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'Social Structures of Accumulation, Regulation Approach and stages theory'

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Abstract

The similarities between the Social Structures of Accumulation perspective and the Regulation Theory are well known and established in the relevant literature. However, most of the comparisons focus on the founding texts of both approaches. During recent years there appear to be significant developments in both these two theories. This paper studies these developments. In particular, it focuses on the issue of periodisation of capitalism and how both the founding texts and recent developments perform in this field. Particular emphasis is given on the evolution of capitalist economies in the last twenty years and the ability of the aforementioned theories to grasp them.

I. Introduction

The Regulation Approach (RA) and the Social Structures of Accumulation (SSA) theory appeared in the 1980s as ambitious attempts to advance Marxist and Radical Political Economy. Their main common argument was that abstract theory is not sufficient and needs to be complemented with an intermediate level of analysis (e.g. Gordon, Edwards & Reich (1994, p.13)). They argued that the general analysis of capitalist accumulation is not sufficient to explain the concrete evolution of capitalism. Thus, it has to be escorted by a less abstract analysis of more historically contingent structures and processes.

This argumentation can hardly be rejected. It is obvious, at least from a Marxist point of view, that abstract theory provides the basis of the analysis but does not fulfill the whole task of explanation. In a nutshell, for Marx theoretical analysis should begin from the more abstract (and simpler) dimension, which establishes the *essence* (the basic sine qua non elements) of the subject at hand. Then it should move through a series of intermediate levels to lower levels of abstraction. Every such intermediate level is characterized with the addition to the abstract analysis of more concrete (historically specific) elements. In terms of Dialectical Materialism, this is a meticulous process of layering abstractions. Hence, for Marxist Political Economy the course of the analysis – as Marx has summarized it in the beginning of the *Grundrisse* – is a movement from the abstract to the concrete¹.

Thus, both the SSA and the RA posed valid questions and pointed to a serious lacuna of the previous Marxist analyses. However, the way they attempted to answer these questions is fraught with difficulties and problems. They both maintained that this intermediate level of analysis should necessarily focus not only on economic structures and processes but also on the institutional environment of the economy.

Again this is a logical argument. Marxist Political Economy (but also the Classical Political Economy) – contrary to orthodox Economics – comprehends perfectly that the sphere of economic relations is not an autonomous one but it is part of the wider nexus of social relations. Moreover, these social relations are – for the types of society under study – class relations. Consequently, economic relations are social relations by definition and cannot be separated from the other types of social relations. Put it in a nutshell, *economic relations* together with the *extra-economic social relations* and the *political relations* form the basis of every socio-economic system. Economic analysis should necessarily refer to those two other spheres of social relations. Political relations – i.e. the structures and relations that organize the governance of the socio-economic system – are not alien elements for political economic analysis. On the other hand, for Marxism, the economic relations have a determining primacy within the whole nexus of social relations. This thesis about the organic unity of economic, extra-economic social and political relations is a common basis for every Marxist perspective. Of course, there exist well known differences on the way that the political economic analysis should fulfill this task. More primitive approaches (usually characterized as base – superstructure approach and, seldom unjustifiably ridiculed) maintained that the analysis of the economic sphere should come first and more independently from the analysis of the other social spheres. However more dialectically rigorous approaches do simultaneously retain the primacy of the economic relations and analyse them in relation to extra-economic social and political relations.

¹ For a more detailed exposition of the Marxian methodology see Mavroudeas (1999a).

The SSA and the RA attempted to confront this problem by producing this intermediate level of analysis that intends to complement both the abstract theory of capitalist accumulation and the more concrete analyses of everyday life. In order to do so they emphasize the role of institutions. Capital accumulation cannot operate in a vacuum but it necessarily has an environment. This is its institutional underpinnings. Hence, both theories attempted to endogenize the institutional factors. i.e. instead of considering them as essential but external conditions of the accumulation process they posit them as crucial internal elements of capitalist accumulation. In other words, capitalist accumulation is not a simply economic process but it relates crucially upon a wide range of institution that are not only economic but political and ideological as well.

Apart from reference to political relations, this intermediate level of analysis should necessarily be more historically specific (i.e. more concrete and less abstract). The vehicle for this is the production of a *periodisation or stages theory*. That is a theory that creates criteria, terms and specialized analytical perspectives that facilitate the recognition of specific historical epochs within capitalism's historical course. Again this is also a warranted thesis. Periodisation theory, as initiated by Lenin's (1916) pioneering work, is the obvious vehicle for an intermediate level of analysis of capitalism.

However, the method that the SSA and the RA – explicitly or implicitly adopted in order to accomplish these tasks is extremely problematic and has led to serious problems that undermine their very founding thesis: i.e. the operationalisation of abstract theory through the creation of an intermediate level of less abstract and more concrete analysis. Instead of that they have, especially the RA, resorted to a Mertonian type of *middle-range analysis* (see Merton (1968)) that has divorced itself from abstract general theory and strived to stand on its own. The results are rather disappointing and press the need for a reconsideration of course.

The next part of this essay will compare the SSA and the RA and argue that they both are *newer non-orthodox middle-range theories*. The third part will focus on the periodisation theory, its significance and the problems of the SSA's and RA's approach. It is argued that their main periodisation criterion – i.e. the interrelationship between economic and institutional factors is rather problematic. The fourth part will present an alternative perspective on periodisation theory, which focuses primarily on the relations of extraction of surplus-value. Then the role of other factors and relations – political and ideological factors among them – are derived from the more fundamental criterion and established at lower levels of abstraction. Finally, the part concludes.

II. The newer non-orthodox middle-range theories: RA vs. SSA

The SSA and the RA (and other similar approaches such as the Flexible Specialisation theory (Piore & Sabel (1984) etc. whose similarities are nowadays well-documented (see Boyer (1991), Jessop (1992)) were born in a precarious historical period. Radical Political Economy - this distinct trend born out of the university radicalism of the '70s - was exasperated by the retreat of the radicalism of the '70s. Much of this radicalism derived from an extremely reductionist conception of class and social structure which led to a simplistic and non-dialectical abstract theory. The answer to this problem was thought to be a dive into the concrete. The study of historical contingency

was adopted as the cure for rigid abstract theory. This dive into the concrete had several common features for all the implicated theories. It was considered as more able to (a) capture better the historical specificities of different periods of capitalist development, (b) solve the structure-agent riddle and, (c) understand the significance of institutional forms. The two last features denote the impact of two other significant theoretical currents that were on the rise during that period.

The first influence comes from the structuralism vs. post-structuralism saga. This debate engulfed almost all of social sciences – and not only – with rather dubious results. Today it is clearer that, in the end, it is rather a shadow boxing. More or less, the same people alternate opposite positions as Anderson (1988) has accurately shown. First structuralists produced a rigid and undialectical version of *structure* (which was imposed on Marxism via Althusserianism) and then almost the very same people, this time as post-structuralists, demolished it in favour of agents. Moreover, the latter became more and more indeterminate and subject to ideological and, in the end, discursive influences. Their previous supposedly rigid and economic determination by material (economic and class) factors was ceremoniously thrown to the fire. The end of this journey is well-known: post-modernist disintegration of every relation of determination and a plunge into the uncharted waters of analytical relativism and indeterminacy².

The second influence is more subtle. During the last decades of the 20th century *institutionalism* has reappeared as a significant theoretical trend. It is supposed to be able to grasp better – at least from orthodox theory - social relations and at the same time it is less controversial, within orthodox circles, than Marxism. Last, but not the least, during the previous decades capitalism has been characterized by vigorous institution-building. Thus, focusing on institutions was considered as a warranted step. However, this influence – which is also related to the previous one – is also problematic. Within orthodox theory neoclassical institutionalism represents an attempt to both overcome well-known deficiencies of neoclassical analysis (namely its inability to capture the social dimension of economic affairs) and expand the realm of neoclassical analysis to fields and areas previously forbidden to it. As such, neoclassical institutionalism – in all its variants from North and Williamson to Stiglitz – is a vehicle for what Fine (2000) has termed ‘economics’ imperialism’. As it has been argued elsewhere (Mavroudeas (2006)), it is simultaneously a sign of strength and of weakness of orthodox Economics. It is a sign of strength in the sense that they invade new territories. But it is also a sign of weakness because in order to do so they have to relax their analytical coherence³ and to embed elements that are rather incompatible with the hard core of neoclassical theory. In radical and heterodox Economics, institutionalism – in its radical versions – is seen as a subtle and less controversial vehicle for the subversion of the suffocating dominance of neoclassical orthodoxy. It is less controversial than Marxist Political Economy per se and at the same time it can more easily – than the former - be employed for applied economic analysis. However, these merits come at a rather heavy cost. Institutionalism – radical or conformist – is a poor alternative for Marxist political economic analysis. It is a poor substitute for class analysis. And also it cannot comprehend properly a crucial feature of the capitalist system. The latter is a ‘free system’ in the sense that – contrary to its

² RA’s gradual slide towards post-modernism is analysed in Mavroudeas (1999a).

³ For example, with the invasion of foreign fields the coherence of neoclassical general equilibrium models becomes extremely strained and dubious.

previous class socio-economic systems – it is not based primarily on violence (on power relations) but only on economic non-violent obligation. In capitalism, power relations (i.e. political relations) are a derivative of its economic relations. This determination process cannot be grasped satisfactorily by institutionalism whereas Marxist Political Economy exhibits a far superior record. Consequently, for Radical and Marxist Political Economy institutionalism surrenders more than those that it brings aboard. It brings alien influences that jeopardise their analyses and – as in the not-so-unusual case of theories that knowingly or unknowingly follow Agassi's (1975) *institutional individualism*⁴ – they open the gates to orthodox infiltrators.

The way the SSA and the RA attempted to accommodate historical specificity and to construct their intermediate analysis took, in the end, the form of *middle-range theory* (Mavroudeas (1999a), Sayer (1995)). This, as advocated by Merton (1968), is a particular type of intermediate analysis. Middle-range theories, in contrast to general theories - covering the whole spectrum, from the most abstract laws and concepts to the empirical analysis of the concrete, in a unified framework - reject abstract general laws and the necessity of an all-embracing theory which are deemed to be either redundant or a distant accessory. It substitutes both with intermediate concepts with an immediate identification with the most concrete phenomena. These concepts are not linked to a general theory but are based on empirical observations perceived as indisputable (stylised facts). These stylised facts are supposed to capture important facets of historical reality and, thus, to mark different epochs. This type of reasoning has significant problems. Stylised facts - in contrast to dialectical materialist abstractions from concrete historical reality - are supposed to be theory-free but also historically accurate. However, they are usually founded on theoretical influences and perceptions which are neither explicit nor necessarily coherent and, therefore, represent an eclecticist reading of historical reality. The next step is the construction of a theory based on the intermediate concepts and the periodisation derived from the stylised facts. Consequently, both concepts and periodisation vindicate, in a circular way, the initiating empirical perceptions. Middle-range theories' major weapon - their close identification with a particular historical epoch - gives them immense popularity during the course of the particular epoch (if and when it has been identified correctly) but, on the other hand, invalidates them when it ends. Then, more fundamental questions re-emerge, requiring a general theory. In this case, middle-range theory's agnosticism and/or referential pluralism become a major weakness.

The RA and the SSA have followed – gradually and with contradictions - the path towards middle-range analysis. Thus their characterisation as the *newer non-orthodox middle-range theories* is not off the mark. In the case of the RA its very success was the recipe for its current stagnation. The more its middle-range analyses acquired popularity the more its linkages to a general theory were being severed. In the end, the middle-range analysis and its concepts (Fordism, post-Fordism etc.) acquired a life of their own and the initial task of providing an intermediate analysis for Marxist abstract theory was thrown to the dustbin.

Curiously enough, although SSA have been a less coherent and less popular approach than the RA it has not followed the latter in severing altogether its links with its foundational task. A number of studies (e.g. Jessop (1990), Kotz (1994)) have pinpointed

⁴ For an analysis of the role of institutionalism within Radical Political Economy and its relation to post-modernism and neo-classical Economics see Mavroudeas (2006).

the similarities and the differences between the SSA and the RA. Their differences can be summarised as follows.

In their beginning, as Jessop (1990) rightfully observes, the RA ascribed to Marxist Value Theory and this was reflected in Aglietta's (1979) conceptual hierarchy⁵. On the contrary, the SSA adopted from the beginning a more price-theoretic perspective. This was coupled with RA's emphasis on qualitative aspects (how the interplay between historically contingent economic structures and politico-economic institutional structures affect the fundamental Marxist crisis tendencies) in contrast to the SSA's emphasis on quantitative analysis (how institutions affect the profit rate and the speed of accumulation). However, the RA dropped quite soon its initial value-theoretic perspective and followed a course towards institutional analysis.

Their differences regarding their conceptual toolboxes are also significant. The RoA began with a strict adherence to Marxist general theory. Its first concept was the *law of accumulation*, which is an abstract economic concept denoting the general workings of the capitalist system irrespectively of historical epochs. This is followed by the *Regime of Accumulation* (RoA). This is a purely economic but historically contingent concept that denotes the distribution of the surplus-value between capital and labour which is required in each period in order to co-ordinate production with social demand. It covers the essential economic conditions for the operation of the productive system (technology, organisation of the labour-process, relations between the departments of production). The RoA is followed by the *Mode of Regulation* (MoR). The latter is economic and political concept that designates the necessary institutional forms and social compromises for the reproduction of the RoA. Hence, the MoR covers both economic and political aspects. In this sense it is equivalent to the concept of the SSA and particularly its *inner boundary* (Gordon, Edwards & Reich (1994, p.15)). The RoA is posited at the level of the compulsory economic structures, whereas the MoR is less determinate, since it relies on concrete, historically specific institutional forms. More than one MoR can be implemented in a certain RoA. Which will prevail is a question open to the indeterminacy of history. However, not every MoR is suitable for every RoA. Thus, in its initial version the RA attempted to construct a structured analysis of all the aspects of the capitalist system from the more abstract ones to the more concrete ones. This analysis upheld the determining primacy of the economic relations over the other social relations. The SSA does not have such an elaborate conceptual toolbox. As it has been shown in the relevant literature the institutional structure is very weakly linked to the process of capital accumulation. Additionally, the SSA overemphasises the linkage between power relations and profitability. However, the RA had quite soon dropped the *law of accumulation* as a working concept. It has also 'parked' the RoA since – after the competitive and the monopolist RoA – no new regime has been discovered and all its emphasis has focused on the MoR. It is not unwarranted to argue that for contemporary regulationist analyses the RoA has become an insignificant concept.

Apart from the differences regarding the concepts, there are also well known differences with reference to the way institutions affect capital accumulation. For the SSA institutions create stability and predictability and – given certain assumptions - they should induce rapid accumulation. This reflects a more Keynesian conception of

⁵ This value-theoretic perspective is even more evident in his initial thesis which had subsequently been removed in his first book.

accumulation given its emphasis on the capitalists' investment decisions in an uncertain environment. On the other hand, the RA focuses on the character of accumulation and particular on how the relationship between accumulation and the institutional structure affect the profit rate and the realization of value. This reflects a more Marxian conception of accumulation given its emphasis on the profit rate. However, the Keynesian influences on the RA are not few⁶. The very definition of the RoA stresses the significance of social demand. Moreover, the crisis of the 1929 and the process that generated Fordism is posited as an underconsumptionist one.

Finally, the process of eruption of structural crises is theorised in a rather different way. For the RA crisis stems from the disarticulation between MoR and RoA. On the contrary, for the SSA crisis stems either from the collapse of the SSA and/or the change of the equilibrium of power relations between its main pillars.

It is evident that both the RA and the SSA have strived to achieve a precarious balance between the primacy of the fundamental capital accumulation processes and the role of the institutional environment. Thus, in the initial versions, the former is clearly posited as the primary. However, at least in the case of the RA, this theoretical architecture has led to a slippery path towards relativism and ultimately post-modernism. The emphasis on the middle-range analysis has facilitated this trajectory. The initial primacy of capital accumulation has been gradually downgraded up to the point where it has been equated with the institutional sphere.

Thus, Kotz (1994) may be right when pointing out that the SSA's theoretical structure was less organised and less materialist than that of the RA. However, this today appears as a bygone feature. The RA has long ago shed its initial architecture and moved to the field of power and ultimately discursive relations. In this sense his call for a greater interchange between the RA (and its supposed emphasis on structural factors) and the SSA (and its emphasis on class struggle) as a cure for the deficiencies of each one sounds hollow. The RA, at least, has already moved out from structuralism.

The analysis presented above poses the following question: what went wrong with the newer non-orthodox middle-range theories? As already implied in the previous part, although they set valid questions their replies seem unsatisfactory. Their first main problem is the middle-range methodology which weakened their theoretical depth and – although purporting to the contrary – it ultimately limited their explanatory power. Once again it has been proved that without a firm grounding in abstract general theory you cannot perform satisfactory intermediate analysis. Their second main problem is the questionable prioritization of the relationship between capital accumulation processes and institutional framework as the main locus of intermediate analysis. As it will be argued below the institutional framework (and political relations in general) is not of equal importance with the economic relations. It follows as a consequence and it also exerts feedback effects but it is not equivalent.

III. Periodisation theory and the newer non-orthodox middle-range theories

⁶ For a more detailed exposition of the Keynesian elements in the RA see Mavroudeas (1999a).

It has already been argued that periodisation theory is an integral part of the newer non-orthodox middle-range theories. This theoretical field has been initiated by Lenin's (1916) pioneering work on imperialism (or more accurately on monopoly capitalism). As it is well known Lenin's thesis was the culmination of a heated debate in the beginning of the 20th century on capitalism's development and the new characteristics that it acquired at that period in comparison to its previous state of affairs. What distinguished Lenin's analysis from the rest of his contemporary analyses in the 'classical Marxist debate on imperialism' is that – apart from its superior political impact – it stated clearly that capitalism passes through different stages and that Marxist theory has to study them and produce relevant analytical but also political conclusions. Thus, contrary to Hilferding, for example, he clearly posited the necessity for a periodisation theory. After Lenin periodisation theory became for a period a 'hot subject' in Marxist analysis till it reached an impasse in the 1950s and 1960s. Much of this impasse was caused by the very significance of Lenin's thesis and also the political form (but not the analytical essence) of his argument. There was an intellectual 'shyness' to expand periodisation theory on Lenin's steps (apart from either certain Soviet Marxist formalisations on state monopoly capitalism and Monthly Review's theory of 'monopoly capitalism'). This 'shyness' was further induced by Lenin's political argument that imperialism (or more accurately monopoly capitalism) represented the highest stage of capitalism after which no other stage can follow and capitalism's collapse is on the agenda. As a closer look at Lenin's work can reveal, this was an argument put forward for political reasons, i.e. in order to push forward the revolutionary movement of his time and drive it away from reformist paths. As a recent editorial in Monthly Review (2004) shows Lenin's original title of his book was referring to imperialism as the 'latest stage of capitalism', thus it did not preclude further developments in capitalism.

There was another significant lacuna in those first waves of periodisation theory. As Gordon (1980) accurately points out there was a certain lack of rigorousness in them. More specifically, there was not a complete and coherent theory for periodising capitalism, i.e. there were not clearly defined criteria for discerning different historical epochs. This was coupled with an emphasis on elements of the sphere of circulation, e.g. monopolisation. This theoretical architecture stands rather uneasily with the Marxist thesis of the primacy of the production sphere.

The newer non-orthodox middle-range theories – and the RA primarily among them – challenged these perceptions. They argued that capitalism's evolution – however unpleasantly – is not a 'finished job'. In this way – and this has to be credited to them – they have reinvigorated periodisation theory. They have also to be credited – particularly the RA - for focusing periodisation on the sphere of production as opposed to the previous focus on the intra-capitalist competition. It is the type of organisation of the labour process and the types of collective labourer that comes at the centre of attention. However from this point and onwards start the problems in the newer non-orthodox middle-range theories. Faithful to their fundamental perspective they offer a periodization of capitalism on the basis of the interaction between capitalism's purely economic processes and their economico-political counterparts. Thus, instead of using as a periodisation criterion the types of intra-capitalist competition, they use the interrelationship between capital accumulation and institutional structure. Whereas previous traditions periodised capitalism from within the framework of a general theory,

on the basis of abstract general laws and tendencies, the newer non-orthodox middle-range theories opted for a more historically conjectural point of view. A typical way of doing this is by examining statistical data in order to discover phases of development of crucial economic variables (for example, the profit rate and/or the rate of productivity growth). Then, find the institutional structures that are associated with these developments and establish appropriate theoretical indicators. Finally, test statistically this relationship. This type of analysis, in the end, leaves aside any gearing to general theory and focuses solely on historical specificities. Thus it hinges mainly upon a number of *stylised facts*, i.e. pre-theoretical beliefs about historical facts. That is they reflect deep empiricist perceptions about specific historical periods which however have not been rigorously examined and thus their validity is far from certain. They usually stem from high profile events or facts (e.g. the mass private use of cars), which might not reflect accurately historical reality but can create strong impressions. The problem with this type of reasoning is that it actually presupposes what has to be proved. Intermediate concepts are being created in order to cope with these stylised facts and then, in a cyclical manner, these concepts and the concomitant analysis validate the initial stylised facts. This vicious circle can operate until reality rejects it irrefutably. The newer non-orthodox middle-range theories share the same, more or less, stylised facts. Their main object of study is the post World War II era. Subsequently, all previous and following eras are being theorised in relation to this benchmark period. The intermediate concepts that are created are very closely related to specific – correct or erroneous – features of that period. This in turn limits seriously their general applicability and makes them concepts of limited explanatory power and use.

There are well-known examples of the shortcomings of this periodisation approach which is based on the coupling of stylised facts with historically specific intermediate concepts. For example, it has been seriously disputed the regulationist assertion that labour's real subsumption under capital – and thus the systematic extraction of relative surplus-value – took place during the 1920s. Brenner and Glick (1991)) has indicated that this process took place quite earlier. capitalist mass production and labour's real subsumption under capital were created long before the 1920s. Indeed, there cannot be a form of capitalism in which absolute surplus-value predominates; apart perhaps from its first primitive steps when it was not a fully organised socio-economic system. Apart from Brenner & Glick, Marx's analysis of the capitalist labour process and the forms of extraction of surplus-value gives a similar picture. Another well-known case is the regulationist belief that during a quite lengthy historical period the lack of institutionally insured levels of consumption (the *social norm of consumption*) acted as a fetter to the scope and intensity of capitalist accumulation. This has been refuted by many studies. Additionally, it has been shown (see Mavroudeas (2003)) that – contrary to the regulationist empirical beliefs – capitalism dominates from its very beginning both production and consumption and transforms them both – to the extent that it is able to – according to its needs. More specifically, working-class' consumption (and, thus, the reproduction of labour-power) was commodified from the very beginning of capitalism – not after World War II as the RA maintains – because this is a necessary condition for the creation of a class of wage labourers. From the very birth of capitalism, working-class' consumption represented a market for capitalist commodities. This market was increasing, because both the size of the workforce and the real wage increased – although

with irregularities and ups and downs. Furthermore, capitalist mass production was established long before the 1920s and mass consumption before the end of World War II. Thus, the regulationist interpretation of the 1929 as an underconsumption crisis is simply wrong.

In the case of the RA the middle-range periodisation methodology was coupled with an undue projection of developments in the labour and production process to the whole of the economy (see Brenner & Glick (1991), Mavroudeas (1999b)). Although periodisation analysis should focus on that field, it must not project its conclusions directly to the rest of the economic spheres. Moreover, the analysis of the labour and production process was done initially under the auspices of Marxist Value theory and, thus, focused correctly on the relationship between paid and unpaid labour-time. However, the abandonment of the value-theoretic perspective led to the inability to grasp this crucial for capitalist exploitation labour-time dimension. This, again in the case of the RA, facilitated abrupt and unprincipled theoretical changes. For example, the infamous – and yet to be defined – post-Fordism is mainly derived from the saturation of mass markets and the emergence of a new thirst for niche goods. In this argument the centrality of the production sphere is substituted by the changes in consumers' tastes.

Setting aside specific issues, the main problem with the periodisation methodology of the newer non-orthodox middle-range theories is exactly their main periodisation criterion. Why stages in capitalism depend on the articulation between the process of capital accumulation and the institutional structures? From a political activist perspective it sounds extremely logical and also functional to relate stages of capitalism to political factors. Certainly, a new capitalist stage is based on changes in the economy but it cannot be long-lived without an appropriate political and institutional framework. This, however, does not preclude the analytical question of why a stage depends on this articulation and not on something else. For example, it can convincingly be argued – and indeed the RA in its initial steps followed this argument - that the process of capital accumulation generates different stages and then, on the basis of these, appropriate political and institutional structures are being constructed. Additionally, the collapse of a stage does not depend on the disarticulation between capital accumulation and institutional structures – a well known problematic area of all newer non-orthodox middle-range theories – but stems primarily from the process of capital accumulation. Such an approach can – if it employs properly dialectics – avoid a crude juxtaposition of the economic relations on the rest of social relations and at the same time retain the determining primacy of the former.

The theses presented above touch upon an intriguing argument put forward by McDonough (1994). He argued - applauding Lenin's insistence on the analytical and political necessity of periodisation theory – that the SSA cannot be a satisfactory theory of long swings given its problems but it may be a good periodisation theory and therefore it must focus on this latter area. It could be certainly agreed that an emphasis on periodisation can bring interesting insights. However, a serious obstacle remains. Almost any kind intermediate periodisation theory .without a solid reference to a general theory is destined to crash into serious difficulties. And the SSA, for the moment at least, lacks such a theory.

IV. An alternative periodisation theory

There is an alternative way to conduct periodisation analysis. Marx's periodisation of feudalism on the basis of the forms of extraction of the surplus provides a significant intuition. This intuition is further developed in *Capital* when analysing the capitalist labour process and the two basic forms of extraction of surplus-value (absolute and relative surplus-value). The extraction of surplus-value is the main operating principle of the capitalist system. It is therefore appropriate to analyse changes in the modus operandi of the system in reference to this fundamental principle. In a sense, the RA had initially alluded to such a perspective with its definition of the RoA. However, as already argued, it soon moved its attention to other areas.

As it has been argued in length before (see Mavroudeas & Ioannides (2003)) the periodization of capitalism should be conducted at the level of the *mode of production*, (m.o.p.) from a capital-theoretical perspective and in close relation - at a lower level of abstraction - with its general theory (see Fine & Harris (1979)). Each m.o.p. is based on a specific set of class relations of production. Relations of production are directly class-determined, whereas forces of production are only indirectly class-determined as well. The existence of these relations of production requires a further constitution of social relations that are preconditions for economic reproduction (i.e. the integration of production-distribution-consumption). Moreover, this economic reproduction requires and necessitates the creation of social reproduction (comprising of political, ideological etc. relations with a particular structure of links between themselves and the economy). Thus, while m.o.p. are distinguished in terms of the fundamental relations of possession and control among producing and non-producing classes (not merely in their legal form, since this can be superficial and deceiving, but in their essential nature), stages in each mode are differentiated on the basis of the specific forms of these basic relations and their social reproduction. Therefore, the criterion for the periodisation of a class-divided social m.o.p. should be the evolution of the process of production and appropriation of surplus. This covers two crucial areas: 1) the way in which production is socialised (i.e. autonomous or separate individual production processes are related) and, 2) the method of appropriation of the surplus. In addition, the prerequisites of general social reproduction should be taken into account. In the capitalist m.o.p. the accumulation of capital and the class struggle associated with it are the basic forces transforming this mode and, thus, producing different stages. From a more general perspective, accumulation and class struggle within this mode determine not only changes within it but also the contradiction-ridden movement from this mode to another. The specific criterion for the periodisation of the capitalist m.o.p. should be the mode of producing, appropriating and controlling surplus-value and the associated mode of socialisation of production. This is so because its transformations are closely related with new forms of class struggle and are reflected in the transformations of the whole production process and, subsequently, to the whole economic reproduction. These, in turn, produce, and in many cases presuppose, changes in the social relations, in political relations and the state form of the state etc. The mode of appropriation of surplus-value is closely related to the modes of socialisation of production. Because the capitalist m.o.p. - contrary to most pre-capitalist m.o.p. - is fundamentally a 'free' decentralised system (private enterprises, competition, labour markets) the latter concern the way that all these decentralised

private economic processes are compounded in a unified socio-economic system. In this way they express the specific mode of existence of (1) the fundamental contradiction (capital-labour) and, (2) the secondary contradictions (intra-capitalist competition). The socialisation of production is ultimately expressed in the form of the linkage of production-exchange-circulation-distribution. Since the capitalist m.o.p. appears as relations of exchange (despite its structuration as relations of production), its specific periods are expressed as different forms of exchange; which, however, arise out of different forms of production. Periodisation should cover this unity of essence and appearance.

On this basis we can rank, in terms of importance, the following categories of relations that characterise each stage of the capitalist m.o.p.:

1) Labour and Production Process

It constitutes the fundamental kernel of every socio-economic system since it through this that the latter's means of reproduction are being produced. In the capitalist m.o.p. it imprints the mode under which labour is subsumed by capital. As such it reflects also the balance between the two ways of appropriating surplus-value (absolute and relative).

Several theories (Fine & Harris (1979), RA etc.) tend to periodise capitalism on the basis of the extraction of absolute and relative surplus-value. Additionally absolute surplus-value is identified almost exclusively with the predominance of the formal subsumption of labour by capital and relative surplus-value with the real subsumption. Then they periodise accordingly capitalism. For Fine & Harris (1979) absolute surplus-value and the formal subsumption prevailed during laissez-faire capitalism, which lasted till the end of the 19th century. The RA, on the other hand, posits their reign for the whole (abnormally long and rather vague) pre-fordist period, which lasted till the 1930s. As said before, this extremely clean cut connection is incorrect. The capitalist system, apart from its phase of birth, was characterised by the real subsumption of labour and the predominance of relative surplus-value.

This view is quite problematic since the very essence of capitalism consists in the continuous revolutionisation of the social and technical conditions of the labour-process so as to push back the initial natural limits of necessary labour-time and, hence, progressively to extend the domain of surplus labour. It is not thus absolute but relative surplus-value that, according to Marx (1981, p.769) constitutes the essential basis of the capitalist m.o.p. The processes of extraction of absolute and relative surplus-value co-exist and are interwoven from the first moments of capitalism. During its birth era - which however does not constitute a separate period - there was a predominance of absolute surplus-value and the formal subsumption of labour. However, as soon as capitalism completes its emergence its is relative surplus-value and the real subsumption that assume primacy.

What changes between different stages of capitalism is neither the predominance of absolute surplus-value nor formal subsumption. It is the balance between relations of extraction of absolute and relative surplus-value. This balance depends crucially upon the prevailing modes of organisation of the labour-process (always on the basis of the real subsumption of labour). This does not imply the separation of the production process from the rest of the economy. The sphere of production is the dominant one within the

total circuit of capital (production-circulation-exchange-distribution). However, just because it is the dominant one but within a unified process, it cannot be separated from the rest of the process (Marx (1981), p.99-100)). In capitalism socio-economic relations - generated and founded exactly in the sphere of production - appear as a coherent social system mainly in the sphere of exchange: production for exchange. Therefore, the system appears as a social system mainly on the level of exchange relations: everything before is autonomous. The capital-labour relation is based on the individual relations between capitalists and workers at a social molecular basis. Of course, its general preconditions - and most of all the separation of labour from the means of production - are pre-given for the whole of society. But the specific and particular individual forms of these fundamental relations - the creation of an individual capitalist firm and the specific capital-labour relation expressed in it are 'socially spontaneous'. They are regulated only at a second, subsequent level by labour laws and regulations governing intra-capital competition. Therefore, the extraction and appropriation of surplus-value and the socialisation of production refer the whole spectrum of the total circuit of capital. In this sense, there is neither radical autonomy nor special role of class struggle within the immediate production process. Furthermore, a proper theorisation and periodisation of capitalism must be based on the whole of the total circuit of capital and on the dialectical determination and unity of its different moments.

2) Process of socialisation of production

This covers:

(a) *intra-capitalist competition* (particularly its inter-sectoral and intra-sectoral dimension as well as tendencies with regard to the centralisation and concentration of production),

(b) *money and credit* (the formation of the general equivalent, types of money (commodity, fiat, credit money etc.) and their interrelationship, credit mechanisms)

(c) state's economic functions

3) Process of income distribution

In the sphere of distribution two divisions are of particular importance: (1) the division between wages (depending crucially upon the value of labour-power and the relevant bundle of wage-goods) and profit, (2) the division of total surplus-value in (industrial) profit, interest and rent. Both these divisions are influenced by monetary intermediation, since it affects both the validation of the wage-goods bundle and the distribution between profit, interest and rent. In each stage of the capitalist m.o.p. the specific mechanisms of formation of these two fundamental divisions are transformed.

4) Forms of crisis

The capitalist m.o.p. is riddled with crises of overaccumulation deriving from the tendency of the rate to fall due to the increasing organic composition of capital. However, although this is the fundamental cause of crises, they are expressed in different forms and through different mechanisms (stock-market crises, collapses of exchange rate regimes etc.). Each stage exhibits considerable specificities with regard to crises.

5) Processes of political intermediation

The capitalist system - contrary to previous class systems - is characterised by the fetishist separation of socio-economic relations in the economy (which appears solely as exchange relations) and the political sphere (which appears as a socially-neutral management of common affairs). Thus the capital-relation is doubled in form in the domain of the economy (where inequality and class divisions predominate) and the domain of politics (where typical equality among members of the society prevails). The capitalist state - as the collective capitalist, the representative of the general interests of the bourgeoisie - has to appear as a neutral mediator between capital and labour as well as in conflicts between different fractions of capital. Hence the political-form is generated from the capital-relation, although it retains a degree of autonomy. Political intermediation, ideological hegemony and institutional structures - the main levers of the domain of politics - change also in accordance with transformations of the capital-relation.

6) International system

Capitalism is the first class system that acquired a global dimension. From its very first it created a system of international relations whose main characteristics are antagonism between capitalist blocs (backed by states) and relations of unequal exchange and exploitation between more and less developed countries. In sum, as implicitly suggested by Fine & Harris (1979), imperialism is not an exclusive feature of monopoly capitalism but the universal feature of capitalism's international system. The structure of the international system - and specifically its main factors (which of capital's main fractions (productive, money or merchant capital) are internationalised and predominate, what means play the role of international money, what are the forms of international competition, what supra-national politico-economic structures exist etc.) - changes from stage to stage.

The process of transition from one stage to another

A crucial question is why and how there is a transition from one stage to another. The cause is a combination of the limits of capital accumulation and the subsequent limits set by class struggle. The capitalist m.o.p. is a system endogenously crisis-prone. The continuous production and appropriation of surplus-value and its accumulation leads to crises of overaccumulation. Its very success is what leads to its failure.

Capital's desire for profits leads it to struggle against labour and other capitals. The struggle against labour is manifested in the increasing replacement of workers by machines through the mechanisation of production. Hence the type of technical change pertaining to capitalism is labour-saving. This increases both the productivity and the intensity of labour. His struggle of its individual capital against labour has meaning only if it is expressed, as a lower unit cost, in the (Intensified) competition with other capitals. Thus, intensified competition and the subsequent mechanisation of production lead to rising technical, organic and value composition of capital. This increased composition produces a downward shift in the rate of profit even when the rate of surplus-value is rising faster than the composition of capital. A crucial factor in this relation is that the worker has definite physical limits which fetter the continuous imposition of new combinations of increased productivity and intensity of labour, within a given technological pattern. Beyond these limits the increase of the rate of surplus-value (in its

fundamental sense, as a change in the demarcation line between necessary and surplus labour-time) cannot continue and, consequently, it cannot counteract the increasing composition of capital. The decline of the rate of profit necessarily leads to a fall in the mass of profit signalling the beginning of a crisis. Crises of overaccumulation are surpassed through the devalorisation of capitals but above all through the deepening and the intensification of processes of labour exploitation. The latter is the crucial link in overcoming a capitalist crisis. The processes of labour exploitation - through the mechanisms of absolute and relative surplus-value - always have a historically concrete character and are expressed by the specific mode of organisation of the production process. As said before, every mode of organisation of the production process (technology, combination of absolute and relative surplus-value, processes of increasing labour productivity and intensifying labour) have definite limits beyond which the worker cannot be pressed. Surpassing these limits is destructive for the capitalist system as a whole - although each individual capital strives to overcome them - since it will destroy its very basis of operation, labour. On the ground of this struggle for the change of the demarcation line between necessary and surplus labour-time class struggle in production arises, The working-class - even in its more 'molecular' and less conscious form of struggle - strives against the deterioration (if not for the improvement) of the terms of sale of its labour-power and its conditions of work. When this resistance is combined with capital's inability to successfully continue its accumulation then it becomes obvious that capitalism's modus operandi has to be transformed. The successful implementation of such transformations implies an increased socialisation of production, since through this capitalist dynamics can be coordinated better and crisis-tendencies, although not avoided, can be managed easier.

Through this process of accumulation - class struggle - crisis - transformation is expressed the Marxian contradiction between production relations and productive forces. The very development of productive forces (even in their capitalistically determined form) is fettered by its own production relations and on this ground develops both working-class' struggle as well as capitalism need to be transformed. Whether this outcome will be achieved depends crucially on the balance of class forces. The latter is at the same time 'open' and constrained. It is 'open' because the working-class' conscious struggle can create history and lead to surpassing capitalism and open the process for socialist transition. It is constraint because this possibility is restricted by existing economic constraints (particularly the knowledge of collective labourer and its ability to direct the production process, development of productive forces etc.). The working-class can revolutionise these conditions but it cannot neglect them.

V. Conclusions

How valid empirically can be today a periodisation of capitalism based on the equilibrium between absolute and relative surplus-value? For many writers the relationship between absolute and relative surplus-value was an early capitalistic affair: it concerned only capitalism's natal phase. After its establishment as a fully-blown and coherent system it has ceased to play any important role: relative surplus-value is dominant. Particularly, after the eight-hours movement and the imposition of the Factory

Laws, the case of absolute surplus-value has been silently considered as a mere appendage, a residual of the main capitalist processes but not an important mechanism. This perception is disputed today. Capitalism, after the 1973 crisis, exhibits a trend towards the increase of real work-time. This is a rather new trend since till then actual work-time tended to decrease. It can easily be shown that this increase of real work-time is closely related to the increase of unpaid labour-time; that is to an increase of absolute surplus-value (as the real wage rate either decreases or lags behind).

There is indeed increasing evidence that from the 1980s and onwards, with the advent of 'labour flexibility' policies, the declining work-time trend not only ceased but it has been probably reversed. During the last years statutory and collectively bargained limits to the length of the workweek are increasingly either neglected or becoming irrelevant. The organization of work-time moves from the more or less synchronized hours of work and leisure to more multiple and widely differentiated patterns of flexible working time arrangements. The 'standard' workweek gives way to schemes of hours averaging over longer intervals of time and the eight hours workday is violated for increasing sections of the workforce. These trends bring forth the significance of actual work-time, as differentiated from the statutory one. Flexibility and destandardisation make statutory arrangements more or less ineffective. On the other hand actual work-time (which incorporates overtime, absenteeism, moonlighting etc.) becomes far more important since it can show the real trends in work-time (particularly in cases where a decline in statutory time can co-exist with an increase in actual work-time).

These developments have been picked up by a growing number of recent studies which cast doubts on the belief of a declining work-time. On the contrary, they argued that actual work-time appears to be rising in many countries and for increasing segments of the working class; whereas, at the same time, other segments become underemployed. However, the first seems to be the dominant trend. For example, there is significant evidence that actual weekly work hours are rising in the United States, Japan and most of the emerging and less developed market economies (see ILO-KILM (1999)). Particularly for the US, the case of overworking has been convincingly raised by many researchers (see Schor (2000), Bluestone & Rose (1998), Golden & Figart (2000a) etc.). There is, however, an ambiguity on what is happening in Europe, where the greater influence of trade unions and the stronger traditions of the welfare state (despite the recent decades' reversals) have presented greater resistance to the trend of the increasing work hours. Most studies - influenced by the 35-hours movement and particularly its legislation by the Jospin government in France and similar demands by several European trade unions (e.g. the influential German IG-Metal) - assume that the postwar downward trend is still effective. However, it is usually neglected that statutory decrease can go hand in hand with actual increase in work-time. Furthermore, recent developments (e.g. certain deals in big German enterprises securing works at the cost of increased work-time with the same payment) dispute this picture. Particularly in Southern Europe the trend towards overworking appears to be more pronounced (see Mutari & Figart (2000)).

If this picture is true then a new situation appears where absolute surplus-value rises again significantly. This might signify that a new capitalist stage is in the process of creation.

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