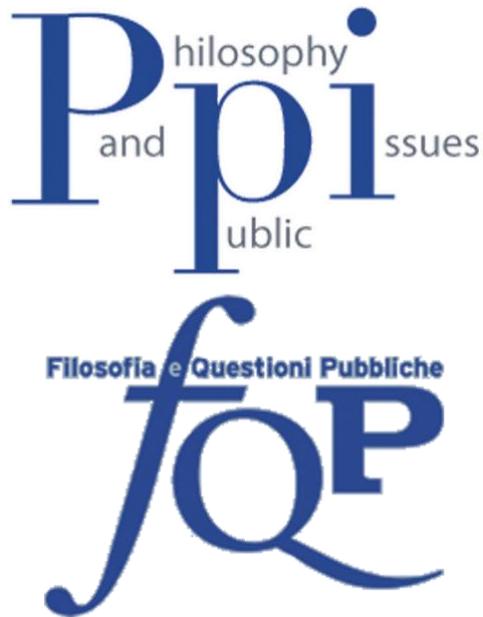


SYMPOSIUM
CAPITALISM AND CRITICAL THEORY



IS “STATE-MANAGED CAPITALISM” ONLY A
PHASE IN A SUCCESSION OF “REGIMES OF
ACCUMULATION”?

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Is “State-Managed Capitalism” only a Phase in a Succession of “Regimes of Accumulation”?

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I

Interest in capitalism is really surging

The book *Capitalism. A Conversation in Critical Theory* by Nancy Fraser and Rahel Jaeggi is a very positive sign of the fact that the interest in capitalism is now really surging. With this book, Nancy Fraser and Rahel Jaeggi indicate that the moment has arrived to reconsider capitalism itself. I agree Fraser and Jaeggi on two general aspects of their reflection: 1) social analysis should contain some transformative and emancipatory aims, meaning that we must not lose sight of the normative basis of practices like the economy, and, at the same time, we have to depart from the account of superstructure determined by production; and 2) we must not accept the view of capitalism as a simple economic system. Fraser redefines capitalism as “institutionalized social order”, criticizing orthodox Marxism (based on deterministic mono-casual explanation: production and technology). Following these same

lines, we can learn something from Lukács, who identified capitalism with “a grammar of life” based on the commodity form, and the alienation theorists. But Fraser is right: she wants to replace Lukács’ view (based on a uniformly reified model of ethical life) with a more differentiated model.

But what is capitalism? For Fraser (and Jaeggi) capitalism is: a) private ownership of the means of production; b) the institution of a free labor market; c) orientation toward the expansion of capital (as opposed to consumption) and toward making profit instead of satisfying needs; d) the centrality of markets.

Because the relation between capitalism and markets is very complicated, Fraser distinguishes between the use of markets for distribution and their use for allocation. This is very important for discriminating the nature of productive investments and the market allocation of productive inputs and social norms. Insisting on the centrality of markets runs the risk of orienting the relations to the world in terms of instrumental (as opposed to intrinsic) values. This is dangerous: “there is no other kind of society in which it is left up to market forces to decide questions about how people want to live” (Fraser-Jaeggi 2018, 25).

II

Regimes of accumulation and the symbolic sphere

For Fraser, the history of capitalism is a sequence of regimes of accumulation: mercantile or commercial capitalism; so-called “liberal” (competitive) capitalism; State-managed (or social-democratic) capitalism; financialized capitalism. While for orthodox Marxism there is only one dynamic (which stems from the development of forces of production), the dynamic is plural. As feminist thought teaches, the dynamic involves many variables included in the “symbolic” sphere and the “spiritual” dimension. This point is crucial: in two of my books I claim that the destructive

implications of the neoliberal model are more serious than is normally thought, because it has affected not only economic processes, but, permeated as it is by emphasis on *Homo oeconomicus* and the self-regulation of the markets, it has had a profound influence on subjectivities, anthropology, desires and imagination, spreading an irresponsibility, ethical and otherwise, that comes with the pre-analytical belief in its assumptions.

In the evolution of capitalism, Fraser reconstructs specific ways in which States are related: the relation between production and reproduction, the relation between non-human nature and human societies. These relations are aimed at controlling tensions, because some tensions are inherent in any capitalist society. These tensions constitute “crisis tendencies”: a) classical crisis tendencies concern falling profit rates, boom-bust cycles, mass unemployment, the moving of capital from production to finance; b) but there are also tensions between economic production and social reproduction, between economy and polity, between society and nature. The tensions that I would define “quasi-Polanyian”, as opposed to Marxian, are to my mind very important; these arise at the boundaries, dividing market activities from non-market activities and the economy from its non-economic conditions of possibility. Jaeggi criticizes Polanyi for his concept of “embedness,” which assumes that there is a stable “bed” (society), upon which alone can this bad economic dynamic arise. But the “quasi-Polanyian” tensions can help us to clarify the “centrality of market.”

We have to remember the following elements: the relations between capitalism and market are very complicated; we have to discriminate between the use of markets for distribution and the use for allocation, and this drives us to give great importance to the role of public institutions (like welfare states, public planning and so on); it is very dangerous when the market is the only master of allocation, both of production (material and immaterial) inputs and social norms.

III

State-managed capitalism

There is a crucial point here demanding of further reflection. For example, I don't think that State-managed capitalism is merely a phase in a succession of "regimes of accumulation". It seems to me much more than this, because it contains the very breaking apart of capitalism. If we don't recognize this break, we risk making two (connected) mistakes. 1) The first mistake is to undervalue the extraordinary results of the Keynesian compromise of the first decades of the Second World War. We have to see the limits of the Keynesian compromise and the welfare state: in particular, family wages institutionalized the dependency of women and heteronormativity. State-managed capitalism was not a "golden age". But we mustn't remain under the influence of Foucault. The critique of the disciplinary society, the administrative power, the normalizing tendencies of the welfare state strengthened the tendency to cast the public power and the public institutions in a negative light. 2) The second mistake is to undervalue the entity and the nature of the planned effort to reverse the Keynesian compromise (for example that exerted by the Virginia School of public choice directed by James Buchanan) and to impose "financialized capitalism". In this double process of undervaluation, we can too literally assume Boltanski and Cappelletto's analysis, which ascribes to capitalism a hyper-rational ability to "capture" the revolt movements through seduction and rhetoric. We mustn't forget that the new liberalism was a political operation connecting politics and policies, composed by processes and policies: financialization, commodification, denormalization, privatization – all "moral catastrophes" in the words of Tony Judt.

IV

New liberalism under scrutiny

It is the new liberalism that we have to view as a specific phase in the history of capitalism. Consider the present debate on recurrent tendencies to secular stagnation. The term was coined in 1938 by Alvin Hansen, who argued that the depression of the thirties was not so much a severe cyclical crisis as a symptom of the exhaustion of a long-term dynamic. Hansen claimed that “secular stagnation” was simply another way of describing the equilibrium of underemployment identified by Keynes. From this interpretation Hansen concluded that counter-cyclical public spending was not enough to stabilize employment, but that large collective projects were necessary, like the electrification of rural areas, the redevelopment of run-down areas, and the conservation and protection of natural resources, so as to identify new investment opportunities and to bring back dynamism to the economic system.

Hansen’s theories and concerns were belied by the great development of the “thirty glorious years” following the end of the Second World War, including the extraordinary baby boom, and continued to be cultivated exclusively by Marxists like Paul Sweezy. But some economists, such as Paolo Sylos Labini, had been trying, ever since the years immediately following the war, to get beyond the weaknesses in Hansen’s account, shifting the focus from the decline in the inclination to consume, to the slowdown in investment caused by the behavior of the great oligopolistic companies. And, rather than echoing the concern for what, already in the mid 1970s, seemed like capitalism’s structural reluctance to invest, appeared in the Meidner Plan of Swedish social-democracy. Finally, many of Hansen’s analyses have become newly topical since the faltering economic recovery and the long stagnation and repeated recessions, following the global crisis of 2007/2008. “This is the essence,” claims Hansen, “of “secular stagnation”: sick

recoveries which die in their infancy and depressions which feed on themselves and leave a hard and seemingly immovable core of unemployment.”

The tendencies to stagnation and the origins of the crisis should be traced further back in time, as they are the basis of finance capitalism, which has introduced a stimulation of demand through asset-bubbles that can obscure underlying stagnation. In analyzing an economy that cannibalizes itself through the unequal distribution of income and debt, and thus needs large speculative bubbles to grow, which are logically followed by stagnation unless the paradigm is overturned, Thomas Palley claims there is a profound analytic difference between his approach and that of more classically Marxist writers. They see stagnation as inherent in capitalism, while Palley regards it as the product of neoliberal economic policy, which should be specifically addressed, and also overturned by restoring a Keynesian structural framework, recommending the restoration of mechanisms for generating income and demand through policies that include the reinforcement of trade-union bargaining power, the reform of globalization, and the control of corporations and the financial markets.

V

New liberalism and “secular stagnation”

Larry Summers and Paul Krugman, too, start from the worried observation that the “endless” crisis means that employment as a percentage of the population of working age is not increasing, while the gap between real and potential output is; they identify the causes of this in a permanent weakness of demand expressed by the global economy, which is marked by extremely low levels of inflation. Secular stagnation today doesn’t mean no growth, but “an ordinary growth achieved through extraordinary policies and

special financial conditions”, which in turn lays the foundations for new crises, encouraging unhealthy indebtedness (unconventional monetary policies also create paradoxical new increases in debt, which may reinforce vulnerability to financial and economic instability), abnormal risks, and the formation of bubbles.

Summers actually invokes the need for a ‘politicization’ of investment, openly echoing the “socialization of investment” that Keynes and Minsky spoke of. The point is that this reproduces conditions strikingly similar to those studied by those two economists: the destruction of net financial assets and illiquidity hurt all operators, investments collapse but profits remain unchanged, and there is a reduction in income and mass unemployment when financial turbulence is transmitted to the real economy combined with debt deflation. To prevent destabilizing forces from gaining the upper hand, Keynes and Minsky theorized that the intrinsic instability of capitalism entails, not just new regulations, but the need for large-scale public fiscal stimulus, that direct intervention of the state that neoliberals are the first to demand when it is a question of saving the banks and financial operators, while they are otherwise satisfied with cuts and privatizations.

And so, the difficulties of the “endless” crisis and tendencies toward “secular stagnation” combine to force us to raise basic questions about capitalism as such – in particular about the problematic nature of its fundamental motor force of development, the investment process. Here we return to the relevance of Hansen’s warning: his thesis may have been belied by the exceptional development of the “thirty glorious years” following the Second World War, but it nevertheless contained some prophetic elements. There was something in Hansen’s concerns that is proving very fertile today: namely, his research underlying the analysis of “secular stagnation”, research into the deep reasons for the underemployment equilibrium identified by

Keynes. Once again, just as in the thirties, we are forced to recognize the urgency of a “radical reform of capitalism” – a recognition which is encouraged all the more by a collective Italian work significantly entitled *Riforma del capitalismo e democrazia economica* (*Reform of Capitalism and Economic Democracy*). This “reform of capitalism” would be just as exacting as that required in the 1930s, an exceptional reforming response to the devastating legacy of the “great crisis” of 1929 and the totalitarian governments that established themselves in the heart of Europe. On that occasion there was an extraordinary input of daring and original thinking, thanks to Keynes and the reforms that were put into effect on both sides of the Atlantic: over here, Swedish social-democracy, inspired by the Myrdals, and the English Labour Movement, influenced by Beveridge; over there, Roosevelt’s New Deal.

VI

The spirit of Roosevelt’s New Deal and “full and good employment” today

From this perspective, we can rediscover the meaning of extraordinary goals like “full and good employment,” abandoned by governments around the world, even those of center left. Toward this end, we have to enlarge our vision of the role of “public sphere” and public institutions, taking into account also the hypotheses of “State as employer of last resort” and creation of activities outside the market. It is worthwhile to note the significance of the flourishing of initiatives around the world (including USA) regarding “guaranteed work” in which the guarantee of the universal right to work is interpreted as a contemporary version of the Keynesian objective of “full and good employment.” A value and goal that for too long was held to be obsolete, “full and good employment” has finally been adopted with an admirable analytical energy and political determination,

anticipated by the Italian CGIL when it launched its Work Plan in 2013. In turn, the goal of full employment is rooted in an urgency to concentrate every effort on the revival of public and private investments, enlivened by a renewed effort of major planning for a new model of development which places at its heart questions about “for what, for whom and how to produce.” To this indissoluble group of values and objectives we have to link the reaffirmation of the democratic legitimacy of progressive taxation and liberation from a subordination to the neoliberal dogma of the “extreme reduction of taxes always and in every case,” proposing, instead, a steep increase in higher rates for the wealthiest and more incisive taxation on businesses and assets. Among other things, bringing the center of gravity back to employment and work – opposing the inevitability of the jobless society which is intrinsic to the spontaneous functioning of capitalism (the fallacious argument many people use to support “citizen income”) – also raises the possibility of dealing with questions of inequality, not simply as a problem of redistribution, through a new inconclusive rhetoric, but also as a problem primarily concerning the productive sphere, the allocation, the structures in which the various development models are articulated.

The profound transformations of these years push every country towards a development model that is less export-led and more centered on domestic demand, which if it is to be nourished requires mission-oriented intervention by the public operator, powerful industrial and territorial policies, and vigorous initiatives in innovation and research. We have to reject the rhetoric of the naturalness and neutrality of technological phenomena and to reaffirm the possibility of what Tony Atkinson called a public and collective direction of innovation. In Europe, the end of quantitative easing accentuates the gap between the desired volume of work and that made available by businesses. Moreover, we see the emergence of dramatic problems, such as those of the

environment, and of huge unsatisfied social needs (which typically shape domestic demand), all things that the market alone cannot resolve, ease or deal with. The breakdown of environmental equilibrium is taking place at an unprecedented rate, while in housing, nutrition, mobility, leisure, culture, education, training and health, citizens' needs remain unmet, and in the wider country (from large metropolitan areas to small and medium cities to rural and peripheral areas) the quality of life is declining. All these sectors and areas require an exceptional mobilization of energies.

The commitment to “guaranteed work” reminds us that the spirit of Roosevelt's New Deal, which is often completely misunderstood, lay in extraordinary collective projects (such as the electrification of rural areas, the redevelopment of neighborhoods in decline, the creation of large parks, the conservation and protection of natural resources) with the aim of creating extensive employment and for all categories (even for artists and theater actors) through the Job Corps. It is a gap similar to today's where we should turn away from the solution provided by a sick model of development – based on the drug of financial and real estate “bubbles,” of an exponential increase in the value of assets and of private speculative debt – and toward a new model of development, oriented towards the green revolution, urban regeneration and the redevelopment of territories, cultural assets, education and universities, human and civil well-being.

VII

Thought and emotional energy as strategic resources

To venture into this gap, intellectual arguments about the nexus between capitalism and democracy must be combined with ethical ones: then the entire political context might change profoundly and rapidly. Thought and emotional and moral energy are confirmed as strategic resources, in order to overcome the poisoned legacy of

neoliberalism, the contemporary lack of interest in politics, populism, personality- and leader-cults as wild and divisive forces, the reshaping of intermediate bodies such as trade unions, the emptying of political parties as educational structures and places of mediation and representation, the domination of image and communication at the expense of thought and deliberation, the fading of the values of principles and of normative fabrics of universal application. We have to face the irrepressible re-emergence of the “emotional” as a constitutive trait of the present, an emotional way similar to that which Ernst Bloch described in the thirties of the past century, to deal with what should first be redefined as a territory that is primarily ethical and cognitive, within which we can reconstruct individual subjects, meaning and concrete answers.

The taking up of the institutional relations between capitalism and democracy as an unfinished constitutional process can inspire us. It could be given a dual meaning of breadth and strength: constitution in the classical sense, i.e. constitutional charter, and constitution in the broad sense, i.e. values and normative structures. In modern Constitutions, in fact, there is always a condensation of learning, both cognitive and normative, of extraordinary importance, which Walter Benjamin summed up in what he saw as the “tender task” of overcoming the outrage with which violence destroys the law. The revolutionary achievements – which are lessons along the road of human emancipation, therefore exceptional in terms of humanism – could not be attained without the values and regulations developed by the Constitutions. The values, duties and rights dealt with by the Constitutions have, by definition, a superabundant normative content. Today as well, the constitutional formulations – especially the constitutional formulation behind the unification of Europe – appear largely indeterminate and therefore open to interpretations and normative concretizations that might be diametrically opposed

to each other. There are plenty of gaps through which values subversive to the given order can be channelled: having/not having, right/wrong, true/false, equal/unequal, free/not free. And it can channel an intense spirit of planning that involves environmental redevelopment, the criticism of the neutrality of science, the reinvention and generation of employment, the extension of economic democracy. Western universalism arose from the revolutionary paradigm and from the history of Europe, which conceived of itself as a permanent ‘revolution.’ Kant was recognized as the philosopher of the French Revolution because he hailed its achievements as a “historical symbol” of a normative path that sought to be irreversible, the keys of which are universality, *individualization, emancipation, equality and inclusion.*

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