

Capitalism

Romar Correa

We model the transition from industrial to financial capitalism as an evolutionary game. The relative magnitudes of the payoffs as well as the likelihood of success matter for the movement from one regime to the other.

I Introduction

Social equilibria must be seen as the unity in contradiction of social relations and processes (Carchedi 2008). The dialectic arises from the class character of capitalism. The dynamic of the system is driven by capitalists and workers who reinvent themselves as fund managers and rentiers. Two types of rationality can be discerned. There is cooperation and solidarity between capitalists and workers at the workplace and that facilitates the reproduction of the system. There is, in addition, exploitation and inequality highlighted by class conflict which thwarts the evolution of capitalism. Thus, the dialectical concept of contradiction entails two components (Weston 2008). The first is the organic unity of opposing tendencies. Processes interact and some will dominate others temporarily. For instance, the finance motive may predominate on the upswing of the financial accelerator. When interdependent processes interfere with each other, a dialectical contradiction is established. A movement towards the resolution of the contradiction results. For Marx, the fundamental contradiction of capitalism was the conflict between the expansion of the forces of production and the social relations of production that constrained them.

The paper traces the dynamic between the mode of production described by the manager and the worker on the shop floor and the burgeoning regime of accumulation characterized by the fund manager and the footloose ICT employee cum rentier. The popular language to contend with cooperation and conflict is game theory but structuralists have been skeptical as the framework is grounded in microeconomics and does not absorb constraints that operate behind the backs of the protagonists as it were. The methodological limitation cuts both ways. Classes face constraints, or indeed, opportunities unavailable to individual members (Veneziani 2008). Social structures have explanatory autonomy in the sense that the power of individual agents depends upon their position in social relations. In general, both individual and structural constraints determine the choices of agents. On the one hand, many individual predicates have features of

Romar Correa, Professor, Department of Economics, University of Mumbai, Vidyanagari, Mumbai 400 098, India, email: romar77@hotmail.com, romarcorrea10@gmail.com