A Deeper Treadmill: a Theory of Capitalist Growth in the Great Acceleration

Presentation by Eric Pineault, Kolleg Postwachstumgesellschaften Jena and Institute of environmental sciences, UQAM

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From one Treadmill… to another

And from surplus production constrained economies…
To Surplus absorption constrained economies
The throughput and the biophysical structures of the economic process
The two surpluses of a capitalist economy

Physiocratic surplus

Marxian - Keynesian surplus

Capitalist Growth impetus
A Social Ecology of Capital

The economic process is a series of biophysical transformations, but mediated by capitalist institutions.
Origin of the growth imperative in advanced capitalism

- Profits and growth in a Postkeynesian perspective:
  - Growth imperative of corporations,
  - Maximizing growth = maximizing organizational control over production and consumption relations and norms, as well as over markets, competitors and regulators
  - Profit = means to growth in the form of retained earnings freed for investment

Forms of corporate growth

- Extensive = growth of sales, output, productive capacity, market share
- Intensive = organizational capacity (measured in value of intangible assets); innovation, new products brought to market, higher productivity

Eichner’s Megacorp model of corporate accumulation

- Search for «corporate levy» as
  - retained earnings + depreciation + R-D and marketing (financialized firm = extra rent: share buybacks)

Cost structure and pricing scheme

- Direct variable costs: engineered rate capacity = Potential KLEM, Standard operating capacity = realized KLEM
- Fixed costs in corporate structure = overhead + financial commitments
- Anticipated corporate levy and ex-post profits

Eichner 1983
Treadmill of production theory, Schnaiberg

- Dominant approach in environmental sociology until 1990’s
- Dominant economic force: Treadmill located in large capitalist industry
  - Monopolistic sector
- Mechanism:
  - Centralization of profits –
  - Investment biased towards K intensity
  - Productivity up, employment per unit of output down
  - Creates demand and social stability problems
  - Expansion absorbs surplus labour and capital
  - But also centralizes profits
  - And stabilizes society. Leads to

- Growth Coalitions and the « unpolitics of expansion »

Big State (Interventionist)  
Big Business (Managerial)  
Big Labour (Organized)
Social structures of capitalist accumulation

• Capitalist corporation
  • Face growth imperative and must manage devalorisation of fixed K
  • Maximizing growth = maximizing organizational control of production and consumption relations as well as over markets and the state
  • Gross profits (corporate levy) = means to growth

Managed devalorisation =
control over innovation + condition demand + schedule depreciation + manage competitive field

• Mass wage-earner
  • Value/unvalue rift of «reproductivity»
    Separation of production and consumption
  • Labour force abstracted from reproductive sphere
    • but L dependence on reproduction
    • And reproduction dependent on abstracted consumption norm
  • Unity of production and consumption governed by corporate sector
    • Through production of consumption norm
  • Secular tendency of colonization of reproductive sphere by productive sphere (growth)
    • More L
    • More commodity dependent reproductive activity
      • Embedded klem in C
Treadmill: growth as surplus absorption

- Aim: explain growth dynamics of 20th century advanced capitalist societies
- Growth = of monetary production economy (GDP) and of biophysical scale of the economy (stocks and EM throughput, MEFA)
  - Complex iterative interaction
  - Monetary production economy spins the throughputs and accumulates and reproduces (or not) stocks
  - Stocks and throughput physical potential and constraints of MPE
- Growth dynamics based on interaction between large monopolistic corporations and wage-earning labour market dependent working class and state
- Relative marginalization of smaller firms and independent producers in terms of impact on growth and accumulation
- Sociological extension of fundamental difference between “price takers” and “price makers”
  - Monopolistic practices = accumulation of organizational power over the economy and society
- General properties
- Basic distinction between surplus production constrained economies and surplus absorption constrained economies
- Why didn’t labour time fall with productivity?
- In advanced capitalist societies, wage-earners are surplus producers and surplus absorbers
- Surplus concept
- Ambiguity/confusion (value theory) between
  - Keynesian surplus: K and L (social form)
  - Physiocratic surplus: E and M (biophysical form)
    - Not really a surplus
- All production in a monetary production economy implies KLEM coefficients that is relatively rigid in the short term (Daly)
  - The surplus is keynesian but its absorption always spins the throughput of E and M
Financialized Kaleckian Growth Model

- K growth imperative
- Growing centralized surplus
- Centralized profits
- Over-consumption norm
- Subsistence imperative
- Managed devalorization Organizational capacity
- Unused Productive capacity
- Potential over-production
- Monopolistic financial barrier
- Debt/credit
- Financial innovation
- Financial Investment And circulation