

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

Matt Vidal

Loughborough University London

Diego Polanco

UMass Amherst

International Labour Process Conference

24 April 2025 | Santiago de Chile

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

1. Capitalism is characterized by inherent tendencies toward stagnation and crisis (Marx, *Capital* Vol 3)
 - Rate of profit to decline
 - Lack of effective demand (underconsumption)
 - Overproduction
 - Financialisation
2. Global capitalism is characterised by uneven development in a world market structured by interstate rivalry
 - With a multi-level articulation of institutional forms of regulation (Jessop 2014; Peck & Theodore 2007)

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

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

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

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

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

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

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

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

Analytical approach

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

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

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

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

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

Core working hypothesis

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

References

- Alami I, Alves C, Bonizzi B, et al. (2023) International financial subordination: a critical research agenda. *Review of International Political Economy* 30: 1360-1386.
- Carrillo-Maldonado P and Nikiforos M. (2024) Estimating a time-varying distribution-led regime. *Structural Change and Economic Dynamics* 68: 163-176.
- Jessop B. (2014) Variegated Capitalism, das Modell Deutschland, and the Eurozone Crisis. *Journal of Contemporary European Studies* 22: 248-260.
- Kvangraven IH. (2021) Beyond the stereotype: Restating the relevance of the dependency research programme. *Development and change* 52: 76-112.
- Nikiforos M. (2016) Distribution-led growth in the long run. *Review of Keynesian Economics* 4: 391-408.

References

Marx K. ([1894] 1981) *Capital, Vol. 3*, London: Penguin.

Peck J and Theodore N. (2007) Variegated Capitalism. *Progress in Human Geography* 31: 731-772.

Vernengo M. (2006) Technology, finance, and dependency: Latin American radical political economy in retrospect. *Review of Radical Political Economics* 38: 551-568.

Vidal M. (2019) Geriatric Capitalism: Stagnation and Crisis in Western Capitalism. In: Vidal M, Smith T, Prew P, et al. (eds) *The Oxford Handbook of Karl Marx*. New York: Oxford University Press, 581-606.

Weisskopf TE. (1979) Marxian crisis theory and the rate of profit in the postwar U.S. economy. *Cambridge Journal of Economics* 3: 341-378.

Wolff EN. (2003) What's behind the rise in profitability in the US in the 1980s and 1990s? *Cambridge Journal of Economics* 27: 479-499.