

Summary

Global Capitalism as a Stage Theory and Its Tergiversation

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This study is an attempt to elucidate the current state of the capitalist world economy based on the framework of 'Stage Theory.' In my humble opinion, the mode of accumulation known as Global Capitalism, which has been dominant since the 1980s, is currently reaching a dead end, but a new mode of accumulation to replace it has yet to emerge. I would like to use Uno's Stage Theory to explain the current state of the world economy, which is faced with various obstacles and still has to rely on Global Capitalism that is not functioning well.

1. The Stage Theory

In recent years, research into the theoretical framework and application to reality of 'the Stage Theory', which conceived and proposed by Uno Kozo (1897-1977), has made remarkable progress, and it has become possible to grasp, elucidate, and clarify the position of the modern economy within the macroscopic frameworks of "historical" and "world economic." The aim of this essay is also to illustrate the effectiveness and significance of 'the Stage Theory.'

While so-called theories ("the Principle") are general and universal, abstracting from historically and regionally specific constraints, the Stage Theories understand the world economy as systems and clarify the characteristics of reproduction (modes of capital accumulation) for each era under the historically specific constraints of these systems. They are world economic theories that clearly define periodizations that describe historically specific characteristics.

In recent years, among those who inherit Uno's theory, the prevailing view has been that there were two "Grand Stages" - Pax Britanica [1820s to 1914] (hereafter abbreviated as "PB") and Pax Americana, [late 1940s onwards] (hereafter abbreviated as "PA") - and an "the Interregnum" (which cannot be defined by stage theory) that included the two World Wars and the Great Depression in between. Each "Grand Stage" is defined not only by the economic power of the central country, but also by extra-economic factors such as hegemony, including international political and military dominance.

Furthermore, it should be noted that major changes are occurring at each "Grand stage" that cannot be clearly stated by these "Grand Stage" provisions alone. For example, throughout the entire period, 'PB' shared the gold standard, vertical division of labor, and British hegemony as common elements, but after 1870 it clearly brought about a major shift in the accumulation system.

PA is also experiencing this major shift that cannot be captured by the "Grand Stage" alone. There

are differences of opinion on how to interpret this, but I have discussed it in terms of "Phases." Therefore, Stage Theory discusses 'sub-stages(Phases)" that are developed on the basis of 'Grand Stages" and that show the characteristics of the accumulation pattern of a given period.

2. Road to Global Capitalism

Global Capitalism is the second "Phase" of 'PA.' 'PA' was an "artificial" reconstruction of the capitalist world economy that had collapsed during the "Interregnum" under the leadership of the US government after World War II. Therefore, the first "sub-stage" was "Managed Capitalism," in which government control of the economy remained strong and international trade was restricted. During this "Phase," under essentially closed economic environments, the United States, Western Europe, and Japan achieved economic growth, ushering in the "Golden Age of Postwar Capitalism" from the late 1950s. However, in the 1960s in developed countries, technological innovation gradually stagnated and labor productivity growth slowed, so the institutional mechanism for increasing labor wages, which had been the key to the growth of postwar capitalism, began to get out of control.

This runaway trend became apparent after the oil crisis of 1973, bringing about "stagflation," a recession accompanied by inflation, in developed countries. As a result, stable oligopoly systems in the United States and Western Europe collapsed in the late 1970s, leading to chronic economic crises. Inflation could not be contained until the early 1980s, and high unemployment and the collapse of the stable oligopoly led to continued poor business performance for large corporations. This situation will drive a major shift towards "Global Capitalism.

3. Development of Global Capitalism

Global Capitalism is a feature of world capitalism that has become prominent since the 1980s, and is driven primarily by "Global Corporations." The core of these "Global Corporations" are companies that make durable consumer goods such as automobiles and IT equipment, with production bases all over the world and operating globally across borders, from sourcing raw materials and parts to selling finished products. At the same time, various regions outside of developed countries that previously did not have much meaning as markets have developed into industrial nations through the globalization of production bases, and as a result, Global Corporations' second characteristic is "global marketing," in which they actively sell to these markets as well.

Furthermore, the crucial premise was that the development of IT technology and the establishment of global information and communication network made it possible to manage global supply chains in real time. The essence of Global Corporation is the "Knowledge Economy," which produces, processes, exchanges, and uses information to maximize efficiency. From this perspective, the relocation of production bases is only a part of the story, but the relocation of production to developing countries has had a decisive impact on the accumulation structure of the world economy.

The beginning of Global Capitalism was the relocation of production bases overseas, when stable oligopolies collapsed and price competition returned, and oligopoly companies in developed

countries, which were in a difficult position, tried to restore their competitiveness by directly reducing labor costs. Forced by the return of price competition, relocation of production bases quickly proceeded. Because the success or failure of a production relocation depended heavily on the location, relocations were concentrated in areas where they were likely to be successful. Furthermore, in order to strengthen price competitiveness, progress has been made in local procurement of parts and raw materials as a major method of reducing costs. As a result, in countries and regions that accepted the concentrated relocation of production bases, industrial clusters with international competitiveness in manufacturing were rapidly formed. Against this backdrop, modernization and urbanization progressed, leading to continued high economic growth, and a group of countries known as "middle-income countries" with consumer markets similar to those of developed countries emerged. Representative of these countries are the Asian NIEs, Thailand, Malaysia, Indonesia and China, with China in particular benefiting the most from global capitalism and achieving long-term high growth.

On the other hand, the expansion of global corporations has caused "de-industrialization" in developed countries, and the number of 'affluent' workers at large corporations who had been the driving force behind growth during the era of "Managed Capitalism" has rapidly shrunk, leading to serious unemployment. Yet, as the source of technological innovation shifted from the military industry during the "Managed Capitalism" period to the Knowledge Economy, such as IT technological innovation driven by venture businesses from the 1980s onwards, developed countries saw an increase in employment of auxiliary and complementary low-wage workers, the opposite of high-income Knowledge Economy workers, and thus avoided a crisis situation similar to that of the Great Depression, in which a large number of unemployed people accumulated. However, in general, the number of low-wage workers has increased in developed countries, and the social sense of 'affluent' that existed during the "Managed Capitalism" period has been lost.

4. Immigration as a focal point

As mentioned above, the development of Global Capitalism is the result of the rapid economic development of (former) developing countries, such as "middle-income countries," driven by the expansion of Global Corporations, combined with the simultaneous development of the Knowledge Economy, represented by IT, mainly in developed countries. However, only developed countries and a small number of developing countries are directly included in this path of economic development. Most developing countries were excluded from this development path, and even in countries considered to be "middle-income" countries, there are often regions that have been left behind in development, and regional economic disparities are often hopelessly wide.

The point is that Global Capitalism has had a profound impact on this "residual world" as well, promoting social change, as seen in the recent explosive increase in immigration.

This point needs to be traced back to its origins. Many developing countries that achieved political independence after World War II aspired to modernize, but modernization required huge investments

in industrialization and infrastructure development, and many goods had to be imported. Many developing countries that achieved political independence after World War II aspired to modernize, but modernization required huge investments in industrialization and infrastructure development, which meant a lot of imports. As a result, many countries came to depend on economic and military aid from the United States (or the Soviet Union) for modernization during the Cold War.

During the Cold War, radio and television broadcasting equipment was considered an essential item in American economic and military aid. Broadcasting was a key tool for "national integration" for the new governments that had achieved independence, and was therefore a high priority for the governments of developing countries. At the same time, however, American-produced content such as TV dramas and records supplied to developing countries is flowing into those countries. These were propaganda pieces that portrayed the 'affluence' of the 'Mass Consumer Society' as the 'systematic superiority' of capitalism over socialism, and they spread the image of directly linking 'modernization' with 'affluence', spreading hopes and "dreams" to every corner of developing countries.

The spread of images of 'affluence' accelerates 'inland migrant' in developing countries, eventually leading to an explosive increase in immigration. Migration is not a modern phenomenon, and the increase in "inland migration" since the 1970s and 1980s is a result of population explosion and the difficulties of traditional life caused by overcropping and overgrazing. The rapid population growth in cities, which has led to a situation where the majority of the increase is flowing into slums, has never happened before. It was the dream of urban 'affluence' that attracted them.

Nevertheless, during the period of "Managed Capitalism," it was difficult for "migrant workers" to leave the boundaries of a single country. This was because developed countries imposed strict border controls not only on "goods and money" but also on "people," making it difficult even to send immigrant remittance.

On the other hand, Global Capitalism has made the international mobility of people essential in order to move goods and money freely across borders. Global Corporations have had a need for multinational talent, and in the Knowledge Economy, what is required is ideas and skills, not nationality, so highly skilled immigrants are very welcome. Thus, when barriers to immigration were removed, large disparities in income across countries, measured in exchange rates, created huge waves of immigration. Developed economies have now become so dependent on international movement of labor that they cannot function without immigration.

The explosive increase in immigration, seen in developing as well as developed countries, is a consequence of Global Capitalism, and it does not in itself threaten the system of accumulation yet. Nonetheless, it is certain that the "immigration issue" is creating socio-political conflict and tensions all over the world. In addition, considering that it is generally difficult for immigrants to continue their previous way of life in their home countries, and that those who remain are pressured to emigrate even if it means working under unfavorable conditions or taking great risks, there are more serious and widespread issues behind the "migration problems." In this way, immigration has become a

global "focus," and there are now growing fears that it poses a threat to global capitalism.

5. Is Global capitalism at a standstill?

Since the 2010s, Global Capitalism has shown signs of decline. Trade growth slowed and growth began to stutter across countries. However, the growth pattern has not changed and there is no prospect of the next "Phase", so it appears to be stalling.

This is first evident in the slowdown in trade. Throughout the period of global capitalism, world trade has grown faster than the rate of economic growth of the world, but in the 2010s this relationship reversed. China, which has benefited the most from Global Capitalism, has significantly reduced its dependence on trade, then the days when global capitalism drove the Chinese economy are now over.

There are several reasons for this stalling. The first is that it has revealed the vulnerability of key global supply chains to bottlenecks that could destabilize the economies of many countries at once. Specifically, the Great East Japan Earthquake threatened to cause the entire world's automobile industries to shut down simultaneously, but even afterwards, restrictions on automobile production arose due to a chronic shortage of semiconductors, even without any sudden accidents such as natural disasters.

Bottlenecks have proven to be an even more serious threat when it comes to supplies of oil and rare metals, which are likely to be natural monopolies. The danger in this regard was seen in the Saudi Arabia-led oil price surge after the Global Financial Crisis. Saudi Arabia pursued its national interests without fear of disrupting Global Capitalism, and governments around the world not necessarily see an interest in maintaining Global Capitalism, and the hegemonic United States is no longer very interested in the selfish actions of such countries.

The second point is related to the "immigration problem" mentioned earlier. Global Capitalism has brought about economic growth, but it also seems to have created a "globalization of discontent." A prime example of this is the "immigration problem," and political forces that reject "cultural pluralism" are gaining strength, especially in developed countries. Similar trends are occurring in developing countries, where, while there are conflicts and collapsed states, there are also many governments that try to overcome political difficulties through nationalism. This puts global supply chains at political risk, as some governments may actually move to disrupt them.

Thus Global Capitalism will be politically disrupted, but it will not end. A return to a closed economy such as "Managed Capitalism" would be prohibitively costly and would be as unrealistic as sending all immigrants back to their countries of origin.