

Diversity and the Capitalism Transitions

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Abstract

Crises have continuously changed global capitalism which has not ceased to transform itself, proving to be an evolutionary and adaptive social system. The capitalism's ability to adapt must be analyzed based on emphasizing the interconditionality of the major crisis with the great transitions that took place within. The evolution and characteristics of the new forms of capitalism are revealed by the features of the specific method of accumulation, as well as the regulation and growth regime.

Transformations that followed the phases and stages of capitalism have also led to changing the perspectives over the crisis, by emphasizing the role of the political process in their genesis and transgression. Within this context, the role of neoliberalism and intensification of globalization over the convergence of different models or varieties of capitalism is revealed.

Profound mutations generated by the current global crisis should boost the theoretical debates on the direction of reform not only of an economic system, but also of the type of emerging capitalism.

Key words: *capitalism, market economy, economic crises, innovative economic system, varieties of capitalism*

JEL Classification: *P10, P17*

Introduction. Capitalism - Innovative Economic System

The fundamental concept of capitalism has been ignored by the contemporary theories. In general, economists study the market economy without trying to treat capitalism as an economic system. Capitalism, the market economy and liberalism represent cvasi – synonymous terms to the public.

The concept of capitalism has a strong historical, ideological and even political connotation. Some authors characterize the same system in different terms: market economics, decentralized economy, free economy, and more. Different approaches are not neutral, but expressed a different view of "capitalist" reality.

Identification of market economy with capitalism is an unacceptable simplification. Historically, market development preceded industrial capitalism.

Classical economics had reported trade liberalization as a decisive condition for asserting a new economic regime (Jean - Charles Asselain, 2009, p4.).

This distinction can be analyzed from a different perspective, beginning from the absence of an immediate relation between capitalism and market economy. Thus, capitalism is practiced in

relation to production, while the market economy is a way of organizing the distribution (P. Jorion, 2011, p.34).

During its evolution over two centuries, the capitalism proved to be an innovative economic system and due to its ability to reinvent itself it has overcome the major crises that had confronted and survived its critics.

After the beginning of the 80s, the capitalism had some major changes and strongly reappear the researches dedicated to transformations and institutional diversity of the system. During this period, theorists in Finance and macroeconomists were convinced that financial innovations and their global distribution will play a major role in stabilizing international relations and reducing the frequency and severity of seizures.

The transition to the financial system of accumulation is accompanied by significant changes in the relationship between state, market and capitalism. However, there are doubts regarding the effectiveness and rationality of market expectations that are still representing basic hypothesis of financial theory. Auto regulation the triumphant phrase of the years of financial euphoria, proves to be a dangerous myth.

Onset of the present, global financial and economic crisis has contributed to increased preoccupation regarding the analyzing of specific imbalances and contradictions specific of capitalism confused by the contradictory effects of financialization.

The response of the dramatic questions regarding the end of capitalism, globalization failure, the upheaval of the political ideologies is controversial. An important place is held by those studies and analyses that aim at harsh indictments and include alarmist predictions that announce the near end of capitalism or decomposition that is so inevitable.

Criticism regarding capitalism is articulated around some major issues: incentive to financial speculation, creating artificial needs and encourage overconsumption, implication on the ecological plan unsustainable growth, the perverse effects of globalization and increased inequality. Emergence of a new economic crisis that is affecting the whole world, bring into questions the capitalist system and increases the demand for a new project of civilization. But there is no consensus in academic and political world regarding the modalities to reconfigure and the alternatives open to the Western capitalism. The image of a capitalism that is mistaken for the economism guided by selfishness and unable to make place to economic altruism is opposed to the advocacy for entrepreneurial capitalism considered an effective and perfect system, even if is continuously susceptible of drifts (J.J. Lambin, 2011, p.7).

Modern analysis claims that capitalism is dominated by two major themes: the functioning of capitalism system and the problem of unity versus diversity capitalism.

Under the impact of globalization and in particular of finance, in the 90s, it was accredited the idea of convergence of the national economies into a unique form of capitalism, the one from the U.S., characterized as free market capitalism.

Various theories have provided sufficient arguments to explain the contemporary variety, the multiplicity and the historicity of the forms of capitalism, and also the variations of the capitalism in time and space. Factors that are at the origin of the diversity of the capitalism refer essentially to the growth models, models of capital accumulation, the capital- work report and the characteristic of the process of historic constructions of institutional compromises.

B. Amable proposes a typology of the current models of capitalism in conformity with the specificity and complementarity of their institutions. So, the binary oppositions that are found in the specialized literature are overcome (M. Albert proposes a distinction between Rhenish capitalism and the "neo – American" capitalism).

The persistence of the national specificities justifies the absence of the single European model despite the process of European integration. Within the European Union, apart from the impact of globalization, the increased rhythm of the European integration process has contributed to the harmonization of economic systems. In the European Union persist national specificities of capitalism in every country (the German model of consensual capitalism, the Nordic model of social capitalism, the Mediterranean capitalism and others). Contrasting forms of the capitalism persist. But the heart of the current crisis is standing the dominant financial capitalism.

The last decades were marked by important changes that led to the dissemination of the institutional forms of the neoliberal models to other models of capitalism. The future of capitalism remains open. The global crisis imposes the revaluation of the financialized capitalism and of the benefits of globalization. It opens a long and uncertain period of reconfiguration and a period of creating new forms of capitalism.

Varieties of Capitalism

Explaining organizational and institutional diversity can expand and deepen the perspectives of approaching a variant of capitalism. This approach identifies an institutional architecture dominated by the market and other based on the multiple forms of state intervention. In the first case, it is the prevalence of a dominant market capitalism, and in the second case prevails a strong impulse *état* that passes through the political reforms and not predominantly through an exclusively economic competition.

In the '90s the approach of "varieties of capitalism" has imposed (varieties of capitalism - voc), which highlights the close connection between the institutional structure of a country and type of economic activity in which it specializes.

Contemporary theories of VOC raise the question of the existence, in a certain period, of several forms of capitalism despite their international competition and the effects of mimicry of canonical or dominant forms.

Subject of the researches devoted to the configuration and diversity of capitalism it constituted the role of the political systems highlighting a link between national production and the type of electoral system.

The specialist in political science is concerned about the place of politics in contemporary capitalism configuration and seeks to establish a correspondence between the forms of democracy and the nature of economic performance. The originality of the approach consists in identifying some indicators regarding several institutional areas considered in the theoretical analysis of the types of capitalism.

The importance of the politics in explaining the diversity of capitalism is also revealed by the statement according to which the economic policies promoted by governments are the result of political compromise rather than strict adherence to a theoretical structure.

On behalf of an ideological universality, some theorists have shown superiority of the economy supply on the management of the Keynesian demand and the victory of the free markets over command economy.

In the VOC approach it is also approached the impact of globalization on the convergence/divergent forms of capitalism. In the 90s, under the impulse of globalization it is circulated the opportunity of convergence to a unique form of capitalism, the one from the U.S., which was characterized as liberal market capitalism.

In shaping the contemporary capitalism a special place is held by the Asian model that proposes an alternative project of civilization and a new approach to "Asian values" (Stevens. p.31)

The theoretic fundamentals of the nipono – Asiatic system are identified with the denial of any Western ideology and neoclassical theory according to the fact that there are universal laws, purely rational, perfectly quantifiable economy applicable wherever and whenever. It also supports the need to detach from the universal claims of economic science as shown in the West and especially in the North - American world, and taking into consideration the influence of cultural, historical, and proactive factors and of the voluntary decision or of an "visible hand".

The convergence of these factors lies at the base of nipono - Asian system and does not impose pre-existing economic theories.

Theories regarding the capitalism typology include also the evaluation attempts and identification of the "good" and "negative" forms. In this way, different types are identified (state-run capitalism, oligarchic capitalism, capitalism of small firms, entrepreneurial capitalism) and their impact upon economic growth (Baumol pp. 57-83).

To illustrate the existence of a form of variable capitalism, Michel Albert opposes to the Anglo - Saxon capitalism and Rhenish capitalism. The first is deeply liberal and state intervention is minimal, the second values the social consensus and solidarity.

Historical development and geographical diversity of capitalism are questioning the idea that only one form of capitalism is functional. Capitalism takes many forms, which are the product of a long evolution, with proportions that vary from country to country, depending on ideological, culture and history factors. Although it is an ambivalent notion, the liberal authors prefer the term of market economy, capitalism and its manifestation types can be compared by their systemic components (ideology, institutional and technical structures, adjust through market mechanisms, crucial components of set-up mode, the principal characteristics of growth regime).

The Great Depression of the '30s is presented by the regulation theory as being a major crisis which appoints the end of the competitive regulation method. The crisis of the traditional neoclassical theory and the emergence of the Keynesian theory provide the implementation of managed regulation that characterizes the global functioning of the economy. The economy is managed by the state and Fordism sustains economic growth.

During the Keynesian-Fordist period, more precisely those "30 glorious years", global expansionist and recovery policies or, according to the conjuncture, rigorous policies are promoted (stop and go, in the Anglo-Saxon countries). According to J. M. Keynes, encouraging the collective consumption increases the employment and return to economic growth and public deficit which may be the consequence of productive consumption, and is considered a way to reinstate the activity by increasing global demand. Under industrial capitalism, accumulation is centred on machines and work organization.

The deterioration of the economic performance in the early '70s, the emergence of stagflation due to productivity crisis and depletion of Fordist growth, contribute and determine the reconsideration of the Keynesian theory and the emergence of a renewed liberalism.

The conservative counter-revolution emphasized the reduction of public expenditure and the drastic control of social spending and suggests the profound transformation of the growth regime and control method. The dominant features become the liberalization and deactivation of the state with the purpose to restore competitive conditions, gradual privatization and deregulation, labor flexibility and the promotion of a new wage relation.

The new regulation method is based on the internationalization and liberalization of economies and leads to the insertion of a new economic policy regime. The "conversion" to monetarism in 1979, sets up a new direction for monetary policy and promotes the policies of the offer. At the same time, the fiscal policies, as well as the price and income policies, are increasingly less used

to attain a fiscal balance and one can ascertain the emergence of new forms of combined and pro-cyclical policies.

After the '90s, we are witnessing a definitive break from the industrial capitalism and its Fordist foundation. The emergence of a new period of capitalism is accompanied by the implementation of a growth regime, sometimes referred to as "patrimonial", whose outstanding features are represented by the extension of the wage shareholding, the importance of enterprise governance and the role of financial markets in macroeconomic adjustment. A new regulation method is progressively implemented as a result of technical changes, innovations and intangible forms of investment, as well as due to the process of ensuring work flexibility and the transition to a new compromise when it comes to wage. The new deeply reshuffled capitalism stands out through the central role of finance and financial accumulation, as well as the new role of monetary policy. Thus, the laxity of the U.S. monetary policy after 2001 and the significant decrease in the level of interest rates have approved the abdication of control over credit, as well as its expansion. The increase of profit within the financial sector and reorientation of the non-financial companies towards financial markets, have determined the emergence of several conditions which led to the emphasis of the economic financialization process. This new trend has turned into a source of economic disorder by inciting enterprises to financial investments to the detriment of investments, favoring financial expansions to the detriment of industrial restructuring, as well as by developing financial bubbles that have repercussions on the real economy.

Major Economic Crises and Stages of Capitalism

The stages covered by capitalism in its development are closely related to the generalized crises that capitalism went through. Some recessions are different; they trigger deep political and economic crises and aim at the legitimacy of both economic and political order. The Great Depression of 1930 and the stagflation from 1970 represent the two major capitalist crisis of the twentieth century (A. Gamble, 2009, p. 11). The current global crisis has the ability to determine the collapse of a specific ideological and growth model and to argue the current economic and political order. Furthermore, the current global crisis is comparable with previous generalized crises that marked the great transitions of capitalism. Therefore, one can ascertain the existence of certain symmetry between the major crises of capitalism and the transitions they went through. The dominant feature of the various stages of capitalism is represented by the characteristics of the government relations with private business, and by the characteristics of the development of the relation between economic and political forces. (A. Kaletsky, 2010, p.p. 41-58).

Capitalism, transformed and dominated by finance, witnesses a new major crisis which represents the manifestation of structural contradictions in the operation mode of capitalism after 30 years and it is called neoliberalism.

After the events of 2007 and 2008, theses on market efficiency are increasingly disputed, and the world is facing a new revolution and new intellectual and political challenges. The biggest financial crisis in history invalidates some of the previous convictions and beliefs and contributes substantially to the loss of credibility of the conservative political project and to the failure of the neoclassical economic model. However, the financial crash of 2008, confirms, along with the collapse of intellectual foundations of neoliberalism, the crisis of the growth regime and a new episode of the crisis of the financialized accumulation regime.

The next transition (Capitalism 4.0) requires the drafting of a reconstruction program, the same thing that happened with New Deal after the 1930 crisis and the neoliberal program following the stagflation from 1970. An idea was increasingly spread, namely the need for the emergence

of a New Deal in order to ensure the overcoming of dilemmas on exit-from-crisis strategies and the reassessment of the domination model of the financialized capitalism.

The need to reconfigure and reinvent capitalism should be combined with responsibility and concerns on increasing research within the economics domain, as to be able to identify another developing strategy and to cover the void caused by the intellectual collapse of the market's absolutism. Reality has shown that market forces alone cannot solve problems and cannot guarantee the guidance of all economic resources, which requires the creation of a new model of cooperation based on the harmonization of the incentives of the private sector within the social needs. More market or more state must not necessarily represent a matter of ideological preference, but rather the acknowledgement of the mixed character of capitalism. Within the post-crisis reform process, the state decided to consume a large number of risks that the private financial system cannot sustain. However, revival of public intervention to save the economy does not rule out the danger of the emergence of new barriers and other forms of crisis. The thing that ultimately generated the utmost severe financial crisis in history is due to the non-acknowledgement of the essential functions of the government in a modern capitalist economy. Saving capitalism was never acknowledged as a legitimate function of governments.

For advocates of market fundamentalism, the crisis represented the price paid for stimulating growth and innovation. The imbalances and turmoil generated by the crisis emphasized the limits of depoliticization and the need to redefine the relations between government and market. The severity of the crisis demanded the direct involvement of governments. The state's comeback was also requested by those who previously celebrated the infallibility of the finance and worshiped the efficient markets. The conditions of a crisis of such magnitude led to the emergence of the belief that only the state has the ability and necessary resources to intervene to save the market from itself. Furthermore, only the state has the ability to reorganize capitalism and create conditions for a new expansion.

Ultimately, reviving the role of collective action is due to both the magnitude of costs associated with financial crises and the impossibility to prevent them. The collaboration between government and market and in no circumstances the existence of some adversity relation, will constitute the distinctive feature in the next phase of capitalism. The acknowledgement of the mixed character of capitalism represents an essential component of finding the transition to a post-crisis world and its identification based on moral criteria.

Conclusions

Should we acknowledge the existence of a certain heterogeneity of capitalism, it is necessary to also acknowledge the role of major economic and financial crises in shaping its various models and varieties of expression. However, considering such crises as regulation factors in market economies emphasizes an apparent paradox: how can crises, which manifest through economic imbalances, be considered a rebalancing factor? Another dilemma characteristic to the current era should also be solved: is humanity facing a major crisis of capitalism or a crisis of a particular type or model of capitalism?

The last decades have been marked by important institutional changes which on the whole, represented the dissemination of the institutional forms of the neoliberal model towards other models of capitalism: privatization and increasing the competition on the products and services market, flexible the wage relations, diminishing social protection and disseminating the principles of finance market governance. Due to this fact, even if the neoliberal model is targeted primarily by the current crisis, it affects the overall models of capitalism. The great fragility of the neoliberal model whose feature is represented by the instability, as well as its contradictions requires the identification of the type of emerging capitalism.

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Diversitatea și tranzițiile capitalismului

Rezumat

Crizele au transformat permanent capitalismul global, care nu a încetat să se transforme, dovedindu-se un sistem social evolutiv și adaptativ. Capacitatea de adaptare a capitalismului trebuie analizată pe baza evidențierii intercondiționării crizelor majore cu marile tranziții pe care le-a înregistrat. Evoluția și caracteristicile noilor forme de capitalism sunt puse în evidență de particularitățile modului specific de acumulare, precum și ale regimului de reglare și creștere.

Transformările care au însoțit etapele și stadiile capitalismului conduc și la schimbarea perspectivei asupra crizelor, prin evidențierea rolului procesului politic în geneza și depășirea lor. În acest context, sunt relevate rolul neoliberalismului și al intensificării globalizării asupra convergenței diferitelor modele sau varietăți de capitalism.

Profundele mutații generate de actuala criză mondială trebuie să dinamizeze dezbaterile teoretice privind direcțiile de reformare nu numai a unui sistem economic, ci și a tipului de capitalism în curs de apariție.