can then be used to analyze contemporary globalization and compare it with previous periods of intense economic internationalization.

The first section posits that capitalism can be analyzed at an intermediate level, which is more abstract and examines longer periods of time than detailed accounts, but is more concrete and examines shorter periods of time than capitalism’s general laws of motion do. It argues that such intermediary analyses have to be broadly encompassing and integrate non-economic and external factors. The second section then deals with Kondratiev cycles, which are the best-known description of specific periods in the history of capitalism.² It argues that the deterministic role assigned to technological developments in these cycles is problematic, because technology in itself cannot explain contemporary globalization. Hence in the third section three non-deterministic theories of stages developed in the 1970s are introduced. The Regulation approach, the Social Structure of Accumulation approach and a variant of long wave theories all theorize that there is nothing automatic about the alternation of

¹ Husson (1994) and Reati and Roland (1988) express this same opinion of the Regulation approach and long wave theory, but do not take the Social Structure of Accumulation approach into account.

historical periods. The next chapter reviews these three perspectives’ interpretations of capitalist expansion and stagnation in the decades after the Second World War. Finally, building on these three heterodox theories, the fourth section develops a framework to analyze stages in the development of capitalism.

5.1 How to analyze capitalism?

Most economic theories about capitalism’s trajectory treat capitalist development from a long-term (structural) or short-term (business cycle) perspective. But between timeless general laws of motion of capitalist economies on the one hand and empirical data about the ups and downs of trade flows and financial markets on the other, a third level of abstraction can be introduced. Such an intermediate level of analysis is more general and abstract than a detailed historical account of capitalist development, but more specific and concrete than an abstract theory of capitalism-in-general. Teeple (1999: 5) sums up why working with this third time frame makes sense:

‘The point is there is no such thing as capitalism pure and simple. Only in the most general, abstract sense is capitalism the same phenomenon down through the ages. If its fundamental characteristics are commodity production, production for profit, corporate private property, social labour, a world market, and the law of value, none of this says anything about their developmental stages or about how any of these properties manifest themselves in a given age or country.’

While analyses of the characteristics of capitalism in general and of concrete data and processes are often necessary and fruitful, focusing on

3 Burbach and Robinson (1999: 12) argue that claims of continuity at higher levels of abstraction risk becoming empty: ‘If we break capitalism down into its most fundamental characteristics – the exploitation of labor by capital, commodity production, and the continued expansion of capitalism – then yes, nothing has changed. However, to take this view one could argue that nothing has changed since Columbus, or perhaps since the industrial revolution, if one defines the earlier period as mercantile capitalism.’
stages of capitalism can be helpful in understanding capitalist development and making possible a more qualitative comparison of different intervals.\(^4\)

The instinctive rationale for an intermediate approach is that economic developments are neither accidental or random nor completely determined by general economic laws and tendencies. Different historical periods can be distinguished in the history of social formations.\(^5\) While there is controversy about the causes, few people would deny that capitalism has taken different forms with specific characteristics:

'In fact, the existence and differentiation of long periods of structural evolution is intuitive and indeed accepted by most of the economic historians, although defined in several different ways: after the Industrial Revolution, the “hungry forties”, the Victorian boom, the Great Depression, the Belle Epoque and the revolution of steel and electricity, the crisis of the wars, the Fordist thirty golden years, and now the years of crisis – the rhythm of economic time is marked by the succession of those long expansions and depressions separated by deep structural changes. Those long periods represent distinct forms of organization of social relations, of science and technology, different cultural trends and political and social institutions' (Louça 1997: xi).\(^6\)

\(^4\) Mavroudeas (1999: 323) does not take this seriously when he denounces middle-range theories, ‘particularly popular in periods when general-theoretical paradigms are in crisis’. Because ‘of their inherently eclectic nature and their ability to conform with a wide variety of more general theories and trends,’ he says, ‘they facilitate an accommodation between the previous theses of their contributors (albeit in a transforming fashion) and the new intellectual fashions.’

\(^5\) This is not only the case for capitalism. Fine and Harris (1979: 104-119) show that Marx periodized the history of feudalism, based on his understanding that modes of production give rise to distinct stages rather than to continuous trends.

\(^6\) Similar observations are also made in other social sciences. Political scientist Gilpin (1987: 105) for example explicitly refers to the same idea: ‘(A)lthough a regularized, systematic and cyclical pattern of expansion and contraction may not exist, the modern world economy has in fact undergone a traumatic experience approximately every fifty years and has experienced alternating periods of rapid and slow growth. These massive swings up and down have affected mainly the price level; in some cases, however, they have entailed significant changes in economic output and in the rate of employment. Moreover, these erratic economic shifts have been global phenomena. Originating in the core economies, their effects have been transmitted through the market mechanism and the nexus of economic
Understanding different stages in the development of capitalism logically calls for broadly encompassing theories and analyses. In their important collective work on globalization, for example, Held, McGrew, Goldblatt, and Perraton argue that ‘contemporary patterns of globalization constitute a distinctive historical form which is itself a product of a unique conjuncture of social, political, economic and technological forces’ (1999: 429). Most observers and scholars of contemporary globalization would agree readily, in light of the compelling magnitude of changes taking place in the global economy since the end of the 1970s. In his popular bestseller about globalization Thomas Friedman therefore takes economists to task who believe ‘that you can explain the world with reference only to markets’. According to Friedman, ‘in both journalism and academe, there is a deeply ingrained tendency to think in terms of highly segmented, narrow areas of expertise, which ignores the fact that the real world is not divided up into such neat little beats’. French economist Nicolas Beniès

interdependence to the extremities of the planet, shattering individual economies and setting one economy against another as each nation has tried to protect itself against destructive economic forces. The periods of expansion and contraction have also been associated with profound shifts in the structure of the economic and political system.’

7 Held teaches politics and sociology, McGrew teaches government, Goldblatt teaches social sciences, and Perraton teaches economics. Streeten (1996: 354-5), to give another example, argues in the same vein that it is impossible to make sense of globalization if one limits oneself to narrow economic phenomena and approaches: ‘(W)e hear and read everywhere that interdependence among states (sometimes wrongly equated with integration) has increased dramatically. This can be seen in the spectacular growth of the trade-to-GNP ratio, which, for some countries, has doubled since the mid-1980s. It can also be observed in the globalization of production through foreign investment by transnational corporations; in the integration of international capital markets and portfolio investments; in the growth of international migration; and in the spread of cultural impulses such as television, styles in clothing, music, sport, sexual mores, and even crimes. At the same time there is a rise of religious fundamentalism and of the assertion of national identity by potentially 5,000 different peoples in the already proliferating 182 states. The main lessons are (1) that trade cannot be considered in isolation, but must be accompanied by an analysis of the flow of information, capital, people, and education and cultural impulses, in addition to monetary and fiscal policies; and (2) that economics no longer can be isolated from political science, philosophy, law and other disciplines.’
makes essentially the same point when he advocates ‘a new theoretical framework’ in which we can analyze the multidimensional character of the changes taking place in the global economy.\(^8\)

But although many economists may recognize the importance of non-economic or external factors, in most cases actual investigation of such factors is left to sociologists and political scientists.\(^9\) Conventional neoclassical theories are too limited: they restrict themselves to ‘a clearly delimited, socially disembedded sphere of economic relations with a tendency towards general equilibrium’ (Jessop 1997: 504).\(^10\) In addition, such theories generally discount or ignore time, on the assumption that all individuals have perfect knowledge of the future and actions of individuals cannot affect markets’ overall development.

However, non-mainstream economics, not satisfied with such restrictions, has provided alternative frameworks that do incorporate broader social, political and institutional dimensions into economic analysis, with the explicit aim of understanding the specific characteristics and dynamics of historical periods. These approaches’ methodological – and epistemological – point of departure is that contrary to the view of traditional neoclassical economics, institutions and social structure are important to the functioning of economic systems and therefore have to be integrated into analyses of capitalism.\(^11\) As Guttmann (1994: 56) argues in a well-phrased description, different institutional forms combine

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\(^8\) ‘The new, post-Cold War world that is now being born is witnessing the emergence of a new era for capitalism, “globalization”, in which the old reference points have disappeared and capitalism is the only credible perspective. This new world requires building a new theoretical framework.’ (Beniès 1998: 256).

\(^9\) Maddison (1992: 28) reminds us that economists ‘generally devise more or less self-contained systems (to) explain economic development and do not like to give “exogenous” events a major role. Some historians, by contrast, describe economic development as a chain of *ad hoc* events happening more or less by accident.’

\(^10\) DeMartino (2000: 83) argues that ‘forms of abstraction that treat the economy as a self-contained sphere of society, amenable to examination in isolation from non-economic factors, fail in principle to convey the complexity of economic events and the scope of economic possibilities. Just as all economic activities entail social and political relations, so are seemingly non-economic activities and practices shaped by economic processes.’

\(^11\) See e.g. Kotz, McDonough and Reich 1994\(^b\).
to determine the conditions that allow the economic system to reproduce itself in a stable manner and on an expanding scale. In other words, they regulate our economy by coordinating its decentralized decisions and integrating its separate activities into a unified structure capable of forward motion. (...) Different *modes of regulation* can be distinguished, depending on the prevailing set of monetary rules, corporate organization and competition, wage labor nexus, public policies, and international arrangements.

To sum up, a third time frame can be distinguished between day-to-day economic data and capitalism’s general laws of motion, and can be used to analyze and compare the concrete forms capitalism assumes in different periods. Such intermediary analyses will necessarily be broadly encompassing, integrating non-economic and external factors.

5.2 Kondratiev cycles: is technology driving history?

The best-known description of the existence of specific periods in the history of capitalism is the theory of Kondratiev cycles, which were discovered and discussed as early as the 1920s. The (possible) existence of such cycles became generally known in mainstream economics thanks to Joseph Schumpeter, who was the first to call them ‘Kondratiev cycles’ in 1939.12 Long (Kondratiev) cycles are 45-60 year cycles in economic activity, which according to Kondratiev are linked to social phenomena such as wars and revolutions, and are caused by the periodic renewal of basic capital goods. These periods (or stages) of capitalism are therefore to be differentiated from the successive stages of development countries will (have to) go through hypothesized by for example List (1841) and Rostow (1960).13

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12 See Barnett 1994. Although the idea that economic growth proceeds in a series of long cycles of approximately fifty years’ duration is generally attributed to the Russian economist Kondratiev, he did not originate the idea. The Russian Marxist Parvus and the Dutch Marxist Fedder (pseudonym of Van Gelderen) were earlier (see e.g. Mandel 1972: 108-145). On Van Gelderen/Fedder see also Kalshoven 1993.

13 On List see also chapter 2.
Each so-called Kondratiev wave (or K-wave) can be divided into four phases: prosperity (with high growth), recession (with decelerating growth), depression (with near zero or negative growth), and recovery (with a modest growth rate). Furthermore, ‘each wave tends to be associated with particularly significant technological changes around which other innovations – in production, distribution and organization – cluster and ultimately spread through the economy’ (Dicken 1998: 147). As new technologies are diffused they stimulate economic growth and employment, but at some point growth slackens because of the exhaustion of the positive effects of the technological revolution that was at the origin of the long expansion. Webber and Rigby (1996: 11) for example conclude about the downturn in economic activity of the mid-1970s:

‘(T)oo the extent there has occurred a slowdown, it was inherent in the dynamics of the golden age. That is, the forms of technical change that sustained the real-wage rises of the 1950s and 1960s also diminished the profitability of production; our present disarray is caused by the continuing lack of profits in production. (...) The end of the period of relatively rapid growth was the product not of mistakes of policy, nor of slower productivity growth, much less of intensified competition from imports, but of the fact that it was a period of rapid growth.’

The development of these waves is expressed (or summarized) in the rate of profit. After staying at high and rising levels during the phase of prosperity, it begins to fall during the recession as a consequence of for example social conflicts, wage increases, overaccumulation of capital, or a decline in productivity growth. 14

There are different theories about which concrete mechanism ushers in a new expansive phase, but

‘a central assumption of the long-wave idea (is) that eventually the trough of the wave will be reached and economic activity will turn up again. A new sequence will be initiated on the basis of key technologies – some of which may be based on innovations which emerged during recession itself – and new investment opportunities’ (Dicken 1998: 148).

Over the years researchers from various schools of thought have been studying long wave theory and testing its empirical validity. It is hardly surprising that in times of volatility and change like the turn of the twenty-

14 See e.g. Reati (1992: 255-6).
first century, many economists and research institutions turn to Kondratiev for explanations. Discussing the so-called ‘New Economy’, Kleinknecht (2000) for example argues that Kondratiev’s theory enables us to understand how the cluster of new, fast-growing technologies introduced in the 1980s is now pulling the whole economy towards a higher growth path. Economists at the ING Bank and Rabobank, two of the biggest Dutch banks, as well as the president of Robeco, one of the world’s biggest mutual funds, all also invoke Kondratiev to explain the economic impact of new Information and Communication Technologies (ICT).

But up to this day the existence of long cycles or waves has remained a subject of considerable controversy among economists. Paul Samuelson once called them ‘science fiction’, and in a 1978 issue of the Citibank Monthly Economic Letter they were described as a myth spread by people who believe in a mystical unfolding of history (Goldstein 1988: 21-22). Doubts about the empirical evidence for the existence of such cycles are partially responsible for this controversy. But more importantly, many scientists and observers have theoretical reasons not to accept the presence

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15 Kleinknecht, a renowned long wave researcher, holds that a new Kondratiev cycle probably began as early as 1993 or 1994: ‘The gurus of the “new economy” have not studied enough economics. They don’t know Kondratiev and the new literature about that. They rediscover the wheel and call it “new economy”’ (Dikstaal 2001: 47).

16 See Boonstra 2000; Van Duijn 1998; ING-bank 2000. See also The Economist 1999.

17 Kenwood and Lougheed (1992: 149-150) maintain on the other hand: ‘The existence of long swings in economic activity, averaging between 15 and 25 years’ duration is now an undisputed fact. (...) It is, however, the explanation of this pattern of fluctuations rather than the existence of the phenomenon, which is presently the subject of argument.’

18 The main problem is that ‘statistical analysis of economic growth with regard to regular patterns requires the concept of cycle analysis. The analysis of cycles requires, on the other hand, the elimination of the non-cyclical or so-called irreversible component of time-series, that is, the trend’ (Metz 1992: 82), which is not neutral for the final results. Underlining these difficulties, Metz came to almost diametrically opposite conclusions about the existence of long waves in his papers in 1992 (there is evidence) and 1998 (they have no meaning).
of automatic, endogenous long cycles of boom and bust. Shutt (1998: 194) summarizes this skepticism in a polemical way:

"Confronted with the obstinate refusal of growth to revive, a significant number of economists and others have been inclined to flirt with quasi-metaphysical theories which supposedly give grounds for expecting a spontaneous recovery in the global economy irrespective of the revealed current tendency of market forces. According to such theories economic growth is governed by very long cycles (of fifty years or more), which their advocates claim can explain the ups and downs of the world economy at least since the Industrial Revolution, and that these unfold more or less independently of any 'man-made' events or influences such as world wars, political changes or innovations in technology. To anyone who recognizes economics to be a social science – and hence inherently subject to the unpredictable actions and reactions of ever-changing human society – such attempts to subject it to a series of rigid laws of motion can scarcely seem worthy a moment's consideration."

This criticism is not new. The presumed regularity of long cycles was challenged as early as the 1920s. Mandel (1972: 129) notes for example that Trotsky argued along the same lines against Kondratiev

'first that the analogy between "long waves" and classical "cycles" is false, i.e., that long waves are not possessed of the same "natural necessity" as classical cycles. Second, that while classical cycles can be explained exclusively in terms of the internal dynamics of the capitalist mode of production, the explanation of long waves demands "a more concrete study of the capitalist curve and the interrelationship between the latter and all the aspects of social life".'

Since these first debates, different factors have been emphasized as the main cause for Kondratiev cycles, such as technological developments affecting durable capital goods, cluster-like bursts of entrepreneurial innovation, excessive wealth concentration, and a low rate of profit in a depression, which induces capitalists to innovate to avoid going under.

But there has also been a further development of theories and empirical work building on the critique of Kondratiev cycles. Such approaches

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19 Shutt, however, overstates his cases when he writes that economics is 'inherently subject to the unpredictable actions and reactions of ever-changing human society'. If this were true that would preclude any social science.

20 When Boyer (2000a: 293) calls the appearance of Kondratiev-style cycles
begin from the idea that ‘long-wave dynamics are shaped by a complex variety of cyclical, structural, and institutional forces’ (Guttman 1994: 49), in which technological developments play an important but not decisive role. Consequently, these theories do not support the idea that a new long wave will come into existence endogenously after a long period of depression. It follows that there is also no reason to assume that all long waves will have the same duration.\textsuperscript{21}

Which of these two approaches seems suitable for an analysis of contemporary globalization? In many interpretations of the developments that have made contemporary globalization possible, technological change is cited as the fundamental cause. However, while the scope and effects of technological change have to be taken into account in analyses of the causes and dynamics of increasing globalization since the early 1980s, it is intuitively, easy to understand, first of all, why this kind of technological determinism does not hold. If technology were the driving force behind globalization, how could we account for the fact that there was less international trade for decades after the First World War than there was ‘deceptive, since capitalism develops more in a spiral, never passing through the same configuration twice’, he echoes to a certain extent Trotsky’s 1923 remark that if capitalism were characterized by recurring cycles, ‘history would never be anything more than a complex repetition, not a dynamic development.’ (cited in Bensaïd 1995, p. 67).

\textsuperscript{21} Freeman (1999: 4) argues this point as follows: ‘Many long wave theorists argue that phases of expansion are sparked, in some way, by a semi-automatic or automatic process in which technical revolution, following Schumpeter’s “creative destruction”, rekindles the dynamism lost in a previous long period of stagnation. This implicitly re-instas the factor of technology, which others take as exogenous, as an endogenous market phenomenon. When one reflects on this line of argument, one realizes it does not really address the problem. With enough equations we can make everything in the world a product of the market. But all we would do is define the market to include everything, and we would no longer have a theory of the market but a theory of society as a whole. If the “market” is a distinct social institution, demarcated for example from government or at least aspects of government, then it should exhibit universal laws which apply under all governments. I want to be quite precise about what this endeavor consists of. The idea is not at all that the market operates independent of say, technology or politics. It interacts with them. But an interaction is not the same thing as an internal property or law.’
before 1914? Furthermore it would be even more difficult to understand how the whole period from 1914 to about 1970 could have been one of 'illiberality in capital markets, with significant restrictions imposed by governments on international capital flows' (Adam 1998: 559).

New technological possibilities clearly do play a major role in internationalization and globalization. They make revolutionary changes possible. As soon as barriers (legal, social, fiscal or regulatory) to their application are removed or reduced, new applications and possibilities arise through a sort of self-reinforcing process, as more money and knowledge are invested in them. But this is not an autonomous process that takes place in a vacuum; institutional factors and relationships of forces delimit the playing field. As Castells (1996: 5) argues in the Prologue to his monumental trilogy on the information society: 'Technology does not determine society: it embodies it. But neither does society determine technological innovation: it uses it.' For similar reasons Dicken (1998: 145) proposes to consider technology as an 'enabling or facilitating agent: it makes possible new structures, new organizational and geographical arrangements of economic activities, new products and new processes, while not making particular outcomes necessary.'

Enabling or facilitating technologies allow companies for example to expand into new geographical areas. Lower-cost sites can only be used if distances can be bridged without excessive costs and if such operations can be effectively coordinated and tracked. Development of these technologies is a pre-condition for development of international production and financial flows and transnational firms. Technologies in the fields of transport, communication, and organization of complex, spread-out activities are particularly important. But however important these technologies may be,

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22 See also chapters 2 and 3.

23 As Dicken (1998: 146) argues: 'Technology is (...) not independent or autonomous; it does not have a life of its own. Technology is a social process which is socially and institutionally embedded. It is created and adopted (or not) by human agency: individuals, organizations, societies. The ways in which technologies are used – even their very creation – are conditioned by their social and their economic context.'

24 Similarly Marx, who has often been accused of determinism, portrays 'technology more as an enabling factor than as an original cause, autonomous force, or determining factor' (Bimber 1995: 95).
they cannot be considered the \textit{causes} of international production or transnational firms; they only make these phenomena possible. As if repeating a schoolbook caricature of Marxist theory, many accounts present globalization as the direct result of revolutionary technological change. But the application of these technological innovations is only possible thanks to social, that is economic, political, legal and institutional changes, nationally as well as internationally.

To sum up, the idea of intermediary periods in the development of capitalism with specific characteristics is not new, and – thanks to Schumpeter – is not unfamiliar in mainstream economics. The basic idea of Kondratiev cycles is that economic growth proceeds in a series of long cycles of approximately fifty years’ duration, which are caused by (the implementation of new) technological developments. But the deterministic role that is assigned to technological developments in Kondratiev cycles is very problematic, because technology cannot in itself explain contemporary globalization. For theories to be helpful in periodizing capitalism and understanding and characterizing globalization, they will have to be non-deterministic. In the next section three theories satisfying this condition will be introduced.

\section*{5.3 Long swings: three non-deterministic approaches}

In this section three theoretical frameworks are introduced that were developed in the 1970s to analyze distinctive periods or stages in the history of capitalism. In my view, the essence of these three approaches is reflected well in the following description of long swings, stages of capitalism, or stages of accumulation:

‘The long run evolution of our economy can (...) be conceptualized in terms of historically specific \textit{accumulation regimes}, each with its own distinct institutional forms and modes of regulation. During the expansion phase of a long wave, these are capable of establishing and maintaining a relatively stable growth pattern. The shift toward the stagnation phase typically occurs when prevailing regulatory mechanisms are no longer able to cope with changing conditions in the structure of our economy. Economic imbalances and social tensions are allowed to build up to the point of structural crisis, at which point they destroy the cohesion of the existing accumulation regime in a series of...
ruptures. But this disintegration is simultaneously an impetus for massive reorganization efforts. Eventually these may go far enough to create a new accumulation regime, with different social characteristics, regulatory mechanisms, and policy institutions. The precise outcome of this process is by no means predetermined’ (Guttmann 1994: 56).

While some criticisms of and doubts about these various approaches will be mentioned, this section’s aim is not to evaluate their application to concrete historical periods. Its goal is to prepare for the further elaboration in the final section of what may loosely be called ‘long swing theories’, or alternatively ‘theories of stages of accumulation’, based on these three approaches’ main features.

(a) Long wave theories, which have gained some influence since the 1970s, go back directly to the debates at the beginning of the twentieth century over Kondratiev cycles introduced in the previous section. Mandel is the most distinguished representative of attempts to analyze long waves in a non-deterministic way, taking extra-economic factors and contingencies explicitly into account. Trotsky, as we have seen, rejected Kondratiev’s use of the term ‘long cycle’ as an incorrect analogy with the normal business cycle, ‘essentially because the sudden upward turning points of the long waves cannot be explained primarily by internal economic causes.’ Following in Trotsky’s footsteps, Mandel rejects ‘a Kondratieff type of theory of long cycles in economic development, in which there is, in the economy itself, a built-in mechanism through which an expansive long cycle of perhaps twenty-five years leads to a stagnating cycle of the same length, which then leads automatically to another expansive long cycle, and so on’ (1995: 16 and 22).

Working in the same framework Barsoc (1994: 57) argues:
‘There is no endogenous mechanism that makes the transition to an expansive long wave automatic after a recessive wave, or that guarantees the emergence of a new “regulation”. Understanding the transition to a new upward phase requires taking “extra-economic” factors into account.’

Although expressing skepticism about the existence of regular or systematic long waves, Maddison (1982: 85, 28) also comes close to this position when he argues that ‘there have nevertheless been significant changes in the momentum of capitalist development’. His own analysis shows that ‘the process of capitalist development has not been smooth.

25 See e.g. Mandel 1972; Goldstein 1988; Mandel 1995.
Within the capitalist period there have been distinct and important phases of development which are worthy of study, definition and causal interpretation.

Integrating elements and categories from the Regulation approach, Barsoc (1994: 54-5) proposes that each long wave is characterized by a dominant mode of functioning of capitalism. Four institutional forms support such a ‘productive order’: a mode of capital accumulation, a type of material forces of production, a mode of social control, and a type of international division of labor. Husson (1996) adds a particular ‘reproduction scheme’ as a fifth dimension, referring to classical Marxism as well as to a ‘consumption norm’, which is important in the Regulationists’ theories.

Critics of long wave theory concentrate mainly on its alleged mechanistic, economistic or deterministic character. Another criticism often raised is the central place assigned in this approach to the tendency for the rate of profit to fall. In addition – this is to a certain extent linked to the previous point – there have been criticisms of long wave theory’s account of institutional aspects, which critics say is weaker than in the other approaches.

(b) The Regulation approach was developed in France during the 1970s and is best known through its representatives Aglietta, Boyer and Lipietz. Over the years, members of this ‘school’ have gone in various directions, so that it is somewhat difficult to talk about the Regulation approach.

26 See also Bensaïd (1995), Husson (1994) and Reati and Roland (1988).

27 While there is often truth in such criticisms, this can definitely not be said of Mandel, who consistently argued against such explicit or implicit presumptions in long wave theory (see e.g. Mandel 1992 and Mandel 1995).

28 Incidentally, much of this criticism relies on interpretations of Marx’s (1894) theory of the tendency of the rate of profit to fall as a theory of trend. Reuten (2001) shows that such an interpretation can hardly be based on Marx’s own writings, since he developed the classical theory in this respect into a theory of cycles.

29 See e.g. Aglietta 1997; Boyer 1987; Boyer and Saillard 1995; Verhagen 1993.
This was different at the beginning, when Regulationists, combining Marxian, Kaleckian and Keynesian insights, were characterized by the fact that they

‘adopt a heterodox account of capital accumulation and emphasize the latter’s socially embedded, socially regularized nature. They focus on the historically contingent ensembles of complementary economic and extra-economic mechanisms and practices which enable relatively stable accumulation to occur over relatively long periods, despite the fundamental contradictions, crisis-tendencies and conflicts generated by capitalism’ (Jessop 1997: 503).

The originality of this approach is, as Guttman (1994: 55) argues, ‘its focus on the real-life forces that have shaped the historic evolution of the capitalist system’. To facilitate such analyses and be able to integrate a broad range of factors and developments, Regulation theorists have developed a series of concepts and categories on different levels of abstraction. Their first level of analysis is a structural mode of production, such as feudalism or capitalism. Based on this foundation, for the capitalist mode of production sequential ‘accumulation regimes’ take shape between two structural crises, which is the second level of analysis. The third level of analysis concerns the specific configurations of social relations that can be identified during a period in a given geographic ensemble. Among these are a monetary regime, the prevailing forms of competition, the capital-labor relation, the form and policies of the state, and the international division of labor (Boyer and Saillard 1995*).

Each of these configurations (or organizing forces) is subject to change, reflecting necessary adjustments in response to underlying tensions, Guttman argues. Combined, they

‘regulate our economy by coordinating its decentralized decisions and integrating its separate activities into a unified structure capable of forward motion. Replacing the static analysis of market equilibrium, the concept of regulation is used to show how various economic agents manage to achieve a certain degree of compatibility between their activities and of balance in their social relations. Different modes of regulation can be distinguished, depending on the prevailing set of monetary rules, corporate organization and competition, wage labor

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30 Jessop (1990) identifies seven different schools, which he categorizes in four approaches.
nexus, public policies, and international arrangements’ (Guttmann 1994: 55-6).

Although some Regulationists have argued that discontent with structuralist variants of Marxist theory helped motivate them to develop a new theory, they have nonetheless sometimes been criticized for being too ‘structuralistic’ or ‘functionalistic’. They have also been criticized for neglecting existing periodizations of capitalist development in other approaches. In addition, Brenner and Glick (1991) have argued that by concentrating on institutions of wage labor and mass consumption they have neglected inter-capitalist competition.

(c) The Social Structure of Accumulation (SSA) approach, which is probably the least known, was introduced in the US in 1978 by Gordon and took its more definitive form in the beginning of the 1980s. Apart from Gordon, its best-known representatives are Bowles, McDonough and Weisskopf.31

The term ‘Social Structure of Accumulation’ refers to the whole set of institutions that support the process of capital accumulation. The approach’s central idea is that each long period of relatively stable economic expansion requires an effective SSA. As in long wave theories and the Regulation approach, such an institutional set-up (SSA) promotes growth and stability for a certain period of time, but eventually declines. What then follows is a period of stagnation and instability, until a new SSA is built.32

Theorists who consider themselves part of the SSA approach recognize the influence of several intellectual traditions, most importantly Marxist theories, Keynesian thought, institutionalist tradition in American economics (Veblen, Commons), and long wave theories. One of their motivations for developing the SSA approach was the need they felt to make sense of historical patterns, bearing in mind that individual capitalist economic systems and the world system as a whole go through periodic booms and contractions. SSA researchers noted that such alternating long swings were associated with clustered institutional changes, which do not take place gradually but in a discontinuous manner. They have set themselves the task of explaining such patterns.

31 See e.g. Verhagen 1993.

32 See e.g. Kotz, McDonough and Reich 1994b.
SSA researchers view long swings as in large part the product of the success or failure of successive social structures of accumulation in facilitating capital accumulation, and refer to the periods featuring those respective social structures of accumulation as stages of capitalism. Their analysis

‘does not suggest that the expansion and contraction phases of a long swing will last any specific number of years and certainly does not indicate that each long swing will have the same duration. On the contrary, we expect that the duration of each phase of a long swing is best understood within the specific context of each stage of capitalism’ (Gordon, Edwards and Reich 1994: 25).

The SSA school is often seen as the US counterpart of the (French) Regulation school, with a more individualistic (as opposed to structuralist) approach – for some critics too individualistic. Critics see its focus on a single country and its generalization from the US national situation, as well as the relatively sketchy character of some of its concepts and categories, as important weaknesses.

Notwithstanding differences among – and incidentally also within – these approaches, they have a remarkable number of features in common. This is shown by the fact that over the years there has been considerable cross-

33 McDonough (1999: 29) makes a convincing case that ‘the social structure of accumulation approach developed by David Gordon and his collaborators is one of the legitimate heirs to the Marxian tradition of stadial theory begun at the turn of the century by Hilferding, Bukharin, and Lenin. This tradition held that the recovery of capitalism at the beginning of the twentieth century was due to a comprehensive society-wide reorganization of the institutional conditions of capitalist profitability. This new institutional configuration, involving political and ideological as well as economic institutions, formed the basis for the inauguration of a new stage of capitalism.’ He credits Gordon, and ‘to a certain extent’ Mandel, for recognizing ‘a similar historical process taking place after World War II, creating a new postwar stage of capitalism.’ McDonough also holds that with the intervention of Gordon, the Hilferding-Bukharin-Lenin ‘theory of the highest stage of capitalism is transformed into a general theory of stages. This theory could then be applied to understanding the broad historical sweep of capitalist accumulation and crisis. Not incidentally, this perspective brings politics, ideology, and culture into the heart of the Marxist theory of capital accumulation.’

34 See e.g. Verla 1987; Kotz 1994b; McDonough 1994; Verhagen 1993.
fertilization, in which concepts and approaches have been productively borrowed and reciprocally integrated. Finally, a review of interpretations of the origins and end of the expansionist decades after the Second World War (see the next chapter) also shows that there is much common ground. Rather than concentrating on deepening the distinctions and focusing on inconsistencies, elaborating the insights that these approaches share therefore appears to be the most fruitful means of clarifying issues around globalization. This makes all the more sense since – as we have seen – none of the three approaches is uncontested, let alone dominant.

In the Regulation approach, research focuses on ‘the historically contingent ensembles of complementary economic and extra-economic mechanisms and practices which enable relatively stable accumulation to occur over relatively long periods, despite the fundamental contradictions, crisis-tendencies and conflicts generated by capitalism’ (Jessop 1997: 503). These concrete historical realities can be characterized as stages of accumulation: ‘segments of the overall history of the capitalist mode of production’ with an ‘integrated “total” character’. From a long wave perspective these distinctive periods consist of a ‘peculiar interweaving of internal economic factors, exogenous “environmental” changes, and their mediation through sociopolitical developments’ (Mandel 1995: 76). And in the Social Structure of Accumulation framework, a ‘stage of capitalism can be conceived as the ensemble of economic, political, and ideological institutions which serve to reproduce capitalist relations of production and accumulation’. In this perspective, capitalism ‘proceeds from one stage to the next when the SSA undergoes disintegration, producing crisis. The


36 ‘Structural crisis is any episode during which the very functioning of regulation becomes contradictory with the existing institutional forms, which in fact are abandoned, destroyed or passed around. More precisely three features:

- within the given mode of regulation, there exist no self correcting mechanisms for the profit decline;
- most of the institutional forms are destroyed;
- way out of the trouble is not obtained by letting the economic mechanisms to play their role, since they are precisely coming into contradiction one with the other. Thus some strategic choice, made by leading firms, unions, governments are necessary to promote a new mode of development’ (Boyer, quoted in Verhagen 1993: 156).
crisis can only be resolved through the construction of a new SSA, inaugurating a new stage of capitalism' (McDonough 1994: 80).

While the Regulation approach calls successive stages of capitalism accumulation regimes, these are called long waves and social structures of accumulation respectively in the other two frameworks. Questions of terminology are important, but what really matters is content. I submit that semantic discussions can be avoided.

To sum up, the three theories presented in this section – the Regulation approach, the Social Structure of Accumulation approach and a variant of long wave theories – all developed in the 1970s, allow for a non-deterministic understanding of distinctive periods or stages in the history of capitalism. Notwithstanding differences among these approaches, they have a remarkable number of features in common. Given the cross-fertilization that has already taken place among them, further elaboration of a theory of stages based on their shared properties therefore seems not only possible but promising.

5.4 A theory of stages of accumulation

In this section a theory will be set out to conceptualize different stages of accumulation, building on major elements of the three approaches introduced in the previous section. Especially since we are trying to come to grips with a ‘moving target’ as challenging as economic globalization, a certain dose of eclecticism, allowing for open exchanges and borrowing of categories, concepts, and premises, is called for.

Our point of departure is that elaboration of a theory of stages is necessary if we want to be able to analyze contemporary globalization’s central features and dynamics. Why? Because such a theory allows for the integration of historical changes in a theorization of contingent regimes, which have their own specific institutional interrelations against the backdrop of the general requirements for accumulation that are necessary for reproduction of the capitalist economy. Stages of capitalism defined

37 For a systematic derivation of necessities and contingencies in capitalist economies see Reuten and Williams (1989). As they put it (1989: 16; 24-25), ‘totality is an interconnected whole, and what it is is determined by phenomena which are necessary rather than contingent with respect to it. (...) The contingency
in the above-mentioned way allow us to understand tidal economic changes while incorporating social, political and institutional dimensions. This makes possible a qualitative comparison of economic realities that – at least on the surface – seem to be similar. So a different light may for example be shed on some of the contributions that have been made by globalization skeptics who have argued that today’s globalization is nothing new, since trade and financial flows were also heavily internationalized in an earlier historical period.  

The combination of the following eight elements is proposed as a tool to differentiate periods in the development of capitalism.

The first element of our theory of stages is that there are *general* requirements that are necessary for the reproduction of the capitalist system, of which capital accumulation is the motor. These necessities follow from the fact that capitalism is a generalized wage-labor system of commodity production for profit. The owners of the means of production (capitalists) employ producers (workers) and pay them wages, keeping the fruits of the labor process to sell at a profit. Necessities are conditions that have to be satisfied to guarantee the reproduction of capitalism, such as a legal system protecting property rights, the availability of workers, mechanisms of labor management, and the existence of an exchange system.

But – our second element – capital accumulation is not simply an economic process. Economic relations are *socially embedded* and must therefore be placed in their social context. A wide range of economic, political and social institutions as well as social forces have to be taken into account in order to understand how real economies operate. Among

of phenomena does not imply that there is no way of grounding them; the point is rather that the ground of their being is not internal but *external* to them, or exogenous. (...) In this sense, the contingent as such is non-essential to the totality of the existent (the object); or, to put it the other way around, the totality of the existent is indifferent to the contingent (which could be otherwise without changing the essence of the existent, that is its interconnectedness). So mere possibility is further determined as *necessity* by the derivation of its interconnectedness within the object totality. Indeed, interconnectedness then amounts to a circle of conditions of existence.'

38 See also chapters 1 and 3.
the important – changing – institutional arrangements are the provision of money and credit, state involvement in the economy, and how conflicting class interests are dealt with.

Thirdly, the concrete forms capitalism takes are therefore not immediately or exclusively defined by the requirements for accumulation. The structure and actual content of institutions that are required for the reproduction of capitalist relations are not predetermined by the general requirements for capitalist production and accumulation, but mediated by the (changing) relationships of forces between (opposite fractions of) capital, (different groups within) labor, and (different) social movements. As a result, concrete studies are always necessary to grasp the relationship between the general requirements of capital and the specific form capitalism takes.

These three elements, which have a certain relative autonomy, together form a dynamic structure of the system. While the actual functioning of capital accumulation is co-determined by the relationship of forces and by the ensemble of economic, political and social institutions, the actual functioning of capital accumulation in its turn co-determines relations among and within classes and social movements and the form and operation of institutions. To give an example: when accumulation stagnates because profit rates have declined, unemployment rises. This weakens the position of workers and trade unions not only in direct negotiations and conflicts with employers, but also in tripartite institutions, where inversely employers’ organizations will strengthen their position. The effect of this change can affect for example labor market regulation, unemployment benefits, etc.

39 From the perspective of historical sociology, Shaw (2000: 230) argues similarly: ‘Understanding the major historical change of our own times (...) involves us in understanding the links between economic, cultural and political transformations, and between markets, state institutions and social movements. If they can be considered tasks for international political economy, they obviously involve understanding the field in the broadest sense. They bring into question the relationship between international political economy and other disciplines. In particular this proposal directs our attention towards the field’s intersections with history and sociology. If global change is considered not just a set of relatively discrete processes, but as a profound and all-embracing transformation, then it takes us back to the foundations of our understanding of the modern world as well as forward to new ways of thinking.’
What else can be said about the dynamic of this system? Our fourth element introduces the concept of periods, or stages of accumulation. A *stage of accumulation* is suitable for analysis at an intermediate level. As a category it is more general and abstract than concrete accounts of capitalist development at a certain moment in time, but more specific and concrete than – necessarily abstract – theories of capitalism in general. Different stages of accumulation are characterized by a dominant mode of functioning of capitalism.

However – this is our fifth element – the concrete form of these stages of accumulation is not predetermined. Because social actors have a certain relative autonomy – contrary to the mechanical approach to the development of capitalism in orthodox economics and some variants of Marxism, which, different as they are, both treat economic agents as passive bearers of relations of production and thus become theories of historical inevitability. The result of struggles – between for example workers and employers – is not known in advance. Because the outcome of such struggles is of essential importance for the forms and policies of institutions, for the development of different components of the profit rate, and for the specific evolution of production relations, the trajectory of capitalist development is *contingent*.

Finally, it is necessary to say more about the development and dynamics of stages, and about how they come to alternate. To begin with it is necessary to distinguish two meanings of economic stagnation – our sixth element. The accumulation process causes periodic crises (i.e. the business cycle). Under normal conditions imbalances in accumulation will be corrected endogenously within the existing set of institutions. But there are also long periods of structural stagnation overarching the business cycle, which are characterized by a reduction in rates of accumulation and economic growth over a longer period of time. The relative stagnation of capitalism since the mid-1970s, which is discussed in more detail in the next chapter, is the most recent example of the latter. Note that, due to the business cycle, there are periods of upturn and recession within such a stage of relative stagnation.

A new stage of accumulation – our seventh element – has always begun up until now with a long period of expansion that is eventually followed by a long period of stagnation. The concrete circumstances under which such turns from expansion to stagnation take place differ and have to be analyzed case by case. But such a turnaround occurs essentially
because at a certain moment the inner conflicts of the capitalist mode of production can no longer be bridged over. Concrete expressions of this state of affairs are a steady decrease in the rate of profit, a stagnation of economic growth, and a concomitant increase of unemployment. As a consequence, the existing equilibrium in and between capital and labor and social movements and the set of institutions in place are put under new strains and begin to change. Periods of structural stagnation can therefore be interpreted as harbingers of transitions between different stages of accumulation, and occur when previous constellations of processes of accumulation and institutions that once positively reinforced each other become incompatible.

Figure 1

The development of stages of accumulation

Eighth, finally, once economic stagnation has set in a process of reorganization of the whole system begins. Any possible resolution of stagnant (or depressive) phases has as its basic preconditions a sharp rise in the rate of profit and a corresponding overhaul of outworn institutional forms. However since, as we have seen, contingent outcomes of struggles
and conflicts of interest co-determine the conditions, supporting structures and institutions of capital accumulation, there is no guarantee that a successful new ensemble will emerge. Since there is no automatic mechanism that leads to the passage from a stagnant to an expansionist period, it cannot be taken for granted that – even substantial – reorganizations of the business sector and institutions will usher in a new expansive phase. Incidentally this also implies that there is no reason to expect a stagnant phase of a stage of accumulation to last any particular number of years, or that different long swings will have the same duration.

These final elements, summarizing stages’ development and alternation, are schematically presented in figure 1. Together they form a theoretical framework for analyzing and comparing different periods or stages in the development of capitalism. This framework will be used in the final chapter to analyze contemporary globalization.

Summary and conclusion

In this chapter we have constructed a framework in which to conceptualize stages of accumulation. The rationale for analyses at such an intermediary level – more abstract than detailed accounts of capitalism and more concrete than its general laws of motion – is that economic development are neither random nor completely determined by general laws and tendencies: different historical periods can be distinguished in social formations. The best-known description of specific periods in the history of capitalism is the theory of Kondratiev cycles, which were discovered and discussed as early as the 1920s. The (possible) existence of such cycles is also known in mainstream economics thanks to Schumpeter, who gave them their name. But the deterministic role assigned to technological developments by the Kondratiev cycles theory makes it unsuitable in explaining contemporary globalization, since technological developments in themselves cannot account for the acceleration of economic internationalization during the last decades of the twentieth century.

Subsequently, three theories developed in the 1970s – the Regulation approach, the Social Structure of Accumulation approach and a variant of long wave theories – have been presented that allow for a non-deterministic understanding of distinctive periods or stages in the history of capitalism. It is remarkable that, notwithstanding differences among them,
these approaches have a number of features in common. This has already made some degree of cross-fertilization possible.

Building on these approaches' common properties, a theoretical framework has been formulated in the final section that can be used to conceptualize different stages of accumulation. Our point of departure is that a theory of stages is needed to analyze contemporary globalization, because such a theory allows for the integration of historical changes in contingent regimes with specific institutional interrelations, against the backdrop of the basic requirements for reproduction of the capitalist economy.

With that aim eight elements were developed of a framework for analyzing and comparing different periods of capitalist development and making sense of their dynamics and inner conflicts. There are, to begin with, general requirements for the reproduction of the capitalist system. However, capital accumulation is not simply an economic process. A wide range of institutions and social forces have to be taken into account in an understanding of how real economies operate. The concrete forms capitalism takes are therefore not defined exclusively by the necessities of accumulation, but dependent on the changing relationship of forces in and among capital, labor and social movements. These three elements together form the dynamic structure of the system.

It follows that while the concrete forms capitalism assumes are characterized by a dominant mode of functioning of capitalism, the trajectory of capitalist development is not predetermined. Social actors have a certain relative autonomy and the outcome of their struggles is of essential importance for the development of the profit rate and the specific evolution of production relations.

For an understanding of the development and alternation of stages, it is necessary to differentiate between two kinds of economic stagnation. In addition to periodic crises – the business cycle – there are also long periods of structural stagnation, which are characterized by a significant reduction in rates of accumulation and economic growth over a longer period of time. The latter are harbingers of transitions between different stages of accumulation, and occur when processes of accumulation and institutions run into serious problems. Concretely, a new stage of accumulation has always begun up until now with a long period of expansion that is eventually followed by a long period of stagnation. Such a turn from expansion to stagnation occurs essentially because at a certain moment the inner conflicts of the capitalist mode of production can no longer be
bridged over. This results in a fall of the rate of profit, leading to a decrease in accumulation, stagnation of economic growth and employment creation, and changes in and a reconsideration of the existing relationship of forces in and among classes as well as economic, social, and political institutions. The resolution of stagnant (or depressive) phases has therefore as its basic preconditions a sharp rise in the rate of profit and a corresponding overhaul of former institutional forms.

Once economic stagnation has set in a process of restructuring begins, which may give way to a new stage of accumulation and a new expansionist phase. However, since contingent developments of institutions and outcomes of struggles co-determine the conditions, supporting structures and institutions of capital accumulation, there is no guarantee that a successful new ensemble will emerge. There is therefore no reason to expect that the expansive and stagnant phases of a long swing will last any specific number of years, or that long swings will have the same duration.