This paper will argue that there is a fundamentally continuous tradition of Marxian stage theory from the beginning of the twentieth century until the present day. It will pay special attention to the second wave of stage theorizing which emerged after the stagflationary crisis of the 70’s in the work of Ernest Mandel, the French Regulation theorists and the Social Structure of Accumulation (SSA) Framework. It will argue that subsequent to the emergence of these schools there has been considerable theoretical convergence. The recent development of the SSA Framework and its application to the global neoliberal SSA will conclude the paper.

The Marxian stage theory tradition is intimately linked to turning points in the historical process of capital accumulation. These turning points mark the inauguration of a period of relatively unproblematic reproduction of capitalist social relations or, symmetrically, the beginning of a period of stagnation and crisis. Simply put the alternating periods of growth and crisis which describe the transition from one capitalist stage to another have left a strong imprint on the history of the Marxian theory of capitalist stages.

This history begins with the first crisis of Marxism. This crisis was precipitated by the recovery of the capitalist economy from the first Great Depression at the end of the nineteenth century. Seeing capitalism recover from what was thought to be its final crisis, Marxist activists searched for a way of explaining this recovery without abandoning the revolutionary implications of Marx’s analysis of the contradictory character of capitalist social relations. This explanation was to be found in the pioneering work of Rudolf Hilferding on finance capital, Nicolai Bukharin on the world economy and V.I. Lenin on imperialism. All three argued that the capitalist economy had, with the advent of monopoly
capitalism, entered into a new and higher stage of capitalism. This new stage underlay the recovery but it had not transcended the basic Marxian dynamics of capital accumulation.

Hilferding’s, Bukarin’s and Lenin’s (HBL) analysis would be carried into the post World War II era through the work of Paul Sweezy and Ernest Mandel. In their influential expositions of Marxian economics the HBL analysis of monopoly capitalism was treated by each as essentially a fourth volume of capital. Their descriptions of the transition to monopoly capital consolidated stage theory as an accepted component of Marxian theoretical practice. Both would be influential in forming the basis for the second wave of Marxian stage theory.

The second wave of Marxian stage theorizing emerged with the end of the post World War II expansion. Ernest Mandel’s Long Wave Theory (LWT), the Social Structure of Accumulation Framework (SSAF), and the Regulation Approach (RA) analyzed the stagflationary crises of most of the advanced capitalist countries as the end of a long wave of growth following the end of the war. This long wave of accumulation was underpinned by the emergence of a new stage of capitalism which was analogous to the reorganization brought about by monopoly capital at the turn of the century. Since this new stage was the resolution of the crisis of the monopoly stage, these new schools were reluctant to predict the non-resolution of the current crisis, thus opening up the possibility of further stages of capitalism in the future. This identification of a new stage following on from HBL’s monopoly stage and the possibility of subsequent stages in the future elevated Lenin’s theory of the highest stage to a general theory of stages of capitalism. The SSAF built on Sweezy’s contribution and that of the American Monopoly Capital School. Mandel’s LWT, not surprisingly, was founded on his earlier analysis of monopoly capital. The RA claimed no precursors apart from Althusser, though Althusser’s admiration for Lenin and specifically his *Imperialism* is well known.

This tradition has contended that a full analysis of capitalism cannot be satisfied with an understanding of the general transhistorical dynamics of capitalism as a mode of
production nor with the analysis of particular historical conjunctures. Stage theory undertakes an intermediate level of analysis in the sense that it identifies periods intermediate in length between the conjuncture and overall capitalist history. This intermediate period of analysis is founded on the observation that while all economies are embedded in the broader array of social institutions, this is especially important in the capitalist era because of the conflictual foundations of capitalism in class division and capitalist competition. For accumulation to proceed relatively smoothly these sources of instability must be countered through the construction of a set of stable institutions at not only the economic but also the political and ideological levels.

The construction of such a social structure underpins the profit rate and creates the secure expectations that make long term investment possible. Nevertheless as accumulation proceeds the institutions are undermined by class conflict, capitalist competition and accumulation itself. These forces and the interdependence of the institutions lead to a breakdown of the institutions, a fall in the profit rate, and the collapse of accumulation, initiating a period of crisis and stagnation which is only overcome with the construction of a new set of institutions. Thus capitalist stages are constituted by the sets of interdependent economic, political and ideological institutions which underpin relatively successful accumulation separated by intervening periods of crisis.

The Second Wave

The deep recession of 1974 marked the definitive end of the long period of postwar prosperity. The end of the impressive capitalist expansion which followed the second world war revived interest in long cycle theory (See Forrester 1977; Rostow 1978; van Duijn 1983; Mandel 1975, 1980). Building on the historical experience of the recoveries which followed the two great depressions (the late nineteenth century and the 1930's), it seemed unwise to identify the stagnation of the 1970's with the final crisis of capitalism. Any explanation of the ongoing economic crisis had to recognize its distinctive character as more than an ordinary downturn in the business cycle. At the same time, such an explanation would also
have to allow for the possibility of renewed expansion in the future. Analyzing the possible existence of a long cycle in capitalist history fit this bill perfectly.

Ernest Mandel and Late Capitalism

In his monumental *Late Capitalism*, Mandel develops a theory of long waves of capitalist development. These long waves form the basis for periodizing capitalism into stages:

The long waves ... do not simply represent statistical averages for given time spans ... They represent historical realities, segments of the overall history of the capitalist mode of production that have definitely distinguishable features. For that very same reason they are of irregular duration. The Marxist explanation of these long waves, with its peculiar interweaving of internal economic factors, exogenous "environmental" changes, and their mediation through sociopolitical developments (i.e., periodic changes in the overall balance of class forces and intercapitalist relationship of forces, the outcomes of momentous class struggles and of wars) gives this historical reality of the long wave an integrated "total" character. (Mandel 1980 p. 97)

Mandel identifies three successive stages in capitalist history, competitive capitalism, classical imperialism, and late capitalism. As indicated by the choice of appellation, Mandel is indebted to Lenin's analysis as the basis for his second stage of classical imperialism "as described by Lenin (p.82)."

Mandel emphasizes the "key roles" of extra economic factors (Mandel 1980 p.20). The increase in the profit rate which inaugurates a long wave upturn (and hence a new period in the history of capitalism) can be understood:

only if all the concrete forms of capitalist development in a given environment ... are brought into play. And these imply a whole series of noneconomic factors like wars of conquest, extensions and contractions of the area of capitalist operation, intercapitalist competition, class struggle, revolutions and counterrevolutions, etc. These radical changes in the overall social and geographic environment in which the capitalist mode of production operates in turn detonate, so to speak, radical upheavals in the basic variables of capitalist growth... (pp. 21-22)

In connection with the era of classical imperialism, Mandel discusses the concentration and centralization of capital, the export of capital, colonialism, militarism, imperialist competition, and unequal exchange, the growing importance of the state, the introduction of welfare measures, and changing technology. This multifactoral discussion is also applied to the analysis of late capitalism. In this connection, Mandel discusses changes in technology,
the weakening of labor organization, long-term collective bargaining, shopfloor control of the labor process, multinational corporations, the new international division of labor, the international monetary system, the Marshall Plan, the state guarantee of profits through military contracts and other means, deficit finance and inflation, the growth of marketing and customer manipulation, the extension of consumer credit, mass communications, and technocratic ideology.

The social structure of accumulation framework

At the end of the 1970's, David Gordon (1978; 1980) published two articles linking long cycle theory with the concept of stages of capitalism. In this context, the advent of monopoly capital at the turn of the century coincides with the completion of the long wave trough at the end of the nineteenth century and the inauguration of the long wave expansion which ended with the Great Depression of the 1930's. The new question which the adoption of a long wave perspective posed to the monopoly stage of capitalism tradition was whether the postwar expansion was associated with a similar set of multidimensional institutional changes. Gordon (1978) answers this question by proposing a set of postwar institutions whose establishment accounted for the long period of postwar prosperity. These institutions included among others multinational corporate structures, dual labor markets associated with a bread-and-butter industrial unionism, American international economic and military hegemony, easy credit, conservative Keynesian state policy, and bureaucratic control of workers.

In this way, Gordon established the possibility of articulating a postwar set of institutions which conditioned the subsequent expansion of the economy in a way similar to the manner in which the set of institutions analyzed by Hilferding, Bukharin and Lenin accounted for the turn of the century expansion. Thus the multi-institutional analysis of monopoly capital is implicitly used by Gordon as a model for explaining the postwar expansion.

The repetitive use of this kind of explanation raised the question of whether the assembling of such sets of institutions could be generalized as the basis of a comprehensive theory of stages of capitalism. Gordon (1978; 1980) answers this question by proposing that both the institutions comprising monopoly capital and those making up the postwar social
order constituted examples of social structures of accumulation (SSAs). The construction of a new SSA provided the basis for a new stage of capitalism. The disintegration of this set of institutions marks the end of each stage.

The SSA approach achieved its definitive form shortly thereafter with the publication of Gordon, Edwards, and Reich's *Segmented Work, Divided Workers* (1982). This volume used Gordon's SSA approach to capitalist stages to reformulate these authors' earlier analysis of the history of capital-labor relations in the U.S. The authors' exposition of the SSA which dominated the capitalist world at the beginning of the twentieth century clearly owes a great deal to HBL's original description of the era of imperialism.

Developments within the SSA school have brought the SSA framework closer to the HBL position. The notion of long cycles or long waves has been deemphasized in favor of a conception of periods of alternating growth and stagnation in capitalist history. The length of these periods is not determined in advance. They don't follow on from one another with the strict logic which a cycle theory would demand. The eclipse of the long cycle argument refocuses attention on Lenin's concept of stages of capitalism (see McDonough 1994a).

In our own work examining the construction of the monopoly capitalist SSA in the United States, we have found some of Lenin's formulations concerning the transition from the competitive stage to the monopoly stage to be closer to events than Gordon et al's reading of this transition. While Gordon et al emphasize the diversity of institutional change involved in this transition period, we have argued (McDonough 1994b) that the organizing principle of the SSA put into place at the turn of the century in the United States can be found in the monopoly market structure established in the merger wave of 1898 to 1902. Each of the other core institutions in the SSA was constructed around the emergence of the new monopoly structure of capital (See McDonough 1994b). Thus as Lenin argued in *Imperialism*, monopoly capital can be regarded as the lynchpin of the new stage of capitalism. Gordon et al tend to see the important institutions of the monopoly SSA in the United States as achieving consolidation during the First World War years. I have argued (McDonough 1994b), in agreement with Lenin's dating of the monopoly stage of capital to the turn of the century, that the core institutions had achieved their basic shapes in the six-year period between 1898 and 1904.
The Regulation Approach

Though the term regulation had earlier been borrowed from systems theory by French Marxist scholars, the RA effectively begins with Michel Aglietta’s *A Theory of Capitalist Regulation: The U.S. Experience* published in 1976. In this work Aglietta put forward an analysis of the institutional framework of accumulation cast in Althusserian structuralist terms. Aglietta begins the book with an extended critique of neoclassical general equilibrium theory. While rejecting the notion of equilibrium, Aglietta recognizes the necessity of analyzing the preconditions of the reproduction of the wage relation over time. Hence he argues that the study of economics must replace the theory of general equilibrium with a theory of capitalist regulation. In his introduction Aglietta defines part of his project as seeking to show “that the institutionalization of social relations under the effect of class struggles is the central process of their reproduction (Aglietta 1979 p. 29).” He applies this understanding to capitalist regulation and crises in the following way:

This theoretical position will enable us to conceive crises as ruptures in the continuous reproduction of social relations, to see why periods of crisis are periods of intense social creation, and to understand why the resolution of a crisis always involves an irreversible transformation of the mode of production (1979 p. 19).

Aglietta’s book stimulated a great deal of subsequent work in France much of it involved with applying the framework to understanding historical movements in the French economy. This work was accompanied by considerable conceptual innovation. During this period Robert Boyer emerged as the leading figure of what was referred to as the Parisian school of regulation theory. In 1986, Boyer set out to sum up this work in a concise introduction. Boyer does not minimize existing differences, but nevertheless does seek to represent a rough consensus. Despite his success, this consensus would soon be superseded (see below).

After discussing the mode of production Boyer then introduces a number of “intermediate” concepts. The first is the regime of accumulation. This set of economic elements includes first the organization of production, then the distribution of the value produced and a related composition of social demand which is consistent with production potentialities. These regimes of accumulation vary over time and space within the overall framework of the capitalist mode of production. “In conclusion, the imperatives and logic of
accumulation can take on distinctly different forms whose consequences are by no means identical in terms of the economic dynamics and types of social organization they engender (Boyer 1990 pp. 36-7).

The regime of accumulation is conditioned and reproduced by further intermediate institutional forms. These institutional forms are collected under five headings; forms of monetary constraint, configurations of the wage relation, forms of competition, position within the international regime, and forms of the state. These institutional forms together constitute the mode of regulation. The combination of the regime of accumulation and a type of regulation is the mode of development. The objective of the regulation school is “too explain the rise and subsequent crises of modes of development (1990 p. 48).”

The Limited Convergence of the Second Wave

Regulation and Social Structures of Accumulation: Divergence and Convergence

The relationship between the Regulation Approach and the Social Structure of Accumulation Framework was recognized early. This led to joint work by Samuel Bowles and Robert Boyer (1988, 1990a, 1990b). Bob Jessop lists the SSAF as one of his seven schools of the RA (Jessop 1990). Still the most widely cited source for social structure of accumulation (SSA) theory, the 1994 Social Structures of Accumulation: the Political Economy of Growth and Crisis (Kotz et al 1994) prominently featured a comparison between the SSA approach and regulation theory authored by one of the editors (Kotz 1994).

Kotz first sets out to identify the similarities between the two approaches. He argues that both theories set out to explain long-run patterns of capital accumulation by analyzing the relationship between that process and sets of social institutions which condition or ‘regulate’ it. The dynamic of the accumulation process over relatively long periods of time depends on the success or failure of these institutions in creating the conditions for profitability, reinvestment and growth. Kotz observes that the social structure of accumulation is roughly analogous to some combination of the regulation theory terms ‘regime of accumulation’ and ‘mode of regulation.’ Both schools view capitalism “as moving through a series of stages, each characterized by a specific form of the accumulation process embedded in a particular set of institutions (p. 86).” Stages end in a long-term structural crisis which involves a significant reduction in the rate of accumulation over a
prolonged period of time. These structural crises result from a failure of the institutions to continue to successfully secure the conditions of accumulation. The crisis ends when a new more successful set of institutions is put in place. Finally according to Kotz, both theories “offer an intermediate level of analysis, more general and abstract than a detailed historical account of capitalist development would be, but more specific and concrete than the usual abstract theory of capitalism-in-general (p. 87).”

Regarding differences between the two schools, Kotz first observes that the RA distinction between the regime of accumulation and the mode of regulation, a distinction subsumed into the overall SSA in the SSAF, is not completely without analytical consequences. Through their separate categorization, the changes within the institutions which form the regime of accumulation, the labour process and the norms of working-class consumption are emphasized in the historical account of successive capitalist stages. Kotz believes this focuses more attention on the qualitative differences in the accumulation process whereas the SSAF is more fixated on differences in the rate of accumulation. Further, in their analysis of the post-World War II Fordist regime regulationists place emphasis on what may be regarded as traditional Marxian concerns with the production and realization of value. Contrastingly, the SSAF in focusing on the speed of accumulation places an emphasis on the determinants of capitalists’ reinvestment decision, privileging Keynesian concerns about stability and confidence in the face of an uncertain future.

In addition, within regulation theory the development of the regime of accumulation plays a much greater role in the onset of crisis. In the SSAF, the crisis is brought on by a disintegration in the institutions of the SSA. In the RA the institutions in the mode of regulation are more static. They remain on the scene while the regime of accumulation exhausts its potential for growth and then hold back the potential of any new regime, being adequate to the old regime but inadequate to its emerging replacement. The analogies to a traditional Marxian treatment of the relationship between the mode of production and the superstructure are obvious.
This difference is concretely manifested in the two schools analysis of the crisis of Fordism (the name given the post World War II stage in the RA). In the RA the crisis is one of the exhaustion of the productivity enhancing potential of Fordist production whereas in the SSAF the crisis is one of rising struggle against US capitalist domination of the working-class, the Third World, and rising international competitors. In this way the RA leans to structural explanations while the SSAF places more emphasis on agency in the form of class struggle. Similarly, while the SSAF contends that the new SSA emerges from a period of social struggle over possible reforms aimed at the resolution of the crisis, the RA emphasizes the structural requirements of any new regime of accumulation and the inauguration of a new period of successful accumulation awaits the achievement of specific institutions which embody these specific requirements.

Kotz’s characterization of the two schools in the mid-nineties is broadly accurate. It must be recognized, however, that the initial publication of much of the regulation literature in French creates a several year delay before the important works find their way into English translation. In addition, of course, both schools have undergone considerable change in the last decade. Interestingly for the purposes of this article many of these changes undermine the distinctions identified by Kotz while potentially opening up other divisions.

The major differences identified by Kotz consist of the following contrasts. The RA had maintained a closer fidelity to the Marxian approach through an emphasis on production relations and the class distribution of income within the regime of accumulation while the SSAF had emphasized a more Keynesian concern with the determinants of the capitalist investment decision. The RA located the origin of long-term crises within the regime of accumulation whereas the SSAF located the origin of the crisis in the breakdown of the institutions of the SSA (closer to the mode of regulation in the RA). Consistent with its Althusserian roots, the RA emphasized structure while the SSAF placed more emphasis on agency and class struggle. Finally, the RA emphasized the qualitative character of change from one period to another while the SSAF lay emphasis on changes in the rate of
accumulation. We will consider the fate of each of these differences in turn in light of developments within both schools.

A concern with class relations rooted in the production process has never been alien to the SSAF. *Segmented Work, Divided Workers* (Gordon et al, 1982) concerned itself primarily with the historical development of capitalist strategies of controlling workers within the labour process. This emphasis has been carried forward in more recent work on the emergence of “spatialization” as a new form of labour control which it is argued is one of the important underlying institutional factors conditioning the construction of a new SSA in the United States. Working from Gordon, Edwards and Reich’s identification of three historical periods in the structure of work and the organization of labour markets as proletarianization, homogenization and segmentation, Grant and Wallace (1994) identify a fourth period as spatialization. This work is discussed in more detail below.

Kotz et al (1994b) in 1994 identified several related theories evolving in parallel and exercising an influence on SSA theory. These included a number of developments within broadly orthodox microeconomic theory. These tendencies would have supported Kotz’s thesis that the SSAF had strayed farther from its Marxian roots. By 1997, Reich (1997) was arguing that the wing of the theory most concerned with these issues had departed from the original intent of the theory. Reich sought to reemphasize the qualitative and institutional nature of SSA theory. He contends strongly that “hypotheses concerning periodization or the relative causal or the endogenous character that we attach to various political and economic forces should emerge from the institutional analysis, not simply from econometric inquiries (p. 2).” Subsequent work within SSA theory has generally taken this position as its starting point.

There are several somewhat overlapping reasons for this development. It appears that Gordon’s death has had the indirect effect of distancing both Weisskopf and Bowles from the mainstream of the subsequent development of the SSA framework. These two scholars were the most interested in introducing concepts from outside the initial Marxian and Keynesian
inspiration. Weisskopf has concentrated his work on studying the transition process in the former Soviet Union. Contrary to Coban’s (2002 [1995]) prediction, Samuel Bowles’ interest in alternative microeconomic theories has become increasingly divorced from the SSA framework.

The fact that the majority of work within the framework is now being done within disciplines other than economics is also important. While still concerned with agency, sociology is much less obsessed with micro founding macro- and meso-level behavior than economics. While American sociology is hardly a bastion of progressive thinking, it is far less conservative than the often openly reactionary political character of that nation’s economics profession. Pressures to disguise or dilute the Marxian character of the framework have consequently eased.

In his 1997 retrospective and prospective on the SSAF, Michael Reich (1997 p. 4) identifies the early theoretical perspective as rooted in “Marxian insights concerning class conflict over production and distribution at the workplace and in the political arena, and by Marxian and Keynesian macroeconomic analyses.” Inquiries into the historical background to the SSA approach have given it a much more specific and explicit Marxian pedigree (McDonough 1995, 1999).

While the SSAF has been re-emphasizing its roots within Marxism, something of the opposite movement has taken place in some wings of the RA. This is most pronounced in the founding Parisian school. The publication of Regulation Theory: The State of the Art edited by Boyer and Saillard (2000a [1995]) demonstrates the emergence of two quite distinct theoretical strands within the RA. One of the introductory articles by Henri Nadel (2000) contends strongly that the Regulation research programme is “clearly linked with the Marxian project (p. 28).” Many of the other contributors are less convinced. In discussing the wage-labour nexus, Boyer and Saillard (2002b p. 46) let the cat out of the bag:

…its initial basis was none other than the Marxist theory of exploitation which in the 1990’s is no longer a major reference point. Today the theory centres on
relations between power, wage compromise and the institutional determinants of the wage-profit division.

Several other chapters discuss the RA as a variety of institutionalism. This trend was perhaps most dramatically confirmed when in an afterword to the republication of *A Theory of Capitalist Regulation*, Aglietta (1998) discussed the issues involved in a distinctly un-Marxian manner. In the Boyer and Saillard volume, Olivier Favereau (2002 p. 315) draws a straightforward and helpful distinction between Regulation Theory 1 (RT1) as “similar to the Marxist analysis of the capitalist mode of production” and RT2 as “separate from this analysis and based on dynamic aspects of institutional forms.” Among the Parisians, Lipietz is the only major adherent of RT1 while on the other hand this Marxian strand still dominants Anglophone adherents working within radical sociology and geography. The renunciation of Marxism within some branches of the RA opens up a new opposite contrast with the SSAF regarding Marxian theoretical foundations.

Interestingly, the movement towards institutionalism has, at the same time, lessened some of the other differences identified by Kotz. A greater emphasis has been placed on the role of institutions (found predominantly within the mode of regulation) both in constituting the period of successful regulation and in the emergence of crisis. Aglietta (1998 p.56) summarizes these developments:

… the various mediation mechanisms are dovetailed to form the framework of a mode of regulation. This dovetailing does not happen automatically, because each of these organizations has its own rationale, the integrity of its own structures that makes it persevere in its perceived social role. That is why the coherence of a mode of regulation does not conform to any pre-established general law. It is a historically unique entity that may be called a growth regime. By contrast, the symptoms of exhaustion of a growth regime, heralding a period of uncertainty, crisis and change, must be sought in malfunctions of the interaction between mediation mechanisms.

This formulation shifts the dynamics of the formation of the ‘growth regime’ into the realm of the dynamic interaction of the institutions. The ‘general laws’ of accumulation no longer dominate, but each growth regime is historically unique, constituted by the coherence of the institutions which make it up. Similarly it is the malfunctioning interaction of the institutions
or ‘mediation mechanisms’ which inaugurate the crisis of the growth regime. In this way, the description of the constitution and decay of capitalist social structures and the resulting alternating periods of expansion and crisis converges to the contingent description developed within the SSAF.

The RA has become much more concerned with the question of the relationship of agency to structure. The Parisian school has recognized that in the transition from one mode of regulation to another “conflicts, strategic behaviour and political intervention play a crucial role (Boyer 2002 p. 322).” This is reflected more broadly in the search by the adherents of the broadly institutionalist RA approach (Favereau’s RT2) for a non-orthodox form of ‘microeconomics.’ For Lipietz (1993), a recognition of the importance of social actors represented an early break from an excessive structuralism in the legacy of Althusser. In the Anglophone RA tradition, this trend is represented by Jessop’s (2002. pp. 34-6) advocacy of a “strategic-relational approach” which includes the capacity of actors to engage in struggles which “overflow” structural forms.

The remaining area of difference identified by Kotz involves an overemphasis by the SSAF (as compared to the RA) on differential rates of accumulation as opposed to more qualitative differences between capitalist stages. This gap has been partially closed, this time from the SSAF side. Kotz and Wolfson (2010) argue that neoliberalism “constituted a new, coherent institutional structure (p. 73).” On the other hand, “there is a problem with regarding neoliberalism as a new SSA because economic growth under neoliberalism has been subpar; central to SSA theory has been the idea that a new SSA promotes strong economic growth (p.73).” Kotz and Wolfson resolve the problem of the existence of a coherent set of institutions in the absence of strong growth by postulating the existence of two kinds of SSA. A Liberal SSA is characterized by limited state regulation, aggressive dominance of capital over labour, high levels of competition and liberal, free market ideology. A Regulated SSA is characterized, by contrast, by an interventionist state, an element of cooperation and compromise between capital and labour, co-respective behavior by corporations, and a
recognition of the positive role of government and other non-market institutions. While both institutional structures foster the effective appropriation of surplus value, only a regulated SSA tends promotes accumulation and growth. Kotz and Wolfson further hypothesize that there is a tendency for liberal SSAs to alternate with regulated SSAs because the crises created by the one type can be partially resolved through the construction and introduction of the other type of SSA. Thus the existence of a coherent capitalist stage and successful capitalist extraction of surplus value is not necessarily associated with high rates of capitalist growth. On all of the fronts identified by Kotz, the Marxian variant of the RA (what we might call the RA1) has converged with the SSAF (or vice versa).

*The Long Wave of Ernest Mandel*

The return to Marx on the part of the RA1 and the SSAF should immediately raise the question of the relationship of these theoretical trends to Ernest Mandel’s LWT. Mandel has never been equivocal about his theoretical commitment to Marxism and his version of long wave theory has always been carefully consistent with a Marxian approach. This is also by and large true of those writers who have followed Mandel in long wave theorizing. Has the past openness of the RA1 and the SSAF to influences outside the Marxian tradition distanced these perspectives from Mandel’s LWT?

Mandel grounds his theory in the movements of the rate of profit over time. The long run tendency of the rate of profit is to decline due to the tendency of the organic composition of capital to rise. In the absence of counteracting forces this conditions the emergence of a period of crisis and stagnation. In a generic way the tendency of the rate of profit to fall can be counteracted by certain contrary developments as identified by Marx: an increase in the rate of surplus value, a sharp slowdown in the rate of increase (or even a fall) in the organic composition of capital, a sudden quickening in the turnover of capital, or by the flow of capital into countries and sectors where the average organic composition of capital is lower that that in the basic industry of the core capitalist countries. Long wave expansions are
initiated during periods in which the forces counteracting the tendency of the average rate of profit to decline operate in a strong and synchronized way.

The areas of possible difference with the other traditions concern the nature of the turning points which mark the beginning and end of the long wave. Mandel makes much of the lack of an endogenous mechanism which accounts for the inauguration of the upturn. Instead he identifies his explanation as exogenous to the dynamic of the long wave itself. In this way Mandel makes sure that his theory is not one which sees potential capitalist success on into the indefinite future. Upturns depend on a fortuitous (for capital) combination of factors which are not guaranteed and may in fact be unlikely. This distinction was always more definite between Mandel and Schumpeterian versions of the long wave rather than with the RA1 or the SSAF. Initially the RA was strongly functionalist in its vision of capitalist reorganization, hypothesizing that the needed institutional restructurings would somehow emerge. By 1990, Boyer (1990) was emphasizing both the role of social conflict and the lack of any agency which ensures that a viable overall restructuring will inevitably ensue. Within the SSAF, McDonough (1994a) has argued that the principles of organization of SSAs when investigated concretely turn out to be historically contingent, differing in character from one period of SSA construction to another. This is not very far from Mandel’s notion of exogeneity.

Mandel’s theory of the end of the long wave rests on the negative impact of the expansion on the organic composition of capital and hence on the rate of profit. To critics from the other Marxian traditions this is too monocausal. The other schools are willing to recognize that a rising cost of capital relative to the labour employed may well be a factor in the end of particular long waves. Nevertheless, the complex character of the institutional conditions of accumulation as well as the multiple ramifications of class struggle and capitalist competition create a range of possibilities for the breakdown of the accumulation process in these models. Went (2002 p.85) writing in the Mandelian tradition recognizes this in arguing that periods of structural stagnation “occur when previous constellations of
processes of accumulation and institutions that once positively reinforced each other become incompatible.” Not incidentally, Went also argues that there exists a substantial similarity between the three schools.

We may conclude that the long wave theoretical tradition instituted by Ernest Mandel has converged with the RA1 and the SSAF. Or if we privilege the Marxian theoretical foundations, perhaps the RA1 and SSAF have converged with Mandelian LWT.

**Developments within SSA Theory**

Interestingly, much of the recent detailed application of the SSA framework has taken place outside of the field of economics proper and within the academic discipline of sociology. Within the field of sociology, SSA theory has acquired its first ‘school’ in the emergence of a literature on “spatialization” as a new form of labor control, which is one of the important underlying institutional factors conditioning the construction of a new SSA in the United States. Working from Gordon, Edwards and Reich’s identification of three historical periods in the structure of work and the organization of labor markets as proletarianization, homogenization and segmentation, Grant and Wallace (1994) identify a fourth period as spatialization. This process of spatialization centers on employers’ use of threats of relocation and actual relocations as a key form of labor control strategy from the 1970s. This observation immediately links the mobility of capital to the question of labor control in a restructured capitalism. This new strategy of labor discipline became viable at this time due to “the increased fragmentation of work tasks into simpler components and a highly integrated division of labor that allows different work tasks to be performed in different locations.” This is also made possible by advances in telecommunications and transportation which allow capitalists to “coordinate and control diverse pools of labor in far-flung corners of the US and the world.” (Grant and Wallace 1994 p. 37)

To these factors Brady and Wallace (2000: 95) add geopolitical arrangements which facilitate economic liberalization and globalization like NAFTA and the WTO. Grant and Wallace reason that by the very nature of this strategy it should have differential impacts on
different spatial locations. In this new SSA, the local state becomes a critical economic
clocation because states must compete with one another to create the impression of a favorable
business climate to either attract or keep increasingly mobile capital. This argument is
backed by additional empirical studies in Grant (1995, 1996) and Grant and Hutchinson
(1996).

Several authors in the field of criminology have employed SSA analysis. A series of
articles by Carlson and Michalowski (1997) and Michalowski and Carlson (1999, 2000)
examine the impact of changes in the SSA and changes in phases within the SSA of the
strength and direction of the relationships among unemployment, crime, and imprisonment.
Barlow and Barlow (1995), through an examination of U.S. federal criminal justice
legislation, find that mechanisms of social control intensify during the stagnation period
following the decay of the SSA. This extends an earlier study by Barlow et al. (1993), which
traces changes in social control strategies over the course of U.S. capitalist history. The
authors find that innovations in social control institutions cluster primarily in the contraction
period which follows SSA disintegration.

One of the major critiques of SSA theory is that it has drawn its source material too
narrowly from the United States experience. Nevertheless the area of its application has
steadily if somewhat slowly expanded. Hamilton (1994) models real wages, prices and
productivity for specifically Caribbean-type economies. Jeong (1997) identifies a distinct
state-capitalist SSA in South Korea dating from 1961. Jeong argues that this SSA underwent
decomposition in the late 1980s. James Heintz (2010) answers earlier criticisms of the
application of SSA analysis to the postwar period in South Africa through a detailed
description of the institutions of the apartheid state. His analysis deepens previous studies
through the inclusion of a systematic investigation of the impact of institutional and political
stability on fixed capital accumulation in South Africa. Mihail (1993, 1995) uses a
framework drawn from the work of Bowles, Gordon and Weisskopf to model the rise and
demise of the postwar SSA in Greece. Carlos Salas (2010) uses the SSA framework to
analyze the condition of the working class in Mexico. Karen Pfeifer (2010) examines the regional system of the Middle East through the economies of Egypt, Jordan and Kuwait.

Harris-White’s (2003) *India Working* breaks new ground on a number of fronts. It specifically targets what Harris-White refers to as the India of the 88 percent. This is the proportion of the population that lives outside of the major metropolitan cities in small towns and rural areas. In her work the SSA framework is applied to specifically peripheral areas within a Third World economy. Partially because of the nature of its subject, the book deals much more explicitly than previous efforts with less formal institutions and their impact on the accumulation process. Harris-White extensively uses the methodologies of field economics and economic anthropology. The book is not concerned with tracing dynamics over time but seeks to create a finely grained picture of institutional relations at a point in time. We will return to this issue below.

Also in 2003, *William Robinson’s Transnational Conflicts: Central America, Social Change and Globalization* used the SSA framework to situate recent changes in the social structure of five Central American States. While treating them in depth, Robinson places these changes in the context of a more far reaching thesis concerning the replacement of postwar nation state-centered social structures of accumulation with a new globalized social structure of accumulation which reorganizes and incorporates pre-existing national structures. According to Robinson, this new global SSA is the class project of an emergent transnational bloc within capital-- the transnational capitalist class. Robinsons suggests that this transition to a transnational class structure and transnational capitalism is manifest in numerous nationally located transitions. In the developing world, for example, the transition is away from an import substituting industrialization (ISI) regime and its associated political and social institutions towards as specific form of export orientation.

An essential insight of the SSA framework is that the history of specific institutions has to be understood within the dynamic process of SSA formation and disintegration.

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1 Nicaragua, El Salvador, Guatamala, Honduras and Costa Rica.
Indeed, the framework was first fully developed in *Segmented Work, Divided Workers* in order to provide an historical context to the analysis of changing shop floor relations. This has been carried forward by Harland Prechel (2000) in his *Big Business and the State: Historical Transitions and Corporate Transformation, 1880s-1990s*.

This work is concerned with transformations in the basic form of the corporation and as well as change in the management strategies practiced within the corporation. Prechel argues that basic transformations in the corporate form are undertaken when corporations find it difficult to gain access to sufficient capital from internal sources to meet the challenges they face.\(^2\) Challenges become more acute and internal capital becomes more difficult to obtain in the crisis period following the decay of an SSA. In these circumstances corporations seek to reorganize and/or are pressured to reorganize by their financiers. In these periods the capitalist class will also mobilize political support for facilitating changes in state regulation. Corporations often change the accounting terms for the information on which decisions are based during these transformations.

Within this framework Prechel identifies three periods of SSA decay and exploration as arenas within which to look for relatively rapid corporate transformation. The 1870s to the late 1890s saw the emergence of the limited corporation and ultimately the holding company form. In the 1920s to the 1930s corporations moved to the multidivisional form. Financial return on investment became the criterion of internal success. The third period, from the 1970s to 1990, was characterized by firms restructuring their divisions as subsidiaries and the emergence of the multilayered subsidiary form. Abandoning aggregate financial controls, corporations sought to make decisions based on disaggregated data concerning costs and quality.


\(^2\) Prechel refers to this as capital dependence theory.
details a case study of the iron and steel industry in the Progressive Era in the United States. He is particularly concerned to understand the nature of an example of adversarial labor relations in an otherwise regulated institutional structure.

Further innovations involve the application of the concept at various geographical and temporal scales. Michalowski and Carlson (2000) place great emphasis on distinguishing between phases within social structures of accumulation. Following terminology used by Gordon, Edwards, and Reich, they carefully periodize much of the U.S. twentieth century in the following (p. 276-7):

(a) Exploration 1 from 1933 to 1947, (b) Consolidation 1 from 1948 to 1966, (c) Decay from 1967 to 1979, (d) Exploration 2 from 1980 to 1992, and (e) Consolidation 2 from 1993 to the present.

They argue that “each of these SSA phases consists of a distinct set of qualitative social relations between labor and the state that impact the strength and direction of relationships between measures of economic marginalization and patterns of crime and punishment (p. 277).” Consequently these types of factors “cannot be analyzed linearly across SSA phases because the sociological meaning of these variables may differ according to the qualitative character of each SSA phase (p. 277).”

Michelle Naples (1996) undertakes a detailed analysis of labor relations in the coal industry in the postwar period. One of her concerns in this context is to trace the impact of the construction and decay of the SSA on these labor relations at specific points in time. She draws several predictive generalizations from the SSA framework and investigates their possible expression in the postwar history of the coal industry. Among the hypotheses for which she finds evidence are the following phase-linked generalizations (Naples 1996: 112-13):

G1 Institutional innovation, change, and challenges to the meta-rules will be most widespread during the late expansion and into the long-wave crisis.
G3 Difference and challenges to the worldview are not tolerated under the newly hegemonic SSA in the early expansion.

G7 Labor relations in one sector are not static. The logic of the new rules is applied on an extended scale so that the full system of national union/rank-and-file/management relations only becomes fleshed out over time.

As well as being applied to differing timescales, the SSA framework has been applied at differing spatial scales as well. The spatialization school has placed special emphasis on the manner in which the impact of the existence and construction of an SSA produces differential results at local levels in explainable ways. Much of their work takes state-level government within the US federal system as the spatial unit across which institutions vary in a spatialization American SSA. Perrucci (1994) undertakes a related analysis of the “Midwest Corridor,” six contiguous U.S. states that have been the locations for Japanese inward investment in the auto industry. Perrucci identifies the emergence of an SSA here based on “embedded corporatism.”

Lobao et al. (1999) examine the effects of elements of the national SSA at the even lower level of counties within states. Specifically they look at the effect of core manufacturing employment and state support of citizen income on levels of income inequality within localities. They find that national level arrangements are reflected in local level relationships in 1970 but that national changes are less strongly evidenced in localities in 1990 due both to inertia and the complex way in which local institutions may adjust to changes in the larger institutional context.

While it has been most commonly applied at the national level, the SSA framework has been unclear whether or not it can be applied to larger, more global scales. The founders of the framework have frequently claimed no applicability beyond the United States for their

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3 Perrucci departs from the spatialization theorists in identifying his subnational area as having an SSA rather than comprising an institutional arrangement within an overall SSA. Whether SSAs can be “shrunk” to fit a smaller than national territory must be controversial. Indeed, the spatialization school argues that under mobile capital the existence of local variation is an essential feature of the national SSA.
particular institutional analyses. Kotz et al (1994b p.4) argue that the SSAs in other
countries in the postwar period are distinct. Nevertheless the SSA school has often been
lumped with long wave and regulationist theories which do make international claims.
Gordon (1988) does apply the framework to “the global economy”. The analyses of other
countries discussed above confirm Kotz et al’s warning. The SSAs identified for Caribbean-
type economies, South Korea, South Africa, the Middle East, Greece, Mexico and the India
of the 88 percent are all quite distinct from that described for the United States in the postwar
period. Whether this caveat holds for the current period has been central to the discussion of
the emergence of a new post 1980’s SSA which includes globalization among its
characteristics.

The Emergence of Global Neoliberalism

There is broad agreement among social analysts that capitalism changed in significant
ways starting around 1980. However, there is disagreement about how to characterize those
changes, what the key features of capitalism have been in recent decades, and what name to
apply to the contemporary form of capitalism. In our view, the concept of "global
neoliberalism" best captures the contemporary social reality.

Neoliberalism is a coherent, multi-leveled entity whose core features include political-
economic institutions, policies, theories, and ideology. Neoliberal ideology is marked by
glorification of individual choice, markets, and private property; a view of the state as
inherently an enemy of individual freedom and economic efficiency; and an extreme
individualist conception of society. The dominant theory is a free-market version of
neoclassical economic theory, associated with such names as Milton Friedman and Ronald
Coase. 3

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3 This theory has come in various versions, such as Monetarism, rational expectations theory,
and new classical economics, but all have shared the same basic assumptions and a vision of
the capitalist "free-market" economy as an optimally self-regulating entity.
Neoliberalism advocates a trilogy of policies known as liberalization, privatization, and stabilization. The first, liberalization, refers to freeing markets and firms from state regulation, including the removal of barriers to movement of goods and capital (although not people) across national boundaries. Privatization refers to turning state enterprises over to private owners and also contracting out to private companies services that had traditionally been directly delivered by the state. The misnamed "stabilization" refers to a shift in monetary policy to focus solely on preventing inflation rather than promoting lower unemployment or economic growth. State fiscal policies are directed at reducing taxes on business and the rich while reducing or eliminating social programs.

Some analysts prefer the term "globalization" to characterize contemporary capitalism. These two aspects of the contemporary era -- globalization and neoliberalism -- are closely interconnected. Neoliberal policies of free trade and the repeal of capital controls, as well as the overall "hollowing out" of the national state, fostered the globalization of production, trade, and class relations. Capital controls had emerged from class and popular struggles in the postwar era. Neoliberal policies promoted their elimination, and the resulting freedom of movement of capital changed the balance of class forces decisively in capital's favor.

There is another side as well to the relation between globalization and neoliberalism. The degree of global economic integration increased in the later part of the postwar SSA, during the 1960s and early 1970s. As protected national markets in the major industrialized capitalist countries were breached by growing import competition, the previous support of big capital for a regime of active state regulation began to weaken. As big corporations faced increasingly intense competition that threatened their very survival, they turned against state regulations and costly social programs which now were viewed as hindering their ability to compete against foreign rivals (Kotz 2002).

Thus, globalization fostered neoliberalism as well as neoliberalism promoted globalization. The nature of contemporary capitalism can best be understood as involving...
both the rise of neoliberalism and the emergence of the contemporary form of global economic integration.

Neoliberal restructuring began in the late 1970s, originating in the USA and the UK. Neoliberal ideology and economic theory began to gain influence in the USA as early as in the mid 1970s. Then in 1979, two years before Ronald Reagan took office, the Administration of President Jimmy Carter made a sharp turn to the right, suddenly sounding themes of deregulation of business, cutbacks in social programs, and with the appointment of Paul Volcker to the position of Chairman of the Federal Reserve, a shift in monetary policy toward a sole focus on stopping inflation. When Reagan took office in January 1981, the pace of neoliberal restructuring picked up markedly.

In the same year the Carter Administration shifted toward neoliberalism (1979), Margaret Thatcher took office as British Prime Minister. She immediately led Britain onto the path of neoliberal restructuring. The successful attacks on the trade union movement by Reagan and Thatcher both took place soon after they took office.

The construction of the neoliberal institutional structure was much more rapid than had been possible for the postwar SSA, as the US case illustrates. Building the postwar SSA in the USA required building new institutions of state regulation of the economy, as well as achieving a class compromise between a militant labor movement and an initially uncompromising capitalist class. By contrast, establishing a neoliberal institutional structure requires mainly dismantling state regulatory structures and programs while establishing unchallenged dominance by capital over labor. These can be accomplished much more rapidly under the right conditions. While neoliberal restructuring began around 1979 in the U.S. by the early 1980s it had been largely accomplished -- which was the case in the UK as well. All of the key domestic institutions of global neoliberalism, which are discussed below, had been established in the U.S. by the early 1980s.

*International Institutions of the Global Neoliberal SSA*
Novel developments in the international economy include a significant increase in the international movement of capital, goods, and money and a geographical extension of capitalist relations of production. Important here is the ability to fragment production across borders and to subsequently reintegrate the process through trade. From a Marxian perspective, a consequent transnationalization of class relations is of central importance. A multilayered system of transnational governance has emerged, including the World Trade Organization (WTO) and the international financial institutions. Finally, the United States has become the sole remaining superpower in the world system.

Globalization in the contemporary period can be located in two separate but not entirely unrelated developments, an increase in mobility for capital and an expansion of its geographic reach. Barriers to the free movement of goods, capital, and money have been greatly reduced. A key aspect of this has been the deregulation of capital movements as well as increasing state hospitality to foreign direct investment (Bryan 1995). Technological developments in information and communication technology have been important here as well as containerization and other innovations in transportation. This increase in capital mobility has taken place both at the level of physical productive capital and at the level of money capital through the massive intensification of international financial activity (Bryan 1995).

The most consequential result of this new found mobility is fragmentation of production into multiple and often distant components across borders and then reintegration of these components into global production chains through both trade and the internal logistical operations of transnational corporations. Each part of the production process can be located in a part of the world that is capable of carrying out that process in the most profitable manner. The ability to allocate production in this manner is achieved partly through sheer size and concentration of resources. A further essential condition is the assembling of knowledge of local conditions in disparate parts of the globe. This is achieved through the creation of transnational blocs of capital through reciprocal ownership and joint venture
agreements. The network organization celebrated by Manuel Castells (2000) plays a role here. The establishment of legal regimes either internationally or in the separate states that are hospitable to the cross border movement of capital investment is also an almost indispensable condition.

The second development is a subsequent dramatic geographical extension of capitalist relations of production. The collapse of the Eastern European regimes inaugurated a rapid transition to capitalism in the former Soviet sphere of influence. The post-Mao reforms started a similar but slower and more measured transition process in China. These transitions have opened up for global capitalism vast supplies of raw materials, extensive investment opportunities, massive pools of cheap labor, and large new markets. These developments also mark the end of alternative sources of support, both economic and military, for less developed states. They have a profound ideological significance in that they represent both the end of the Cold War and the end of an alternative development model for less developed areas. They also reinforce the sense that "there is no alternative" in the developed world.6

These developments are different from the earlier internationalization of the commodity circuit of capital which created an international division of labor. Since it is possible for commodity circulation to link the production of different modes of production, the circulation of commodities did not initially condition the globalization of capitalist class relations. Indeed, pre-capitalist modes of production may have been temporarily strengthened through access to international commodity circuits. The widespread relocation of capitalist production operations to previously undeveloped areas has now brought an end to this transitional era.

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6 The states ruled by European Communist Parties did not formally begin a transition to capitalism until 1989-91, and China did not clearly become capitalist until around the early 1990s, dates that are somewhat later than those for the formation of the other major institutions of the neoliberal SSA. However, by the early 1980s China had begun its integration into the capitalist world market and the Soviet Union and its European CMEA partners had also begun to significantly reorient their economies toward trade with, and loans from, the capitalist world.
In conjunction with the global integration of production circuits, global integration of the money circuit has substantial consequences for the globalization of the specifically capitalist system because this globalization serves to transnationalize the capitalist class. This is the really radical significance of the globalization of finance. Globalizing the money circuit with the elimination of capital controls and the electronic linking of the world market integrates those who have a right to a portion of the surplus produced under capitalist relations of production. This is accompanied by the global integration of the circuit of production including its extension to the less developed world. Thus a transnationalizing capitalist class is brought into relationship with a transnational working class. The neoGramscian school in international political economy (Cox 1987, Gill and Law 1988, Gill 1994), the Amsterdam school (Pijl 1997, 1998, Overbeek 2001, van Appeldoorn 2004), and the political sociologist William Robinson (2004) have studied the formation of this transnational capitalist class and the establishment of its hegemony in international relations.

There is another sense, however, in which the globalization of the money circuit creates the conditions under which the economy can be said to be globalized. If financial capital is mobile enough, it can impose globalized norms of profitability in the regions in which it operates. In this way even strictly localized economic decision-making can be said to partake of the global economy in the sense that even these forms of economic calculation must be carried out with reference to global economic conditions. Increased trade liberalization has had contradictory results, leading at the same time to increased competition on the product market and increased cooperation through reciprocal share ownership, joint ventures, tight subcontracting arrangements and the like (Castells 2000: 77-215). A merger wave has consolidated capitals across borders, leading to the creation of ever larger corporate entities.

The globalization of capitalist production and class relations inevitably raises the question of the creation of transnational institutions to govern these economic relations. Robinson (2004) has theorized the emergence of a transnational state. Unlike the traditional
members of the nation-state system, the new institutions of transnational governance do not concentrate sovereignty over a particular territory. These institutions are layered and overlapping, existing at multiple geographical scales. It must be noted that they are often created by states through agreements and treaties. Although these institutions have never fully matured, nevertheless they assume some limited authority over these same states, sometimes through control over market access and sometimes through the exercise of ideological hegemony and influence.

The WTO is perhaps the paradigmatic example of these developments. Created by treaty between its member states, it is able to enforce trade rules and try violators in a quasi-judicial way, imposing fines and other sanctions. Other institutions of this kind include formal organizations like the OECD and the G8. Informal organizations like the World Economic Forum and the Trilateral Commission and various NGOs also participate and are increasingly numerous. These institutions issue advice and influential policy prescriptions. Regional organizations like the European Union and NAFTA have been constructed. At the same time traditional nation-states still play an essential role, enforcing neoliberal prescriptions and pursuing “competitiveness”. After all, capitalism requires political entities that can exercise coercion when needed, through such instruments as armies and prisons. Unless a truly global capitalist state emerges which both has such capabilities and is recognized as legitimate, nation-states will continue to be necessary to the reproduction of capitalism. The degree of “stateness” of the developing new complex of global institutions is contentious as it incorporates and combines state sovereignty with other forms of governance.

Aside from the WTO, the most prominent of these transnational organizations are the international financial institutions including the IMF and the World Bank. These organizations have been responsible for the imposition of structural adjustment programs on developing countries in return for loans and aid. These structural adjustment programs consisted of a package of neoliberal policies including opening the economy to foreign trade, floating exchange rates, privatizations, deregulation, an end to subsidies and reductions in
social spending. The imposition of these policies marked a sharp transition in many states and an end to more active import-substitution development policies.

An important international institutional change involves the reinstatement and extension of US hegemony. Despite their increasing economic power, the military capacities of Germany and Japan have remained repressed and underdeveloped. There is little evidence of a political desire in Europe to create a full military counterweight to the United States. The "Japan that could say no" evaporated in the face of economic stagnation. Indeed, at the moment trilateralism appears to have been little more than a futurologist speculation. Thus, the collapse of the Soviet Bloc left the US as the only remaining military superpower. This increase in relative political and military strength has led to territorial advances in the US sphere of influence. Starting in the 1990s the U.S. has been maneuvering for political influence and control of raw materials in the central Asian and Caucasian former Soviet republics. After the attack of September 11, 2001, the U.S. led the occupation of Afghanistan and Iraq. Tensions have grown with Iran. An American empire has been further consolidated, most significantly through the already well-consolidated thrust to the east in Europe with the extension of NATO and the enlargement of the European Union.

Another category of institutions of global neoliberalism involves the nature of capital. First, the nature of competition between large corporations changed. Such competition had been co-respective and carefully regulated in the previous period. While large firms competed over market share, they generally eschewed price competition, which would undermine the profits of the industry as a whole. Global neoliberalism saw the breakdown of such co-respective behavior among large firms, replaced by unrestrained, cut-throat competition. Sharp price competition returned to the world of large corporations.

Second, the process of selection of CEOs of large corporations changed. Previously CEOs had usually been promoted from within the firm, from among the long-serving managers who had risen within the company. This practice was replaced by the development of an external labor market for CEOs, through which the top spot is often given to an
outsider. This market-based process for selecting CEOs fostered a ramping up of CEO pay, as large corporations competed for top executives. In addition to contributing to the growing income inequality of neoliberalism, this change profoundly affected firm behavior. Instead of CEOs with careers that were intimately tied up with the firm, now CEOs became aware that they might stay with the firm only for a short while before moving to a higher-paying CEO job elsewhere. This promoted a shift in focus from long-run productive investments, which often take a long time to bear fruit, to gimmicks that can boost the firm's stock price over the short-run at the expense of doing what long-run success requires.

Third, the relation between financial and industrial capital changed in global neoliberalism. In the late nineteenth and early twentieth centuries, banks established a powerful position of control over many non-financial corporations in a number of leading capitalist countries. In the post World War II SSA, in many countries, including the USA, financial institutions were closely regulated by the state in a way that compelled them to play a subsidiary yet supportive role in capital accumulation by non-financial capital. Under neoliberalism still another relation between financial and non-financial capital emerged, characterized by a high degree of independence of financial capital from non-financial capital. In the global neoliberal SSA, financial capital broke free from its close relation to non-financial capital and shifted to pursuing profits through purely financial activity. At the same time, many non-financial corporations began to engage directly in financial activities. This process had led to the introduction of the term "financialization" to describe this feature of contemporary capitalism.

As chapter 3 of this volume argues, a common thread running through most, if not all, of the institutions of global neoliberalism is the relatively full dominance of capital over labor in this SSA. The changes in the role of the state reinforced the power of capital over labor. The heightened competition among capitalists tends to put pressure on employers to drive down wages.

Domestic Institutions of the Global Neoliberal SSA
Several of the domestic institutions of global neoliberalism involve the capital-labor relation and the nature of the labor process. Others involve the role of the domestic nation-state in the economy. A prominent feature of global neoliberalism is the very noticeable weakening of the trade union movement in most countries. This changed the process through which wages and working conditions are determined. In the previous period, collective bargaining between trade unions and employers typically determined wages and working conditions in much of the economy. The change in the neoliberal era is often described as a shift to "market-determined" wages and conditions. However, that term obscures more than it reveals. The relative bargaining power of labor and capital is always the main determinant of changes in wages and working conditions.9 A more accurate description of the new process of their determination is that power has shifted almost entirely to the employer. In the neoliberal era, employers are relatively free to determine wages and working conditions, constrained only by employer concerns with obtaining qualified workers. The institution of employer-determined wages and working conditions is of course favorable for profit-making.

Second, in the previous SSA there was a system of labor segmentation, in which some jobs were in the "primary sector" and others in the "secondary sector." Primary sector jobs had relatively high pay, good fringe benefits, pay that rose with seniority, and significant job security, in contrast to jobs in the secondary sector. A part of the primary sector jobs consisted of unionized jobs, although some were non-union managerial, professional, and technical jobs. In the neoliberal era, many of the primary sector jobs were transformed into jobs resembling secondary sector jobs under the previous SSA. Pay declined, benefits became less favorable or disappeared, pay increases became less certain, and job security disappeared. In many sectors employers substituted temporary and contingent workers for regular employees. Employers imposed such conditions under the banner of "labor market

9 Other factors also affect wages and working conditions, including the level of development of a country's economy.
flexibility," an ironic name since the desired flexibility was only for those on one side of the labor market, namely employers, but not for workers. Employers gained the "flexibility" to treat workers as they wished, while workers lost the ability to protect their interests.

Third, new production systems were introduced in the neoliberal era. In place of the relatively rigid, yet low-cost, mass production technology of the previous SSA, many industries shifted to such new systems as flexible specialization and just-in-time production. Fourth, a shift in production location patterns, known as "spatialization," arose in the period of global neoliberalism (see above).

Many of the domestic institutions of global neoliberalism involve the role of the state. First, the state renounced the use of Keynesian aggregate demand management techniques which had been aimed at achieving faster economic growth and a low level of unemployment. In the previous SSA, in most of the industrialized capitalist countries, both fiscal and monetary policies were generally directed to that end. This contributed to a low average rate of unemployment in the developed capitalist countries during that period. In the neoliberal era states renounced stimulatory fiscal policy, instead aiming for a balanced budget, while monetary policy was redirected toward the aim of preventing inflation. This approach was justified by the new neoliberal economic theories, which held that neither fiscal nor monetary expansion could bring faster growth or lower unemployment in the long run but would instead just produce a higher inflation rate. The result was significantly higher average unemployment rates in the neoliberal era than in the era of regulated capitalism.

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11 In some countries during that period, if the unemployment rate fell so low that the resulting rise in labor's bargaining power began to seriously erode profits, the state would shift gears and use aggregate demand management to slow the economy and restore capital's ability to extract profits (Boddy and Crotty 1975).

12 There is some controversy about the large fiscal deficits in the USA in the 1980s and the 2000s. Some view them as a cynical use of Keynesian techniques to expand the economy to improve the Republican Party's re-election chances. In our view, the large fiscal deficits of those two periods were driven by other several other factors: 1) supply side theories, which held that tax cuts would stimulate private investment; 2) a determination to shift income to the rich through tax cuts; and 3) growing military expenditures in both periods.
Second, there has been a sharp reduction in the "social wage" provided through the state, by cutting or eliminating such programs as guaranteed retirement pensions, unemployment compensation, disability insurance, and educational subsidies. Individual workers have had to rely on their own means to a much greater extent to finance such needs. Third, there has been a shift in the distribution of the financial burden of paying for public services. Taxes on capital and on the rich have been reduced, shifting the burden to wage-earners and other groups.

Fourth, there has been a shift in the provision of a wide range of public services from state agencies and state employees to private companies operating under state-funded contracts. While accepting the principle that there exist "public goods" that cannot simply be sold by profit-seeking firms to individual users, private for-profit firms have come to play a greatly expanded role in the process of providing such publicly-funded goods. This has taken place in a wide range of public services, including transportation, social welfare programs, education and job training, meal provision in public agencies and public schools, incarceration of prisoners, and various coercive services including guards, police, and the military.13

Fifth, in many cases natural monopolies and sectors considered central to national economic welfare and progress, which had typically been subject to state regulation or state ownership in the previous SSA, were deregulated and privatized. In the various industrialized capitalist countries, this has applied to such sectors as transportation, communication, power, key metals (such as steel), military hardware, and financial institutions.14

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13 In 2007 the Bush Administration even proposed contracting out some federal tax collection responsibilities. However, the resulting charges of a return to medieval "tax farming" practices buried that proposal.

14 In some developing countries even the water supply has been privatized under pressure from the international financial institutions. In the developed countries a similar result has been achieved through persuading millions of people to buy water in bottles, at a price higher than that of gasoline, instead of getting it from the tap at a fraction of the cost.
Sixth, the neoliberal era has seen the implementation of more repressive policies of social control. In the USA, the prison population skyrocketed, as sentences for the types of infractions committed by poor and working people were extended. These policies, while of course not libertarian, are necessitated by neoliberalism through the rise in social dislocation, tension associated with rising levels of inequality, and the exclusion of marginalized populations and groups from the political process.

*Why Global Neoliberalism should be considered an SSA*

Presenting lists of institutions that characterize global neoliberalism does not suffice to show that it constitutes an SSA. In order to consider global neoliberalism an SSA, we must be able to make a case that it is a coherent, long-lasting set of institutions which promotes profit-making and forms a structure for the capital accumulation process. That neoliberalism has been long-lasting is now clear, since it has tenaciously held on for more than a quarter-century, although as is noted at the end of this chapter its future is now uncertain. It is also clear that global neoliberalism is a coherent set of institutions. All of the key institutions are consistent with each other. They are also consistent with neoliberal ideology and neoliberal theories, which promote and glorify markets, private property, and individual choice, while vilifying collective actions, collective provision, and collective choices which tend to predominate when trade unions and states play a more active role.

Global neoliberalism promotes profit-making in several ways. First, its institutions increase the bargaining power of capital relative to that of labor. This results in slower wage growth and avoidance of the costs of providing good benefits and good working conditions. It also enables capital to exercise greater control over the labor process. Second, deregulation of business provides greater freedom of action for capital in pursuit of profits. The social costs of the pursuit of profit, which may be charged to capital in a regime of state regulation of business, can be pushed onto society as a whole. Third, the necessary social costs of maintaining society in general, and capitalist society in particular, which require government programs which must be paid for through taxes, are shifted from capital to labor and other
groups in society. Fourth, whole new sectors have been opened to profit-making activity through privatization, deregulation, and contracting out of public services. Fifth, the geographic scale of profit-making activity has been greatly expanded by opening the entire world to relatively free movement of goods, services, and capital. This generates economies of scale and specialization.

The Uneven Spread of Neoliberal Institutions and Globalization

In the postwar era the capitalist countries, despite some differences in their particular domestic institutional configuration, had institutions that embodied in some form the state-regulated character of SSAs in that period. In much of Western Europe the domestic SSA had a social-democratic character, while in Japan the SSA was more corporatist. The USA had still a different type of state-regulated SSA, based on what has been called "military Keynesianism." In the developing countries, import-substitution industrialization regimes were common. Despite the differences, all involved strongly statist domestic institutions, and all fit in well with the international-level institutions of that period.

In this respect the global neoliberal SSA is qualitatively different from the SSA that preceded it. The development of neoliberal institutions has been quite uneven across countries. The most complete introduction of neoliberal institutions took place in the formerly state socialist countries of central and eastern Europe. As they dismantled their old system and rapidly installed capitalism, most of them thoroughly adopted new neoliberal institutions, particularly Russia and some of the other former Soviet republics. The working class in those countries had been completely demoralized and deactivated, and it was unable to put up any effective resistance to neoliberalism. Some developing countries were also forced to undergo substantial neoliberal restructuring as they came under the sway of the IMF and World Bank in the 1980s and 1990s. This was particularly prevalent in Latin America.

However, in some countries resistance from the working class and other groups prevented the complete neoliberal restructuring of domestic institutions. Among the developed capitalist countries, the shift in the neoliberal direction was greatest in the US and
UK, where working class resistance was largely defeated, and a major neoliberal restructuring was possible. However, even in those two countries the state retained some regulatory and social welfare roles from the previous SSA.

In some major Western European countries, a kind of "social neoliberalism" emerged, in which some features of neoliberalism were installed, including privatization, a reduction of state regulation of business, and a neoliberal shift in fiscal and monetary policy, but the welfare state was only marginally reduced and trade unions retained significant power at work. In some of the Nordic countries, the support for social democracy from the working class and other groups prevented its dismantling. Social democratic institutions largely remained in place, with only marginal shifts in the direction of neoliberalism.

A number of Asian countries largely resisted the shift toward neoliberal domestic institutions. Japan made only very partial moves toward domestic neoliberal restructuring, despite periodic talk about undertaking "reforms." While the previous lifetime job guarantee system has weakened and a previously unknown level of unemployment emerged, the corporatist model remained relatively intact. Several Asian countries developed rapidly in the 1980s-90s with a state-directed development model, including South Korea, Indonesia, Malaysia, Taiwan, and Singapore.

Perhaps the most important exception to the neoliberal trend has been China, which in 1978 started its break with state socialism through a gradual replacement of central planning and state property by market forces and private enterprise, along with an opening to the world capitalist market. However, contrary to the neoliberal model, in China the state retained control over the development process, through such means as activist macro policy aimed at rapid growth, a high rate of public investment in infrastructure, state ownership of the major banks, a well-defined industrial policy, and state regulation of trade and capital movements. The main features of neoliberalism introduced in China have been the dismantling of social welfare programs and state-funded education and the privatization of most, although not all, state enterprises.
The uneven spread of neoliberal domestic institutions, which is explained by differing particular histories in each country, is an important feature of the global neoliberal SSA. This variation even has certain benefits for profit-making and capital accumulation under this SSA. The global organization of production, which characterizes global neoliberalism, benefits from local differences so that different phases of capital accumulation and different stages of production can be apportioned to the most profitable locations. Head offices and research and design facilities can be located in countries whose social democratic institutions provide a suitable environment for them, while moderately labor-intensive production can take place in the wide-open economies of Eastern Europe with their educated yet relatively cheap labor. The most labor-intensive production can be shifted to China, where wages are very low while the regulatory state keeps order and builds the necessary infrastructure. In addition, China's state guided development brings very rapid growth, which helps fuel global growth while supplying cheap consumer goods and much-needed financing for US capitalism.

It appears that the relation between the global and national aspects is different in the contemporary SSA compared to the previous era. The postwar state-regulated SSAs can be thought of as a series of national state-regulated SSAs which were linked internationally by an appropriate set of international institutions, such as the Bretton Woods system and a particular form of US hegemony. By contrast, the global neoliberal SSA exists in its most pure form at the transnational level, where neoliberal principles became fully dominant in such institutions as the WTO, IMF, and World Bank. Global neoliberalism is a transnational structure with local structures nested within it, with variation in the extent to which local structures conform to the neoliberal model.

This global neoliberal SSA appears to have entered its crisis phase in 2007-8. The dynamics of this crisis have already generated a substantial literature which cannot be

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20 When the World Bank's chief economist, the renowned Joseph Stiglitz, began to criticize some aspects of neoliberalism in the late 1990s, he was unceremoniously fired from his post.
developed here. The SSA theory cannot predict the course that economic restructuring will take. However, the SSA theory does suggest that sustaining the global neoliberal SSA is not a viable option and that, in the years ahead, out of the struggles of various classes and groups will emerge a new path for the global system. Whether that will be a new form of capitalist-dominated SSA, or a new compromise between capital and popular constituencies -- or even the end of the capitalist era -- cannot yet be determined.

BIBLIOGRAPHY


Within a Marxian framework accumulation is not simply the accumulation of physical capital but the extension of capitalist social relations involving the extension of wage relations. Nevertheless the term is often used synonymously with reinvestment and growth.

For a useful collection of articles explaining, reviewing and applying the SSA approach see McDonough et al (2010).

The distinction between the core institutions which inaugurate an SSA and those institutions which may be put into place later as accumulation proceeds is developed in Kotz (1994b).

For another comparison from the same time period see O’Hara (1994).