

# National Capitalism or Market Socialism?

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## 2. Summary

- 1. Neo-liberalism in West a dominant economic and political ideology
- 2. 2007- weakened neo-liberal doctrine but no alternative paradigm
- 3. Russia and China non-hegemonic advanced countries and form a 'semi-core' in the global system
- 4. Alternative paradigms: >national capitalism  
>National market socialism

# 3. Adaptation to Neo-liberal crisis in the West

- On 29 April 2009 President Obama:
- ‘We cannot rebuild this economy on the same pile of sand’.
- Confronted by:
  - dominant ideology of neo-liberalism: private property, markets, competition, freedom. An economy driven by unregulated financial system
  - barriers to change: elite consensus: media, politics (all main parties), economic and academia

4. Responses: failed to transcend economic philosophy and policy of neo-liberalism
- **Elite thinking** - lack of economic understanding, can be rectified
  - **Elite led proposals:** modification of financialisation and a stronger role for state management, international regulation
  - **Heterodox economists** – more Keynesianism, better management of capitalism [CJE 2007 33]
  - **No vision of alternative ways** to implement policy on a state basis

# 5. Why has public protest not led to ideological challenge?

- **Barriers:** neo-liberal hegemony and globalised network economies
  - Interpenetration of Financial companies with: Politics, Media, Academia (ideology in economics)
- Politically, globalisation of capital detaches power from the state
- **States 'locked in' to global networks and interests**
- > Nullifies the electoral system as a vehicle of change
- > Extra-electoral protest, rise of fringe protest parties
- > Absence of democratic global institutions
- **Lack of sociological imagination**
- > no countervailing ideology

# 6. Alternatives for Semi-core (Russia, China)

- **Not 'locked in' to the global system.** Not part of dominant military and politically based core. Low economic transnationality index.
- Economically advanced but hybrid, less globally integrated economies
- **Not a 'semi-periphery' in transit to core or periphery**
- **They form a 'semi-core'.** Can develop relative autonomy from hegemonic core
- **Russia and China have the strength to reproduce themselves as economic formations (Like USSR)**
- **Regional blocs** political economic space for coexistence of different economic and political formations. Shang Cooperatn Agreement, CIS, Euras Econ Commy,
- Interact and exchange with the neo-liberal core

## 7. Challenge of the alternative is to construct an economic and political paradigm

- **Need for theoretical paradigm**
- Before alternative policies have any chance of being politically acceptable an alternative paradigm has to be articulated
- People have to be able to think in a different way, in different terms
- **Critical ideas have to exist in public consciousness.** They have to be recognised as alternatives

## 8. Two alternatives open to Semi-core

- **National Organised Capitalism and Socialism**
- in common: shift away from the hegemony of (monetary) markets to a state-led economy
- Alternatives involve prioritisation of economic development

# 9. Nationally organized capitalism

## **State and nation brought into unity under capitalism**

Features: **market relations; private, mixed ownership companies producing for profit concurrent with a regulative nation state**

Production for the market (exchange value).

**Capitalist class stays in place** even strengthened. Profits continue, even increase

Hostile to international financial capitalist interests, not to real capitalist economy

## **State-led form of capitalist coordination ensures accumulation**

>protection through tariffs, discrimination in favour of home industries

**Indicative planning** – incentives for private sector determined by state priorities

**Supports:** Private sector - state controlled financial institutions provide finance

Promotes national champions, protects home based companies and regional markets

# 10. Social responsibility

Recognition of the interests of stakeholders

Companies required to exercise greater social responsibility – to employees, consumers, suppliers, localities and shareholders

**Market bird fed in a capitalist state cage**

# 11. Second scenario: Market Socialism

- **Socialist ideology:** prioritize equality, full employment and social security of citizens
- **Value change:** collectivism rather than individualism
- **Economic coordination** through planning rather than market
- A combination of **directive planning and indicative planning**
- Retail distribution managed by the market.
- ‘Market socialism’: market bird trapped in an iron planning cage

# 12. Social Responsibility

- **Public ownership** would enable minimum levels of social security and social responsibility
- The production of **use value** would play a greater role in the economy and exchange value less
- Capitalist class would be restricted to small and medium businesses
- Objective of planning would be to provide a variety and dispersion of economic activities within national economic regions
- Return to greater **regional and local production**:
- >Supply of of non-capital goods and services (food, repairs, clothing, building materials, personal services)

# 13. Levels of support

- **NATIONAL CAPITALISM: support of economic & political elites**
- State and private corporations would gain
  - State employees, middle classes & small med bus would benefit from state transfers
- If a more effective variety of capitalism: could expect electoral support
- Ideology of nation - considerable affinity with electorate
- **Opposition** from globalised corporations and from the West
- **MARKET SOCIALISM: support from below**
- Minor presence in existing elite structure
- Electoral support **potential**: manual working class and peasantry (60% workforce)
- Small middle Class (7% educ+wealth; self identn 40%)
- Problem of organisation and political image – liabilities of Stalinist period
- Socialism in national context. Nation ideology strong

# 14. What politically expedient?

## National Capitalism

- Ideologically: State would have national capitalist basis.
  - Preserves capitalism in a nationalist shell
  - Political: Elite-led and already in place
  - Economic: Secures private corporations and lowers risk
  - Social: Secure social stability
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- Either option would be conditioned by, and in turn would impact on, the structure and process of the world system.
  - Whatever the character of the new social formation (national capitalism or socialism) it would form a counterpoint to the current hegemonic capitalist core

# The End