

# ***Long-run Stages of Capitalist Development***

## **On the granular structure of a mode of production**

Hardy Hanappi

VIPER – Vienna Institute for Political Economy Research  
and

Technical University of Vienna, Economics, Institute 1053

[Hanappi@gmail.com](mailto:Hanappi@gmail.com) [www.econ.tuwien.ac.at/hanappi/](http://www.econ.tuwien.ac.at/hanappi/)

Paper contributed to

The Encyclopaedia of Evolutionary and Institutional, Economics, Elgar 2026/7

### **Abstract**

Since the 16<sup>th</sup> century several forms of the capitalist mode of production have shaped the evolution of the human species. Any closer inspection of the concept of evolution reveals that it is a name for a dynamic, which incorporates several underlying contradictions. Seen from a larger perspective, a unifying characteristic of the evolution of capitalism is necessary to justify the use of a common name for this time period. But parallel to this necessity, partly contradicting it, a set of shorter stages of capitalism are needed to understand how the long-run phenomena could emerge at all. During each of these stages some well-working mechanisms can be identified, which first led to a surge of this stage; and later, due to their working, these same mechanisms led to a partial collapse of the stage. In these shorter revolutionary intermezzi that often took several decades, new mechanisms were entering social evolution to maintain capitalism's basic thrust and at the same time to overcome the obstacles of the previous stage.

There clearly is a kind of fractal structure in such a historical treatment of capitalism's evolution: Within each stage of capitalism mid-range pulsations, sometimes called business cycles, can be observed which resemble the characteristic of the stage within which they are embedded.

Of course, capitalism is a broad social formation and cannot be reduced to a simple core of stylized economic behaviour in the fashion of '*achieving the highest output with scarce resources*'. It extends to geopolitical power constellations as well as to cultural traits of capitalism's stages.

Capitalism in its long-run evolution, in its historical mission, brought about mainly two achievements: A tremendous increase in labour productivity and a more and more sophisticated design for a global democratic institutional framework guiding the species into the next, non-capitalist mode of production. Evolutionary and institutional economics are the sub-disciplines of political economy that traditionally assembled research in this area of research. And the consideration of the stages of capitalism is the place where the inner workings of the dialectics of continuity and break can be best investigated.

## Introduction

Every theory addressing a period of the development of the human species necessarily has to identify this period by a set of special characteristics. This reference to the history of mankind distinguishes scientific theoretical approaches from religious belief systems. A second critical distinction that since the Middle Ages has allowed to advance the science of political economy to investigate the evolution of human societies has been to focus on how the material conditions of production and reproduction of societies influence the ideologies, which accompany these societies, rather than dealing with the inverse, the *religious* direction of causality. In other words, the dominance of a materialist conception of the science of political economy enabled the study of the mode of production of a certain human society as prevailing determining force that shapes the ideologies with which this society conceives itself. Hence, to discuss the capitalist mode of production the necessary first step is to determine its historical period and the set of its special characteristics.

The commonly assumed starting period of capitalism is the period when after the great discoveries of the 15<sup>th</sup> century worldwide trade activities led to an accumulation of wealth and political power in the centres of seafaring, hegemonic cities like Amsterdam or London. The end of the capitalist mode of production evidently has not arrived yet, though there are signs that severe environmental limitations might change its basic characteristics in a not-too-distant future. The essential features of a possible new mode of production are slowly becoming visible as the capitalist mode of production encounters unsurmountable difficulties.

The essential achievement of the capitalist mode of production, its *historical mission*, falls into two categories<sup>1</sup>: (1) The labour productivity of production increased tremendously and allowed for an emergence of a flood of new commodities and services, and (2) the growth of population enabled and necessitated the formation of a framework of more and more global social institutions that enhanced democratic self-governance. For both processes several caveats have to be mentioned. Over boarding supply of goods and services for an ever-smaller part of the global population again and again was paralleled by exploding exploitation and following class struggles, eventually leading to the development of products for war and mass killings. The second process towards peaceful self-governance could not consistently keep pace with the turmoil of exploitation and warfare. More recently, the substantial changes in electronic mass communication seem to become a game-changer in global class struggles – results unclear.

## Three Stages of Capitalism

Following several economic historians, it is useful to distinguish between three different long-run stages of capitalist development: merchant capitalism, industrial capitalism, and integrated capitalism. The two types of common characteristics of capitalism are

---

<sup>1</sup> For a concise treatment compare (Hanappi, 2026a).

present throughout all three stages, but in each stage, they occur with a different prevailing form.

During **merchant capitalism** new products (e.g. tea and spices) and services (e.g. slave trade) enter different societies in the world via trade between them. From a global perspective this implies *higher labour productivity* with newly introduced production techniques (e.g. slave work in cotton fields). The eastern and western trade triangles of European empires show how new forms of social organisation (e.g. the East India Company) promote a worldwide network of buying low and selling high. This not only provided a new social form of production organisation at firm level, across production units in different countries, it also showed that at a macroeconomic level political power accumulation, expansion of an empire, combines in a new form with profitable merchant activity – and also already combines with finance via the first banking institutions (e.g. in Northern Italy). The new *social institutions stabilize* colonial empires, the balance between the profit streams of merchants and the financing of wars of kings and queens is fragile and for 200 years leads to a pulsation of global trade flows and wars. In the course of these struggles for global hegemony the centrality of a certain currency, a world money, becomes as visible as the setup for the management of this currency according to the political needs of the hegemonic political state<sup>2</sup>.

As a pivotal social institution, the nation state itself in its decisive form enters the stage of human evolution. As a consequence of its success the amount of additional input of cotton amassed in England forces producers to revolutionize their production techniques, *innovation* in the form of the ‘Spinning Jenni’ becomes the new mantra<sup>3</sup>. This technical innovation that quickly took hold of the textile industry in England from 1765 onwards, is important because it shows how the limits of the previous stage of capitalism, of merchant capitalism, due to its success force a pivotal carrier of the next stage of capitalism, of industrial capitalism, to introduce *a new strategic form* to increase labour productivity: technical innovation. For this pathbreaking change towards the new stage, there are several important additional conditions to be noted.

First, it is interesting that innovation appears as a sequence. It *starts in one branch*, spreads to some dozens neighbouring branches of industries and only after some decades takes hold of the capitalist mode of production of a whole country. When in 1776 Adam Smith published his book on the wealth of nations, he already anticipated that England will become the workbench of the whole world (Smith, 1776). Innovation, the base line of the stage of industrial capitalism, follows from large scale division of labour – Smith’s major topic – that in its older form of merchant capitalism in turn had produced a limit for the previous stage of capitalism. At the borderline between the two stages innovation appeared in certain production processes, e.g. as the ‘Spinning Jenny’.

Second, it has to be noted that the new production techniques also came with a shake-up of the *English class structure*. The discovery of the use of the global division of

---

<sup>2</sup> In a sense, the principle of division of power in a state – as anticipated by Montesquieu (Montesquieu, 1710) – is realized and practised. Most important are the frameworks that enable exchange rate dynamics, which secure exploitation via exchange rates.

<sup>3</sup> The details of the revolution in the English cotton industry are provided by Edward Baines (Baines, 1835).

labour - the backbone of merchant capitalism - was supplemented by a new domestic split of social strata: the emergence of the English working class<sup>4</sup>. The loss of land to produce basic agricultural outcomes for subsistence led to 'free' potential workers. These unemployed labourers were forced to work for the lowest possible wage offered by those who owned the factories. The 'Spinning Jenny' could immediately replace eight workers by only one employee, with improvements it led to a ratio of 100 to one. This spurred unemployment and a further disastrous decline of wages. Bitter class struggle within each capitalist nation became the *dark side* of the new stage of industrial capitalism.

Third, the thrive towards innovation only was possible because the advance of knowledge in Europe that had taken place in the course of the French Enlightenment. An entrepreneur could only combine new knowledge with a business idea if this new knowledge was already produced by scientists freed from the narrow cage of religious belief systems.

Fourth, after the peace of Utrecht in 1715 the geopolitical setting had reached a tacit stability at a point where England was becoming the undisputed new, global hegemon, a dominating colonial empire. It not only acted as economic focal point, it also defined the style of future global culture and - together with France - international language. In other words, colonialism now developed social institutions ranging from education systems via transport organisation to a set of public goods and administration<sup>5</sup> provided by the state, which laid the ground for a shared understanding of the respective national identity in the societies of the large European countries. Such a *framework of social institutions* spread globally by England - and after the French Revolution of 1789 by Napoleon's conquests across Europe - despite its sometimes-cruel implementations has to be acknowledged as one of the early fruits of capitalism's historical mission.

**Industrial capitalism** indeed is the period from the beginning of England's rise to the role of global hegemon - roughly around 1715 - till World War 1 in 1914. During this period the mode of production in capitalist countries was driven by a decisive move towards marked increases of labour productivity initiated mainly by technical innovations in production processes. From a macroeconomic point of view this implied a pushback for the role of non-intensive agriculture. Though a stable political environment - still mainly in the hands of the feudal nobility - proved to be advantageous for the rising bourgeois class of capitalist firm owners, it mainly was the disequilibrating force of the latter, which brought about progress.

It is Joseph Schumpeter's achievement to have provided the most convincing periodisation of the pulsation of technological advances during industrial capitalism, see (Schumpeter, 1939). Building on the work of Kondratieff, (Kondratieff, 2004), he developed a scheme of cycles of economic activities structured as overlays of long-run cycles (~60 years), mid-run cycles (~9 years), and short-run cycles (~3 years). For each cycle he proposed a different economic mechanism. The short-run was seen as an inventory cycle, the mid-run was the well-known business cycle, and the long-run

---

<sup>4</sup> The seminal text describing this process is (Thompson, 1966).

<sup>5</sup> A leading force with respect to administration was France, where Jean-Baptiste Colbert (1619-1683) had revolutionized its state apparatus.

was what later was dubbed by David Gordon as a Social Strata of Accumulation (SSA)<sup>6</sup>. Of course, Schumpeter viewed the latter as being initiated only by the technical side, by a '*basic innovation*'. Nevertheless, it is remarkable how Schumpeter managed to develop such a complicated idea of interwoven *disequilibrium* dynamics of different wave-length. Mathematical models of his ideas only emerged much later, see (Goodwin, 1990), (Goodwin and Punzo, 1988) and (Vellupillai, 2010).

During industrial capitalism the 'dark side' of capitalism's historical mission - national and international class struggle - also experienced a rather dramatic evolution. Colonial empires necessarily are based on the basic assumption that people from the civilizational centres of the world are members of a superior race destined to cultivate the less developed inferior folks. Like in the slave-holder democracies of ancient Greece the participation in democratic processes was built on an underlying, basically racist foundation.

In London as well as in the other large cities of Europe this divide of the global development in general was not in the focus of public attention<sup>7</sup>. After the great scientific discoveries of Newton (1643-1727) and Leibniz (1646-1717), which signalled the scientific turning away from religious dogmas during the cultural environment of the Renaissance, Europe's progressive intellectuals followed the pathways that politically culminated in the French Revolution of 1789. The religious scholasticism was substituted by a focus on the properties of an actually existing human individual<sup>8</sup>. Georg Wilhelm Friedrich Hegel (1770-1831), the defining philosopher in the German-speaking world of the time, can be seen as the heir of the methodological insights stipulated by the French Revolution, compare (Hegel, 1816). During industrial capitalism one of Hegel's students, Karl Marx (1818-1883), started to reframe his early critique of the religious antecedents of capitalistic behaviour as a critique of political economy - based rather on the insights of classic British political economy of his time<sup>9</sup>.

In the second half of the 19<sup>th</sup> century Karl Marx and his friend Friedrich Engels became the central intellectual leaders of the labour movement in Europe. Marx, following Hegelian logic, had interpreted the contradiction between the working class and capital as a process that takes place in actual political life. A proletarian revolution seemed to be the immediate logical consequence that could free humanity from exploitation, in particular from exploitation of men by men. In 1848, in the upheavals in European cities in which the rising bourgeois classes challenged the still reigning nobility of the feudal class, Marx speculated that the bourgeois revolution might quickly make a proletarian revolution unavoidable. But in 1848 Europe's conservative feudal classes still were too strong and could regain supremacy. Marx was wrong, and in the following decades a European conglomerate of feudal and bourgeois policy-makers reacted on the challenges posed by the labour movement. First mainly by draconic police measures,

---

<sup>6</sup> Authors like David Gordon acknowledged the important role played by technological breakthroughs, but also insisted on the essential role played by the broader political and cultural environments in which these basic innovations were embedded. See (Gordon, 1980) and (Gordon et al, 1982).

<sup>7</sup> It is symptomatic that slave trade does not play an important role in Adam Smith's classic book.

<sup>8</sup> Jean-Jacques Rousseau is an excellent example for this intellectual development. See (Rousseau, 1750).

<sup>9</sup> See (Marx, 1843, 1867). Marx' evaluation of British economists throughout his works remains always critical, though he distinguishes between serious scientist, e.g. David Ricardo (Ricardo, 1817), and the many rather superfluous 'vulgar' economists.

and later by additional measures to improve the health of the workforce. This latter, partial successes stimulated labour union membership during the 1890-ties.

Though Marx early on had insisted that a proletarian revolution is only possible as an *international* revolution – he attacked Rousseau's emphasis on the human individual and denounced 'Robinsonades'<sup>10</sup> – his later work focussed on two other topics: (1) Method: Proving that exploitation has to be understood by reference to the physically bound concept of labour time, compare (Meek, 1973). (2) Politics: Guiding the European political class struggles of his time. Therefore, the global dimension of exploitation remained in the background, e.g. Marx was somewhat ambiguous with respect to the progressive role of world trade, see (Hanappi, 2001) and (Candeiras and Hanappi, 2026).

Despite his unique influence on the theoretical underpinnings of the role of the labour movement, the older Marx also remained silent with respect to the features of an intended future society. Probably such a long-run vision appeared to him too close to the religious promise of a paradise – after death in another world. He rather concentrated on the scandalous political problems of the day, which allowed to derive hints on what at the moment has urgently to change. Indeed, this still is a valuable advice; but unfortunately, it also leaves a lot of interpretation of Marx' theory open if times are changing.

Marx died in 1883. The labour movement – still mainly a European phenomenon – together with industrial capitalism was running into a severe crisis. The colonial empires of England and France had occupied large parts of the world, the first spurt of globalisation was coming to an end, but on top of the colonial empires there still was a feudal elite. It had joined forces with some bourgeois owners of large national capital as a gap was opening: In those European heavy weights that had no or only few colonies (e.g. Germany and Austria-Hungary), the feudal leadership was increasingly challenged by republican and socialist aspirations. France already had gone through its moment of menacing communist revolution when the Paris Commune came for several weeks into power in 1871. The solution for the European ruling classes to stay in power in the following decades, turned out to be an ideological initiative: The transformation of welfare-enhancing, national public policy (education and health systems, transport systems, and the like) into an ideological campaign pushing aggressive nationalism<sup>11</sup>.

Industrial capitalism had made Great Britain the global hegemon and the workbench of all developed countries in world. Towards the end of the 19<sup>th</sup> century other large European countries were already able to imitate many parts of English production techniques, France had built a colonial empire too, and across Europe a steadily stronger labour movement was calling the old feudal governments into question. The social institutions of industrial capitalism, which its leaders hesitantly tried to adapt, did not fit to the upcoming problems. Moreover, large parts of the respective ruling classes started to subscribe to aggressive nationalism to gather the domestic population under

---

<sup>10</sup> Daniel Defoe was the author of the famous novel 'Robinson Crusoe', (Defoe, 1719). Contemporary microeconomic theory is a modern Robinsonade, if it tries to *derive* macroeconomic relationships from its premises in individual decision-making.

<sup>11</sup> A convincing account of this development was provided by Eric Hobsbawm, see (Hobsbawm, 1975, 2021).

their leadership. These nationalists usually envisaged two types of enemies: Nationalists in other countries, and domestic enemies consisting of foreigners, communists and Jews. In 1914 this constellation went out of control and exploded into World War 1. Industrial capitalism under British hegemony had ended.

### **Integrated Capitalism**

One of several reasons for the breakdown of the pre-war global order was the deeply rooted incompatibility of feudal governance with societies that were in their economic core already in the hands of a bourgeois classes. Europe's noble feudal family clans already were closely cooperating with powerful national capital owners who were following their own profit-oriented interests. The clash of WW1 therefore can partly be interpreted as a *clash of competing capital groups*. Seen from this perspective, it is no surprise that England, the hub of global economic activity, and France, the second large colonial power and former heavy weight of continental politics, had an interest to get rid of the Austria-Hungary and the Osman Empire, two powers isolated from global sea trade, and Germany, which desperately tried to enter the global competitive race.

The bottleneck of industrial capitalism was additionally complicated by the thrive towards *aggressive nationalism* that had become particularly virulent when Germany's army defeated France and occupied Paris in 1871. The rivalry between France and Germany, aggressive nationalism, was fuelled by politicians and military leaders on both sides, and from that time onwards till WW2 and the emergence of a new European peace order afterwards, was a defining element of European policy.

The third and most important root giving reasons for WW1 was the *internal European class conflict* between the working classes and the ruling classes that exploited them. This was a conflict, which necessarily had to become sharper as industrial capitalism was getting more successful with respect to an accumulating capital stock. With the emergence of labour movement organizations and supporting political parties the side of the working class gained a voice in national politics. But at the same time, it was the very same process that allowed for articulation, which led to a split up of the European labour movement. One part opted for cooperation with the local ruling class to secure a slowly but peaceful transformation towards a socialist society, the other part insisted on a more radical break with the exploiting classes. The first group usually was summarized as *Second International* founded in 1889 and was the forerunner of Europe's social democratic political parties, the second group only was constituted 1919, after WW1, by Lenin as *Second International* and assumed the name Communist International<sup>12</sup>. The split of the labor movement was very important with respect to the whole development of the following stage of integrated capitalism.

For WW1 it is significant that the leaders of aggressive nationalism managed to get the support of considerable parts of the working class and its social democratic leaders. Marx' hope to build a global working class did not substantiate. On the other hand, the new stage of integrated capitalism did provide a place for working class representatives in capitalist governance as long as the social democratic concerns were compatible

---

<sup>12</sup> The *First International* had been built in 1864 in London by Marx, at the time, being called *International Workingmen's Association*.

with the goals of the national exploiting class. These compromises became the core of integrated capitalism.

At the same time, during WW1, the particularly backward Czarist regime in Russia was overthrown by Lenin's more radical, bolshevist fraction, the *communist party*. Lenin's success was possible due to his skill to form a coalition between the majority of impoverished agricultural workers in the open land and the low percentage of industrial workers (estimated at only 13% of a city's population) in the bigger cities<sup>13</sup>. In the end Lenin's new state was on the side of the winners of WW1 and a new type of post-capitalist social organization seemed to have emerged. In Russia it took till 1990, in China till 1976 (the era of Deng Xiaoping), to crystallize that the prevailing mode of production still was a form of integrated capitalism. For the case of China even a very successful form of capitalism<sup>14</sup>. Thus, the two large superpowers Russia and China in the 21<sup>st</sup> century are special variants of integrated capitalism too. They indeed possess properties that are typical for 'Absolute Global Authoritarian Capitalism' as described in (Hanappi, 2025a).

With respect to the historical mission of capitalism – increase of labor productivity and number of commodities and services, plus development of a global framework of social institutions – this last stage of integrated capitalism has been very successful<sup>15</sup>. But at the same time during this stage an extremely destructive new social movement, which has its roots in the last decades of the 19<sup>th</sup> century, developed too: aggressive nationalism leading to fascism. In the middle of the 20<sup>th</sup> century World War 2 showed that the inability of integrated capitalism to secure employment, welfare and political participation of all parts of the human society, not necessarily leads to a progressive new mode of production. It might as well lead close to the abyss of global racism, which then is threatening to imply the extinction of the human species<sup>16</sup>.

At this point of the argument technological progress has to be brought to the fore again. The technologically supported mass killing during WW2 and its follow-ups in more local wars since 1945 were sure signs that a sequence of technological innovations not necessarily implies progress for mankind. Weapons for mass destruction evidently have to be put under the strict control of a democratically organized *global governance structure* – which till today is still missing. This weak point of integrated capitalism has been amplified by a second technological development also already very visible in the classical fascism of the 20<sup>th</sup> century: The ideological force of mass media<sup>17</sup>.

---

<sup>13</sup> Marx had predicted that the global communist revolution will start in France, because this was the country where the working class had most experiences with class struggles. Lenin seemed to prove him wrong – though the following developments of Stalinist regimes quickly raised doubts if the working class really was in power.

<sup>14</sup> A thorough discussion of Stalinist production systems goes beyond the scope of this article.

<sup>15</sup> More details can be found in (Hanappi, 2026a).

<sup>16</sup> A major role in this final threat, of course, might be played by the most advanced weapon systems: from nuclear bombs to biological warfare. Already today, a full-scale war between rivaling superpowers bears a non-zero risk of the extinction of the human species.

<sup>17</sup> For a comparison between the interwar period and the Trump years see (Hanappi, 2025b).

The positive impact on human evolution, which Schumpeter had ascribed to basic innovations, their importance to shape different phases during industrial capitalism, has developed into a *double-edged sword* during integrated capitalism. Of course, our advances in biological knowledge allowed for the rapid development of a vaccine against COVID-19 in 2021, but it also enables weapons of biological warfare, which might be used by racists to eliminate masses of people they consider as inferior humans. In a similar vein, it is an important precondition for global democratic procedures that an incredible amount of knowledge is available on each citizen's smartphone, but at the same time the uncontrolled selection and interpretation of what happens in the world surrounding us by some centralized mass-media moguls opens the door for mass manipulation by the owners of mass-media.

We are still living in the third stage of capitalism, in integrated capitalism, still trying to overcome the dangers, which it poses in the desperate attempts of the leaders of its military-industrial complexes to outperform rivals. The biggest challenge is waiting beyond the contemporary geopolitical turmoil of different forms of integrated capitalism: How can the capitalist mode of production be substituted by a mode of production that is compatible with the finite limits set by the physical conditions on planet earth? This is a task that requires a global class of progressive scientists, which can propose a transformation of worldwide welfare equilibrating processes of commodity producing division of labor as well as a communication sphere in which political participation reflects the unity of the human species.

## On the historical-analytical method

'Mankind thus inevitably sets itself only such tasks as it is able to solve, since closer examination will always show that the problem itself arises only when the material conditions for its solution are already present or at least in the course of formation.', wrote Karl Marx in 1859 (Marx, 1859, preface). The growing ambiguity of the achievements of integrated capitalism is a sure sign that the capability of the capitalist algorithm<sup>18</sup> to adapt to a physical environment that sets finite limits to physical capital accumulation is exhausted. But Marx' sentence includes an idea on the visibility of problems too. They *can* be *seen*, because the material conditions for their solution are already emerging. This is exactly the above-mentioned ambiguity.

The standard method to start seeing a problem is to look at how it seemed to have emerged. But there is no innocent 'look'<sup>19</sup>. Even at the very beginning there always exists a *vision*, a rough mental model, which determines which variables are essential, which *historical time series* have to be collected. In parallel first assumptions for expected links between these variables are emerging in the scientist's brain. In this

---

<sup>18</sup> The capitalist algorithm is explained in (Hanappi, 2013).

<sup>19</sup> The so-called *survival-of-the-fittest mechanisms* often used by authors in evolutionary economics evidently transport insights from the study of the animal kingdom, Darwin's insights (Darwin, 1860), into the explanation of the behaviour of human societies. In doing so, the borderline of a substantially more developed internal model building capacity of humans should always be kept in mind.

process - pulsating between belief and doubt - new variables and links might be assumed while others might be discarded. Ronald Meek once has described this as the historical-analytical method<sup>20</sup>.

For the brief synopsis of the development of capitalism in three stages provided above the analytical upshot is simple: Each booming phase after some time reaches its climax and from then onwards its customary procedures are resulting in contradictions, which finally lead to its fall. This then is the starting point for the next rising stage. Therefore, each stage comes with its own method of achieving the overarching two goals of capitalism's historical mission. Moreover, the method of the older stage does not simply disappear, it only fades a bit into the background as the new method takes the stage.

Note also that this methodology allows for the introduction of fractal structures. Within each stage shorter pulsations of specific industry clusters (and their interdependencies!) can easily be found<sup>21</sup>. This is an analogy to Schumpeter's wave scheme, again (Schumpeter, 1939). It also is a far cry of the dialectic method of ancient Greek philosophy leading back to Zenon of Elea (490-430 BC). The most important immediate question derived from such a fractal premise is, if an empirically observed problem is only a minor difficulty that will be overcome by one of the shorter pulsations, or, if it is a deeper cut in human evolution, e.g. the end of the capitalist mode of production.

The usual working of Keynesian macroeconomics would suggest that a crisis of integrated capitalism can be overcome by a wise intervention of the nation state, e.g. by increasing the budget deficit to support effective demand. Keynesian policies of this kind indeed proved to be able to stabilize integrated capitalism in many countries since 1945. But since the conservative turn in the 1980-ties they became unpopular. The ruling classes preferred to tranquillize the working classes in the rich North by extended exploitation of the poor South. As this new governance style now has been successfully prolonged for forty years, it is hard to imagine that it can be reverted into Keynesian policies again. The drive towards Keynesian policies supplemented by high capital mobility<sup>22</sup> and enforced globalization was the signum of integrated capitalism in its upswing; but now the new authoritarian governance and turn to warfare industries in the last years does not point to the possibility of a return of Keynesian policies. Nevertheless, the next big economic crisis certainly will start again with the extremely fast crashes at money and credit markets, calling as usual for typical Keynesian interventions – these markets always are the forerunners. It can be doubted that the global split in welfare – and now also the split in the burden of suffering from the climate

---

<sup>20</sup> Meek's description exemplifies the method with respect to Marx' theory of value (Meek, 1973, pp. 299-318)

<sup>21</sup> With the data available for modern input-output analysis a labour intensive, but rich field of economic analysis opens up.

<sup>22</sup> This increased capital mobility is the reason why this stage sometimes is labelled 'finance capitalism', see (Hilferding, 1908). Another name for this stage is Fordism, based on the wage increases introduced by Henry Ford that should enable each of his workers to buy one of his cars. Other names used for this stage are 'State Capitalism', e.g. (Dobb, 1947), and 'Monopoly Capitalism', e.g. (Baran and Sweezy, ).

collapse – can be compensated in this way. Integrated capitalism may well be the stage that leads into a last episode of capitalism: absolute, global, authoritarian capitalism.

But this problem will arise ‘... when the material conditions for its solution are already present ...’. The challenge is on.

## Literature

- Baines E., 1835, **History of the Cotton Manufacture in Great Britain**, published by H. Fisher, R. Fisher and P. Jackson, London. [Internet Archive](#).
- Baran P.A. and Sweezy P.M., 1966, **Monopoly Capitalism**, Monthly Review Press, New York.
- Candeiras M. and Hanappi H., 2026, **Trade**, in: [Historical-Critical Dictionary of Marxism](#) (volume 2, [chapter 37](#)), edited by W.F. Haug et al., Brill Publishers.
- Darwin Ch., 1860, **On the origin of species by means of natural selection; or, The preservation of favoured races in the struggle for life**. Published by Appleton and Co., New York. [Internet Archive](#).
- Defoe D., 1719, **The Life and Strange Surprising Adventures of Robinson Crusoe**. Published by W. Taylor, London. [Internet Archive](#).
- Dobb M., 1947, **Studies in the Development of Capitalism**. Kessinger Publishing 2008, London. ([Download](#)).
- Goodwin R.M., 1990, **Schumpeter, Keynes and the theory of economic evolution**, in ECONOMIA E BANCA - ANNALI SCIENTIFICI - 3/1990.
- Goodwin R.M. and Punzo L.F., 1988, **The Dynamics of a Capitalist Economy. A Multisectoral Approach**. Published by Routledge, London.
- Gordon D., 1980, **Stages of Accumulation and Long Economic Cycles**, in 'Social Structure of Accumulation Theory' (edited by McDonough T. et al, 2014), published by Edward Elgar, London.
- Gordon D., Edwards R. and Reich M., 1982, **Long Swings and Stages of Capitalism**, in 'Social Structure of Accumulation Theory' (edited by McDonough T. et al, 2014), published by Edward Elgar, London.
- Hanappi H., 2001, **Handel**. In: Handwörterbuch des kritischen Marxismus, Band 5 (Editor W.F. Haug), Argument Verlag, Berlin, 2001. ([Download](#))
- Hanappi H., 2013, **Money, Credit, Capital, and the State. On the evolution of money and institutions**. In: Buenstorf G. et al. (eds), 'The Two Sides of Innovation. Economic Complexity and Evolution', Springer, pp. 255-282. ([Download Working Paper](#))

Hanappi H., 2025a, **Absolute, global, authoritarian Capitalism. Approaching the last stop of the Capitalist Algorithm**, [Real-World Economics Review, issue no. 110](#).

Hanappi H., 2025b, **Defending Deep Democracy. Three elections - three surprises - three lessons**. Advances in Social Sciences Research Journal - Vol. 12, No. 12, December 28, 2025, pp. 261-278. ([Download](#))

Hanappi H., 2026a, **Global Atlantis. Science-based Pragmatism for Survival**, in: '[Capitalism. Analytical and Historical Dimensions](#)', edited by H. Hanappi, InTech Publishers ([Download](#)).

Hegel G.W.F., 1816, **Science of Logic**. 'Wissenschaft der Logik', published by Johann Leonhard Schrag, Nürnberg. ([Contents of Hegel's Logic](#) at marxists.org)

Hilferding R., 1910, **Das Finanzkapital. Eine Studie zur jüngsten Entwicklung des Kapitalismus**. Published Verlag der Wiener Volksbuchhandlung Ignaz Brand & Co. [Internet Archive](#).

Hobsbawm E., 1975, **The Age of Capital 1848-1875**. Published by [Weidenfeld & Nicolson](#), London. ([Download](#))

Hobsbawm E., 2021, **On Nationalism**. Publisher by [Donald Sassoon](#), Little, Brown, London. ([Download](#))

Kondratieff N.D., 2004, **The World Economy and its Conjunctures During and After the War**. Published by the International Kondratieff Foundation Moscow.

Marx K., 1843, **Critique of Hegel's Philosophy of Right**, Cambridge University Press, 1970. Ed. Joseph O'Malley, London. ([Download](#))

Marx K., 1859, **A Contribution to the Critique of Political Economy**, Progress Publishers, Moscow, 1977.

Marx K., 1867, **Capital. A Critique of Political Economy**. Published by Otto Meissner, Hamburg. ([Marx/Engels Internet Archive \(marxists.org\) 1995, 1999](#))

Meek R.L., 1973, **Studies in the Labour Theory of Value**, Lawrence & Wishart, London.

Montesquieu Ch., 1750, **The Spirit of the Laws**. Published by J. Nourse and P. Vaillant, London. [Internet Archive](#).

Ricardo D., 1817, **On the Principles of Political Economy and Taxation**. Published by John Murray, London. [Internet Archive](#).

Rousseau J.-J., 1750, **On the Social Contract**. Translated from Latin by J.R. Masters. [Internet Archive](#).

Schumpeter J. A., 1939, **Business Cycles**. Harvard University Press. [Internet Archive](#).

Smith A., 1776, **An inquiry into the nature and causes of the wealth of nations**.  
Published by Whitestone et al, Dublin. [Internet Archive](#).

Thompson E.P., 1966, **The Making of the English Working Class**. Published by  
Vintage, London.

Vellupillai V., 2010, **Computable Foundations for Economics**. Published by  
Routledge, London.