

ABSTRACT SUBMISSION

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ABSTRACT

Dual crisis of contemporary global capitalism – A need for a Great Transformation 2.0

Since the “great transformation” completed, capitalism has spread over the world and the cycles of the capitalist reproduction have been ruling and interconnecting the socio-economic development of an increasing number of countries. The theoretical framework that needs to be applied here to understand the determining mechanisms and institutions of this era and the possibly outcomes of it is firmly based on Polanyi’s great transformation (institutional perspective) but ranges from Marx’s theory of capital accumulation, through Kondratieff’ waves of development to Wallerstein’s world system theory, as cornerstones or pillars of the examination.

Beginning with the industrial revolution in the third part of the 18th century that launched the great transformation, through the scientific, scientific-technical, information and telecommunication revolutions, waves of innovation, detected by Kondratieff, have determined the rate of growth and, most importantly, the rate of capital accumulation. As the globalization of these cycles evolved, so the reproduction of capital, based on innovation, has become increasingly international, strengthened and institutionalized the hierarchy of the world economy (the axial division of labour), enhanced developmental gaps among and within nations and hereby increasingly hampered the catching up process of the less developed economies. As a result, getting into the clubs of the “upper classes” of the global screen, not speaking about the club of the most developed countries, has become practically

impossible in the age of globalization, i.e. since the 1980s. This phenomena is realized but insufficiently explained by the “middle income trap” theory.

The paper aims at cleaning this picture. In order to this, it firstly presents the stages of the development of capitalism since the great transformation to the present global capitalism (defined as “transnational monopoly capitalism”) and its hierarchy (somewhat improving Wallerstein’s palette with the introduction of the notion of “integrated” and “internal” peripheries). Then the paper describes the nature of the capital accumulation on global scale, its effect on the relative and absolute levels of wages (“a relative absolute impoverishment of the working class”) and on the relative development of the countries (the “impossibility of catching up”). Furthermore, the paper also discusses the nature of the complex crises (called as “nodal crises”), which occur at the crossroads of big technological change (the changes of the “technological paradigm” or the switches between the Kondratieff waves), that are typically go beyond the economy and demand basic political-institutional changes. The paper then examines why the last nodal crises has not been resolved yet and what is needed to be resolved. The conclusion is that as the centre is not able to climb out of the crisis it evoked, it is neither able to maintain the world order it has led in the last two century – in this sense the world is living in a dual crisis. New powers are emerging, demanding a bigger say in the global or regional chess board (a shift in the global power-architecture), while the accumulation of capital marginalizes an even greater part of the society everywhere. A new great transformation is on the horizon and the likely mode it will happen seems to be not less painful as that of the first one.