The *Grounded* Capitalism:

Investigating the grounds of post-war capitalism

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Motivation

• A discussion on capitalism in a moment of emergence of a post-democratic capitalism
• The assumption that there were periods when capitalism (a system based on exploitation) promoted inclusion and balanced its structural inequalities
• By what mechanisms?
• I will call this type of capitalism grounded capitalism
• I will propose its three main dimensions
Summary

1. What is exactly capitalism?
2. The three dimensions of a grounded capitalism: a proposition
3. The contemporary emergence of a post-democratic capitalism
4. Democratic capitalism as a complex social order
5. My “erudite” references for a definition of grounded capitalism
6. Not a conclusion...
1. What exactly is capitalism?

- Is capitalism just a technological and transactional system, with a subordinate process of social regulation?
- Is it just a system based on the market, transactions, the private appropriation of the means of production, the wage relationship and advanced forms of technological development?
1. What exactly is capitalism?

• Or are there other crucial elements essential to make possible its intrinsic (market and transactional) condition?
• My answer is yes, there are several
• I will focus on three
1. What exactly is capitalism?

An objective

• To understand the complex constitution of a social order
• To understand what has become such intrinsic to capitalism as market transactions or technological regimes
• To understand *the grounds* of capitalism
2. The three dimensions of a democratic grounded capitalism: a proposition

1. The formation of an industrial society (as a condition for an “enlarged replenishment”)

2. The organization of the labour market through the development of the “learning by doing” process (people incorporated into the organisational system)

3. The generation of a complex framework of material institutions related to production and skills: welfare state; labour relations; educational and technological institutions, professional and social trajectories...
3. The contemporary emergence of a post-democratic capitalism

- Dominated by finance
  - the power of the movements of capital as a means of profiting from capital itself; financial markets and financial actors
  - financial transactions and the valuation of assets decoupled from any material and productive reality
  - credit as a main mechanism
  - “financierization” as a process by which capitalism move from the focus on the use of labor on production to the use of financial funds
3. The contemporary emergence of a post-democratic capitalism

• Disconnected from democracy
  – Standard & Poor's today in Brazil as well as before in Portugal...
  – judicial power (courts and judges) unable to judge it when people moved an action against its decisions

• A profound crisis with the threat of stagnation and rising inequalities in societies where a grounded process of capitalist development occurred (Europe)

• A kind of “regressive political economy” and “depletion” (exclusion dominating inclusion)
4. Democratic capitalism as a complex social order

• Democratic capitalism as a recent historical phenomenon (Streeck)
• What is it? More than a “peace formula” or a “stable” mechanism that ensured “the mass loyalty of workers and consumers to post-war capitalism”? More than a “technocratic system for managing the economy” or an “economic system regulated by policy”? 
4. Democratic capitalism as a complex social order

• In fact, it was a complex social order (a system with the historic significance of capitalism would not exist as a single transaction system)

• There are some more general conditions that involve the ”three dimensions” that I proposed above
  – The role of non-instrumental modes of action
  – A moral basis
5. My “erudite” references for a definition of grounded capitalism

- Alfred Marshall: "progress chiefly depends on the extent to which the strongest and not merely the highest forces of human nature can be utilized for the increase of social good"
- Albert Hirschman, against the “remarkably parsimonious postulate” of the self-interested, isolated individual: the notion of “non-instrumental modes of action” which reinforce collective identity and aggrandizement
5. My “erudite” references for a definition of grounded capitalism

• Karl Polanyi: “an industrial society can afford to be free”; the right to “a job” at the top of the list of “new guarantees”; the economy assumes a form which does not “fragment life into the producers’ sector that ended when the product reaches the market, and the consumer sector”

• industrial society is therefore one which overcomes the “congenital weakness” of the market society through the “primacy of society”
5. My “erudite” references for a definition of grounded capitalism

• Kenneth Arrow: economic process did not simply consist of using given resources that would eventually be exhausted in a given activity; it also served to extend and improve own resources and increase their availability: "learning by doing"

• A. Hirschman, again: The “moral basis of capitalist society [can] be seen as being constantly depleted and replenished at the same time” – with an “excess of depletion over replenishment” leading to crisis, and “specific conditions” to “cohesion and legitimacy”
5. My “erudite” references for a definition of *grounded* capitalism

- **industrial society**: Karl Polanyi and Albert Hirschman in mind
- the “learning by doing” process: Kenneth Arrow
- **material institutions**: the institutionalist traditions and the varieties of capitalism
6. Not a conclusion...

- Once again, we have to deal with “rival interpretation of market society” (Hirschman, 1982)
- The predominance of financial transactions undermining the “grounds” of capitalism
- Can capitalism be *regrounded*?
- The “excess of depletion over replenishment” will defeat “cohesion and legitimacy”?