

Growth regimes, class struggle, and stagnation: A variegated capitalism approach

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A classical Marxist theory of variegated capitalism: 5 theoretical propositions (i)

1. Capitalism is characterized by inherent tendencies toward stagnation and crisis (Marx, *Capital* Vol 3)

- Rate of profit to decline
- Lack of effective demand (underconsumption)
- Overproduction
- Financialisation

2. Global capitalism is characterised by uneven development in a world market structured by interstate rivalry

- With a multi-level articulation of institutional forms of regulation (Jessop 2014; Peck & Theodore 2007)

A classical Marxist theory of variegated capitalism: 5 theoretical propositions (ii)

3. Global capitalism consists of socially constructed national and international growth regimes
 - Institutional forms of regulation that moderate or exacerbate the stagnationist tendencies of capitalism (Vidal 2019)
 - Key institutional domains: employment, trade, finance, the state, interstate relations

A classical Marxist theory of variegated capitalism: 5 theoretical propositions (iii)

4. National stagnationist tendencies also depend on the distribution-ledness of the economy (Nikiforos 2016)

- If the economy is wage-led, an increasing profit share will generate stagnation
- As profit share increases, propensity to invest out of profits decreases and propensity to save out of profits increases
 - This changes the system from wage to system led

A classical Marxist theory of variegated capitalism: 5 theoretical propositions (iv)

5. International growth regimes are characterised by North-South dependency and imperialism in the global economy

- Unequal exchange: surplus transferred from the Global South to the Global North via financial and technological means (Alami et al. 2023; Vernengo 2006)
- Global capitalism has polarising tendencies that result in the differential integration of Latin America into the world market (Kvangraven 2021)

Analytical approach

- General: Comparative analysis of the relation between profits, wages, and institutions at the national, sectoral, or firm level
- What we are working on
 - Comparative-relational analysis of national profit rates via a profit-rate accounting decomposition
 - to analyse the dynamics of profitability vis-à-vis distributive conflict, capital intensity, aggregate demand, productivity, and institutions (Weisskopf 1979, Wolff 2003)
 - Sectoral analysis of relation between profits and wages
 - to comparatively examine the changing share of low-wage sectors in the economy over time and across countries and growth regimes

Substantive propositions on the Global North and Latin America (i)

- Shift in the Global North during the 1970s and '80s from
 - Fordist growth regime (industrial economies, coordinated wage setting, domestic markets, productively oriented finance, Keynesian states) to
 - Post-Fordist regime (postindustrial, decentralized wage setting, internationalised markets, financialised economies, neoliberal states)
- Latin American countries necessarily adapted to relative trade closure of Fordism under US-led imperialism and hegemony through Import Substitution Industrialization strategies

Substantive propositions on the Global North and Latin America (ii)

- The Fordist regimes were profit-led but as labour gained strength the postfordist regimes have increasingly become wage-led (Carrillo & Nikiforos 2024)
- Rising national profit rates over the last 30-40 years result mainly from a decrease in the labour share of GDP plus super-profits for the finance and tech giants
- These national averages mask sustained low profitability across major employment sectors

Core working hypothesis

- Under post-industrial, internationalised capitalism, an increasing number of firms and sectors have low profitability, which
 - discourages fixed capital investment (hence reducing growth) and
 - depresses wages (decreasing aggregate demand, therefore undermining growth)

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