

## Variegated Capitalism in the Shadow of Neoliberalism

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### Outline

- Capitalism, what capitalism?
- World system theory
- Varieties of capitalism
- Marx on the CMP
- Variegated capitalism
- VoC versus VarCap
- VarCap in the shadow of neoliberalism
- (In)compossibility?
- Conclusions

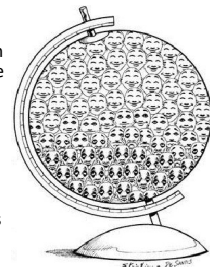


### Capitalism, what capitalism?

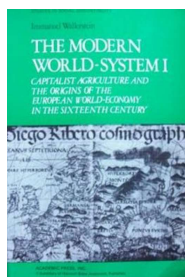
- All concepts in which an entire process is semiotically concentrated defy definition; only something which has no history can be defined (Nietzsche, *GM*, 1994: 53).
- Apocryphal question to Marx: why doesn't *Capital* define capitalism? Apocryphal answer: only the whole book can provide a definition (NB: he wrote on *CMP*, not capitalism)
- Weber sees modern *capitalist spirit* as based on a formally rational instrumental orientation to gain for sake of gain, mediated via commodity, money, rational enterprise, etc.
- Schumpeter sees *capitalism* as a profit-oriented, market-mediated, competitive system prone to cycles and long waves and characterized by creative destruction

### Wallerstein on Modern World System

- Single logic of capital based on economic *and* military competition among capitalist powers to capture surplus, *however generated*
- Exploitation occurs at the world scale — based on division of world into centre, semi-periphery and periphery
- Mobility in world system is shaped by competitive logic of system plus players' strategies



### Wallerstein on World Systems



Wallerstein, *The Modern World System* (3 vols)

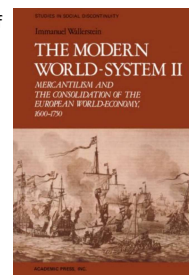
a world system is a social system, with boundaries, structures, member groups, rules of legitimation, and coherence

Wallerstein proposes

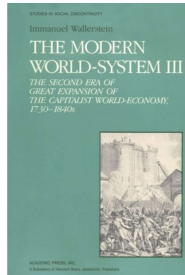
- World system is a single capitalist system, with
- three structural parts, and
- is a dynamic, changing system

### A Single Capitalist System

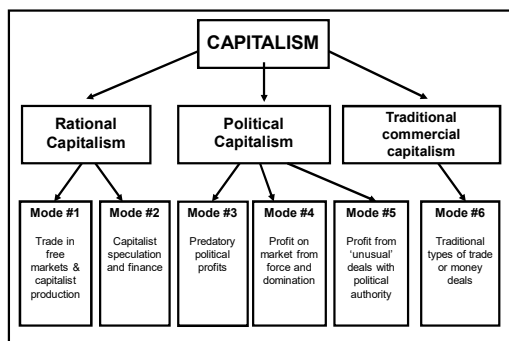
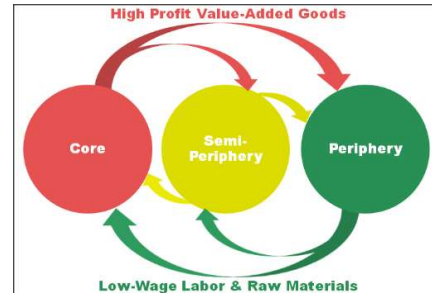
- WS has a territorial division of labour in which areas and sectors exchange goods and services
- Crucial system since 16C is a capitalist *world* system with surplus extraction based on trade (unequal exchange)
- Peripheral countries are not exploited by single countries but by whole profit-oriented capitalist system



### Three Structural Parts



- A core with strong state; it competes economically and militarily, extracts surplus, reducing domestic tensions
- A developed semi-periphery of core regions in decline and/or peripheries in ascent
- Periphery exploited via raw materials and cheap labour, leading to local political and ethnic conflicts
- These positions always exist but occupants can change



Weber's Typology of Capitalism (Based on Swedberg 1998)

### Weber versus VoC Literature

- Weber distinguishes six types of capitalism
- Recent studies of varieties of capitalism (see below) study variation in the sub-types of 'rational capitalism':
  - trade in free markets and capitalist production
  - capitalist speculation and finance
- So these studies ignore Weber's three sub-types of political capitalism + traditional commercial capitalism
  - former have key role in global economy
  - commercial capitalism is also significant
- Yet world market involves all six forms of capitalism

### Varieties of Capitalism (VoC)



- Pluralistic logic based on two or more varieties of capitalism, each with its own dynamic
- Path-dependent ensembles of institutional complementarities that efficiently solve critical coordination problems of capitalist production
- Global dynamic reflects institutional competition plus profit-oriented, market-mediated competition among VoC

### Some Limits to VoC Analysis - I

- Historical institutionalism in VoC helps distinguish stages of capitalism and also facilitates comparative research
- Analysis of institutional complementarities and micro-foundations helps explain relative stability of some VoCs
- Institutional analyses ignore capitalism's *generic* features and the abstract potential for crisis in its incompressible contradictions. Limits capacity to explain impermanence of any spatio-temporal fix, whether linked to VoC or not
- Mid-range analyses also neglect *self-organizing dynamic* of profit-oriented, market-mediated capitalism and its ecological dominance, promoting completion of world market and helping to realize all of its contradictions

### Some Limits to VoC Analysis - II

- VoC approach evolved during “great moderation” (benign conditions in most advanced capitalist economies): so crisis, stagnation, inflation were off VoC research horizon
- But great moderation can be seen as first stage in Minsky super-cycle (financial tranquillity, fragility, vulnerability), with so-called “global financial crisis” as its culmination
- VoC work views private and public banks chiefly as *intermediaries* in allocating capital to profitable non-financial activities, sees financial innovation in this light
- Hence ill-equipped to study autonomization of financial capital and its diverse effects on firms’ performance

### Some Limits to VoC Analysis - III

- As a crisis surfacing in USA evolved (via endogenous causation and contagion), we can ask if this is less a crisis of one *variety of capitalism* than one based in, or due to, its *commonalities*?
- Perhaps Marx could be introduced here:  
The most developed mode of existence of the integration of abstract labour with the value form is the world market, where production is posited as a totality together with all its moments, but within which, at the same time, all contradictions come into play (*Grundrisse*: 227)
- Does this mean convergence around a common mode, type, or variety of capitalism? Or does growing integration of world market intensify contradictions and crisis-tendencies specific to each variety in overall logic of capital as a social relation?

### WS Approaches to Capitalism

- AG Frank and Wallerstein study rise of modern world system based on expansion of traditional commercial/mercantile capitalism from Europe
- Arrighi studies successive hegemonies based on territorial expansion (political capitalism) or capital flows (commercial/rational capitalism) and is aware of financialization and its crisis-tendencies
- All three highlight world system logic but Arrighi views this logic more dialectically and is more concerned with multiple aspects of hegemony

### A Marxist View of “Capitalism”

- **Wealth** appears as immense accumulation of **commodities**
- **Commodity form** generalized to **labour-power** (which is a fictitious commodity but treated *as if* it were a commodity)
- Duality of labour-power as **concrete labour** and **labour time**
- A political economy of **time** (note especially the constant rebasing of *abstract time* → treadmill effects)
- Key role of **money** as social relation in mediating **profit-oriented, market-mediated** accumulation process
- Essential role of **competition** in dynamic of capitalism
- Market mechanism **cannot** secure all conditions of capitalist reproduction (even ignoring labour process)

Some Foundational Contradictions		
Basic Form	Value Aspect	Material Aspect
Commodity	Exchange-value	Use-value
Labour-power	a) abstract labour as substitutable factor of production b) sole source of surplus value	a) generic and concrete skills, different forms of knowledge b) source of craft pride
Wage	a) monetary cost of production b) means of securing supply of useful labour for given time	a) source of effective demand b) means to satisfy wants in a cash-based society
Money	a) interest bearing capital, private credit b) international currency c) ultimate expression of capital in general	a) measure of value, store of value, means of exchange b) national money, legal tender c) general form of power in the wider society
Derivatives	Pure value in motion Arbitrage	Hedging

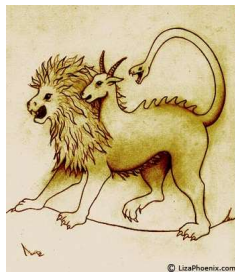
Some Foundational Contradictions - II		
	Value Aspect	Material Aspect
Productive Capital	a) Abstract value in motion as necessary moment in the self-expansion of capital b) source of profits of enterprise	a) stock of specific assets to be valorized in specific time and place under specific conditions b) concrete entrepreneurial and managerial skills
Land	a) Transformed natural resources b) Alienated and alienable property, source of rents	a) Freely available and uncultivated resources b) 'Free gift of nature' that is [currently] unalienable
Knowledge	a) Intellectual Property b) Monetized Risk	a) Intellectual Commons b) Uncertainty
State	Ideal Collective Capitalist	Factor of Social Cohesion
State Bond	Interest-bearing (fictitious) capital	Means of reproducing state and its activities

Form	Focus of VoC	Neglected in VoC
Commodity	Asset specificity of use-value and price formation of particular commodities	Exchange-value, price formation in relation to OCC and average profit rate
Wage relation	Individual and social wage; pay design; industrial relations; role of supervisors and managers in technical efficiency	Determinants of real pay, labour power as fictitious commodity, surplus value, management as powers of capital
Labour Power	Skill and skill formation; vocational training; education; human capital	Abstract labour; value theory of labour; socially necessary labour time
Firm	Core competencies and assets, nexus of contracts, firm size & market power; clusters, networks, value chains, etc.	Capitalist enterprise and node in circuit of capital; market dominance and monopoly profit; place in world market;
Capital	Assets to be valorized in given time-place, profits available to invest	Capital in general available to allocate to any (un)productive purposes
Knowledge	Human capital, R&D, tech transfer, incremental or radical innovation	Abstract labour; general intellect; IPR as fictitious commodity
State	Efficient solution to coordination problems; focus of stakeholder pressure to enhance competitiveness	Separation of market and state is problem for accumulation, ditto, single world market vs plurality of states

Varieties vs Variegation	
Varieties of capitalism	Variegated Capitalism
Distinct local, regional, national models seen as rivals on same scale or terrain for same stakes	Possible complementarities (or not) in wider division of labour in a global but variegated capitalism
Describe the forms of <i>internal</i> coherence of distinct VoCs on false assumption that they exist in relative mutual isolation	Zones of relative stability depend on instability in or beyond national spaces in a complex, unstable world system
Study temporal rhythms and horizons of VoC as internal, specific, short- or medium-term, ignoring their relation to the long-term global dynamic of capital	Analyse how each VoC is shaped by (and shapes) the dynamic of other VoCs within the context of long waves of capital accumulation and uneven development
All varieties are equal and, if one is more "productive" or "progressive", it could and should be copied, exported, or even imposed elsewhere	Some varieties are more equal than others (currently neo-liberalism is dominant). Not all economic spaces can adopt the dominant model.

### Variegated Capitalism

Neither world system nor VoC but 'variegated capitalism' – incomplete, provisional, and unstable, economic order based on the co-existence, structural coupling, asymmetrical conditioning, and co-evolution of different, but dynamically *compossible*, accumulation regimes and modes of regulation seen in terms of time-place and spatial flows



### ... with some more equal than others



This does not entail a singular logic operating with a unique, unilinear directionality at the level of the world market

Explore it as global variegated capitalism co-evolving in the shadow of greater structuring influence of one VoC with its distinctive logic

Can also be applied to other scales, e.g., triads, continents, macro-regions, national, metropolitan (fractal VarCap)

### Variegated Capitalism in World Market

- Break with pre-given logic of world system and study its more open-ended logic, which changes as modes of integration of world system change
- Break with the parsimony of Hall/Soskice approach and consider other varieties plus their interaction with other (sub-)types of capitalism and the mutual, often asymmetrical, constraints that this imposes on each
- One way to do this is via analysis of variegated capitalism in emergent, changing world market that may exist in shadow of a dominant "variety"

### Global Shadow of Neo-Liberalism

Shadow results from relative predominance of finance-led accumulation in neo-liberal economies, from 'ecological dominance' of such economies in world market, from general place of finance in global circuits, from rolling out of specific forms of competition law based on neo-liberal view of market, and from other factors



- Shadow cast by neo-liberal market coordination is due to
  - relative predominance of finance-dominated accumulation in neo-liberal economies in world market and to place of financial capital more generally in global circuits of capital
  - growing separation of financial from productive capital due to pursuit of neo-liberalism on a global scale
- Dominance of financial capital reflects hypertrophy of factors favouring primacy of exchange- over use-value
- Financial capital cannot escape constraints imposed by continued primacy of production in the overall circuit of capital (to believe otherwise leads to financial fetishism)

## A detailed drawing of a Chimera, a mythical creature. It has the head of a lion, the torso of a goat, and the tail of a serpent. The creature is shown in a dynamic pose, with its mouth open as if roaring or breathing fire. The drawing is done in a sketchy, hand-drawn style with brown and black tones.

Shadow in EU results from relative weight of export-led accumulation in the “Modell Deutschland”, from ‘ecological dominance’ of German economic *Grossraum* in European Economic Space (EES), notably Eurozone, from institutional flaws in design of Euro (cf. original sins of Bretton Woods), and from Germany’s hegemonic position in EU and wider EES

- Virtuous circle of economic (growth, competitiveness), social (social integration, low unemployment), and political (crisis management) factors
- Facilitated by export-oriented, neo-mercantilist German growth model, i.e., its insertion into European and world markets, based on specialization in high quality diversified production, capital goods, and, especially, capital goods for producing capital goods
- Related to hierarchy and core-periphery relations in international division of labour

- Compossibility and impossibility are key principles in **natural theology** and critical realism alike:  
**Not everything that is possible is compossible**
- Compossibility: different (sets of) social relations do or could co-exist for a time in the same spatio-temporal matrix
- Impossibility: (sets of) social relations that may exist independently of each other in *different* spatio-temporal matrices (based on theoretical first principles and/or on empirical observation) cannot co-exist in the *same* matrix
- Both concepts must be studied relationally and over time: allow for super- and subordination, complementarities, zones of indifference, compensating cycles within larger periods.....

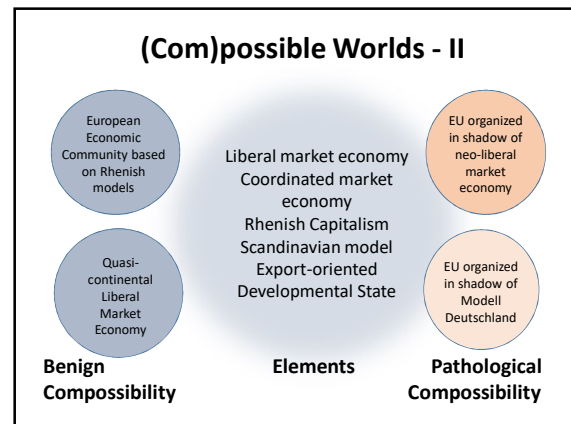
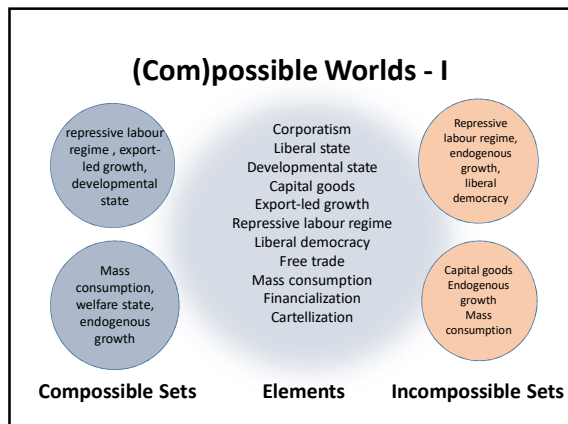
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graph TD
    IE[Impossible as Element] --> IM[Impossible as set member]
    IE --> CM[Compossible as set member]
    PE[Possible as Element] --> CM
    PE --> IM2[Impossible as set member]
    CM --> BN[Benign/Neutral Possibility sustainable]
    CM --> P[Pathological Possibility unsustainable]
    P -.-> LI[Latent Impossibility]
    LI --> Starburst[Starburst Icon]

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- *Not everything that is possible is compossible*
- A set of elements that are individually possible viewed *in isolation* and can be combined in a single possible world in a given spatio-temporal matrix are compossible in this regard (e.g., actually co-existing, relatively durable VoCs)
- A set of such elements that can't be combined in a single possible world in a given spatio-temporal matrix are *impossible* in this regard (empty cells in VoC grid)
- Some compossible sets comprise mainly complementary elements and are stable/adaptive; others include major contradictory elements that are destabilizing in long run





### What about China as Number 2?

- Ecological dominance involves asymmetric interdependence with negative and positive effects.
- Catastrophic symbiosis of US and PRC economies: US over-consumption, Chinese overproduction.
- Cheap labour and cheap currency were *initial* basis of Chinese export-led growth; moving from catch-up to innovation-led growth.
- China's trade-investment regime and inter-regional competition leads TNCs to over-invest in China relative to local/global absorption capacity



### Chimerica

- Largest economic space (for some) in the world economy is **Chimerica**, i.e., the structurally coupled, co-evolving interdependence between neo-liberal US economy and competition-led multi-spatial state corporatism of PRC
- Some have seen this as mutually beneficial benign but it could also be seen as site of pathological codependence
- An interesting question is how long this relation can be sustained before it becomes impossible
- Similar analyses are possible for other international or transnational relations (e.g., Chindia, Eurozone, Canada-USA-Mexico, North East Asian regional integration)

### Conclusions - I



- Structural coupling and contingent co-evolution of VoCs in VarCap does not entail a singular logic with unique directionality at the global level – it excludes it!
- Explore VarCap as a global ecology evolving in the shadow of one (or more) dominant 'VoC' with a distinctive logic
- Can also be applied fractally to sub-global spaces (e.g., North Atlantic, East Asia, EU) but note world market as wider context

## Conclusions - II

- Explore obstacles to the full integration of the world market
- Obstacles include persistence of national varieties of capitalism
- The more integrated the world market, the less sense it makes to study VoC apart from this integration
- The more integrated the world market, the more the contradictions of capital relation become generalized, the more intense is the crisis, and the harder it gets to overcome them



## Appendix

- “Kapitalismus” appears once in German edition of *Capital* and once in *Theorien der Mehrwert*
- Otherwise Marx writes about capitalist, capitalistic system and capitalist mode of production (these occur 2600 times in *Capital I-III*)
- Source (for monopoly Mr Moneybags):
  - <https://www.aliexpress.com/item/2016-Alec-Monopoly-Art-Wall-Pictures-For-Living-Room-Home-Decoration-Arts-Poster-Print-On-Canvas/32571692071.html?spm=2114.40010308.4.1.UChE2e>
- Question: what is a chimera and why is it appropriate as a visual metaphor for variegated capitalism?