

OLD AND NEW THEORIES OF THE TRANSFORMATION OF CAPITALISM

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Abstract

Socio-economic theories of the transformation of capitalism form a broad and heterogeneous stream of mutually inimical and complementary concepts. All emphasise the evolutionary transformation of capitalism during the 20th century and now in the 21st century into a new, more perfect and order. Capitalism had, especially after World War II., fundamentally change and transform. The paper divides the theories of the transformation of capitalism into old theories (approximately until the turn of the 1980s and 1990s) and new theories, already reflecting the disintegration of the socialist world system and the current contradictions of the 21st century. In the context of the historical development of theories of capitalist transformation, the authors point out that the concepts of the Fourth Industrial Revolution, including the project of the Great Reset or Inclusive Capitalism, can be interpreted as a postmodern version of theories of capitalist transformation, including outlining possible paths for the further development of society.

Key words: Fourth Industrial Revolution, theories of the transformation of capitalism, new ways of capitalism

JEL Code: B5, O3, P1

Introduction

The concepts of the Fourth Industrial Revolution (4IR), including the project of the Great Reset and Inclusive Capitalism, can be interpreted as postmodern versions of theories of capitalist transformation. The paper divides these into old and new theories, reflecting the already collapsed socialist world system and the contradictions of the 21st century (Schwab, 2017). A prominent place within the new forms of theories of the transformation of capitalism is occupied by current forms in the context of 4.0 processes, including the green stage of 4IR and the projects of the post-covide world. Both old and new theories of the transformation of capitalism can be seen as an attempt to account for the transformations of capitalism towards further socialization.

Technologies 4.0 are often related to the current phases of digitalization and robotization in the sense of the next revolution. The base of the 4IR is to be Industry 4.0 (i4.0), supported by Industrie 4.0 or in projects of the Czech Republic Průmysl 4.0 (Mařík et al., 2016). Despite the considerable amount of texts dealing with 4IR, truly stimulating texts are lacking. A review of the Czech and international literature (Sirůček, 2018) shows that most materials on 4IR or i4.0 technologies remain of a popularizing, uncritically propagandistic or naively utopian nature. In the case of more severe titles, the texts are very industrial and technical oriented. They focus on the technological and ICT (information and communication technology) aspects and neglect the managerial, organizational, economic or social context (or other challenges). Industry 4.0 initiatives, etc., also tend to focus on the technical side and neglect other social or managerial aspects. There is neither a generally accepted definition of Process 4.0 nor a deeper theoretical understanding of its essence. Official texts on 4IR point to its revolutionary nature and its impact mainly outside the industry, although this is where most focus (Sirůček, Džbánková, 2017). The authors of the article offer a critical perspective on the concepts of the Fourth Industrial Revolution, which in the context of the historical development of theories of capitalist transformation, including the project of the Great Reset or Inclusive Capitalism, can be understood as a postmodern version of theories of capitalist transformation, offering possible solutions to the problems of the 21st century and outlining ways of further development of society. The paper is an original scientific review which is not based on primary research. It uses the data from secondary sources of scientific literature and the results of research available on the topic. It has been used methods of description, comparison, and qualitative analysis to achieve the mentioned goal.

1 From the history of the old theories of the transformation of capitalism

Concepts that go well beyond standard economics include the previously popular and numerous theories of capitalist transformation. These generally emerged in the late 1950s and early 1960s, with a surge in popularity in the 1960s and 1970s. Gradually their influence waned, and today they exist in new, or more accurately, old and modified forms. In addition to economic aspects, they contain distinct sociological, political, philosophical, or futurological elements, and their integration is unclear.

The subject is the perspectives of the capitalist system, where pervasive changes, not only economical, are noted during the 20th century (after WWI and especially after WWII). A

new era of capitalism was about to emerge and was about to be transformed. The exploitative Marxian capitalism of the 19th century was to be evolutionarily transformed into a more perfect, qualitatively different system (people's capitalism, managerial capitalism, post-industrial or information society, etc.). Many of these views are held by Western authors close to social-democratic ideas or ideas of the so-called third way. The formation of the concepts, often fulfilling ideological and propaganda functions was influenced by the existence of two rival systems (including the pressure of the socialist camp and the growth of the living standards of working people in the West), the development of the socialist movement after the Second World War, and Keynesian post-war politics. This is a broad and highly heterogeneous stream of complementary concepts with blurred boundaries. The emphasis on different new phenomena predetermines the different variants. Most of the theories emphasize the development of science, technology, and engineering, and many identify the development of stock forms of enterprise as the basis for change.

The classifications distinguish, for example, managerial order theories, the democratization of capital and the revolution in pensions (including theories of the general welfare state), mixed economies and convergence theories. More modern forms are represented by many conceptions of industrial and post-industrial society, especially by the information society theories.

Theories of managerial order, managerial society or revolution enjoyed considerable popularity with roots before WWI and more modern versions in leadership. Concepts of corporate capitalism advocated reducing the role of owners and changing corporate behavior. Theories of the democratization of capital and the revolution in pensions are close, with versions of so-called popular capitalism dusted off in, for example, coupon privatization. More recent performances include employee shareholding ESOPs (L.O. Kelso) or Mondragon-style cooperativism. The concepts of the general welfare state, mixed economy theory and convergence theory cannot be omitted.

Other forms of the old theories of the transformation of capitalism are represented by the doctrines of the industrialists and post-industrialists - the theories of industrial and post-industrial society, respectively, information society, etc. Including models of a new industrial society and considerations of a variously defined unified industrial society. The common and unifying thesis is that technological progress (especially in the context of the scientific-technical revolution) should lead to a perfect society, which is no longer supposed to be capitalist. It is to be characterized, for example, by a transition from an economy of poverty to an economy of abundance (J.K. Galbraith) or a society of mass consumption (W.W. Rostow). The author of

the term post-industrial society is D. Bell. Z. K. Brzezinski talks about technetronic society and Mr. and Mrs. Toffler about the super-industrial one. Furthermore, one can recall A. Touraine, R. D. Hamrin, W. S. Buckingham, or Y. Masuda.

More broadly, the conglomerate of transformation theories can also include the reformist concepts of Keynesians, technocratic theories of institutionalists, approaches of neo-institutionalists, or, for example, the theory of self-liquidation of capitalism of J. A. Schumpeter, or considerations of his followers (Sirůček et al., 2007). A transformation theory of its kind is also the concept of the great transformation of K. P. Polanyi. In a more general context - and at the level of different disciplines - the global reorganization and transformation of capitalism are discussed by many socio-economic schools and concepts. Theories of development or modernization (W. W. Rostow), world-systems theory (I. M. Wallerstein), the theory of dependence and interconnectedness of economies, the theory of flexible accumulation, the theory of deindustrialization, the theory of hegemonic instability, the theory of the transition to disorganized capitalism and/or the reflections on capitalism by R. B. Reich, etc. There are also various interpretations of the transformation of capitalism in Western sociology and elsewhere, for example, regarding its transition from Fordism to post-Fordism since the 1960s. The reactions of the Schumpeterian, or rather neo-Schumpeterian, from the positions of the concept of flexible accumulation, the theory of regulation, and so-called Western Marxists are recapitulated by (Pavlinek, 1997). In addition to dozens of socio-economic concepts of the transformation of capitalism, various theories of the transformation of socialism into capitalism have also been current since the 1990s.

2 (Old)New Forms of Theories of the Transformation of Capitalism

From about the mid-1970s onwards, we can observe a retreat of convergence theories, subsequently reinforced by the demise of real socialism. The vast majority of theories of the transformation of capitalism did not foresee this historical occurrence at all. Another trend has been the modification of conceptions of industrial society into theories of post-industrial, super-industrial, technetronic, or informational society. With the revolutionary changes of ICT leading to fundamental transformations of the whole society, various variants of the theory of the information revolution and society have been operating since the 1980s.

Regarding the consideration of the information society (Webster, 2006) distinguishes several groups. The first projects an entirely new society - post-industrialism (D. Bell and "legions of his followers", including the Tofflers), postmodernism (J. Baudrillard, M. Poster,

P. Virilio), theories of flexible specialization (M. Piore, Ch. Sabel, L. Hirschhorn), theories of information-based development (M. Castells). The second group emphasizes the continuation and builds on existing theories - neo-Marxism (H. Schiller), regulation theory (M. Aglietta, A. Lipietz), theory of flexible accumulation (D. Harvey), reflexive modernization (A. Giddens), theory of the public sphere (J. Habermas, N. Garnham).

The further progress of globalization and the long-deflated bubbles of the so-called new economy of the 1990s were associated with the term digital economy (D. Tapscott) and, above all, a knowledge-based economy and society as a whole (e.g. P. F. Drucker).

Modern and postmodern capitalism, resp. post-capitalism (P. Mason, P. F. Drucker) was to be revived and become an industrial (R. C. F. Aron, J. K. Galbraith), resp. postindustrial (D. Bell), technetronic, cybernetic-electronic (Z. K. Brzezinski), informational, resp. super-industrial (Tofflers) society. In more recent forms of theories of transformation, capitalism was to be replaced by a knowledge society (P. F. Drucker), a network society (M. Castells, J. Rifkin), a digital society (D. Tapscott). Alternatively, it should be a system transformed by the managerial revolution (J. Burnham), convergence processes (J. Tinbergen, J. K. Galbraith), the third way of the market economy (A. Giddens) or digitization (P. Mason) (Sirůček, 2017).

One can discuss considerations on the topic of "*green*" (Weizsäcker, Lovins&Lovins, 1996) or "*natural*" (the more recent Club of Rome Reports) capitalism. "*Natural capitalism*" is usually taken to mean a market-profit system that treats nature sparingly and not predatorily. With this, the next industrial revolution is supposed to begin, bringing another so-called new economy.

Other new forms of theories of the transformation of capitalism include the concepts of the so-called new economy of the 1990s or "*capitalism without capital*", influenced by the entry into the "*immaterial world*" (J. Haskel, S. Westlake). One can also mention the model of capitalism 4.0 (A. Kaletsky), emerging before the start of the 4IR and emphasizing the adaptability of capitalism. Many dream of miraculous transformations of capitalism under the influence of ICT and digitalization. They are supposed to positively change people towards greater sharing and cooperation, to reduce the desire for power and ownership, towards greater empathy and responsibility. Ownership is to replace access to databases, services and sharing (J. Rifkin, P. Mason, etc.). Among the less optimistic are constructions of surveillance capitalism (S. Zuboff).

New forms of transformation theories include the fashionable concepts of the sharing economy, close to the 4.0 bubble. The functioning of digital platforms is supposed to be a central element of "*platform capitalism*" (N. Srnicek, 2019). The soberer voices are tempered

by uncritical enthusiasm for the subversives of sharing economy structures, which are neither an overcoming of capitalism (nor ownership), nor a responsible "green" project, but a profitable business for influential global players. The capitalism of digital platforms is even less humane and even more alienating. In doing so, it destroys hard-won protection and labor standards and returns capitalism to the 19th century.

3 The transformation of capitalism in the spirit of Projects 4.0

The current variations on the theme of the transformation of capitalism can be seen as a flood of 4.0 agitations. The world is about to be dramatically shaken by 4IR. It remains open to what extent is it another bubble and empty propaganda slogan, a forecast, wishful thinking, or an expression of strategic modernity and real epochal change? The 4.0 doctrine is primarily a political and marketing project aimed at the public, the media, and politicians. The effects of the next phase of digitization and robotization of industrial production are exaggerated. Business and profits always come first, confirmed by the current phases of the 4.0 bubble - the green stage and the coronacrisis, helping to push through the "*green deals*", the cultural revolution or unconditional income, etc. (Borio, 2020; Johnson, Roberto 2020; Siruček, 2020).

One of the most recent is the dusting off of an older concept in the form of "*stakeholder capitalism*" by one of the central ideologues of 4IR, K. Schwab. This is a vision of reforming capitalism from within, whereby "*shareholder capitalism*" (profit-oriented) must adapt to "*stakeholder capitalism*" (include anyone having an interest in the success or failure of a business) by pursuing social and environmental goals. This capitalism positions private corporations as stewards of society's assets. The third option is to be "*state capitalism*" (China). The concept of "*stakeholder capitalism*" (Schwab, Kroos, 1971) was updated in 2019 and then in the context of coronacrisis (Schwab, 2020).

Into the framework of transformational theories belongs the project of the Great Reset (Schwab, Malleret, 2020). According to hyper globalists, the new "*normal*" is to become the Great Reset - a new coat of the old globalist agenda. The world is never to return to the pre-COVID-19 state - the historic moment has arrived "*not only for fighting the virus but also for shaping the system for the post-Coronavirus era*". The three main pillars of the Great Reset are: directing markets towards fairer outcomes, shared green investment goals, and capitalizing on the 4IR to promote the public good, especially by addressing health and social challenges.

K. Schwab delivers a verdict on nation-states, with the coronacrisis meant to reinforce the inability of governments to grapple with the problems of societies and economies. The

pandemic is supposed to provide an “*open window*” for the destruction of the old world, where the spread of globalization and democracy has no place for nation-states. Decisions are to be taken by unelected experts, not only in the medical sphere, backed by “*global corporations with social responsibility*” (responsible capitalism). The functions of states are to be taken over by multinational corporations, which will be portrayed in the media as ecologically stable, sustainable, economically prosperous, knowing best how to manage their assets (“*guardians of the property*”). In the new digital order, work is to be taken over by robots, personal property is to disappear (the concept of sharing), rights and freedom of movement are to be restricted, and people are to be controlled by the threat of losing their electronically paid basic income (which will not be unconditional - it is to be linked to a social score).

Pope Francis has joined the global alliance of the Great Reset, alongside the Davos “*managers of humanity*”, with the Inclusive Capitalism Initiative. The word inclusive has become another buzzword. “*Inclusive*” (and “*smart*” and “*clean*”) is also supposed to be growth, according to WEF¹ projects.

Among the classical theories of the transformation of capitalism are the concepts of convergence. Dozens of variants (including the industrial or new industrial society) have advocated a gradual convergence through the internal development of both capitalism and socialism and the emergence of a hybrid (usually with the advantages of both systems while eliminating the disadvantages). With the variants of necessary synthesis, growing consensus, spontaneous merger, unified society, generalized economy, etc. With the emphasis on different aspects of the same processes and grounded in the concept of post-industrialism. The basis of convergence was the development of science, technology or new technologies.

R. C. F. Aron, W. S. Buckingham, J. Tinbergen, etc., reflect on the convergence of capitalism and socialism. J. K. Galbraith argues for the inevitability of planning and regulating the economy even under capitalism as a crucial moment of convergence towards socialism. He predicts the subordination of the market system to the planned system, with a trend towards a centrally controlled economy. (Sirůček, 2019). Socialism in the concepts of convergence, or more broadly in theories of the transformation of capitalism, tends to be interpreted as one variant of the industrial order, of the same level as capitalism (R. C. F. Aron, D. Bell, P. F. Drucker, but also the futurologists Toffler). Including the rejection of the expropriation of private ownership of the means of production, the rejection of the class struggle, and the proletariat's dictatorship.

¹ World Economic Forum

With the demise of the Soviet bloc, the concepts of convergence seemed dead. Apart from the specifically Chinese model and other exceptions, there is only capitalism. But have the prophecies of convergence theorists not come true? J. Keller ironically glosses that convergence is proceeding *"somewhat differently than originally forecast"* (Keller, 2020, p. 6). *"The former socialist bloc has been consistently reformed according to the slogan that money always comes first ... Ideological awareness and zeal for cadres, which should have subsided, have taken rather comical forms in our country. But they are becoming all the more enthusiastic west of our borders ..."* (ibid.). Which today is supposed to produce similar effects to those promised in the 1960s - *"the flowering of a policy of peaceful coexistence that will make wars and armaments unnecessary"* (ibid.).

P. Hájek also thinks that convergence has come true in a way (Hájek, 2020). Z. K. Brzezinski and his concept of convergence from the 1970s. Brzezinski thought that convergence would take place by taking the best of both resulting systems. Hájek sees today as a realized convergence of *"communism and capitalism"*, taking the worst of both systems. Yet Hájek remains optimistic, for *"the pendulum has been swung too far to one side and must therefore swing back ... he even proclaims that 'the greater the overshoot to one side, the better, the sooner the pendulum will begin to swing back'"* (Klaus, 2020, p. 13).

Conclusion

The current 16th edition of the World Economic Forum's (WEF, 2021) Global Risks Report warns of persistent risks to human health, rising unemployment, the widening digital divide, youth disillusionment, and geopolitical fragmentation in the context of the costs Covid-19 pandemic. Can we expect a sunny tomorrow of capitalism? The pandemic should accelerate 4IR and expand digitization. This should bring benefits such as the possibility to work from home but also deepen inequalities in digitization. Progress in digital inclusion is threatened by increasing digital dependency, accelerated automation, manipulation of information, differences in technology regulation, and skills and abilities to work with new technologies. In addition to the widening digital divide, sudden changes in markets (including the disillusionment of young people entering the labor markets of the *"ice age"*), job losses, disrupted social interaction and, last but not least, the failure to combat climate change, could have catastrophic consequences for the global population in the coming years. Investments in *"smart, clean, and inclusive growth"* to kick-start productivity and sustainable growth are seen

as opportunities. The response to the pandemic is to “*master risk management and build resilience*”.

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