

Contemporary Capitalism

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The study of capitalism has entailed both the interrogation of the capitalist mode of production as an abstract-formal object and investigation of the diverse historical forms that capitalism has taken across time and place. From this duality, a distinction in Marxist theory has often been drawn between the examination of the capitalist mode of production as such – the 'pure' theory of capitalism with its distinct 'laws of motion'; and specific historical periods of capitalist development – monopoly capitalism, postwar capitalism, neoliberal capitalism as examples; and particular spatially circumscribed cases – East Asian capitalism, German capitalism, or capitalism in New York City. The notion 'contemporary capitalism' has been invoked in Marxist debates as a general term to speak to the historical phasing and evolution of capitalism.

The term contemporary capitalism has, however, no particular bounded conceptual foundation. It is a notion often intertwined with the more sharply delimited theoretical debate within Marxism about the 'periodisation' of capitalism. Periodisation can, in general terms, be defined as "the effects of the development of the forces and relations of production on the *form* of social relations within a mode [of production] ... such a periodisation will reveal itself in the methods of appropriating and controlling surplus value. These methods will assume increasingly socialised forms as the socialisation of production proceeds" (Fine and Harris 1979, p.109). The notion of contemporary capitalism has often then been appealed to in suggesting that a new phase of capitalism has succeeded the historical features and class struggles of earlier ones. Historical debates about contemporary capitalism have typically, then, been about transformations in 'patterns of social reproduction' characteristic of different periods of capitalism that require theoretical clarification, and the identification of emerging features, sectors, regions or countries seen as typifying the most 'advanced' features of capitalism.

In terms of the patterns of social reproduction aspect, it is often claimed that contemporary capitalism has fundamentally altered the economic dynamics of accumulation and the form of the capitalist state. All zones of capitalist society are being compelled to adjust to new organizational and competitive imperatives and, as will be seen, this leads to its being characterised abstractly in a number of ways. For example, the shift from mass production technologies to micro-electronic ones has often been interpreted as a transition from Fordism to post-Fordism; and changing forms of macroeconomic intervention as a shift from a Keynesian state to a neoliberal one. In identifying particular ascendant features of capital accumulation are taken to be the essence of contemporary capitalism. These features might be, for example, the organization of the labour process or the internationalization of capital, or the organizational features of a particular state with respect to the forms of coordination and regulation of financial and industrial capital. Debates about contemporary capitalism with Marxian political economy have, therefore, attempted to explain current developments in light of the 'general laws' of the

capitalist mode of production; identify new patterns and features of the production, appropriation and distribution of value; and indicate other qualities of social relations and class struggles that appear to be more conjunctural and spatially-bounded. This is what Mandel has referred to as a “synthesis of economic history and economic theory” (Mandel 1968, p.17).

This two-sidedness to the debates about contemporary capitalism reflects the Marxist methodological commitment to the position that capitalism is, in all times and places, a social system driven by the encompassing accumulative imperatives of a world market; yet capitalism is always differentiated by temporally and spatially specific processes accumulation and stratification and particular class relations necessary for the production of value. Marx made the point that capitalism imposes “one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity” (Marx 1973, pp.106-7). And in the *Communist Manifesto*, Marx and Engels contend that capitalism spreads through imitation and emulation – the bourgeoisie fashioning a “world after its own image” (Marx 1998, p.40). The appeal to developments in ‘contemporary capitalism’ make the point that the remaking of capitalism never stops, and competitive imperatives ensure that new developments spread across the world market, although always in a process of uneven development and thus varying in their social form according to specific institutional contexts, places, and class struggles.

In this approach, it is important to distinguish Marxian political economy from other theoretical frameworks. In neoclassical economics, universal categories of economics and politics means that debate about ‘contemporary capitalism’ is simply and always about whether the essential human essence to ‘truck, barter and exchange’ is unfolding as it should with the expansion and intensification of market relations, or if this essence is being thwarted by market intervention (Friedman 1953). There exists no methodological precept or theoretical tools in neoclassical economics to distinguish different historical epochs, let alone phases of capitalism, except on such a singular market continuum that identifies social, political and technological factors that allows the market to spread. In contrast, institutional political economy conceives of all historical economies as embedded in more general socio-economic logics, such as forms of rationality, with capitalism dominated by, but not reduced to, profit maximization (Lazonick 2008; Castells 2000). In turn, each phase of capitalism is marked by a dominant organizational and technical paradigm determined by its particular forms of organization. The policy challenge is to ensure that the institutions of corporate governance and the administrative form of the state match the socio-technical logics of production. This evolution, for institutional political economy, can be understood by certain universal categories although always with temporal and spatial variations formed as ideal-types.

The essential difference in theorizing contemporary capitalism, and the underlying concern to periodize phases of capitalist development, is located in Marx’s fundamental methodological point of departure and his critique of bourgeois political economy in its failure to ask: “why this content has assumed that particular form, that is to say, why labour is expressed in value, and why the measurement of labour by its duration is expressed in the magnitude of the value of the product” (Marx 1976, p.174).

Capitalist Development

Development in capitalist societies takes the general form of accumulated money-capital being continually reinvested in expanding means of production and the purchase of labour power for the purpose of increasing the amount of value accumulated as money. The unending search for profits leads to specific tendencies of development, or 'laws of motion' of capitalism. This accumulation implies a continual transformation of the commodities, social relations and class struggles; and thus in the 'social forms' which mediate the tendencies of the capitalist mode of production in concrete history. A number of these tendencies have figured, time and again, in debates about contemporary capitalism.

First, Marxian political economy identifies the labour process as the location for the extraction of surplus value from workers, the organization of production, the changing form of the subsumption of workers, the contestation over work-time and the development of the forces of production. The history of capitalism is defined by transformations internal to the labour process in terms of skills, technology, work organization and conflict over work control (Braverman 1974). Thus the development of the modern factory system or the implementation of Taylorist work organization and Fordist assembly-line production have often been hailed as the central features defining contemporary capitalism and its dominant mode of capital accumulation. The changes in the labour process from the adoption of new computer technologies in workplaces, for example, is often seen having several new features: the intensification of Taylorism to match the rhythms of new technologies for production and service workers and a multi-skilling for a range of technicians and production support workers; a recomposition of the form in which the conception of work is undertaken by designers and developers and the execution of the work by production workers; a relative decline of individualized piece-work and increase in team-work; and a shift from dedicated machinery to flexible manufacturing systems.

Second, the consumption of labour power in the labour process is premised on the commodity labour power being available for sale. There is a range of factors – skilling, unions, household relations, education – that are necessary to transform workers into a properly constituted supply of labour power available for exploitation. These institutions form the wage-relation that underpins the reproduction of workers. Further, the accumulation of capital tends to increase the technical and social divisions of labour as the machines being deployed increase in sophistication and new sectors develop. The demand for labour power is, therefore, continually shifting. A fundamental contradiction exists between a changing labour demand and the need for a stable supply of labour power that is dependent upon the extra-market institutions that produce workers. This contradiction can only be worked out historically in specific places as it is explicitly embedded in class struggles and class formation. It is common to identify the most contemporary of capitalism not with the labour process, but with the conflicts, social compromises and institutions which determine the historical form of the wage-relation (Gordon, Edwards, Reich 1982).

Third, the imperatives of competition lead to the concentration and centralization of capital into ever more complex and larger firms. This entails larger units of capital in terms of the economies

of scale forming individual plants, but also more differentiated units of capital and labour processes under the control of any given ownership group. This raises a number of deep-seated problems of control: the process controls over increasingly complex labour processes; the operational controls over spatially dispersed labour processes, particularly of the commodity chains of multinational corporations; the strategic controls necessary to co-ordinate market strategies across horizontally differentiated units of capital; and the accounting and administrative controls to enforce competitive imperatives on the individual units of capital internal to the firm (Hymer 1979). As well, the forms that legal ownership of firms takes between different shareholder groupings, and the ways that top managers exercise their power to make decisions to invest and fund the expansion of the firm, also take on particular features. The different forms of organizational controls has sparked heated debate about contemporary capitalism as being characterized by highly institutionalized distributional relations associated with large bureaucratic firms, or more flexible distributional bargains and 'networked' firms.

Fourth, capital accumulation always occurs within the context of a world market, and individual capitals confront competitive imperatives to internationalize their production. The tendency to the internationalization of capital drives further innovations in communications and transportation in the process building a new foundation for the world market. The internationalization of commodity, productive and financial capital takes on varied features and relations in different phases of capitalism. The form internationalization takes in different phases also transforms the class alliances of the power bloc between the internal and imperialist fractions of capital in national social formations. This, in turn, carries implications for the specification of the autonomy and sovereignty of the state, the allocation of state functions to international agencies, and the coordination of the political-economic relations between the hierarchy of states in the world market (Panitch and Leys 2004). The periodisation of the forms of the nation-state and international competition figures prominently in all debates about contemporary capitalism.

Fifth, extra-market institutions and political mediation are always necessary to secure the socio-political conditions that underpin accumulation. States provide both these capacities and the requisite political coercion and legitimation. The tendency toward the increasing socialization of production within capitalism is also entails stratification, that is, the increasing role of the state in ensuring the reproduction of capital through infrastructure, support for education and research and development and economic coordination. The social forms of state economic intervention, the technical organization of state apparatuses and the relations between branches of the state vary considerably. For example, during the postwar phase of capitalism the wage-relation was often directly inserted into the state via incomes policies and corporatist institutions such that the nominal reference wage was formed via political mediations as opposed to market mechanisms. But more recently state policies helped recompose the reserve army of labour and market disciplines were reasserted in wage formation. The self-expansion logic of capital remains, but the social form of the state and its political mediations become indispensable in locating the most contemporary features of capitalism.

Contesting Contemporary Capitalism

While Ernest Mandel (1975, p.23) claimed that there was “no satisfactory history as a function of the inner laws of capital ... and still less a satisfactory explanation of the new stage in the history of capitalism”, there have been many signal contributions to the understanding of modern capitalism. The classic text which began to raise the question of emergent features of capitalism shifting the form of capitalist development was Rudolf Hilferding’s *Finance Capital* (1981), itself a response to Eduard Bernstein’s revisionist argument that the socialization of capitalism meant that the law of value no longer held and capitalism was simply evolving into socialism. Hilferding presented his book as a diagnosis of the most recent developments in capitalism from the vantage of Marx’s laws. But he extended the theoretical analysis to take into account transformations in money, credit and banking to offer a unique interpretation of modern capitalism as ‘finance capital’, a fusion of industrial and bank capital into monopolies which were transforming competition and extending it into the international arena. This sparked additional responses from Luxemburg, Bauer, Grossman, Lenin and Bukharin about the features of ‘monopoly capitalism’ and new tendencies toward economic crisis, nationalization and imperialism. But they all held in common with Hilferding, while arguing within a value-theoretical approach, that a new stage of capitalism had been arrived at, driven by the increasing socialization of production and the monopolistic concentration industry.

The Great Depression and the long boom of ‘postwar capitalism’ suggested to many that the fundamental dynamics of accumulation had changed as the concentration of economic power altered competition and thus the specific way that the law of value operated. The key statement setting the framework for much modern debate, and certainly for US interpretations of postwar capitalism, came from Paul Sweezy’s *Theory of Capitalist Development* (1942). After surveying classical Marxism, Sweezy argued that monopoly pricing power fundamentally altered the pattern of accumulation by forming a tendency for the surplus produced by capitalists to rise, the consumption of workers to be constrained, with military spending, marketing and other factors deployed to counteract permanent stagnation. This interpretation reflected a commonly asked question in radical political economy circles with the emergence of the so-called Keynesian welfare state: ‘has capitalism changed?’ (Strachey 1957; Tsuru 1961). Theorists for the communist parties in particular took the suspension of competition by monopolisation even further and argued that contemporary capitalism had now taken the form of ‘state monopoly capitalism’. This concept inferred a particular ‘fusion’ between the state and the monopolies which, at one and the same time, represented the stabilisation of capitalist economies and the possibility of coexistence of two rival systems, and yet the inexorable decay of capitalism as it inevitably gave way to socialism. But other theorists of state monopoly capitalism rejected the notion that the fundamental accumulation dynamics of capitalism had changed, but insisted that the socialisation of production had altered the form, magnitude and substance of state intervention into the economy.

Although explicitly rejecting the position that capitalism had fundamentally changed its dynamic, Ernest Mandel (1968; 1975) identified a new stage of capitalism, which he variously referred to as ‘neo-capitalism’ or ‘late capitalism’. Mandel insisted that the basic laws of motion

still regulated capital accumulation, but what had changed in 'neo-capitalism' was the character of the science and technology deployed, market relations and class struggles that mediate these abstract tendencies in concrete history and that allow for long-term tendencies in the rate of profit and long waves of economic growth. For Mandel, the uniqueness of 'late capitalism' lay in the third technological revolution driving up profit rates, increased military spending, permanent inflation, the increased role of the state and the spread of planning across all organizations. This was a list of features of contemporary capitalism remarkably similar to Sweezy's and holding in common the view that capitalism was moving into an epoch of decline, in opposition to the thesis that the contradictions of capitalism had been superseded by state management.

The economic crisis of world capitalism across the 1970s gave special urgency to reexamining the laws of motion of capitalism in light of current developments. A slew of new interpretations of contemporary capitalism resulted with a relative focus on 'intermediate concepts' needed to penetrate the various stages of capitalism and their transition (Aglietta 1979). The French regulation school, for example, argued that abstract laws of motion were modified into particular modes of regulation and regimes of accumulation. Thus postwar assembly-line production dominated by semi-skilled workers was governed by the monopolistic regulation of Fordism, while the new flexible production systems have been regulated by a mix of markets and associational governance institutions of post-Fordism. In parallel, the 'social structures of accumulation' approach of American Marxists interpreted contemporary capitalism in terms of a 'capital-labour accord' institutionalised in economic and state structures, while Japanese Marxists developed the 'Unoist' approach to interpret the transition to a new stage of capitalism (Kotz, McDonough, Reich 1994; Itoh 1990). Distinctively, Nicos Poulantzas located contemporary capitalism in the changing form of the state. He linked the new forms of integrated production to transformations in the relations of production and capitalist ownership structures to new alliances in the power bloc and functions in the state. In opposition to prevailing views, Poulantzas claimed that American hegemony has "become stronger ... what is taking place at present, far from signalling an attempt by American capital to 're-establish' its hegemony, is rather an offensive on its part to even undermine the place of a secondary imperialism" (1974, pp.86, 88).

The most recent assessments of contemporary capitalism have continued many of these theses, particularly about the new forms of the production and the restructuring of the state and classes. But new concerns about the social form of neoliberal globalisation have also arisen. One such debate has been in how to characterize neoliberalism itself. For instance, Robert Brenner (2006) assesses neoliberal policies as the economic and political response of the capitalist classes' inability to restore profits through creative destruction over the 'long downturn' from the 1970s as firms try to preserve existing investments and government policies block exit, while others have sought to clarify the forms of neoliberalism as a specific phase of capitalism (Saad-Filho and Johnston 2005). Another has been centred on financialization, with Gérard Duménil and Dominique Lévy (2004) seeing the emergence of a new form of financial capital that also explains both neoliberalism and globalisation. Others, following the earlier theses of Sweezy on monopoly capitalism have contended that financialisation represents a further mechanism to cope with capitalist stagnation.

Finally, an overarching debate has been how to characterize the contemporary features and competitive form of the internationalisation of capital. David Harvey (2003), for example, has defined the new imperialism as a search for a 'spatial fix' to an economic crisis in core countries via 'accumulation by dispossession' in peripheral countries. Still others have registered the new imperialism as, on the one hand, a register of U.S. economic decline as surplus capital accumulates in East Asia and, on the other, as a measure of U.S. hegemony as it imposes neoliberal globalization on the world market and reinvigorates its capitalist classes in the process (Arrighi 1994; Panitch and Gindin 2004). This includes examining how the neoliberal state, for instance, constructs markets politically by depoliticizing economic management (a so-called 'rules-based approach' that aims at targeting inflation and increasing and the international competitiveness of the national economy). In doing so, primacy within the state apparatuses and policies is given to the central bank and monetary and financial policies in order to mediate conflicts between different fractions of capital and to subordinate labour to the imperatives of competition intensified by financial markets.

The changing dynamic and form of capitalism has given rise to numerous attempts to identify and theorise its contemporary features. Mainstream accounts put emphasis on empirical shifts of a 'new economy' without any theoretical content that places these developments within the structures of capitalism. In contrast, institutional political economy has tended to analyze contemporary capitalism within a new set of concepts – post-Fordism or informational capitalism – as an entirely unique development (Hollingsworth and Boyer 1997). It has been characteristic of Marxian political economy, however, to anchor its theorization of new developments within the abstract concepts – value, exploitation, class, concentration and centralization of capital, state power – necessary to understand capitalist society in general. This allows a focus on underlying determinations, specification of their current forms and theorization of its concrete and complex processes. Following Marx's methodological mandate, this is the study of the form taken by the laws of motion of capitalism in their contemporary phase.

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