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The Phase of Capitalism after the 2008 Great Financial Crisis: An Extended Polanyian Approach

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An Extended Polanyian Approach

DOCTORAL DISSERTATION

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For my daughter, who will soon be born.

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"In the physical sciences — chemistry, physics, biology — change is associated only with discovery, with the improving state of knowledge. The matter being studied does not change. In economics, as in the other social sciences, there is change both in the state of knowledge and in what is being studied."

— Jonh Kenneth Galbraith (1967, p. 410)

1 INTRODUCTION

We live in an era of uncertainty, where one crisis follows the other. More than five major global crises have converged in the last ‘long decade’: the 2008 global financial crisis, the COVID pandemic, the geopolitical tensions involving the Russia-Ukraine war and the China-US conflict, and the climate crisis. There is no doubt that these crises are signs. The question is: what do these signs indicate about the current phase of capitalist development? The answer to this question is inescapable for political economy because it determines the economic era in which we live. It is, of course, impossible to give a perfect answer, since the processes that are unfolding concern the present and the future, but it is the task of political economy to at least formulate the premises that follow from the recent phenomena and to create an interpretive framework for dealing with this possible change in economic formation. But this framework can only be developed after careful analysis. This is our undertaking in this dissertation.

This kind of investigation is not alien to political economy. There have been many political economists who have tried to understand the unfolding historical phase of capitalism in which they lived. We can think of Schumpeter (1939), Polanyi (2004 [1944]), Arrighi (1994) or Galbraith (1967). Of course, some of these authors also wrote about the capitalist system in general, not just its development and manifestations over time. Kornai's (2000a) concept of the system paradigm describes the first type of approach. It is therefore important to emphasise that the aims of our dissertation are more modest than adding to the level of the system paradigm. Rather, our focus is on the historical phases of capitalism and, within these, on the interpretation of the changes that have occurred since the 2008 crisis.

As Stiglitz (2024) points out the period from the late 1970s to the financial crisis of 2008 was characterised by the dominance of neoliberal capitalism. This was embodied in institutional reforms such as privatisation, deregulation of financial institutions and trade liberalisation. There seemed to be a dominant technological and institutional structure capable of restoring economic growth and reducing macroeconomic volatility. The emergence of neoliberal capitalism was able to resolve the crisis of the 1970s, defeat ‘communist systems’ and pave the way for the period of ‘*great moderation*’ (Galí and

Gambetti, 2009). It seemed that a new phase of capitalist development was emerging after post-war regulated welfare capitalism. However, the 2008 financial crisis posed serious challenges to this neoliberal phase of capitalism. It put an end to the period of great moderation, and we can witness the opposite processes: regulatory reforms, the rise of the state, the escalation of trade conflicts and the strengthening of anti-globalist sentiments. These processes have strongly challenged the key features of the neoliberal phase of capitalism.

On this basis, the question arises: What happened after the crisis? Are we in transition to a new phase of capitalism, or is the previous neoliberal phase of capitalism still dominant? Political economy is not short of answers. Some authors emphasise stability, arguing that the financial crisis failed to weaken the previously dominant form of neoliberal capitalism (Crouch, 2011; Schmidt and Thatcher, 2013). Others, however, argue that the post-crisis period may be the beginning of a new phase of capitalist development. (Perez, 2013; Kotz, 2017; Nölke and May, 2019). For example, Perez (2013, 2018) argues that this is the beginning of a green golden age. Kotz (2017) claims that after the previous neoliberal period, a transition to a new regulated phase is emerging. However, Nölke and May (2019) interpret the new era as the emergence of illiberal organised capitalism.

As we can see, there are different and controversial interpretations of the post-2008 phase of capitalism in political economy. Therefore, it is crucial to analyse which interpretation is more accurate. The stakes are high. Determining the right framework for interpreting our era has important political economy and economic policy implications. If we argue that neoliberal capitalism survives, then it follows that neoliberal economic policy package such as liberalisation, privatisation and deregulation is still intact. Conversely, if we argue that we are transitioning to a new phase, we must recognise a new policy package that involves a new role for the state, or a change in the relationship between capital and labour. This analysis is crucial because we can only make proposals and suggestions for economic policy if we have a correct understanding of the current era. As in the medical field, where an accurate diagnosis is fundamental to effective treatment, the same principle applies in political economy. An accurate diagnosis is essential if we are to make the right economic policy decisions.

Therefore, we try to develop an accurate diagnosis in this doctoral dissertation. Some may see this enterprise too ambitious. However, if we do not thoroughly and professionally examine the changes in the phase of capitalism after the 2008 crisis, we will interpret our era based on superficial evaluations. That would be a fatal mistake. We acknowledge, of course, that our dissertation is certainly not the end of this enterprise, but the beginning. Nevertheless, political economy cannot avoid embarking on this endeavour (see: May et al., 2024).

Our dissertation therefore aims to contribute to political economy, but within this to comparative capitalism research. Nevertheless, contemporary comparative capitalism (CC) is mostly concerned with the spatial differences of capitalism (Nölke and May, 2019). The historical-temporal aspect plays a minor role, and the main focus is on identifying different models across countries. For example, in the literature on varieties of capitalism, the concept of institutional complementarity seriously limits the temporal changes in models of capitalism (Bohle and Greskovits, 2009). After the 2008 crisis, however, it became increasingly clear that it is not possible to define spatial models without taking the temporal aspect into account. In the last decade, several authors have tried to introduce this temporal aspect into comparative capitalism (for instance: Nölke, 2012; Nölke, 2017; Nölke and May, 2019; Szanyi and Szabó, 2021; Szanyi, 2021; Yakovlev, 2021; Nölke, 2022). This kind of undertaking was due to the fact that, to paraphrase Nölke (2012), a complex analysis of capitalism can only be carried out if we examine both the spatially synchronic and historically diachronic elements of capitalism.

Our previous work has contributed to this body of literature. Some of our analyses have tended to interpret changes in a more abstract theoretical level (see for example: Baranyi and Csontos, 2022, 2024; Baranyi, Csontos and Trautmann, 2023; Csontos, 2023b, 2023d, 2024b, 2024c, 2025a). While other papers have tried to link the temporal and spatial dimensions, focusing mainly on the changes in the East-Central European region (see for example: Csontos, 2023a, 2023c, 2024a, 2024d, 2025b, 2025c; Szabó, Drdlová and Csontos, 2025). In a third area of research, we wanted to examine how this global transformation affects the European Union (Csontos, Éltető and Sass, 2024; Csontos and Drdlová, 2026). However, the emphasis has always been on the changes in capitalism following the 2008 financial crisis. Our dissertation builds heavily on these earlier works, but now we take a more general approach to the issue and thus conduct a historical-diachronic analysis. In this respect, our work challenges traditional comparative capitalism research and fills a significant research gap, as the temporal dimension is poorly explored and developed in the CC literature. Thus, ***our main research objective is to give a theoretically guided and empirically informed assessment of the post-crisis phase of capitalism from the perspective of comparative capitalism.***

This means that, rather than conducting a purely economic or macroeconomic analysis, we want to adopt an ***institutional approach***. We are primarily interested in changes to institutional structures. Consequently, our general research questions which will be further specified in the theoretical part (see: Chapter 3.2) can be formulated as: ***How has the phase of capitalism changed after the 2008 global financial crisis (if it changed at all)?***

To answer this question, we first need to clarify the main concept in it, namely what constitutes a phase of capitalism. The aim of our dissertation is therefore twofold. First, we will develop a synthesised theory of phases of capitalism in the theoretical part, which we call the ***extended Polanyian approach.*** This approach focuses on changes in institutional structures (the role of the state, the capital-capital nexus and capital-labour nexus) discussing them in the context of technological and geopolitical relations.

The second aim is to examine post-crisis changes based on this model by presenting debates and testing the validity of interpretations derived from the literature through our own research. Therefore, the empirical part of the dissertation will focus on these three main institutional structures: the role of the state; the capital-capital nexus (finance, trade, markets and competition regulation); and capital-labour nexus (the labour market-trade unions, welfare benefits and inequality). To ensure our study provides the most thorough analysis possible within the scope and physical constraints of the research, we will use a ***mixed method approach*** combining quantitative research (descriptive statistical analysis) and qualitative analysis (public policy analysis, secondary academic literature, newspaper articles processing, etc.).

Our empirical analysis is based on two fundamental pillars. Firstly, we provide a global overview to illustrate changes in institutional structures. To achieve this, we conducted a descriptive statistical analysis of 40 variables for 58 countries. Secondly, we conducted an in-depth analysis of two mixed-methods case studies, with a focus on the United States and Poland. We selected these two countries because they are deeply embedded in neoliberal capitalism and have a significant global impact, enabling us to draw generalised conclusions. At the same time, they occupy structurally different positions within the global economy.

Our research suggests that the main interpretations found in the literature should be reconsidered from theoretical and empirical perspectives, despite their important findings. Our results show that the post-2008 crisis era cannot be accurately described as a continuation or mutation of neoliberal capitalism. Interpreting this period as illiberal/populist also has flaws, and the changes cannot really be described as a rise of a regulated capitalism. Therefore, in our dissertation, instead of these interpretations, we attempt to outline a theoretically driven interpretation consistent with empirical results. This interpretation is built around three key concepts: *the fragmentation of neoliberalism, security-driven correction and the post-neoliberal policy package.* Based on these, we argue that the period following the 2008 crisis should be interpreted as the disintegration of the neoliberal era, whereby the problems caused by neoliberalism are being corrected through a new post-neoliberal policy package driven by security and geoeconomic considerations. This new policy package includes pragmatic industrial policy, reactivated Keynesianism, protectionism and selective regulation. According to our argument, although we cannot yet speak of a new phase of capitalism, we can see that an ***industrial policy transformation*** has begun.

The dissertation is divided into ten chapters. The first part presents the literature that provides the theoretical background for our research (Chapter 2). Here, we carefully analyse the origins and contemporary theories of phases of capitalism. Building on this, the second part outlines our theoretical model, the extended Polanyian approach (Chapter 3). We then apply this theory to describe the development of capitalism from the 19th century to the 2008 crisis. The third section thoroughly analyses different interpretations of the post-2008 phase of capitalism in light of our framework (Chapter 4). The fourth section explains our methodology (Chapter 5). Our empirical analysis is presented in the following two sections. First, we address the research question by providing an illustrative global overview, focusing on the quantitative elements of change (Chapter 6). Secondly, we conduct a case study analysis of two cases (USA and Poland) using a mixed-method approach, combining data and qualitative analysis (Chapter 7). The aim of the last three sections is to summarise and conclude our work. Firstly, we will summarise the results of our empirical research and contrast them with existing interpretations (Chapter 8). Secondly, we present our own interpretation, which is consistent with our empirical findings (Chapter 9). Finally, we will summarise our doctoral dissertation and highlight the value added by our work, as well as proposing some new research avenues (Chapter 10).

Taken together, this structure reflects a long and demanding intellectual journey. Yet for scholars who take political economy seriously, such a journey is unavoidable. As John Kenneth Galbraith (1967) argued, the social sciences differ fundamentally from the natural sciences in that their object of inquiry is not stable. In the physical sciences, progress is primarily associated with the accumulation of knowledge about a largely unchanged subject. In the social sciences, by contrast, change occurs not only in the state of knowledge, but also in the very subject being studied. Consequently, analysing capitalism is not merely about developing a more refined understanding of a fixed system; capitalism itself is continuously transforming. A political economist, therefore, cannot remain indifferent to changes in the subject of inquiry. On the contrary, it is both their task and their responsibility to analyse these historical transformations. This dissertation is dedicated to fulfilling that professional duty.

2 THEORETICAL BACKGROUND: THEORIES OF THE PHASES OF CAPITALISM

The first task of the dissertation is to outline the theoretical background by presenting the main theories of the phases of capitalism, their historical development, and their core concepts. The chapter is structured into three main sections. Chapter 2.1 defines what can be considered, within political economy, a theory of the phases of capitalism. Chapter 2.2 maps the literature from the earliest contributions and examines in greater detail four modern, mixed theoretical approaches that provide the primary foundations for our own framework. Finally, Chapter 2.3 synthesises the contributions of the different strands and outlines the central theoretical debates within phases-of-capitalism scholarship.

2.1 Analysing capitalism in political economy

Analysing capitalism is by no means an easy task. We can approach this analysis from many directions and at many levels of abstraction. To place the phases-of-capitalism research in the analysis of capitalism in political economy, we can use the approach of Kozo Uno, who was an important developer of Marx's theory of capitalism. Itoh (2001) presents that Uno has a three-level approach to the analysis of capitalism. The first level is the general theory of pure capitalism without dealing with the current historical context. The second level is the application of these general laws to create a stage theory of capitalism. The third level is the more concrete empirical level to analyse the contemporary phenomena of capitalism. In our work, we combine this levelling with Kornai's (2000a) work and the typology of theories, which distinguishes grand theories from middle-range theories and micro-theories about specific phenomena.[1]

On this basis, the first level of analysing capitalism is the level of grand theories which examines the general laws of capitalism. This level is described by Kornai (2000a) with the concept of system paradigm. As Kornai (2000a, p. 118.) states: "*Researchers who think in terms of the system paradigm are concerned with the system as a whole, and with the relations between the whole and its parts. Narrow, partial analysis may be an important instrument of exploration, still it falls outside this angle of view*." Therefore, in

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[1] This levelling is also present in phases of capitalism research as, Mavroudeas (2006) considers the phases of capitalism theory as a middle-range theory following Merton's (1968) analysis.

this level, researchers examine capitalism by grasping its general system-level characteristics, which represents the highest level of abstraction. Kornai (2000a) also defines whose work can be categorized to the field of the system paradigm, it includes the works of the greatest economists, among others: Marx, Schumpeter, Hayek, Polanyi and Eucken. Agreeing with his evaluation, we can state that Kornai's own work can also be classified here. This level, therefore, wants to understand the general laws of motion of capitalism, thus it is not only interested in statics, but also in dynamics. As Kornai (2000a, p. 119.) explains: "*What distinguishes the thinking of those working within the system paradigm from that of their colleagues outside it is that they are interested in the big changes, in the big transformations*." At the level of the system paradigm, dynamics refers not only to capitalism's internal laws of motion, but also to the possibility of systemic transformation — that is, capitalism's historical transition into a fundamentally different socio-economic system. In this sense, system-level dynamics relate to the ontological boundaries of capitalism itself.

The second level of analysing capitalism is the less abstract middle-range level. As Merton (1968) emphasised the middle-range theories are originated from the grand theories, but they are connected to empirical observations through creating intermediary concepts. In the case of analysing capitalism, it means the evaluation of institutional patterns, attributes and regularities of capitalism in space or time. The Comparative Capitalism (CC) research programme examines capitalism at this level. However, this research programme has mainly focused on spatial variations. Nevertheless, it can also incorporate temporal variations in capitalism, a topic that is less emphasised in current CC literature.

(A) Spatial variations: The flagship approach of CC is the literature on varieties of capitalism (VoC), which focuses on spatial variations in capitalism. The central work of VoC is an edited volume by Hall and Soskice (2001) which evaluates the institutional determinants of comparative advantage across capitalist economies and distinguishes two basic varieties of capitalism, liberal market economies and coordinated market economies.[2] The VoC literature has several strengths. It has pointed out that different models of capitalism exist. Institutions in these 'ideal types' are mutually

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[2] The second wave of the literature on the varieties of capitalism has already opened the analysis towards peripheral countries. According to Schedelik et al. (2021), four main ideal-typical peripheral varieties have been identified by the authors of the second wave: dependent market economies, state-permeated market economies, hierarchical market economies and patrimonial market economies.

supportive (institutional complementarity), thus able to create a well-functioning institutional system as opposed to hybrid models. It also drew attention to the role of firms in the economy, which it took as the starting point for the analysis. In doing so, it fitted in well with the zeitgeist of neoliberalism, which emphasised business and corporations over trade unions or the state (Bohle and Greskovits, 2009). However, the concept of institutional complementarity, while it was an important theoretical innovation, also contributed to the static nature of VoC. The literature on the varieties of capitalism has thus been mostly a good descriptor of the German and American institutional models that crystallised by the end of the 20th century but has done little to account for how these models can change, thus downplaying the dynamic element of capitalism.

The global crisis of 2008 has highlighted some of the blind spots in the theory, as it has shown that the dynamic element cannot be neglected if we want to get a complex picture of spatial varieties of capitalism. The crisis brought a new direction in comparative capitalism studies. The Growth Model approach has emerged, representing a new attempt to spatially study capitalism based on post-Keynesian economics and the demand drivers of growth.[3] The growth model literature has attacked the VoC from two directions. On the one hand, it criticised its supply orientation and focused instead on the role of effective demand on Keynesian grounds (Schedelik et al., 2021). It argued that to understand the models of capitalism, it is necessary to look at the demand-side drivers of growth. On the other hand, it also challenged the static nature of VoC and proposed instead a dynamic understanding of capitalism. The analysis of demand, which is much more volatile than supply, provides a good basis for this. Along these lines, it also argues that macroeconomic policies that affect demand determine the distribution of income across sectors of the economy, thereby creating the groups that support a given model of capitalism. This allows us to examine the class coalitions in the growth models (Baccaro, Blyth and Pontusson, 2022b).

This approach has certainly overcome some of the limitations of the VoC; it is much more dynamic. However, its focus remains on describing models of capitalism in individual countries. Moreover, there are some other weaknesses in this approach. Although it highlights the important role of demand, it fails to consider the roles of institutions, technology and geopolitics. Furthermore, the growth model approach lacks an analysis of the role of the state (Bulfone, 2023).

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[3] See for instance: Baccaro and Pontusson (2016), Stockhammer (2016) and Baccaro, Blyth and Pontusson, (2022a).

(B) Temporal variations: This middle-range level also contains the evaluation of temporal phases of capitalism, but it is little emphasized in current literature on comparative capitalism. In the case of temporal analysis, we undertake to describe and compare certain historical phases of capitalism.[4] As Mavroudeas (2006, p. 2.) states "*that is a theory that creates criteria, terms and specialized analytical perspectives that facilitate the recognition of specific historical epochs within capitalism's historical course.*". This is clearly a dynamic perspective; however, 'dynamics' here differs from its meaning at the first level, as it refers to temporal changes within the broader framework of capitalism. These theories analyse the specific historical configurations through which capitalism reproduces itself over time. The roots of phases-of-capitalism research date back to the Marxian Stages Analysis, long-wave literature and historical-institutional approaches. The following sections will present the various schools of thought on the phases of capitalism.

In CC studies, the hegemony of VoC that has dominated since the 1990s has relegated phases-of-capitalism theories to the background.[5] The research into spatial variations became more important, and even theories that can be explicitly understood as a 'phases of capitalism theory' moved in this direction.[6] Nevertheless, following the 2008 crisis, a new trend has emerged in comparative capitalism that seeks to reinstate the analysis of the temporal phases of capitalism within the literature. It is perhaps too early to call this an organised movement, but it can clearly be discerned in the work of some researchers who are often working independently of each other.[7] The critique here is that the VoC has accepted the conditions of neoliberal capitalism as a given fact and examined each variety within this context. At the same time, however, it has overlooked the fact that capitalism is an ever-changing system with different historical phases. Our thesis joins this perhaps less popular trend in comparative capitalism studies, as opposed to the

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[4] The relationship between temporal phases and spatial varieties of capitalism is far from clear. There can be two plausible interpretations. Firstly, we can interpret varieties as spatial representations of a particular phase of capitalism. Secondly, we can describe a phase of capitalism as a particular variety of capitalism expands to the global level. Thus, we can emphasize that the phases of capitalism determine the spatial varieties or vice versa. Some authors try to establish the link between the two strands of literature. See for example: Boyer (2005); Nölke (2012); Nölke (2017).

[5] Of course, there have been those who have kept the flame of phases-of-capitalism research alive in recent decades, for example, Albritton et. al (2001), Kotz (2003), Wolfson (2003), Perez (2009), and O'Hara (2006), to name a few. They were either independent of the Comparative Capitalism research program or did not become part of its mainstream.

[6] See, for example, Boyer (2005) in the case of regulation theory.

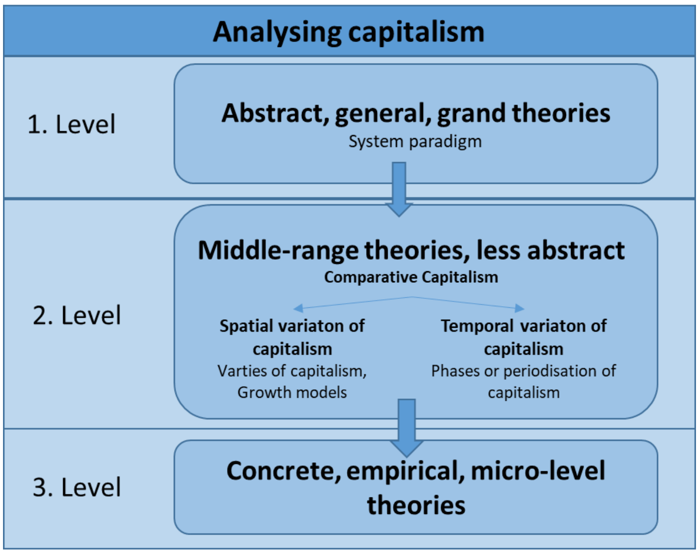
[7] See for instance: Nölke (2012); Albritton, Badeen and Westra (2015); Nölke (2017); Nölke and May (2019); Szanyi and Szabó (2021); Szanyi (2021); Yakovlev (2021); Nölke (2022), O'Hara (2025).

newly emerged growth model approach, and attempts to reinstate the phases of capitalism studies within CC scholarship. This is a necessary step, as without integrating these theories, CC scholarship cannot gain a comprehensive understanding of the changes in capitalism since the 2008 financial crisis.

The third level of analysis no longer examines the spatial or temporal diversity of capitalism, but the empirical phenomena within a version or phase. In other words, at this level, the researchers no longer try to derive from empirical phenomena the characteristics of the phase of capitalism in a given period or the model of capitalism in a given country. They are only interested in certain empirical phenomena in capitalism (like unemployment, inflation or business cycles).

On this basis, our thesis can be interpreted at the second level, within which we focus on the phases of capitalism. (see Figure 1). However, in order to begin to explore the literature on the phases of capitalism, we need to make three important analytical distinctions. The first is that the phases of capitalism literature must be clearly distinguished from business cycle theories. Business cycle theories seek to explain the causes of economic crises and short-term fluctuations in economic production (Diebolt, 2009) while phases of capitalism theories are interested in historical epochs of capitalism.

Figure 1: Levels of analysing capitalism; Source: Own elaboration



The second distinction it that the phases of capitalism are not the same as the stages of economic development. The approaches that divide economic development into stages try to understand the different development path of the countries.[8] It is important

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[8] Friderich List can be considered the father of such approach, but it was later developed by Rostow (1960).

to state that some of the theories presented in the following sections can be interpreted from this development economics perspective, but we approach them from another angle. Thus, we are not interested in the development path of individual countries, but rather in the global phases during the development of capitalism.

The third distinction is between the phases of economic history and the phases of capitalism. In the former, we define phases from the point of view of the historical development of humanity, which falls within the field of historiography or economic history. The theory of the phases of capitalism, on the other hand, refers to an approach that does not define phases from a historical point of view, but rather seeks to define phases that are relevant to the development of a capitalism (thus it is related to the first level/system paradigm). In the theory of phases of capitalism, therefore, the task is to identify meaningful units that are connected to the system paradigm and have a specific political economy, i.e. they contain their own economic regularities, institutional and technological determinants. Of course, the results of periodisation in economic history and the phases-of-capitalism research may even be the same in terms of phases, but the direction of investigation is different, which is why it is important to separate them.

2.2 Mapping research on the phases of capitalism: From the origins to modern mixed theories

There are three classical strands in the study of the phases of capitalism. The first is the *Marxian Stages Theory*, which appeared in its rudimentary form in the work of Marx and was later elaborated by Hilferding (1981 [1910]) and Lenin (1963 [1917]). The second line of thought is the *'long wave'* tradition. It approaches the phases of capitalism from an extension of business cycle analysis, interpreting the phases of capitalism as the longest cycle. The third approach examines periods of capitalism from a *historical-institutional* perspective. Building on these classical traditions, the final part of this section provides a more detailed analysis of the four most important contemporary approaches that combine these classical insights: regulation theory, the social structure of accumulation theory, the techno-economic paradigm approach, and the systemic cycles of accumulation perspective.

2.2.1 Marx and the Marxian Stages Theory

It is quite clear that Karl Marx can be regarded as one of the founding figures of phases-of-capitalism research, or at the very least he provided its essential analytical foundations. Marx's historical view is periodic with successive socio-economic systems at higher and higher levels from slave-holding societies, through feudalism and capitalism, to communism. Moreover, in his magnum opus, The Capital, there are already passages suggesting a rudimentary phasing theory.[9] When Marx (1887 [1867]) explains the production of relative surplus-value[10] - separating it from absolute surplus-value creation - he points out an essential characteristic of capitalism: "*Hitherto in treating of surplus-value, arising from a simple prolongation of the working day, we have assumed the mode of production to be given and invariable. But when surplus-value has to be produced by the conversion of necessary labour into surplus labour, it by no means suffices for capital to take over the labour-process in the form under which it has been historically handed down, and then simply to prolong the duration of that process. The technical and social conditions of the process, and consequently the very mode of production must be revolutionised, before the productiveness of labour can be increased.* (Marx, 1887 [1867]: 221)" Marx thus shows that the necessary condition for the production of relative surplus value is to increase the productivity of labour, but this is only possible by revolutionising the mode of production. General revolutions of the technological and social system are therefore fundamental elements of capitalist development. On this basis, he presents how capitalist production evolved from simple cooperation to manufacture from the 16th century and to large-scale, machine-based industry in the 19th century. Marx recognises the influential role of the social conflicts and expresses the dialectical development of technology and the class struggle in revolutionising the mode of production.[11]

Marx's analysis provided an important basis for the development of the Marxian Stages Theory. The pioneer of this approach was Rudolf Hilferding who examined the emergence of finance capital in the early 20th century. In his book, *Finance Capital: A study of the latest phase of capitalist development,* Hilferding (1981 [1910]) points out that a new phase of capitalism unfolded by the beginning of the 20th century, in which

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[9] I would like to thank David M. Kotz for pointing this out to me.

[10] Simply put, relative and absolute surplus-value production are two ways of producing profit based on the labour theory of value (LTV). The LTV assumes that the source of value is labour, and thus profit comes from the exploitation of labour, i.e. the capitalist pays less for the workers than the real value of their work. Hence absolute surplus-value production is the increase in profit through the extension of working day (or increasing the intensity of work), while relative surplus-value production is the increase in profit through the rise in the productivity of labour.

[11] This conceptualisation also leads him to formulate the theory of the falling rate of profit in Capital, Volume 3. Marx (1959 [1894]) argues that the process of increasing productivity of labour leads to mechanisation, thus more and more of value comes from machines and less and less from living labour. This process in turn reduces the rate of profit. Although this theory did not constitute a phase theory, it had the potential to be a basis for one (see for instance, Mandel, 1995 [1980]).

the concentration of production is accompanied by an increase in the role of financial capital and the emergence of monopolies and cartels. He also presents that this 'monopolistic' capitalism is linked to the rise of imperialism which creates competition between the great capitalist powers, and it can lead to a war. Nevertheless, Hilferding (1981 [1910]) argues that this new stage offers a chance for the transition to socialism. Since the role of the state and planning has increased, the transition to socialism requires only the takeover of the state and an expansion of its planning role. In his later works Hilferding (1915) further develops his theory and introduces the concept of '*organised capitalism'* to describe this new era.

Based on Hilfeding's conceptualisation of imperialism[12], Bukharin (1972 [1917]) and Lenin (1963 [1917]) continued the analysis of stages, but they rejected the possibility of a peaceful transition to socialism. In the *Imperialism: The Highest Stage of Capitalism*, Lenin (1963 [1917]) explains that capitalism based on free competition, which characterised the 19th century, has been replaced by the stage of imperialism. Imperialism contains five elements: the dominance of monopolies, the rise of finance capital, the growth in the export of capital, the emergence of international monopolistic associations, and the territorial division of the world among the capitalist powers. In this work, he also introduces the concept of monopoly capitalism to describe this new stage, arguing that imperialism is essentially monopoly capitalism.

Lenin's thesis was further decomposed in Eastern, Soviet Marxist literature. This tradition distinguished between two stages: private monopoly capitalism from the late 19th century until the 1930s, and state monopoly capitalism, which characterised the years after World War II (Sipos, 1981). The possibility of a state monopoly capitalism was first formulated by Lenin (1943 [1918]) in his book *State and Revolution* (Gannage, 1980) but he mainly used it for the description of the German war economy (Mandel, 1999 [1972]). However, an elaborated version was developed by Eugen Varga, a Hungarian born Soviet economist after the Second World War.[13] Varga (1968) propagated that the state's role in the economy was heavily strengthened after the War in capitalist countries. The notion of state monopoly capitalism stems from the argument

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[12] They also relied on Hobson (1902) work. Hobson (1902) connects imperialism with underconsumption, thus evaluating the expansion of capitalist economies as a consequence of insufficient domestic demand.

[13] Other economists also described the emergence of state monopoly capitalism (see for more: Mandel, 1999 [1972])

that monopolies could no longer sustain the accumulation process without the help of the state (Varga, 1964).

In the Western Marxian literature one of the most important conceptualisations of monopoly capitalism is associated with Baran and Sweezy (1966) who carried out a systematic analysis on the example of the United States. They start from Lenin's premise that imperialism is necessarily monopoly capitalism. For them, the basis of monopoly capitalism is the birth of the giant corporation, which seriously restricts competition and creates monopolistic and oligopolistic relations in the economy. In the giant corporation, control is concentrated in the hands of the management, which, as a self-perpetuating group, constantly seeks to maintain the financial self-sufficiency of the corporation. Therefore, these are new tools for capitalist to increase the production of surplus value. In fact, Baran and Sweezy (1966) argue that the general law of monopoly capitalism is the tendency of increasing surplus value. This law follows from the price-determining power of the monopoly, the elimination of competition and the continuous reduction of costs. The increasing surplus value, however, cannot be absorbed by the economy. Therefore, in monopoly capitalism, there are different tools to stimulate demand, including advertising, increased government and military spending. This latter is an important channel for fuelling imperialist tendencies. Therefore, Baran and Sweezy (1966) reject the thesis of state monopoly capitalism. In their theory, the state is rather a subject to the laws of monopoly capitalism.[14]

Following this influential analysis, the theory of monopoly capitalism further developed in Western Marxist thought. For instance, Crowley and Sugden (1987) argue that the period from the 1980s is the era of transnational monopoly capitalism. The special characteristic of this stage is that monopolies outgrew national borders, and they appear in a transnational form (Sawyer, 2022).[15] This tendency also emerged in Eastern Marxist thought. Ervin Rozsnyai (2002) referred to it as the third stage of monopoly capitalism, succeeding the private and state monopoly eras. Overall, the important contribution of the Marxian Stages Theory is the concept and the different sub-phases of monopoly capitalism which can be interpreted as a new phase in capitalist development after the phase based on free competition.

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[14] In the Western literature there has been other critiques of the concept of state monopoly capitalism. For instance, Mandel (1999 [1972]) was also critical with this terminology.

[15] Recent investigations raise the possibility of platform capitalism, which could be a new technological form of monopoly capitalism (Srnicek, 2016).

Nevertheless, there is a peculiar Japanese version of this Stages Theory.[16] At the core of this Japanese approach is the assumption that in order to create an appropriate stage theory, one needs to develop the theory of a purely capitalist society. Uno (1980 [1950-52]) had started to conceptualise it based on Marx and later his student Sekine (2020 [1984]) developed it further. Albritton (1991) shows that the theory of a pure capitalism requires us to imagine what a society would be like where the accumulation of capital would be fully effective, or as they put it following Marx, the law of value[17] would be unhindered by any obstacles. He states that such a purely capitalist society is a commodity producing economy with commodified labour where markets are self-regulating without any monopolistic or oligopolistic tendencies. In this purely capitalist society, the capitalism is essentially global without boundaries. Moreover, there are three distinct classes: landlords, capitalists and workers. In addition, the purely capitalist society is characterised by the elimination of the social nexus. It means that all social connections are reduced to the exchange of commodities and money. In economic terms, this pure capitalism is described by the process of capital accumulation presented by Marx[18] which requires the total commodification of labour, land and money. Ideologically, it is centred on commodity fetishism, legally on private property, and politically on a minimal state, which is only a means of enforcing property rights.

As Itoh (2001) points out, Uno distinguished three stages of capitalism based on this theory: mercantilism, dominated by British merchant capital, and the wool industry in the 17-18th century; liberalism in the 18th and 19th centuries, dominated by British industrial capital and the cotton industry; and imperialism from the end of the 19th century, which brought the emergence of heavy industry (mostly steel) and finance capital in the US and Germany. According to Uno, this is the last stage of capitalism, after which the transition to socialism will begin (Itoh, 2001). Nevertheless, the distinctive feature of Uno's theory is that he links these stages to the idea of a purely capitalist society. He argues that mercantilism approached pure capitalism, then liberalism came closest, and

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[16] This theory is attributed to Kozo Uno and it became well-known in the Western literature through the work of Sekine (1984/86 [2020]) and Albritton (1991).

[17] The law of value states that the exchange value of goods is regulated by their social value and the latter is determined by the labour time. More generally, the pure operation of the law of value is a term to express the perfect functioning of markets and capitalism (Albritton, 1991).

[18] Marx (1887 [1867]) presented the process of capital accumulation with the equation: M-C-M'. Here M denotes money, C signs commodities. The equation implies that the process of capital accumulation converts money into more money, which is different from simple commodity production, where the final objective is the commodity.

imperialism moved away from it (Albritton, 1991). Therefore, in the development of capitalism the stages are moving away from pure capitalism.

This theory of the stages is complemented by Albritton (1991) who argues that after imperialism another stage emerged which he calls consumerism. This stage is dominated by the US and the consumer goods sector (mostly the auto industry) and it describes the development after World War II. Consumerism has strengthened the process of drifting away from pure capitalism. Albritton (2001) also interprets the neoliberalism that has emerged after the 1980s as part of consumerism and argues that in this phase the moving away of pure capitalism will bring the transcendence of capitalism. Opposing Albritton's (1991, 2001) approach about consumerism, Bell and Sekine (2001) argues that this process led to capitalism being overtaken by social democracy from the 1930s and created the age of petroleum where there were capitalists but without capitalism. They see neoliberalism as the second half of this period leading to the final disintegration of capitalism. Another interpretation of neoliberalism is given by Itoh (2001), who further develops Uno's theory, arguing that neoliberalism can be seen as a new stage, moving back towards a purely capitalist society. Thus, Itoh (2001) expresses the possibility of a spiral reversal. In contrast, Westra (2019) interprets neoliberalism as the disintegration of consumerism. He shows how the rise of intangible goods has led to a rent-based economy, which creates a landlordisation process in capitalism. In his view, the result will be the extinction of capitalism.

2.2.2 Long wave tradition: Kondratieff, Schumpeter and the Marxian long wave

The common ground of the long wave theories (LVT) is that they derive the phases of capitalism from the cyclical and wave-like movement of the economy.[19] They argue that the phases of capitalism can be identified with the long-term (roughly 45-60 years) wave movements of the economic system, which has an upswing and a downswing period.[20] For this reason, LVT is significantly intertwined with business cycle theories, but clearly distinguishable from them because of the time horizon.

The theory of long waves is associated with Nikolai Kondratieff's work, but there were authors who had identified long waves before him. The first to raise the possibility

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[19] The presentation of all long wave theories would exceed the aims of our dissertation; therefore, we are exclusively focusing on the most influential long wave theories that link waves explicitly to phases of capitalist development.

[20] As Duijn (1977) expresses, the downswing phase does not necessarily mean a permanent decline in production, but rather a retardation of economic growth.

of a long wave was Hyde Clarke in 1847, who discussed 54-year cycles which contain five normal business cycles (Duijn, 1977). Later, it was Parvus who, in 1901, based on Marx's work, pointed out that long booms are followed by long downturns (he called these Strum and Drang periods) and he also linked the booms to technical innovations (Freeman and Louca, 2001). However, two Dutch researchers, Van Gelderen and De Wolff can be considered the first long wave theorists (Duijn, 1977).[21] In 1913, Van Gelderen analysed the long periods of growth and decline in capitalist development by taking into account not only commodity prices, but also production, foreign trade, the total value of trade and interest rates (Barr, 1979). According to the analysis, the acceleration of production, the emergence of new productive sectors, the expansion of transport systems and changes in terms of trade have all contributed to the long waves (Freeman and Louca, 2001). De Wolff further developed Van Gelderen's work with deeper statistical analysis (Barr, 1979).

Nevertheless, the most famous long wave theorist is still Kondratieff who first formulated the existence of long cycles in 1922 in a book on the effects of the First World War and later expressed his views in several papers in the 1920s (Barr, 1979). Kondratieff's methodology was clearly empirical (O'Hara, 2006), concentrating on statistical analyses, mainly of changes in prices and interest rates. He distinguished three long waves with upswing and downswing periods from the 1790s to the 1920s.[22] Kondratieff (1979 [1926]) also established five empirical laws, such as the fact that wars and revolutions are more likely to occur in upswings, or that most technological inventions are made in the end of long waves but are not widely adopted until the beginning of the next long wave. Moreover, that upswing of the long waves goes together with the expansion of the gold production and the world market.[23] He became involved in a historical debate with Trotsky on the launching mechanisms of long waves (Freeman and Louca, 2001). Trotsky (1941 [1923]) criticised Kondratieff's work and rejected the idea of cycles, which he argued could be rather interpreted as historical epochs of capitalism. He also points out that the movement of long waves is influenced by external

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[21] Freeman and Louca (2001) point out that Jevons, J. B. Clark, Tugan-Baranowsky, Pietri-Tonelli, Bresicani-Turroni, Aftalion, Lenoir, Lescure and Pareto can also be seen as precursors of the long wave theory.

[22] According to Kondratieff (1979 [1926]) the upswing of the first long wave lasted until 1810-17. This was followed by a downturn until 1844-51. The next up phase lasted from 1844-51 to 1870-5, followed by the down phase until 1890-95; the next up phase lasted from 1891-6 to 1914-20, and the next downturn continued from 1914-20.

[23] The fourth deals with the relationship with intermediate cycles and the fifth analyses the impact of long waves on agriculture.

(extra-economic) factors such as imperialist ambitions, wars and revolutions (Barr, 1979). By contrast, Kondratieff (1979 [1926] deduced the cyclical pattern of capitalism from its internal logics. Kondratieff (1979 [1926]) argued in his reply that the factors presented as external are in fact linked to the internal mechanisms of capitalism. Wars, revolutions, technical innovations, the territorial expansion of the world market or the production of gold are not random events that influence the movement of cycles from outside but are related to the internal laws of capitalism. Thus, they are not causes but consequences. The debate was clearly political in the Soviet context, since the sharp transformation of capitalism by external forces was only possible within the Trotskyist framework (Freeman and Louca, 2001).

Joseph A. Schumpeter continued the work of Kondratieff with creating a sophisticated explanation of long waves that follows from the inner logic of capitalism. Schumpeter developed his general theory of capitalist development in the book, Theory of Economic Development (1913 [2021]) and then applied this to the identification of long waves in his less frequently cited work Business Cycles (1939). Schumpeter's (1939) aim was to understand the evolution of capitalism; however, his work was not based on complex statistical methods, but rather on historical and institutional analysis. For Schumpeter (1939) the cyclical nature of capitalism follows from the concept of innovation. He distinguished innovation from invention, since the former implies not just a scientific result but the creation of a new production function. Moreover, he emphasised the role of entrepreneurs in the creation of innovations, from whom he clearly separated the managers. The role of entrepreneurs is leadership rather than management, and their entrepreneurial profit comes from their successful innovations.

Nevertheless, Schumpeter (1939) points out that innovations are not randomly dispersed, but highly clustered over time and sectors. Therefore, in his model, technological progress is driven by innovations and entrepreneurs, and it unfolds in business cycles. Innovations destroy existing industries through the process of creative destruction, which is manifested in recession and crisis.[24] The crisis, in turn, opens the way for the spread of innovations, which triggers a strong boom. This expansion will finance new innovations.[25] Schumpeter (1939) also pointed out that in capitalism there

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[24] The concept of creative destruction was formulated in his other influential book, Capitalism, Socialism and Democracy (Schumpeter, 1942 [2003]).

[25] Based on these, four phases of the economic cycle were identified: prosperity, recession, depression, and recovery.

are several economic cycles going on at the same time, which are interconnected. He distinguished three main cycles, which he named after their discoverers: Kitchin cycles with 3-5 years, Juglar cycles with 7-11 years, and the long waves or Kondratieff cycles with 45-60 years (Gutiérrez-Barbarrusa, 2019).

Like Kondratieff, he distinguished three long waves in his work. The first cycle lasted from 1787 to 1842; the second from 1843 to 1897; and the third from 1893 onwards which he labelled Neo-Mercantilist Kondratieff. Schumpeter stressed the importance of certain technologies, emphasising the role of railroadisation in the second cycle and electricity in the third. One overlooked aspect of his theory is the important role he attributed to the banking system and lending in financing innovation. Schumpeter (1939) emphasised the role of knowledge and independence in the ability of banks to assess the feasibility of the possible innovation. In fact, for him, the essence of capitalism is not individual initiative, private property or entrepreneurial behaviour per se, but the mechanism of credit creation.[26] In addition, an important element of Schumpeter's theory was the distinction between the Competitive Capitalism of the 19th century and the Trustified Capitalism of the 20th century. For him, the third Kondratieff represented the transition to Trustified Capitalism, in which individual entrepreneurial activity was replaced by the planning and innovation of large corporations. Thus, in his later works, Schumpeter (1942 [2003]) predicted the end of capitalism and the triumph of socialist society, in which the administrative planning of large corporations and the state would take centre stage.[27]

After Kondratieff and Schumpeter, there were many different applications of the long wave theory. According to Freeman and Louca (2001) some approaches went in the direction of formal modelling (Forrester, 1971; Mensch, 1979), while others used statistical and econometric methods (Duijn, 1977, 1983; Kleinknecht, 1987, 1992) and a third group was adopted a more historical analysis (Hobsbawm, 1962, 1975; Freeman, 1977; Rostow, 1978; Wallerstein, 1979; Mandel, 1995 [1980]).

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[26] *"It undoubtedly appears strange at a first reading, but a little reflection will satisfy the reader that most of the features which are commonly associated with the concept of capitalism would be absent from the economic and from the cultural process of a society without credit creation"* Schumpeter (1939: 217-218).

[27] In his article on capitalism in the Encyclopaedia Britannica, Schumpeter (1946) used a slightly different classification. Early capitalism, which can be understood as going back to antiquity, mercantilist capitalism, which emerged from the 16th century onwards, then intact capitalism, which corresponds to the competitive capitalism that characterised the 19th century, and modern capitalism, which developed from the 20th century onwards (Swedberg, 1992; Ebner, 2006).

The most important developers of Schumpeter's work are grouped together in the so-called neo-Schumpeterian stream, whose starting point can be traced back to Mensch (1979). In Mensch’s metamorphosis model, innovation unfolds not in waves but in successive S-shapes. Its key message for the phases of capitalism research is that the phases do not follow one another like simple waves, but they overlap. This neo-Schumpeterian stream produced several important contributions (see for instance, Freeman, 1977, Kleinknecht, 1987, 1992) and culminated in Freeman and Louca's 2001 book, which can be seen as the crowning achievement of this stream.[28]

Freeman and Louca (2001) argue that to study long waves we need to look at the movement of five spheres: science, technology, economics, politics and culture. They stress that these spheres have reciprocal interactions, but they also point to their relative autonomy. In their book, they present a co-evolution of these spheres, relying heavily on successive technological revolutions, but without forgetting the systemic characteristic and institutional embeddedness of innovations.

They identify five Kondratieff cycles. The first cycle (1780-1848) was characterised by the mechanisation of industry, driven by waterpower, with cotton and iron production as the central leading sectors. The organisational structure of this period was the traditional factory industry and the role of canals in transport infrastructure was important. The second Kondratieff wave (1848-1895) was a period of steam-powered industrialisation in which the railways played a leading role. In the field of transport and communication, the spread of the telegraph and the railways was important, while in organisational terms joint-stock companies were a new phenomenon. The third Kondratieff wave (1895-1940) was marked by the spread of electricity, the emergence of the steel industry and the telephone as a new means of communication. The spread of scientific management characterised the organisational changes. The fourth Kondratieff wave was the period of motorisation, with the auto industry as the leading sector and Fordist mass production as the organisational form. In terms of communication infrastructure, radio was prominent. The decline of this period began after 1973 and the fifth Kondratieff wave, based on information technologies, is gradually rising. The leading sector of this period is ICT, which also determines the communication infrastructure, i.e. the Internet. Organisationally, network companies are the new

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[28] Carlota Perez's work was also strongly influenced by the neo-Schumpeterian stream. Her work will be discussed in the 2.2.4. chapter.

framework for this new period. The authors associate some key inputs with each phase: iron and coal in the first and second waves, steel, copper and metal alloys in the third, oil and gas in the fourth and chips in the fifth. Overall, in defining the waves, the Freeman and Louca (2001) place great emphasis on innovations, leading sectors driven by these innovations, and on the organisational embedding of new technologies.

However, the long wave theory propagated by Kondratieff, Schumpeter and their followers had many critics. Among these, the work of Angus Maddison stands out. Although he did not accept the existence of long waves, contributed to the further development of the theory of phases of capitalism. According to Maddison, it is not worth talking about waves in capitalism because these historical periods cannot simply be understood as a series (Freemand and Louca, 2001). He also rejected the term stage as being too deterministic and instead used the term phase (Maddison, 1977). In his work, Maddison (1977) placed more emphasis on systemic random shocks in differentiating the phases, for him these shocks follow from the internal characteristics of the given phase, but their timing is the result of external factors. His main contribution was to place economic growth at the centre of defining the phases of capitalism (Maddison, 1982). Therefore, Maddison connected long wave theories with the theories of growth. On this basis, he distinguished four periods between 1870 and 1976, and studied economic policy, the international payment system, the labour market, the freedom of international trade, investment incentives, the efficiency of resource allocation and the speed of technological progress (Maddison, 1977). He thus assumed a kind of institutional and technological coherence in the various phases.

Finally, it is important to emphasise that an influential Marxian version of long-wave theory also emerged, which can be linked to the work of Ernest Mandel. Mandel (1995 [1980]) broke with views that explained long waves by movements in commodity prices, interest rates or growth rates, focusing instead on changes in the average rate of profit. He placed Marx's law of the falling rate of profit at the centre of his analysis. For him, it is the balance of forces acting and counteracting on the falling rate of profit that defines the essence of a given phase of capitalism.[29] In the expansionary phases of the long waves, the forces acting against the falling rate of profit are strengthened, whereas in the depressionary phases their strength is diminished, thus revealing the downward trend of the rate of profit. However, he did not derive this rhythmic movement solely from

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[29] Marx (1959) listed countervailing tendencies like, rising rate of exploitation, decreasing cost of labour, decreasing cost of capital, increasing foreign trade.

the internal economic laws of capitalism. Criticising the endogenous theory of Kondratieff and Schumpeter, Mandel (1995 [1980]) stressed the role of exogenous factors, emphasising the arguments of Trotsky (1941 [1923]). According to his theory, the transition from expansionary to depressive phases follows the internal logic of capitalism, as the countervailing forces that mask falling rates of profit diminish. However, new expansionary phases emerge from depressions only because extra-economic factors come into play (wars, geographical expansion of capitalism, competition for capitalist hegemony, class struggle and revolutions). Mandel 1995 [1980]) also argued that the long waves can be understood as a historical period of capitalism in which certain ideological tendencies prevail. He distinguished four main phases: the industrial revolution (1789-1848), market capitalism (1848-1893), imperialism (1893-1940) and late capitalism (1940-).

Following Mandel, the rate of profit has become an important focus for other Marxian scholars, such as Duménil and Levy (1999, 2001), who distinguish four phases based on the analysis of the rate of profit from the 1870s.[30] Furthermore, Wallerstein (1979, 1984) was also influenced by the long-wave theory, advocating the identification of waves at the level of the world system and also emphasising the central role of the rate of profit. Thus, long-wave theory has also had a significant impact on world-system research.[31]

2.2.3 Historical-institutional perspectives

The phases of capitalism can also be approached from a historical-institutional perspective. However, this is not a unified approach; it involves several interdependent but separate schools. In the following, we discuss briefly the relevant theoretical contributions of Werner Sombart, American institutional economics and Karl Polanyi.

Although the origins of the term 'capitalism' can be found in the works of socialist scholars from the mid-19th century[32], it became popular in mainstream social sciences mainly through the debate between Max Weber and Werner Sombart at the beginning of the 20th century. (Marks, 2016). Their debate has also had a major impact on the phases-of-capitalism research. The two researchers were members of the younger generation of

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[30] In addition, Shaikh (2011) attributes the crisis of neoliberalism with the Great Recession of 2008 to the falling rate of profit.

[31] The discussion of world system analysis is beyond the scope of our work (see, for example Wallerstein, 2020). We will only present the most sophisticated phasing theory in world system research, developed by Giovanni Arrighi, in the 2.2.4. chapter.

[32] The first to use the term capitalism was Blanc in 1851. Other important propagators of the word were Marx and Proudhon (Marks, 2016).

the German Historical School, which promoted an approach that focused more on historical factors in economic analysis. Weber argued for the role of Protestant ethics in the birth of the spirit of capitalism (Weber, 2001[1905]). He claimed that the doctrine of predestination promoted an ascetic and frugal character among Protestants, which helped the process of capital accumulation. In contrast, Sombart (2014 [1928]), traced the spirit of capitalism back further than the Reformation and linked it to the Italian city-states, highlighting, for example, the role of double-entry bookkeeping in the emergence of capitalism. He also highlighted the role of Jews and heretics (groups on the margins of society) in relation to the spirit of capitalism (Sombart, 2001 [1911]). Sombart's work also included a theory of phases of capitalism, presented in detail in his book 'Der Modern Kapitalismus'. Sombart (2014 [1928]) distinguished between early capitalism (from the end of the Middle Ages to the end of the 18th century), mature capitalism (up to the First World War) and late capitalism. In his analysis, Sombart focused on three elements: the form of organisation, the technique and the spirit (or mental attitude) (Parsons, 1928). Following Marx, he also interpreted capitalism as a historically constrained system and argued that it will be replaced in the future by a new socialist-cooperative formation (Milios, 2022).

The German Historical School had a major influence on the birth of American institutional economics (Csaba, 2021), whose most important figure was Thorstein Veblen. Although Veblen did not create an explicit theory of phases of capitalism, his evolutionary perspective made a significant contribution to this line of research. In Veblen's work, human instincts, which are shaped into habits of life and embodied in institutions, play a prominent role (Edgell, 1975). Moreover, he believed that technologies reinforce certain 'habits of thoughts', i.e. cultural and thinking mentalities (Veblen, 1978 [1904]). He argues that old customs and institutions can still coexist with the new technology and the new customs it promotes, which can lead to contradictions (Edgell, 1975). Veblen (2017) traces the roots of capitalism back to the Handicraft System that emerged after the Middle Ages but links its actual rise to the creation of the Machine Industry. From then on, the worker is completely under the control of the businessman, and the business enterprise is created, whose main motivation is to make a profit. Veblen (1917) also explains that laissez-faire thinking about the organisation of industry came to an end in the early 20th century. He points out that the spread of the concept of the classical liberal, market-based, night-watchman state coincided with the technological leap generated by the Industrial Revolution. The technologies of the time were still rudimentary, which meant that they could not be used for warfare. This took wars off the agenda for a while. Later, further advances in technology, such as the tactical use of railway developments or the ability to coordinate long-distance movements through the telegraph, made modern industry increasingly useful for warfare. Recognising this, individual states, led by Prussia, began to arm themselves. This meant that even those states that did not want to arm themselves for defence were forced to do so. However, the use of technological innovations in the military industry was no longer conceivable on a market basis, so industrial planning was inevitable. Moreover, Veblen (1978 [1904]) shows that the beginning of the 20th century is the decay of the 'capitalist' business enterprise, because it is not compatible with the modern industrial system, since the business logic makes industrial production unstable and generates business cycles. For this reason, he argues for the growing role of engineers and technicians in industry, who can ensure the stability of production (Harris, 1951).

John R. Commons, the other influential American institutionalist, developed his own approach to phases. In his work, Commons (2017 [1934]) placed great emphasis on the legal underpinnings of economic processes and divided the phases of capitalism into two - the industrial stages, which he interpreted as changes in technology, and the economic stages, which he interpreted as changes in institutions (mainly legal forms). According to him, there are three main stages of capitalism, which he illustrates with the example of the American shoe industry. With the collapse of feudalism, merchant capitalism emerged, followed from the 1850s by employer capitalism and from the 20th century by banker capitalism. Throughout this evolutionary process, he highlights the ideological tendencies associated with each phase and the development of workers' organisations. For Commons (2017 [1934]), banker capitalism also brings an important institutional change, which he calls stabilisation.[33] This means that individual freedom, free from the constraints of the state that characterised merchant and employer capitalism, is replaced by stabilisation coordinated by capitalists and workers, which socially controls individual freedom.[34] For him, this pattern of stabilisation of American capitalism represented the exit from the two extremes of fascism and communism.

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[33] For Commons (2017 [1934]) the third institutional era is stabilisation. Before the Industrial Revolution, there was a period of scarcity, characterised by state repression, and then an era of abundance, in which individual freedom flourished in the absence of state control.

[34] Thus, unlike Marx, he did not see capitalists and workers as antagonistic opposites, although he recognised their differences in bargaining, and saw the state as the agent capable of creating harmonious cooperation (Buckingham, 1958).

A late figure in the American institutional school was John K. Gailbraith, whose most important work, The New Industrial State (1967) identified a new phase of capitalism. Gailbraith (1967) argues that modern industrial society is no longer based on the principles of classical capitalism and that perfect competition no longer describes the functioning of the modern economy. This is because production based on modern technologies requires long-term planning, leading to the emergence of a large industrial corporate sector in which markets serve as a means of implementing plans. He explains that in the industrial system the management of the economy and the allocation of resources is carried out by the management of large firms, which he calls the technostructure, rather than by the owners. Galbraith (1967) also shows that the classical idea that the consumer determines demand is being reversed, with the dominance of large firms not only in production but also in demand creation. The industrial system, he argues, creates demand through advertising. He thus points to the demand creation mechanism of the modern economy.

The institutional-historical stream also includes the work of Karl Polanyi, whose major work, *The Great Transformation*, strongly influenced the literature on the phases of capitalism. In his book, Polanyi (2004 [1944]) assumes that the victory of capitalism or as he calls the victory of the self-regulating market required the decoupling of the political and economic spheres. To reach this the market and profit motive had to extend to every part of human life. Polanyi calls this process commodification. However, he thinks that this was a dangerous mechanism because not everything can be functioning as a commodity. Thus, he identifies three fictitious commodities: labour, land and money. Polanyi argues that these cannot act like commodities because they are the part of our social relations. He states that the process of capitalism makes the three fictitious commodities disembedded form society and it explains the horrors of the classical capitalism in the 19th century with this commodification process.[35]

Nevertheless, Polanyi highlights the rise of a countermovement at the end of the 19th century. He presents various actions aimed at stopping the commodification of the three fictitious goods. He states that this countermovement was a natural response of society to block the damage done by the self-regulating market mechanism. The aim of this movement was to embed the economy into social relations. Polanyi thus creates the concept of the double movement in capitalism. There is a market-expanding movement

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[35] He also opposed to the traditional liberal view that the creation of market was a spontaneous process. Polanyi presents that the state was actively involved in the formation of markets.

with the commodification of labour, nature and money, and then there is a protective countermovement which aims to mitigate the consequences of commodification. In his analysis of the 20th century, he notes that with the Great Depression, the self-regulating market and the liberal creed that underpinned it collapsed. This in turn gave way to fascism. To overcome fascism, he argues, societies must reject the idea of the self-regulating market and reconcile the reality of society with freedom, which is the essence of the Great Transformation.

Polanyi's double-movement theory became a distinct periodisation perspective.[36] Burrawoy (2012), for example, extended it to explain the neoliberal period. Drawing on Polanyi, he identifies two waves of marketisation that have generated a social countermovement. The first unfolded mainly from the early 1800s with the commodification of labour, followed by working class action in the late 19th century. The second wave emerged after the First World War, with the commodification of labour and money, and led to the Great Depression, from which a new social countermovement emerged. This was the part of the great transformation described by Polanyi. For Burrawoy (2012), however, this transformation did not end with the post-war period, but a new wave of marketisation began in the 1970s. Burrawoy (2012) sees neoliberalism as a wave of marketisation that, in addition to money and labour, also triggered the commodification of nature. For this reason, he argues that the social countermovement must be fuelled by the green movement. Blyth (2002) similarly interprets the liberalisation boom of the 1970s as a counter double movement, which he sees as a backlash by organised business groups following the institutional and ideological crisis of the embedded liberal period. This was able to dismantle the virtues of the Great Transformation by turning back to classical capitalism.

Finally, we must briefly mention the Austrian School, which can be linked to this historical-institutional stream. Of the Austrian School, Schumpeter’s work has contributed most directly to the literature on the phases of capitalism, but his work has already been discussed. Friedrich A. Hayek was another prominent analyst of capitalism; however, he was against the word capitalism itself (Hayek, 1954, 1988).[37] Although no elaborated phases of capitalism theory is associated with his name, he has important inputs for this line or research. Hayek (1945) emphasized the role of price mechanism in market as an information processing system which using the most effectively the

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[36] See for example, Levien and Paret (2012) and Watkins (2017).

[37] He preferred the term extended order of human cooperation (Hayek, 1988).

dispersed knowledge in the society and he contrasted it with the failure of central planning. Moreover, Hayek (1988) promoted a strong evolutionary approach, criticizing constructivist thinking in relation to the development of capitalism, emphasizing traditions and moral practices over instinct and reason. His insights were later embedded in the creation of phases of capitalism theories, for example, Marks' (2016) book builds on Hayek's argument. According to Marks (2016), what distinguishes capitalism is the increased ability to gather and process information that has emerged in Europe since the Italian Renaissance, creating an information nexus that has allowed companies to reduce transaction costs, uncertainty and risk in unprecedented ways, thereby increasing business opportunities. He recognizes three phases of capitalism and interprets our information society as the third era.[38]

2.2.4 Modern mixed theories[39]

In the footsteps of the Marxian Stages Theory, long-wave tradition and historical-institutional approaches, four mixed theories of the phasing of capitalism have emerged since the 1970s. Firstly, the regulation theory based on the Marxian Stages analysis appeared, elaborated by Michel Aglietta (1979 [1976]). Later this perspective moved closer to institutional economics (McDonough and Nardone, 2006; Harada and Uemura, 2019). The second was the social structure of accumulation theory which had also Marxist roots. The first versions of the social structure of accumulation theory could be found in the work of David Gordon (1978), and Gordon, Edwards and Reich (1982). Later the theory moved closer to the Polanyian tradition (Wolfson, 2003). The third theory emerged in the 1980s, this was the techno-economic paradigm theory which combined Schumpeter's work with long wave tradition and took elements from regulation theory. The theory was elaborated by Carlotta Perez (1983). And in the 1990s, the systemic cycles of accumulation theory appeared. It is mainly based on the long wave analysis of the world-system approach, and it was developed by Giovanni Arrighi (1994). [40]

Regulation theory

Regulation theory (RT) argues that every phase of capitalism, or as they call it, every mode of development, contains two components: the regime of accumulation and

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[38] Nevertheless, he also acknowledges the information asymmetry in the market process based on Akerlof's work, hence he also puts emphasis on government regulation of markets.

[39] A longer version of this chapter has been published in the World Review of Political Economy, see Csontos (2023d).

[40] Another excellent contemporary hybrid approach is associated with Philip O'Hara, who examined the phases of capitalism based on a combination of social structure of accumulation theory and regulation theory (see O'Hara, 2006).

the mode of regulation.[41] The regime of accumulation is the form of social transformation that supports the appropriation of surplus value (profit) within certain limits (Aglietta, 1979). Traditional regulation theorists identify two types of accumulation regimes: extensive and intensive regimes. Extensive regimes of accumulation are mainly characterised by absolute appropriation of surplus value, while intensive regimes are mainly represented by relative appropriation of surplus value (Westra, 2019).[42] In addition, there is a third type: an intensive accumulation regime with mass consumption. This means that the whole way of life and consumption norms are transformed in order to increase surplus value (Kotz, 1994; Mavroudeas, 1999).

Later regulation theorists, however, reformulated this Marxian conceptualisation into a more post-Keynesian one. In this perspective, the accumulation regime represents the demand side of accumulation (Boyer, 2018, Lipietz, 2001). The tradition led by Robert Boyer, for example, argues that there are two basic features of any accumulation regime: first, the nature of accumulation (intensive or extensive), as determined by Aglietta (1979), and the nature of demand (Harada and Uemura 2019). Boyer (2018) argues that there are two types of demand regimes: wage-led and profit-led. Therefore, this formulation is similar to the post-Keynesian concept of demand regimes and growth models.[43]

The second concept is the mode of regulation, which is a set of institutions that coalesce and regulate the regime of accumulation in a phase of capitalism (Mavroudeas, 1999; Westra, 2019). Regulatory theorists classify two basic modes of regulation: competitive, which are more appropriate for extensive regimes, and monopolistic, which are more appropriate for intensive regimes (Lipietz, 1988; Mavroudeas, 1999). There are five important institutional forms of each mode of regulation: the wage-labour nexus (e.g. collective bargaining, consumption norms), the monetary and credit system (e.g. dollar standard, interest rates), forms of competition (e.g. competition versus monopoly), forms of state intervention and, last but not least, the position of the state in the international system (Boyer and Saillard, 2002; Boyer, 2005; Westra, 2019)

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[41] The first version of the regulation theory could be found in the work of Michel Aglietta (1979), A Theory of Capitalist Regulation. Aglietta (1979) used the word regulation, but the later authors use the mode of regulation instead. In the classical regulation theory, there is a third component the industrial paradigm, which mainly denotes the organization and division of labour in a phase of capitalism (Jessop, 1994). Nevertheless, this is part of the accumulation regime in the tradition led by Boyer (see Boyer and Saillard, 2002).

[42] See footnote 7 for a description of absolute and relative surplus value.

[43] See for instance: Baccaro and Pontusson (2016) or Stockhammer (2016).

There is a broad consensus in regulation theory that the post-war period was an intensive accumulation regime with mass consumption and that the mode of regulation was monopolistic (Mavroudeas, 1999). This is called Fordism. This concept is one of the most elaborated in regulation theory. Fordism can be characterised by rising incomes of wage earners, high and stable rates of profit, limited inequality and extensive state intervention (Uemura, 2019). Lipietz (2001) argues that the broad and stable middle class was the foundation of Fordism. Mavroudeas (1999) highlights other important aspects such as Fordist techniques in the organisation of the labour process, collective bargaining and the restriction of competition between capitalists and the Keynesian welfare state.

Regulation theorists also recognise that this period entered a crisis in the 1970s (Lipietz, 1988). However, their theory is less developed for the phase from the 1980s onwards (Nölke and May, 2019). There are different and sometimes controversial perspectives on this post-Fordist phase of capitalism. Vidal (2013), for example, interprets this post-Fordism as a dysfunctional accumulation regime. Neilson (2012) interpreted this era in a more Marxist formulation as a neoliberal mode of development. Boyer (2018) argues that post-Fordism is characterised by a finance-led accumulation regime and global competition as a mode of regulation.

Nevertheless, there is another perspective in the literature. Some authors interpret post-Fordism as a flexible accumulation regime (Tickell and Peck, 1995; Jessop, 1996; Lipietz, 2001). Lipietz (2001) argues that an important feature of post-Fordism is the flexibilisation of the wage-labour nexus. This represents a shift away from the rigid labour system of Fordism and has weakened the position of the working and middle classes globally. Jessop (1996) argues similarly. He states that post-Fordism can be defined as a flexible production process based on information and communication technologies. He explains that post-Fordism is a stable model of macroeconomic growth because it can restore profit rates based on global markets and also interprets post-Fordism as flexible regulation based on supply-side policies. Tickell and Peck (1995) point out that in post-Fordism the form of money has been dominated by globalised and flexible forms of credit.

Social structure of accumulation theory

The founder of the Social Structure of Accumulation Theory (SSAT) is David Gordon (1978). The theory has Marxist origins but also has Keynesian assumptions (Kotz, 1994). According to the SSAT, capitalists invest in production only when their profit expectations are predictable (Lippit, 2010). However, since expectations are inherently uncertain, sustainable capital accumulation requires a stable institutional framework that creates predictability (Kotz, 1994). They call this institutional framework the social structure of accumulation (SSA). While every economic system is embedded in an institutional environment, SSAT argues that this is particularly important in capitalism because it is a conflictual system (McDonough, 2011). Contradictions between labour and capital and capitalist competition require the existence of a stable institutional system to sustain capital accumulation. The social structures of accumulation stabilise profit rates and long-term expectations, thereby enabling capitalists to invest (McDonough, 2015). Moreover, an SSA can promote a high rate of profit and rising demand in the long run (Kotz and Basu, 2019). This is why the creation of an SSA leads to a period of rapid and stable growth (Bowles, Gordon and Weisskopf, 1986). In line with this, an SSA is a set of long-term, coherent economic, political, cultural and ideological institutions that underpin the stability of capital accumulation in a phase of capitalism (Kotz, 2017).

The SSA theorists first evaluated the post-war period. However, this post-war SSA collapsed in the 1970s. The new period led to new challenges for this theory. Although the era from 1980 was characterized by a stable institutional structure called neoliberalism (Kotz, 2003), the growth was not as rapid as in the post-war period (Wolfson and Kotz, 2010). To solve this puzzle Wolfson and Kotz (2010) reformulated the theory. They argue - contrary to the original formulation – an SSA does not need to promote rapid growth. Instead of growth and accumulation rates, they focus on profitability. They claim that for capitalists' profit rate matters, they seek an institutional structure that can promote higher profit rates. Higher profit rates may promote rapid accumulation, but it is not necessary. With this reformulation, they can identify the new phase as a neoliberal SSA, which could stabilize the profit rates, but it did not lead to rapid growth.

This was not the only innovation. The SSAT started to move closer to the Polanyian double movement approach (Wolfson, 2003). For example, Wolfson and Kotz (2010) identify two types of SSAs: liberal and regulated ones like the double movement theorists. They distinguished these two phases based on five criteria: role of the state in the economy, capital-labour relations, capital and capital relations, and the dominant ideology.

According to Wolfson and Kotz (2010) in the liberal phases, the dominant ideology is free-market liberalism. It is not a coincidence that this leads to a reduced role of the state in the economy. The relationship between capital and labour is characterized by conflicts, which results in the dominance of capital. Competition between capitalists is intensifying, and industrial and financial capital are becoming independent of each other. Wolfson and Kotz (2010) argue, in the regulated phases, the dominant ideology promotes greater state involvement and market regulation. This implies an increasing role for the state. The search for compromise takes precedence over the conflicts between capital and labour. Competition between capitalists is reduced and cooperation is strengthened, with closer links between financial and industrial capital.

According to the social structure of accumulation theory, there have been two distinct phases of capitalism after the WWII. Wolfson and Kotz (2010) argue that firstly a regulated phase unfolded. This was the post-war SSA. They identified three distinct features of this SSA: Pax Americana, capital-labour accord, and capital-citizen accord (Bowles, Gordon and Weisskopf, 1986). Pax Americana means the US hegemony through the Bretton Woods system (O'Hara, 1994). The capital-labour accord represents that the labour movements allowed the capitalists to control the production, but they expected wage increases and job security in return (Lippit 2010). The third aspect was the capital-citizen accord which mainly denotes the Keynesian welfare state (O'Hara, 1994). However, in the 1970s a stagflationary, profit-squeeze crisis brought the end of this period (McDonough, 2015). In the 1980s, the emergence of neoliberalism led to a new phase of liberal capitalism, which they call neoliberal SSA (Kotz, 2003; Wolfson and Kotz, 2010). This era was represented by privatization, deregulation of the financial sector, marginalization of collective bargaining and unrestricted competition in the corporate sector (Kotz, 2015). This neoliberal phase collapsed due to the great financial crisis, and therefore, we are witnessing a structural crisis with a possibility of a transition to a new regulated phase of capitalism (Kotz, 2017).

Techno-economic paradigm approach

The techno-economic paradigm approach was elaborated by Carlotta Perez (2011). The theory is mainly based on Schumpeter's and Kondratieff's long-wave theory. This approach uses the concept of the great surge of development as a distinctive period in capitalism. Every surge is created by a technological revolution which firstly establishes a new techno-economic paradigm and then it leads to a structural change in the socio-institutional framework (Tylecote, 1992; Perez, 2011). Techno-economic paradigm is essentially a technical, organisational and economic common-sense of production by integrating the achievements of a given technological revolution (Perez, 1983; Perez, 2010). However, Perez (2013) refuses that technology determines the social and institutional framework, she rather emphasises the co-evolution of the two sub-systems.

Nevertheless, Perez's theory pays more attention to the technological revolutions than the socio-economic change. Perez (2010) states that technological revolutions are different from a random collection of innovations because of the strong interconnectedness and interdependence of the technologies. Moreover, they have the capacity to transform the rest of the economy and society (Perez, 2010). Perez (2013) argues that each techno-economic paradigm unfolds in two parts in capitalism. Firstly, there is always an installation and then a deployment period. Installation periods are characterised by the Schumpeterian 'creative destruction', where the new techno-economic paradigm gradually overwhelms the old one. Then comes the deployment period, when the dominance of the current techno-economic paradigm creates an extraordinary growth.

The techno-economic paradigm approach interprets the post-war period as the deployment period of the fourth industrial revolution, i.e. the Age of Oil, Automobile and Mass Production (Perez, 2010). This lasted until the 1980s when a fifth industrial revolution was triggered by the rise of information and communication technologies. This caused a new installation period with financialization. According to Perez (2009), the double bubble of 2001 and 2008 represents the end of the installation period. Perez (2016) argues that the post-crisis era is a deployment period that can create the green golden age. However, she explains that the green golden age is not necessary. She points out how mass production as the previous techno-economic paradigm was used differently by Stalin, Hitler and Roosevelt. Thus, info-communication technologies can be used controversially too.

Systemic Cycles of Accumulation theory

The systemic cycles of accumulation theory is mainly based on the world-system approach and it was developed by Giovanni Arrighi. In his major work '*The long twentieth century*' Arrighi (1994) divides the entire lifetime of capitalism into more practicable units of analysis: systemic cycles of capital accumulations (SCA). The theory argues that each of these cycles can be associated with a hegemonic state (Robinson, 2011). Arrighi uses the Gramscian concept of hegemony to express that this state governs and leads the world-system with consent and coercion, but it does not have direct dominance (Westra, 2019). In this view every systemic cycle represents a hegemonic cycle.

Arrighi (1994) divides the systemic cycles of accumulation into two parts relying on the famous Marxian formula (M-C-M'; Money-Commodity-Money;) which describes the accumulation process in capitalism. Firstly, there is the material phase, where money (and liquid assets) held by capitalists is transformed into commodities (illiquid assets) (M-C). This is followed by a financial phase. At this time the increased mass of capital sets itself free form commodity form and it is converted back into money (C-M') to reach a greater flexibility (Arrighi and Moore, 2001). The two phases, therefore, represent the two components of the capitalist accumulation process. Arrighi (1994) distinguishes four cycles of hegemony in capitalist history with a material and financial phase: the Genoese, the Dutch, the British and finally the US systemic cycle of accumulation.

An extension of this theory was developed by Jason Moore. Moore (2015) argues that every systemic cycle of accumulation relies on the Cheap Nature, which can maintain the accumulation process. Cheap Nature contains the cheap labour-power, cheap food, cheap energy and cheap raw materials. Moore states that a new systemicx0 cycle always has to renew the Cheap Nature to support a new phase of capitalism (Moore, 2019).

According to the systemic cycles of accumulation theory, the post-war period was the era of the US hegemony (Arrighi, 1994). This began in the 1940s with a material phase and a great expansion. In the 1970s, however, growth slowed down and the first signs of the crisis of US hegemony became visible. Then, after the 'signal' stagflationary crisis, a financial phase unfolded, with the strengthening of financial capital. This finally led to the 2008 global crisis, which may mark the end of the cycle of US hegemony (Arrighi and Moore, 2001). Chase-Dunn (2014) argues that after the crisis two options are possible: a systemic transformation to some form of socialism or a new systemic cycle of accumulation. He claims that the latter is more likely. But who will be the new hegemon? As Robinson (2011) presents, Arrighi had already pointed out in the late 1990s that the US hegemonic cycle was over and China would take over the leading role in the world capitalist economy. However, Arrighi and Moore (2001) argue that the military power remained concentrated in the hands of the US which makes this hegemonic transition more difficult. The Table A1 in the Appendix summarises the four modern mixed theories.

2.3 Summary, theoretical debates and main conclusions

As shown above, the theoretical roots of the phases of capitalism approach reach back to the nineteenth century, although more systematic theories only emerged in the early twentieth century. The first major strand is Marxian Stages Theory (MST), which conceptualises capitalist development as a linear process ultimately leading beyond capitalism. While authors differ in how this transition is understood—ranging from Hilferding's notion of organised capitalism to more orthodox views of inevitable collapse—the common feature is the assumption of a linear historical trajectory. A key limitation of MST is its reliance on core Marxian concepts, particularly the labour theory of value, which complicates its broader applicability as a general framework for analysing capitalist phases.

The second major approach is long-wave theory, which grew out of business cycle analysis and places greater emphasis on statistical and methodological tools. Its central focus is the cyclical nature of capitalism, though scholars differ in the variables used to identify these cycles—prices and interest rates (Kondratieff), technology and innovation (Schumpeter), growth rates (Maddison), or the rate of profit (Marxian variants). While this tradition provides important insights into capitalist dynamics, its primary weakness lies in reducing phases of capitalism to the cyclical movement of selected variables, thereby offering a limited view of broader structural change.

The third approach adopts a historical–institutional perspective, rejecting both a teleological end point and a purely cyclical interpretation. Although internally diverse, these contributions share an emphasis on institutions and historical specificity. Sombart and Weber highlighted the cultural and ideological foundations of capitalism, while the American Institutional School shifted attention to institutional development, social control, and potential tensions between technology and institutions. Polanyi's work represents a central contribution within this tradition, focusing on the planned expansion of commodification and the spontaneous societal countermovements it generates.

The strength of the modern mixed theories is that they draw on the insights of these three classical streams, but each of them focused on a particular aspect in a phase of capitalism. Regulation theory (RT) and the social structure of accumulation theory (SSAT) emerged from the Marxian tradition, but the latter, with its new formulation proposed by Wolfson and Kotz (2010), moved closer to the Polanyian theory of double movement. The SSAT assesses institutions by analysing the social structures of accumulation. The cause of the phase change in the SSAT is either the collapse of the key institutions or the continued survival of the dysfunctional SSA (Kotz, 1994, Kotz and Basu, 2019). In contrast, the RT assesses the mode of regulations and accumulation regimes, thus it includes the demand conditions of the economy in addition to the institutional structures. In RT, the contradictions between the mode of regulation and the accumulation regime cause the change of phases, which is why it is a more materialist perspective than SSAT (Kotz, 1994). In contrast to RT or SSAT, the techno-economic paradigm (TEP) is a more business-oriented and innovation-focused theory, most closely associated with neo-Schumpeterian long-wave theories, although it also incorporates important insights from RT. TEP focuses on the techno-economic subsystem, assessing technological revolutions and techno-economic paradigms. The Systemic Accumulation Cycle (SCA) approach can be linked to the world-systemic perspective of long waves. SCA identifies a phase of capitalism based on the hegemonic state.

Having reviewed the theories of phases of capitalism, we can construct a theoretical map of the literature. This map is shown in Figure 2, where we have also indicated the key influences discussed in the previous sections and footnotes.

Our overview of the phases of capitalism clearly outlines the existing debates in the literature. Among these, we will highlight three major debates within which we will situate the theories presented.

External or internal factors

The first major theoretical debate is whether external or internal factors play a role in the succession of phases of capitalism. This debate is most closely associated with long-wave theory, but it is addressed to some extent by all theories. Nevertheless, it is not easy to define what is an external and what is an internal factor in the development of capitalism. Without overcomplicating the problem, we consider internal factors, which arise from the economic laws of capitalism, and external factors, which come from outside (such as wars, revolutions, geopolitical competition, policy planning). It is worth distinguishing between three motivations for emphasising external factors. Firstly, it wants to show that the expansion of capitalism is based on factors that are divorced from its internal logic (e.g. the introduction of cheap nature by Moore, 2015). Secondly, it introduces the role of chance against the law of necessity (e.g. Maddison, 1977). Thirdly, it shows that capitalism can be changed or diverted from its natural course by external intervention, thus explaining the importance of economic policies and, from a Marxist point of view, the raison d'être of class struggle and revolutions (e.g. Trotsky, 1941 [1923]). Emphasising internal factors, on the other hand, can show that capitalism is an all-conquering system from which you cannot escape, thus emphasising its strength. It can also stress that in the capitalist system everything is interconnected, so it is not easy to determine external factors. Furthermore, it points out that the development of capitalism is not a random process, but that certain economic laws prevail, and these laws cause the crises and renewals of phases of capitalism. It also emphasises determinism over chance. Finally, it confirms the futility of conscious action to change the development of capitalism.

Of course, sometimes the positions of individual authors are not clear, but with a reasonable degree of generalisation we can distinguish four main positions in the debate. The first is the externalist position, according to which the role of random factors is decisive in the phases of capitalism. Sombart (2014[1928]), for example, belongs here, since he considered the role of pure contingencies in phase transitions to be important, also Maddison (1977) confirmed this, emphasising the role of external factors and contingencies such as wars. The second position is the soft-external position, which still emphasises external forces while recognising certain internal forces. This includes the Marxist long-wave theory (Mandel), which argues that the internal laws of capitalism lead from upswing to downswing in waves, while the emergence of a new wave can only be explained by external factors. Related to this is Arrighi's theory, which emphasises internal factors during each cycle of hegemony but does not treat the change of hegemonic shift as an internal process. Polanyi (2004 [1944]) can also be included here, although he has a different view. For him, the creation of markets and commodification is a deliberate process, and thus, he emphasises the external role of economic policy, while for him commodification inevitably leads to a spontaneous countermovement from society, which can be seen as an internal factor.

The third position is the hard internal position, which derives the alternation of phases from the internal laws of capitalism. Schumpeter (1939), for example, emphasises the endogeneity of technological development. The most extreme example is Kondratieff (1979 [1926]), who shows that even the discovery of gold deposits, which one may see as a random external event, follows from the internal laws of capitalism, i.e. that everything is in fact related to capitalism. With sufficient forbearance, Hayek's view can also be included here. Although he was not a determinist, he rejected the idea that the functioning of markets could be improved by deliberate planning based on reason, and instead advocated their spontaneous, internal development. The fourth is the soft-internal position. An example of this is the approach of Freeman and Louca (2001), who write of several interdependent but relatively autonomous cycles. Attention is thus drawn to the phenomenon of semi-endogeneity, i.e. that a factor is significantly intertwined with other factors but at the same time has relative autonomy. Because of its neo-Schumpeterian assumptions, Perez's theory can also be included here, since it derives technological development from internal regularities but accept the role of external social struggles in institutional development. SSA theory is also included here because it emphasises the role of institutional innovations in the transition between phases, while at the same time, in its more recent versions became closer to the hard-internal position with the alteration of liberal and regulated phases.

Techno-economic vs. socio-institutional subsystem

The second important point of discussion is whether the importance of the techno-economic subsystem or the socio-institutional subsystem is emphasised in the development of the phases of capitalism. It is similar what the Marxist thought described as the base (production, technical and economic relations) and superstructure (politics, institutions, ideologies). Most long-wave theorists argue strongly for the importance of techno-economic subsystem. Kondratieff (1979 [1926]), for example, looks at the role of price movements and interest rate changes. Schumpeter (1939) focuses on technology and Maddison (1977) on economic growth. We can also include here regulation theory, which represents a materialistic approach with the concept of accumulation regimes.

By contrast, the crucial role of the institutional, social and ideological subsystem was represented by Sombart and Weber, who emphasised the importance of the spirit of capitalism. The role of social regulation was best represented by Karl Polanyi with his account of the social countermovement. This can also be linked to SSA theory, which emphasises the social and institutional structures of capitalism. Arrighi's theory of hegemony can also be placed here, since he mainly examines the institutional conditions of hegemony. We can also mention Hayek, who emphasised the crucial role of informal institutions (norms and habits).

In contrast to these two approaches, the co-evolutionary process between the two subsystems is advocated by Carlotta Perez, although she focuses mainly on technologies, considers it important to mention the interdependent development of the two subsystems.

Linearity – Cyclicality – Spirality

The third important theoretical point of discussion is the direction of change associated with the alternation of the phases of capitalism. According to the first approach, the phases of capitalism follow each other linearly, so that one phase is clearly different from the other. Linearity can be neutral which do not associate a positive or negative direction with the linear tendency. Marxist theories, on the other hand, do not see it as neutral, but as a teleological process in which capitalism dismantles itself to make way for a better system. But we can even say that instead of improvement, there is regression, giving way to a worse system, which Schumpeter (1942 [2003]), for example, mentioned.

The second approach is cyclicality, which is mostly associated with long-wave theory. This suggests that there are alternating phases in capitalism that can be described by recurrent features, i.e. although certain phases may be apparently different, they are essentially very similar. Moreover, there are transition periods between the cycles. Polanyi's double movement theories or the SSA theory, which writes about the alternation of regulated and liberal phases, can be classified here. In the neo-Schumpeterian trends and in Perez's theory, this is supplemented by the fact that the cycles overlap.

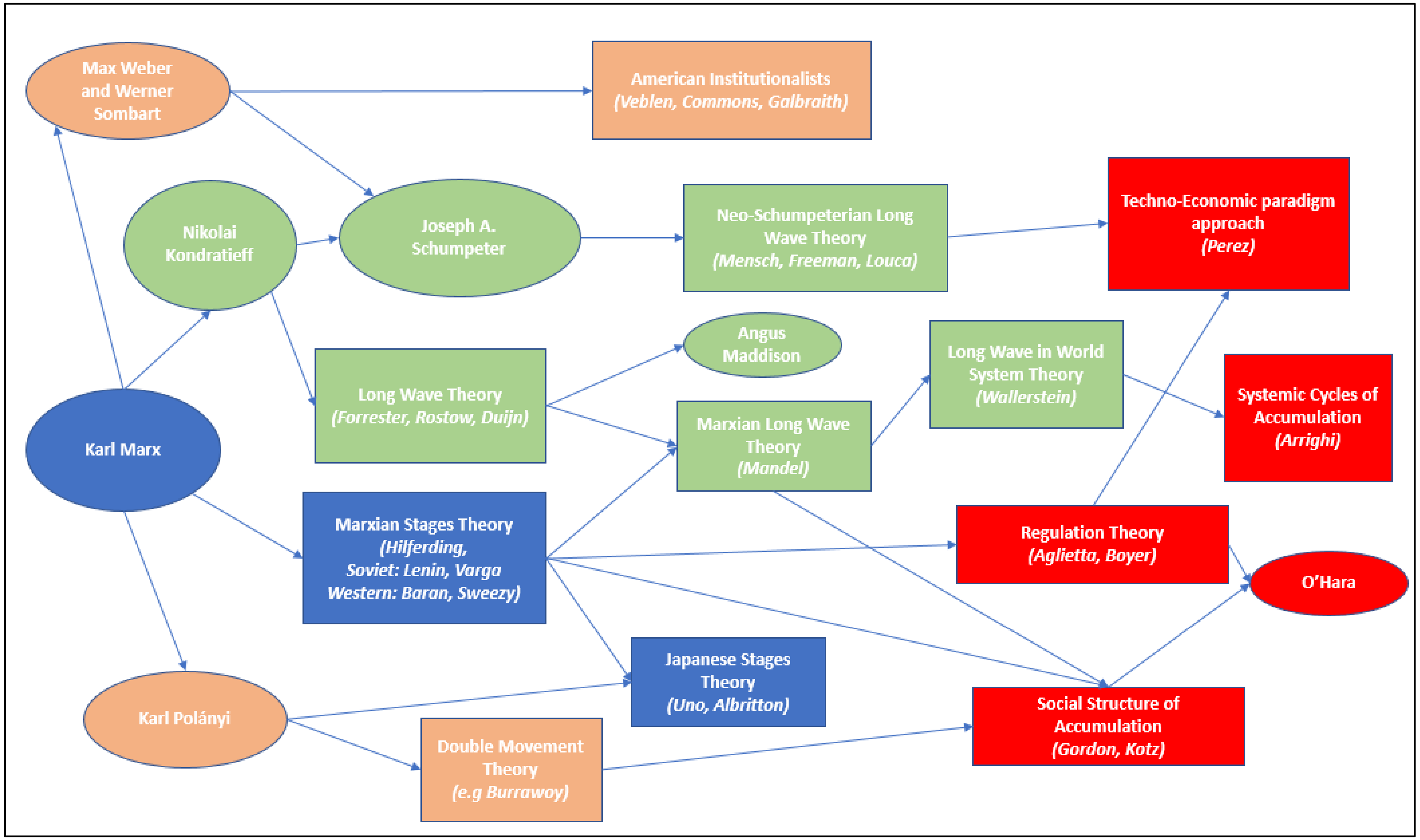
The third approach emphasises spirality, combining linearity and cyclicality. Most long-wave theories and Polanyi's theory can be interpreted as spirality, if we emphasise that the cycles return to a higher and higher level, i.e. there is a process of development. Table A2 in the Appendix shows the theoretical debates presented.

From the systematic presentation of these theories, we can draw six important conclusions for our own work on the post-2008 crisis phase of capitalism. These main lessons will form the basis of our theoretical framework, which will be presented in the next chapter.

(1) Based on the theoretical review, the development of capitalism is influenced by both internal and external factors. Therefore, extreme approaches that emphasise only external or internal factors are insufficient. In our model, we will therefore emphasise a middle position, focusing mostly on internal factors while giving due respect to external factors. This position can be seen as soft-internal. Our approach draws on Freeman and Louca's (2001) concept of semi-endogeneity.

(2) The theoretical review also showed that creating a simple causal determination can be misleading when analysing capitalism. It is problematic to decide whether to focus on the techno-economic subsystem when defining the phases of capitalism because this determines the institutions, or whether to look at the socio-institutional subsystem because this determines the direction of technological development. The review shows that both sides have some crucial arguments, so the wisest solution is to follow Pérez's advice and emphasise the joint development of the two subsystems, since it is impossible to determine which influenced the other first. There is no simple causal determination between these systems.

Figure 2 *Theoretical map of phases-of-capitalism research,* Source: own elaboration



Note: The arrows represent the direction of crucial influence. Colours: Blue: Marxian Stages Theory; orange: long-wave tradition, green: historical and institutional approaches; red: modern mixed theories. Shapes: Circle: Individual author; Rectangle: theoretical stream. Source: Own elaboration

(3) The theoretical review also showed that the development of capitalism is not simply linear or cyclical, but a spiral process. This means that a developmental trend can be identified alongside cyclical patterns. Therefore, we will continue to refer to the subject of our investigation as *'Phases of Capitalism'*. The term 'stages' would suggest linearity, whereas 'wave' or 'cycle' would suggest cyclicality.

(4) It is also clear that approaches which attribute the development of capitalism to a single factor are incorrect, even if they are easier to formalise. Various approaches highlight that an adequate theory of the phases of capitalism must address at least the following elements: the technological sphere (neo-Schumpeterians, Pérez, and American institutionalists); institutional structures (American institutionalists, Polanyi, SSA, and regulation theory); and hegemony or geopolitical constellation (SCA). In our thesis, we aim to construct a synthesising theory that considers the impact of these elements on the change of phases in capitalism. This does not mean, of course, that we will deal with each element to the same extent. As our approach is institutionalist, we focus on institutions while paying due attention to how they interact with other elements.

(5) The fifth point is that an institutional approach to the phases of capitalism requires the analysis of at least three fundamental institutional structures. The first is the role of the state; the second, the relationship between capital; and the third, the relationship between labour and capital. This is in line with the most developed institutional approach, the SSA theory.

(6) The sixth point is that the reviewed theories do not clearly integrate the organisation of production and demand in the phases of capitalism. In the TEP (techno-economic paradigm), technological possibilities and related organisational paradigms are considered simultaneously. In RT, the accumulation regime attempts to combine the totality of supply and demand structures within the economy. In this respect, we find the analysed theories unsatisfactory. We argue that these should be integrated into the theory of the phases of capitalism as three separate elements: the technological base; the organisation of production, including the organisational paradigm of production and its geographical organisation; and the main sources of demand, including the demand engines of the economy in the given phase of capitalism.

3 THEORETICAL FRAMEWORK: AN EXTENDED POLANYIAN APPROACH

In this chapter, we present our theoretical framework, which is based on the theories analysed in Chapter 2. The framework builds upon the main conclusions derived from our theoretical overview, adopting an institutionalist perspective informed by Polanyian insights. The chapter is structured as follows. Chapter 3.1 defines the concept of capitalism employed in this dissertation. Chapter 3.2 presents a static theory of the phases of capitalism. Chapter 3.3 analyses the cyclical dynamics of capitalism and outlines the underlying causal architecture. Finally, Chapter 3.4 applies the framework historically and briefly outlines our conceptualisation of the development of capitalism from the nineteenth century to the present.

3.1 Conceptualising pure capitalism

Defining capitalism is a necessary step in any dissertation that seeks to analyse phases of capitalism. Nonetheless, finding and creating the right definition of capitalism may lead to a never-ending argument that could fill entire dissertations. We want to avoid this trap; thus, we will synthetize three well-known definitions and not get involved in presenting different views. Detailed conceptualisation of capitalism is out of the scope of our dissertation.

In defining capitalism, it can be a serious problem if we confuse capitalism as a system with historical or geographical versions of capitalism. Pure capitalism must therefore be separated from capitalism as it manifests itself. As Kornai (2000b) explains, in defining capitalism we need to focus on the system-specific factors that are common to all the different versions. In our dissertation, therefore, we want to define capitalism in this pure form, stripped of any technological and institutional context specific to a particular historical period. Pure capitalism is therefore a high abstraction, but without it we cannot understand the historical variants.

The definition of pure capitalism employed here synthesises the approaches of Kornai (2000b), Milanovic (2019), and Kocka (2016) (see Table A3 in the Appendix). ***On this basis, pure capitalism is understood as a socio-economic system in which the main economic decisions are decentralised and taken predominantly within the private sector with the aim of profit maximisation and capital accumulation. Market***

coordination constitutes the dominant mechanism of economic interaction, private property represents the prevailing form of ownership, and political forces are not hostile to markets or private property. Capital occupies a central position in the system, hiring free labour and thereby establishing a wage-labour relationship as the dominant form of employment.

These attributes can be organised around two guiding questions: who is the central actor in pure capitalism, and according to which organising principle does the system operate? The central actor of pure capitalism is capital; a fact reflected in the very etymology of the term capitalism. Accordingly, pure capitalism is organised around the principles of capital accumulation and profit maximisation, which constitute the ultimate objectives of its dominant economic actors. For these principles to operate effectively, three conditions must be satisfied. (1) First, private property must be dominant, enabling economic actors to own capital and to make decentralised decisions oriented towards profit maximisation. (2) Second, market coordination must prevail, allowing both the inputs of production and its outputs to be traded. Following Polanyi (2004 [1944]), this requires the commodification of land, labour, and money—so-called 'fictitious commodities'—without which capital accumulation cannot function. The commodification of labour, in turn, gives rise to the wage-labour system as a defining feature of capitalism. (3) Third, these arrangements must not be fundamentally challenged by political forces. This presupposes a state that supports the accumulation of capital and the operation of markets, and that is not hostile to private property or profit-oriented economic activity. Together, these conditions secure the freedom of economic actors to accumulate capital and maximise profits.

Two important implications follow from this definition of pure capitalism.

(1) The dominance of market competition does not mean that there is perfect competition in pure capitalism. Since the definition also treats profit maximisation as the key principle, it is obvious that economic agents sometimes limit market competition itself. The restriction of the market can contribute to profit maximisation and capital accumulation. Thus, pure capitalism is a society of selective competition, i.e. there are places where competition dominates, e.g. in the field of inputs, but in other places it is limited. According to Polanyi (2004 [1944]), such market competition can be called a self-regulating market, or we can call it a market regulated by the aspects of capital accumulation. This means that monopoly, oligopoly and other forms of restriction of competition are inherent in pure capitalism. This determines a fundamental contradiction,

i.e. that the attributes of pure capitalism simultaneously seek to expand the competitive market for fictitious goods while strongly tending to suppress competition among producers.

(2) In pure capitalism there are two social classes, the workers and the capitalists. While the latter are the central economic actors of the economy and their goal is profit maximisation and accumulation, the workers are part of the wage labour system in production. In pure capitalism, the role of the state is limited and minimal, its aim being simply to maintain the market mechanism and private property to facilitate the accumulation of capital.

3.2 An extended Polanyian approach on phases of capitalism

In this dissertation, the phases of capitalism are defined as historically specific periods characterized by coherent institutional, technological, and geopolitical structures that enable the relative stability of capital accumulation over the medium term. In the following, we develop what we believe to be the most useful theory of the phases of capitalism, in which we build heavily on the Polanyian social structure of accumulation approach, but we complement it with other theories presented in the 2. chapter.

At the core of our theoretical model lies the ***institutional–technological–geopolitical triangle***. This framework posits that the stability of capital accumulation hinges on the interplay between three structural components: technological structures, geopolitical arrangements and institutional configurations.

The first element, technological structure, is best understood through the concept of the techno-economic paradigm, which is rooted in neo-Schumpeterian theory. This paradigm defines the prevailing technological possibilities of production that underpin the material basis for accumulation in any given phase. We argue that stable accumulation is unimaginable without a coherent and dominant techno-economic paradigm that enables the diffusion of innovations.

The second element consists of geopolitical structures that determine the international context in which a phase of capitalism occurs. Drawing on insights from SCA theory, we emphasise that stable global capital accumulation is generally accompanied by the emergence of a hegemonic power. This hegemon is capable of maintaining geopolitical order and managing the international aspects of accumulation by providing security, anchoring global organisations and supporting economic transactions across borders.

The third and most important component for our purposes is the institutional structure. Drawing on SSA theory, we argue that stable accumulation requires a predictable institutional environment. Capitalists will only invest if the institutional environment is predictable (McDonough, 2011). In our framework, institutional structures encompass four key dimensions: dominant ideology, the capital–capital nexus; the capital–labour nexus; and the role of the state in the economy, as defined by Polanyian SSA theory (see: Wolfson and Kotz, 2010).

However, we adapted it to make it more useful for our analysis. Within the capital–capital nexus, we distinguish three sub-dimensions: The relationship between financial and industrial capital, which defines how the financial system functions and the extent to which it is financialised. The relationship between domestic and foreign capital, which determines whether the focus is on globalisation or protectionism. The relationship among domestic capitalists, which encompasses competition policy and market regulation. The capital–labour nexus encompasses the structure of labour markets, the presence and strength of trade unions, the generosity and scope of welfare benefits, and inequalities.

The three structural elements—technological, geopolitical, and institutional—do not evolve in isolation. Instead, their development is conceptualised as co-evolutionary, drawing on the insights proposed by Perez (2010). The framework explicitly rejects causal relations conceived as linear or hierarchical chains of determination. Rather, it adopts a dialectical understanding of causality, in which technological, geopolitical, and institutional structures are mutually conditioning and co-evolving. None of these dimensions can be treated as the sole driver of phases of capitalism; instead, each derives its historical significance from its relations with the others. A phase of capitalism emerges when these structures are aligned in a mutually reinforcing configuration, while phase transformation occurs when tensions and contradictions arise between them.

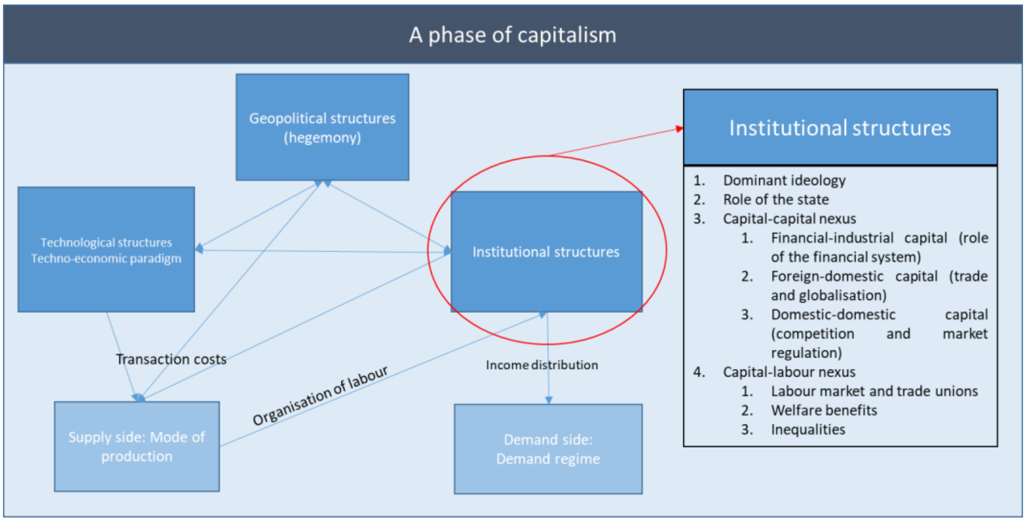
The 'technological-institutional-geopolitical triangle' determines both the supply and demand sides of capital accumulation. On the supply side, the triangle defines the transaction costs of organising capitalist production, which creates a certain *mode of production*. The techno-economic paradigm influences the technological costs of transactions, such as communication costs. Institutional arrangements affect the predictability and cost of contracts and coordination, while geopolitical conditions shape the risks and costs associated with cross-border transactions. As Baldwin (2016) argues, the spatial organisation of production is determined by three types of transaction cost:

those associated with the movement of goods, ideas and people. The evolution of these costs, particularly with regard to access to and processing of information (Marks, 2016), has historically played a central role in determining how production is organised. In turn, the mode of production shapes the organisation of labour, including patterns of employment, the potential for unionisation and labour's bargaining power. These dynamics have a feedback effect on institutional structures, affecting the relationship between capital and labour (Milanovic, 2019).

Although the supply side of accumulation is important, an analysis of the demand side is also necessary. Here, we draw on post-Keynesian insights, which emphasise the importance of effective demand in sustaining accumulation. According to this tradition, income distribution -determined by institutional and social conflict - plays a key role in maintaining demand (Stockhammer, 2021). Institutional structures shape demand in several ways. The capital–labour nexus determines how income is divided between profits and wages, while the capital–capital nexus — particularly the degree of financialisation and liberalisation — influences access to credit and the global markets. Through these channels, institutions affect the stability of the 'demand regime' and both the domestic and global sources of demand.

Figure 3 provides a visual summary of the theoretical model. Although numerous additional feedback loops and interactions could be identified, the model has been deliberately restricted to its most analytically significant linkages in order to maintain conceptual clarity.

Figure 3: The theoretical model; Source: Own elaboration



To properly interpret the model, it is important to emphasise that institutional structures lie at the heart of our analysis. While the technological and geopolitical components provide necessary context, our primary interest lies in understanding how institutional forms evolve. By doing so, we extend the Polanyian SSA framework by embedding it more fully in its geopolitical and technological environment. Hence, we refer to this as an ***'Extended Polanyian Approach'.***

In the empirical section of the dissertation, we examine how these institutional structures evolved in the aftermath of the 2008 global financial crisis.[44] We define these structures as the set of institutional arrangements that characterise the role of the state in the economy, the configuration of capital–capital relations and the nature of the capital–labour relationship.

As we outlined in the Introduction, our general research question is as follows: how has the phase of capitalism changed since the global financial crisis of 2008 (if it changed at all)? Based on the extended Polanyian framework, we can further specify this general research question as follows: *How have institutional structures, particularly the roles of the state and the capital–capital nexus and capital–labour nexus, changed in the aftermath of the 2008 global financial crisis (if they have changed at all)?*

3.3 Cyclicality of the phases of capitalism: The causal framework

So far, the analysis has adopted a static approach to the phases of capitalism. However, to develop a more comprehensive and relevant theoretical framework, a dynamic dimension must also be incorporated. As discussed in Chapter 2.3, we conceptualise the development of capitalism as a spiral process in which history evolves through recurring patterns rather than simply repeating itself. Within this framework, we identify two fundamental dynamics: *cyclicality* and *linearity* (with the latter being understood as historical development or evolution).

Let us start with cyclicality. Given the institutionalist perspective adopted in this dissertation, the analysis of cyclicality focuses primarily on institutional structures. While technological development and geopolitical configurations may also exhibit cyclical or rhythmic features, these are not examined here in their own right. Instead, the central analytical objective of this chapter is to understand the cyclical dynamics of institutional arrangements.

Our model assumes that the history of capitalism is characterised, broadly speaking, by an alternation of market-expanding and protective institutional structures.

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[44] However, we do not analyse the change in the dominant ideology, as this would require an ideational approach, distracting us from our main focus of the institutions.

Furthermore, transformation periods occur between these structures, during which they are formed. This does not imply that each subsequent market-expanding or protective phase is identical to the previous one. Rather, it reflects a rhythmic oscillation between market expansion and the resurgence of protective state intervention — an idea closely aligned with Polanyi's concept of the double movement (see Wolfson and Kotz, 2010). During market-expanding phases, institutional structures are dominated by the logic of the self-regulating market. The prevailing ideology typically promotes market fundamentalism, resulting in the state's role in the economy being reduced to creating space for self-regulating markets. Therefore, contrary to the idea that the state has no role in these periods, Polanyi's theory suggests that the state plays a significant role in creating the institutional circumstances of self-regulating markets through market expansion. This spirit of self-regulation shapes the relationship between capital and labour, leading to deregulation, financial liberalisation, and expanding globalisation. Similarly, the capital–labour relationship is restructured in line with this market logic, strengthening the position of capital relative to labour. By contrast, protective phases are defined by a reversal of this dynamic. The state's role changes from market expansion to active intervention to protect society from the self-regulating market. Consequently, an ideology emerges that legitimises active state intervention and regulation. During these periods, both capital–capital and capital–labour relations become more regulated and state-directed, with greater intervention in market processes. Of course, these are abstract ideal types - general structural patterns that, in historical reality, are always given concrete form by the specific characteristics of a given era. Nevertheless, at an abstract level, we can discern a wave-like motion between more market-expanding and more protective institutional configurations. *However, it is important to stress that this does not mean that any two market-expanding or protective configurations are the same.* It is shown in Table 1.

It is important to note that transitions between phases are not instantaneous but rather unfold over periods of transformation of varying length. Transitions from protective to market-expanding phases tend to be shorter because market-expanding phases inherently destroy existing institutional arrangements. The logic of the self-regulating market requires the dismantling or erosion of previously established protective institutions. Conversely, the transition from market-expanding to protective phases tends to be longer, more uneven and more politically contested. Here, the objective is not the destruction of institutions, but their reconstruction: the creation of new arrangements capable of limiting or embedding self-regulating market forces. This process presupposes the articulation of shared values, norms and political coalitions from which new institutions can emerge. The formation of such common values is neither automatic nor rapid, and the timeframe for this can vary considerably across historical contexts. In this sense, destruction is indeed easier than construction. As we previously argued (see: Csontos, 2024b), dam building provides a useful analogy. Opening an existing dam and allowing water to flow freely is relatively simple, whereas constructing a dam on a turbulent, unregulated river is a complex, time-consuming and conflict-ridden endeavour.

Table 1: Market-expanding and protective institutional structures, Source: Own elaboration

Institutional structures	Market-expanding	Protective
Dominant ideology	Emphasises the role of the self-regulating	Emphasises the role of the state
Role of the state in the economy	Low participation in the economy Creating the institutional circumstances of self-regulating markets	Intervening in the economy To protect from the effects of self-regulating market
Capital and capital nexus	Self-regulating markets Globalisation Financial liberalisation	Active state intervention into market process, regulation, protectionism
Capital and labour nexus	Restructured based on market logic, capital dominate labour	State-directed, regulated

The dual distinction outlined above closely parallels Polanyi's disembedded and embedded phases of capitalism. However, this dissertation deliberately avoids using this terminology, as it suggests that transitions between phases are primarily driven by processes of social embedding — that is, spontaneous social movements reacting to the expansion of the self-regulating market. While acknowledging the importance of this Polanyian mechanism, institutional cycles are not treated as solely autonomous processes here. Instead, institutional cyclicality is explained by explicitly incorporating the effects of technological change and geopolitical transformations.

Building on this broader perspective, the framework developed in this dissertation identifies a complex causal structure composed of five analytically distinct but complementary mechanisms that jointly drive institutional cyclicality, each of which is linked to one or more elements of the theoretical framework. These mechanisms are introduced below and discussed in turn: (1) the Polanyian mechanism, which captures the internal dynamics of institutional structures; (2) the post-Keynesian mechanism, linked to the relation of institutional structures and demand regimes (3) the neo-Schumpeterian mechanism, related to technological change and shifts in the mode of production; (4) the Arrighian mechanism, connected to geopolitical transformations; and (5) the Veblenian mechanism, which captures the interaction between technological development and security concerns.

(1) Polanyian mechanism

The Polanyian mechanism is rooted in Polanyi's theory of the double movement, which describes the recurrent tension between the expansion of the self-regulating market and societal efforts to protect social relations from market disembedding. During market-expanding phases, the logic of the self-regulating market advances through the commodification of fictitious commodities—labour, land (nature), and money—thereby detaching them from their social and institutional embeddedness. This process generates social dislocation and conflict, which in turn gives rise to social resistance in the form of protest, political mobilisation, and labour conflict. These pressures compel the state to intervene to limit the reach of the self-regulating market and to reassert social protection, thereby contributing to the emergence of a protective institutional phase. In this sense, the transition from market-expanding to protective configurations is driven by endogenous social tensions produced by market expansion itself.

By contrast, the transition from protective to market-expanding institutional structures following Polanyi and Blyth (2002), is understood as the outcome of a conscious process. Organised business interests, for which protective institutional arrangements impose constraints on profitability and accumulation, mobilise political coalitions and state power to dismantle protective regulations and re-establish market-expanding institutional structures.

(2) Post-Keynesian mechanism

The post-Keynesian mechanism captures how institutional arrangements shape demand regimes through income distribution and financial dynamics. From this perspective, the stability of capital accumulation depends crucially on the relationship between wages, profits, and effective demand, a core insight of post-Keynesian political economy and the Social Structure of Accumulation literature. During market-expanding phases, the institutional balance between capital and labour shifts in favour of capital. This shift is reflected in declining labour shares of income and wage growth lagging behind productivity, which gradually constrains effective demand. As a result, a structural demand shortfall emerges. In the short to medium term, this gap can be temporarily offset by the expansion of credit and the increasing autonomy of financial capital from industrial capital. Rising household and corporate indebtedness allow accumulation to continue despite weak wage growth, giving rise to a financially driven growth pattern (McDonough, 2015). Over time, however, this configuration becomes inherently unstable. The growing reliance on credit expansion and financialisation leads to asset bubbles and financial crises, which undermine the viability of the market-expanding institutional configuration. The resolution of such crises typically requires a reassertion of state intervention, redistribution, and regulation, thereby contributing to a transition towards a protective institutional structure.

In protective phases, institutional arrangements strengthen the position of labour through regulation, collective bargaining, and welfare provision. While these arrangements support effective demand in the short run, they may, over time, compress profit margins and generate a profit-squeeze crisis. Restoring profitability under these conditions often involves deregulation and a renewed expansion of market mechanisms, which in turn facilitates a transition back to a market-expanding phase (Wolfson and Kotz, 2010).

(3) Neo-Schumpeterian mechanism

The neo-Schumpeterian mechanism captures how clustered technological change generates cyclical pressures for institutional transformation. Technological development is a defining feature of capitalism; however, innovations are not evenly distributed over time but tend to cluster, giving rise to technological revolutions. These revolutions, in turn, establish new techno-economic paradigms that define the technological and organisational conditions under which capital accumulation can proceed in a relatively stable manner (Perez, 2010). Following Perez (2010), each techno-economic paradigm unfolds through two distinct phases: an installation phase and a deployment phase. The installation phase, which immediately follows a technological revolution, is characterised by experimentation, uncertainty, and the rapid diffusion of new technologies. In institutional terms, this phase is associated with market-expanding configurations, as deregulation and the expansion of finance facilitate the diffusion of innovations and the reorganisation of production. The transition from protective to market-expanding institutional structures is thus driven by the exhaustion of growth based on the previous techno-economic paradigm and the emergence of a new technological revolution. The resulting structural crisis undermines existing protective institutions, while the promise of renewed growth legitimises deregulation and the strengthening of financial markets. At a more concrete level, the new techno-economic paradigm reorganises transaction costs and transforms the mode of production, which in turn reshapes labour organisation and places additional pressure on institutional arrangements.

The deployment phase marks the maturation and widespread diffusion of the new technological paradigm. As new technologies become embedded across the economy, their social consequences—such as inequality, labour displacement, and financial instability—become increasingly visible. The expansion of the financial sector during the installation phase often culminates in financial crises, the resolution of which requires stronger regulation and an enhanced role for the state. These dynamics contribute to the transition from market-expanding to protective institutional structures, as state intervention becomes necessary to stabilise accumulation and to diffuse the benefits of technological change more broadly across society.

(4) Arrighian mechanism

The Arrighian mechanism captures how hegemonic shifts in the international system shape the cyclical transformation of institutional structures within capitalism. Drawing on Arrighi's theory of systemic cycles of accumulation (Arrighi, 1994), this mechanism emphasises that hegemonic transitions unfold through a sequence of phases that only partially depend on the internal dynamics of a given phase of capitalism. For this reason, the Arrighian mechanism is conceptualised here as semi-external, though interacting with, the institutional cycles of capitalism. Periods of hegemonic transition are typically initiated by a phase of heightened protection and state intervention. During such phases, geopolitical rivalry, security concerns, and systemic instability compel states to strengthen protective institutional arrangements. These protective configurations provide the conditions under which a new hegemonic power can consolidate its position. Once hegemonic leadership is stabilised, this protective phase gives way to a prolonged period of large-scale real economic expansion, during which the new hegemon can organise and lead global capital accumulation.

Over time, however, the hegemon's capacity to sustain real economic growth weakens. As profitability in productive activities declines, the maintenance of growth increasingly relies on financial expansion and market liberalisation. This shift marks the emergence of a market-expanding institutional phase, in which the expansion of finance and global markets temporarily compensates for declining productive dynamism. It is during this market-expanding phase that new hegemonic challengers tend to rise, gradually undermining the incumbent hegemon's position. The intensification of hegemonic competition ultimately leads to systemic instability, geopolitical conflict, and crisis, culminating in a hegemonic transition. This transition ushers in a renewed phase of protection and state intervention, closing the cycle and setting the conditions for the consolidation of a new hegemonic order. In this way, the Arrighian mechanism explains how semi-external hegemonic dynamics interact with the institutional cycles of market expansion and protection within capitalism.[45]

(5) Veblenian Mechanism

The Veblenian mechanism links technological development and institutional change to security considerations. Drawing on Veblen's analysis of the relationship between technology, industry, and warfare (Veblen, 1917), this mechanism emphasises that the security implications of technological change evolve over time and exert a decisive influence on institutional configurations. During market-expanding phases, technological revolutions are typically in their early stages. At this point, emerging technologies are primarily oriented towards productivity gains and commercial application, while their military potential remains limited or underdeveloped. The proliferation of such immature technologies is therefore facilitated by market-expanding institutional frameworks, which prioritise diffusion, experimentation, and private investment. As technologies mature and diffuse widely across the economy, however, their potential for military and security-related applications increases significantly. The growing capacity to deploy new technologies for warfare, surveillance, or strategic competition transforms technological development into a security challenge. In response, states increasingly intervene to regulate, control, and direct technological trajectories, leading to a shift away from market-based coordination. These security-driven interventions contribute to the transition from market-expanding to protective institutional structures. Conversely, the transition from protective to market-expanding phases is facilitated by the emergence of new technological fields whose security implications have not yet fully materialised. In such contexts, market-expanding institutional arrangements support the diffusion of innovations by lowering regulatory barriers and encouraging private experimentation, thereby initiating a new cycle of technological development and institutional transformation.

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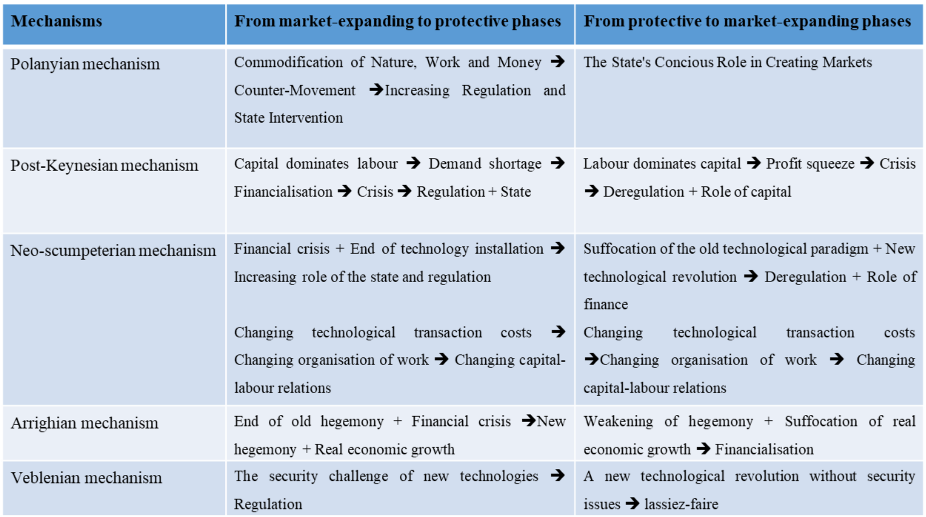
[45] In the original Arrighian approach, the real economy and financialisation periods do not necessarily correspond to the protective and market-expanding phases. Nevertheless, it fits well with the description of the second half of the 20th century, which is why we are discussing it in this form.

It follows from the foregoing analysis that the five mechanisms are closely interlinked and should not be understood as competing explanations, but as complementary causal processes that jointly shape institutional cyclicality. Each mechanism captures a distinct dimension of transformation, while their interaction produces the historically specific alternation between market-expanding and protective institutional structures. For the sake of analytical clarity, the mechanisms are summarised in Table 2.

Beyond institutional cyclicality, however, this dissertation also assumes a linear—or evolutionary—dimension in the development of capitalism. While market-expanding and protective phases recur, successive phases are not identical repetitions of earlier ones. Instead, they are historically differentiated, reflecting cumulative changes in technological paradigms, geopolitical configurations, and institutional structures. Institutional structures themselves evolve over time, incorporating past experiences and innovations. Nevertheless, this linear development cannot be captured at a purely abstract level. To assess how cyclicality and linearity interact in practice, it is therefore necessary to confront the theoretical framework with concrete historical analysis. The next chapter undertakes this task by applying the framework developed here to the historical evolution of capitalism from the nineteenth century to the present.

Table 2: Mechanism of change; Source: own elaboration



Mechanisms	**From market-expanding to protective phases**	**From protective to market-expanding phases**
Polanyian mechanism	Commodification of Nature, Work and Money ➔ Counter-Movement ➔Increasing Regulation and State Intervention	The State's Concious Role in Creating Markets
Post-Keynesian mechanism	Capital dominates labour ➔ Demand shortage ➔ Financialisation ➔ Crisis ➔ Regulation + State	Labour dominates capital ➔ Profit squeeze ➔ Crisis ➔ Deregulation + Role of capital
Neo-scumpeterian mechanism	Financial crisis + End of technology installation ➔ Increasing role of the state and regulation Changing technological transaction costs ➔ Changing organisation of work ➔ Changing capital-labour relations	Suffocation of the old technological paradigm + New technological revolution ➔ Deregulation + Role of finance Changing technological transaction costs ➔Changing organisation of work ➔ Changing capital-labour relations
Arrighian mechanism	End of old hegemony + Financial crisis ➔New hegemony + Real economic growth	Weakening of hegemony + Suffocation of real economic growth ➔ Financialisation
Veblenian mechanism	The security challenge of new technologies ➔ Regulation	A new technological revolution without security issues ➔ lassiez-faire

3.4 Historical phases of capitalism: Spiral development

This section applies the theoretical framework developed in the previous chapters to the historical development of capitalism, conceptualised as a spiral process in which recurrent institutional cycles unfold through historically differentiated phases rather than simple repetition. The analysis is deliberately selective and analytically focused: rather than providing an exhaustive account of capitalist history, it traces those historical phases that are necessary to contextualise the post-2008 period, which constitutes the central empirical focus of the dissertation. Accordingly, the discussion concentrates primarily on the period following the Second World War. The nineteenth century is treated as the era of classical capitalism and is not further subdivided into distinct phases, while the early twentieth century is interpreted as a period of transformation, corresponding to Polanyi's notion of the Great Transformation (Polanyi, 2004 [1944]). The emergence and early consolidation of capitalism are therefore not analysed in detail, as they fall outside the analytical scope of the present dissertation.

3.4.1 Classical capitalism

There is considerable debate in the literature about the starting phase of capitalism. The famous sociologist Max Weber (1904), for example, links the beginning of capitalism to the rise of Protestant ethics. However, Werner Sombart (1911) argues that capitalism first appeared in the city-states of northern Italy and among the Jews in feudal Europe. Arrighi (1994) highlights the role of Genoa in the first phase. In contrast, the Japanese Marxian Stage Theory links the first phase of capitalism to mercantilism (Albritton, 1991). In addition, proponents of the long-wave theory and the neo-Schumpeterian school argue that capitalism only began in the United Kingdom after the Industrial Revolution (Perez, 2010; Kondratieff, 1979 [1926]). The debate is further complicated by the approach of Schumpeter (1946), who argues that capitalism (i.e. early capitalism) existed in the ancient Greco-Roman world. The birth of capitalism is therefore a subject of challenging debate, so we will not decide on it, as it is not the focus of our dissertation. However, we can say that the greatest common denominator between the different points of view is the end of the 18th century and the Industrial Revolution. From this point on, all views accept that we must talk about capitalism. This is the period in which capitalism was fully formed, so it is no coincidence that many authors refer to this period as classical/intact/mature capitalism (e.g. Schumpeter, 1946; Sombart, 2014 [1928], Szabó, Bara and Hámori, 2020).

Classical capitalism lasted from the end of the 18th century to around the end of the 19th century. This period characterised by the hegemony of the British Empire, which was the hegemonic state throughout the 19th century (Arrighi, 1994). The technological basis of this period was the first industrial revolution, which began with the invention of the steam engine (Perez, 2010). As a result, a new mode of production based on traditional factory production emerged, creating the classic division between the working class and the capitalist class in society. The unfolding industrial revolution initiated the widespread diffusion of markets in the economy. According to Polanyi (2004 [1944]) the invention of specialised machines made it necessary to extend the market system:

"*Since elaborate machines are expensive, they do not pay unless large amounts of goods are produced. They can be worked without a loss only if the vent of the goods is reasonably assured and if production need not be interrupted for want of the primary goods necessary to feed the machines. For the merchant this means that all factors involved must be on sale, that is, they must be available in the needed quantities to anybody who is prepared to pay for them. ... such conditions would not naturally be given; they would have to be created... The transformation implies a change in the motive of action on the part of the members of society: for the motive of subsistence that of gain must be substituted. All transactions are turned into money transactions, and these in tum require that a medium of exchange be introduced into every articulation of industrial life*." (41. p.)

The spread of specialised machinery thus created the need for an ever-greater expansion of markets in society. Classical capitalism can therefore be characterised institutionally by a market-expanding institutional structure, the dominant ideology being classical liberalism (laissez-faire). The role of the state was limited to creating and liberating markets, giving rise to the concept of the night-watchman state. Relations between capital and capital were characterised by fierce competition, which facilitated the process of capital accumulation. Ownership of capital was characterised by traditional private ownership (Szabó, Bara and Hámori, 2020). In the relationship between capital and labour, there was a strong dominance of capital, which led to unregulated work and working hours, child labour and unbridled exploitation of workers, which is why this period is also called wild capitalism (see for instance, Engels, 2005 [1844]). The dominance of capital also prevailed in distribution, as inequalities gradually increased during this period and a strong concentration of capital and property developed (Milanovic, 2019).

Classical capitalism was the historical phase closest to pure capitalism (see the definition in Chapter 3.1), owing to its strong emphasis on capital accumulation and profit maximisation, the dominance of market mechanism, reliance on relatively simple forms of private property, a limited role for the state, and a sharp social division between capitalists and the working class. Within the spiral development of capitalism, linear change can be identified not only in the continuous evolution of technological, geopolitical, and institutional structures, but also in the gradual emergence of organising principles and social forces that deviate from the logic of pure capitalism. For this reason, at the end of each section, we briefly highlight the elements that mark a departure from the benchmark of pure capitalism.

3.4.2 The Great Transformation

Classical capitalism gradually superseded from the depression of the 1870s onwards. This process is described by Polanyi (2004 [1944]) as '*The Great Transformation*' in which labour, land and money were embedded in social relations. A long and uneven transformation period began at the end of the 19th century with a wave of regulation, or what Polanyi calls a countermovement, to correct the failures of the self-regulating market. However, the 1920s saw a new laissez-faire boom, which has led to the Great Depression of 1929-33. This unleashed a new wave of regulation, the limited role of the state being replaced by the Keynesian revolution. This Great Transformation culminated in the New Deal of the 1930s and created a new protective phase that we call regulated welfare capitalism after the Second World War.

In this great transformation, the technological-geopolitical-institutional triangle changed. While classical capitalism was characterised by a relatively coherent market-expanding institutional configuration embedded in the technological paradigm of the first industrial revolution and underpinned by British hegemony, the late nineteenth and early twentieth centuries witnessed a growing misalignment between these three structural dimensions. The exhaustion of the existing technological paradigm, the transformation of the geopolitical order, and the mounting social and economic tensions generated increasing pressure on the institutional foundations of classical capitalism.

On the geopolitical level, the period of the Great Transformation was marked by a profound reconfiguration of hegemonic structures. The First World War signalled the intensification of hegemonic conflicts within the international system, at a time when Germany appeared as the most significant challenger to British dominance. Although the United Kingdom emerged victorious from the war, British hegemony— which had structured the international order of nineteenth-century capitalism—entered a phase of gradual decline. This process was further accelerated during the interwar period, as Britain proved increasingly unable to sustain the economic and geopolitical foundations of its leadership role. In parallel, the United States emerged as a new hegemonic power. While American economic and financial strength expanded rapidly during the early twentieth century, its capacity to assume full hegemonic leadership remained limited prior to the Second World War (Arrighi, 1994). This prolonged phase of hegemonic transition was characterised by intensified geopolitical rivalry, protectionism, and heightened security concerns.

On the technological level, the limits of the first industrial revolution became increasingly evident toward the end of the nineteenth century. At the same time, a second industrial revolution began to take shape, based on the diffusion of electricity, the internal combustion engine, and new forms of industrial organisation. These innovations fundamentally transformed traditional industrial production and gradually opened the way toward the Fordist system of large-scale, assembly-line-based mass production (Perez, 2010). While these technologies held the potential to revitalise capitalist accumulation, their widespread diffusion required new forms of coordination, regulation, and social compromise.

Therefore, the Great Transformation also entailed a profound institutional change. Classical capitalism's market-expanding configuration gradually gave way to a protective phase, a shift that unfolded through the combined operation of five analytically distinct but complementary mechanisms.

First, the Polanyian mechanism captures the institutional response to the social dislocations produced by the self-regulating market. Under classical capitalism, the commodification of labour, land, and money undermined social stability and eroded traditional forms of social protection. These disruptions generated widespread social resistance in the form of labour movements, strikes, political mobilisation, and demands for regulation. This countermovement manifested itself in several institutional developments. (1) The unbridled exploitation of labour led to the rise of organised labour movements, which forced states to introduce labour regulation, beginning with limits on working hours, the prohibition of child labour, the abolition of slavery in the United States, and the emergence of early welfare reforms, most notably the Bismarckian system in Germany. As a result, the position of labour in the capital–labour relationship was gradually strengthened. (2) The expanding role of the state was also reflected in the regulation of the financial system. Previously liberalised financial markets were progressively brought under public authority, exemplified by the creation of central banks, including the establishment of the Federal Reserve System in 1913. (3) Finally, the logic of self-regulating markets was increasingly abandoned in the sphere of competition. The self-regulating competition of classical capitalism had led to monopolisation and the rise of trusts by the late nineteenth century, prompting the emergence of antitrust regulation. In the United States, this process was institutionalised through the Sherman Act of 1890 and the Clayton Act of 1914, culminating in landmark interventions such as the break-up of Standard Oil in 1911. (4) These developments were closely linked to the abandonment of the night-watchman state. The final and most decisive expansion of state intervention occurred during the Great Depression of 1929–33, which paved the way for the Keynesian economic policy paradigm and the foundations of the welfare state.

Second, the post-Keynesian mechanism highlights how distributional conflict and demand constraints undermined the stability of market-expanding phase. The structural dominance of capital over labour resulted in rising inequality and chronically weak effective demand. Although financial expansion during the late nineteenth and early twentieth centuries temporarily compensated for stagnant wages, this strategy proved inherently unstable. The collapse of financially driven growth during the Great Depression exposed the limits of laissez-faire capitalism and made large-scale state intervention unavoidable, reinforcing the turn toward Keynesian macroeconomic management and welfare-state development.

Third, the neo-Schumpeterian mechanism operated in an ambivalent and internally contradictory manner during the Great Transformation. On the one hand, technological developments associated with the deepening of the first industrial revolution generated regulatory pressures that pushed institutional arrangements toward a protective direction. On the other hand, the diffusion of new technologies linked to the second industrial revolution initially exerted market-expanding pressures by encouraging deregulation and investment. During the transformation period, these tendencies coexisted and interacted in unstable ways. As new technologies became more widespread and socially consequential, existing institutional frameworks increasingly proved inadequate for managing their economic and social effects. Consequently, the regulatory and protective dimension of this mechanism ultimately prevailed, reinforcing the shift toward institutional embedding.

Fourth, the Arrighian mechanism situates institutional change within the broader context of hegemonic transition. The decline of British hegemony and the incomplete rise of the United States produced a prolonged period of geopolitical instability. This transition was characterised by intensified rivalry, protectionism, and heightened security concerns, which destabilised the international order underpinning nineteenth-century capitalism. Under these conditions, states increasingly prioritised domestic stability and strategic economic control, reinforcing the move away from market-expanding arrangements toward more interventionist and protective institutional configurations.

Finally, the Veblenian mechanism links institutional transformation to security considerations. As industrial technologies diffused widely and acquired military and strategic significance—particularly during the First and Second World Wars—states increasingly perceived market-based coordination as incompatible with national security objectives. The growing importance of industrial capacity for warfare and strategic competition compelled governments to regulate production, finance, and innovation more directly. These security-driven interventions further weakened laissez-faire arrangements and strengthened the legitimacy of protective institutional structures.

Taken together, these five mechanisms explain why the Great Transformation unfolded as a prolonged, uneven, and conflict-ridden institutional transition rather than as a smooth or inevitable progression. The renewed liberal boom of the 1920s can be interpreted as a temporary reassertion of market-expanding institutional arrangements within this broader transformation process. Its collapse during the Great Depression, however, confirmed the structural unsustainability of classical capitalism. The subsequent wave of regulation, culminating in the New Deal and the Keynesian policy revolution, consolidated a new protective institutional structure. After the Second World War, this configuration stabilised into a regulated welfare capitalism, marking the completion of the transition from classical capitalism.

3.4.3 Regulated welfare capitalism

Regulated welfare capitalism emerged from the Great Transformation and marked the first period of sustained real economic growth under American hegemony. British hegemony had already been significantly weakened after the First World War, a process that was further reinforced by the shock of the Great Depression of 1929–33. During this period, Britain proved unable to fulfil the role of global lender of last resort (Kindleberger, Aliber and Solow, 2005). The collapse of British leadership contributed to the breakdown of the gold standard, which had been restored in the 1920s and had earlier served as the core regulatory framework of international financial relations. In the aftermath of the Great Depression, the world economy entered a period of hegemonic vacuum: although the United States had emerged as the dominant economic power, it was not yet willing or institutionally prepared to assume the responsibilities associated with global leadership, particularly the provision of international liquidity and financial stability (Kindleberger, Aliber and Solow, 2005).This situation changed only after the Second World War, when the United States decisively assumed the role of hegemonic power. By this point, it had become clear that the restoration of the British-centred international order was neither feasible nor desirable. The negotiations over the post-war economic order—most notably the debates between Keynes and White—reflected this shift in power. Rather than adopting Keynes's proposal for a bancor-based international settlement system, the emerging order was built around the US dollar. As Kindleberger's analysis demonstrates, although the interwar period witnessed early and ultimately unsuccessful attempts to construct a system of global economic governance, the effective creation of a global lender of last resort had to await the establishment of the Bretton Woods system and the International Monetary Fund. These developments were soon followed by the creation of the United Nations, marking the emergence of formal institutions of global governance and providing the geopolitical and financial foundations for the post-war regime of regulated welfare capitalism.

In technological terms, regulated welfare capitalism was built upon the widespread diffusion and institutional embedding of the general-purpose technologies associated with the second industrial revolution, most notably electrification and the automobile (Szabó, Bara and Hámori, 2020). While these technologies had already emerged during the earlier transformation period, it was only under the post-war institutional framework that their full productive potential could be realised. This technological consolidation gave rise to a new mode of production based on Fordist assembly-line mass production.

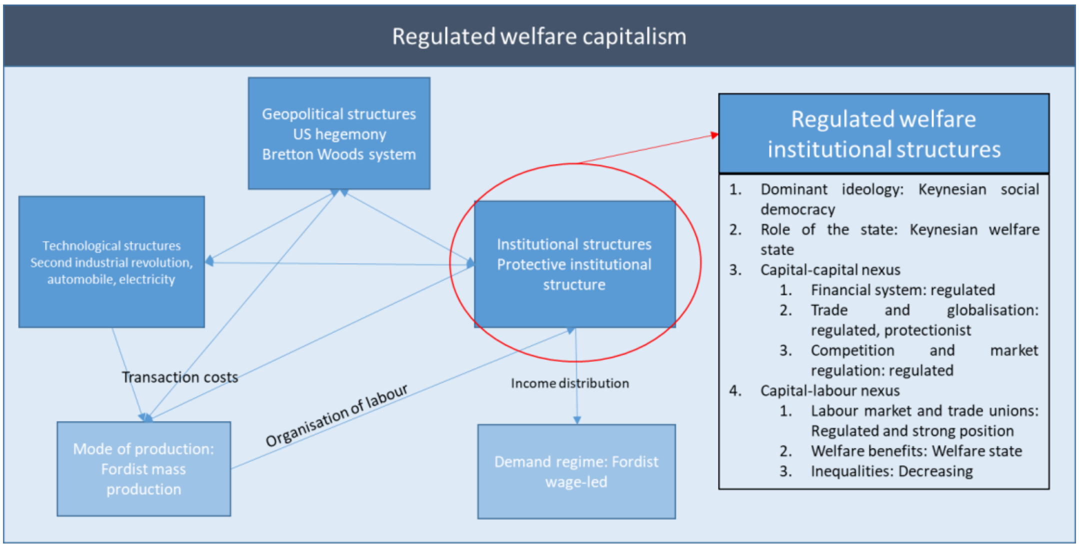
Institutionally, this period was characterised by a protective institutional structure. The dominant ideology was Keynesian social democracy, rooted in the Keynesian revolution that emerged in response to the crisis of 1929–33 and was institutionalised through the New Deal (Bell and Sekine, 2001). This ideological framework rejected the omnipotence of the self-regulating market and instead conceptualised markets as inherently unstable and crisis prone.

This ideological shift entailed a fundamental transformation in the role of the state, moving decisively beyond the night-watchman state of classical capitalism. The resulting Keynesian welfare state was no longer confined to maintaining market frameworks but actively participated in shaping economic outcomes and creating prosperity for society. Keynesian demand management and counter-cyclical macroeconomic policy became the central instruments of economic governance. Unsurprisingly, this period witnessed a substantial expansion of state activity, reflected in rising government expenditure, the broadening of stabilisation and welfare functions, and the emergence of state ownership in key sectors. For this reason, mainstream economics often referred to this configuration as a mixed economy (Tinbergen, 1989), emphasising the coexistence of private and public ownership. The growing prominence of state intervention also reinforced the convergence thesis, according to which capitalist and socialist systems were assumed to be moving toward similar institutional arrangements (Buckingham, 1958).

The capital–capital relationship was subject to extensive regulation, which moderated competition. As Galbraith (1967) argued, this period was marked by the growth and bureaucratisation of large firms within the modern industrial system. Corporations increasingly shaped consumer demand through advertising and marketing, rather than simply responding to market signals. The relationship between financial and industrial capital was particularly close, as the financial system operated under strict regulatory oversight. In the wake of the Great Depression, far-reaching reforms were introduced to constrain financial speculation and stabilise banking, most notably the Glass–Steagall Act in the United States. The relationship between domestic and foreign capital was also regulated, with capital controls playing a crucial role in sustaining the Bretton Woods system.

In the capital–labour relationship, a relative balance of power emerged, largely because of state regulation, welfare-state institutions, and the strengthening of trade unions and labour movements. The Fordist organisation of work facilitated collective bargaining and effective worker representation. As a result, income inequalities declined significantly from their pre–First World War peak and remained relatively stable throughout the post-war decades (Milanovic, 2019; Piketty, 2014). This institutional configuration also shaped the demand regime. Continuous wage growth became the primary source of aggregate demand, a pattern interpreted by post-Keynesian scholars as a Fordist wage-led growth regime (Baccaro and Pontusson, 2016; Stockhammer, 2016). Figure 4 summarises the institutional configuration of regulated welfare capitalism.

Figure 4: The regulated welfare phase of capitalism; Source: Own elaboration



Beyond its internal coherence, regulated welfare capitalism also represented three major departures from pure capitalism.

First, capitalist ownership structures were transformed. Simple private ownership was increasingly replaced by share ownership, leading to a separation between ownership and control. The separation of management from ownership created a new social class — professional managers—who were neither traditional capitalists nor workers. As Chandler (1977) famously described, this amounted to a managerial revolution, fundamentally altering the two-class structure characteristic of pure capitalism.

Second, under American leadership, a system of global governance emerged that had no precedent in earlier phases of capitalism. While geopolitics had always influenced capitalism, the post-war period introduced a qualitatively new dimension: the institutionalised management of global order. Institutions such as the United Nations, the IMF, and the Bretton Woods system reflected a growing commitment to preventing a world war and managing global economic stability (Gervai, Sárvári and Trautmann, 2015). The devastation of two world wars and the advent of nuclear weapons significantly reinforced this new governance imperative.

Third, the construction of the welfare state represented a decisive break with the all-commodifying tendencies of pure capitalism. Welfare institutions were designed not only to support capital accumulation and profit maximisation, but also to enhance social security and collective well-being. This often-required limiting market mechanisms or expanding public provision and social rights, embedding economic activity within broader social objectives.

3.4.4 The short transformation of the 1970s

The stagflation crisis of the 1970s brought the period of regulated welfare capitalism to an end. During this decade, the institutional–technological–geopolitical triangle entered a new phase of rapid realignment, triggering a profound but comparatively short transformation. Unlike the Great Transformation of the early twentieth century, this transition unfolded over a limited time span.

On the geopolitical level, the post-war order entered a phase of instability. Although American hegemony remained intact in military and political terms, its economic foundations were increasingly strained. The Bretton Woods system, which had anchored the post-war international monetary order, became unsustainable by the late 1960s due to persistent balance-of-payments deficits, rising inflation, and mounting pressure on the dollar. The unilateral suspension of dollar–gold convertibility in the early 1970s marked the collapse of the Bretton Woods system and signalled the erosion of the institutional framework that had supported post-war American leadership. On the technological level, the Fordist paradigm began to lose its dynamism. Building on the productive achievements of regulated welfare capitalism, a new technological trajectory emerged with the rise of information and communication technologies.

In institutional terms, the crisis of the 1970s marked the beginning of the disintegration of the protective institutional structures of regulated welfare capitalism and the gradual emergence of a new market-expanding configuration. According to our theoretical model, the trigger for change came from at least five directions. **(1) Arrighian mechanism:** The period of American hegemony in the real economy, which had achieved enormous development in the period after the Second World War, came to an end within the framework of the Bretton Woods system. The abandonment of the system by the United States in the early 1970s marked a decisive turning point and opened the way for a new, more finance-centred form of global leadership. **(2) Neo-Schumpeterian mechanism:** It manifested itself in the destabilising effects of emerging information technologies. These innovations challenged the Fordist mode of production and intensified pressures for organisational flexibility, thereby undermining the institutional coherence of regulated welfare capitalism. **(3) Post-Keynesian mechanism:** The strong organisation of labour led to a decline in profit rates, and thus to the development of a crisis of profit pressure, influenced by deregulation and the reduction of labour power**.** **(4) The Polanyian mechanism:** organised business groups have responded to the squeeze on profit margins and the crisis by discrediting the institutions and ideas that underpin regulated capitalism (Keynesian social democracy, trade unions, etc.). And with the help of the state, they pushed through a vigorous programme of deregulation. **(5) The Veblenian mechanism:** The deregulation programme also served to finance the innovations of the new technological revolution. At that time, new technologies could not be used for warfare. Moreover, since the information and communication revolution took place in the US, it could serve the greater hegemony of the US.

These processes unfolded in the oil crises and stagflation of the 1970s. It became clear that the structural arrangement of the economy had become unsustainable, as Bognár (1976) argued the world witnessed a change of an era in the world economy. To stabilise profit maximalisation and restart capital accumulation and economic growth, a new period of capitalism developed with a market-expanding institutional structure, which we call neoliberal capitalism.

3.4.5 The neoliberal phase of capitalism

In the phase of neoliberal capitalism, US hegemony continued, and its financial phase unfolded (Arrighi, 1994). US hegemony persisted to the extent that it was able to end the Cold War in the 1980s, creating a short-lived unipolar US dominance. But this period also encoded a challenge to hegemony. It was attempts to the end of the Cold War in the 1970s that led the US to turn to China to help it catch up. With this, US has chosen its own challenger. Therefore, the rise of China as a potential challenger was well underway during this period.

Neoliberal capitalism is characterised by a market-expanding institutional structure. Its dominant ideology is neoliberalism. Neoliberalism as an ideology basically revolted against Keynesianism and aimed to reform classical economic liberalism. The roots of the ideology go back well before the 1970s. The rise of Keynesianism and the demise of classical liberalism launched the project of neoliberalism after the Great Depression. Neoliberalism was a well-organised ideological project that emerged in institutions such as the Mont Pelerin Society, but it only came to dominance after the crisis of the 1970s, which Keynesian economic policy failed to address (Antal, 2021). Therefore, economically neoliberalism is built upon the rejection of Keynesian demand-management techniques in favour of monetarism and supply-side economics (Schmidt and Thatcher, 2013). This economic dimension of neoliberal ideology is best illustrated by Friderich A. Hayek's ideas and Milton Friedman’s monetarist views.

Neoliberalism became a global political ideology in the 1980s under Margaret Thatcher and Ronald Reagan, and thus became intertwined with conservatism, but later also came to define social democratic parties, in the Clinton or Blair periods. As Schmidt and Thatcher (2013) states neoliberalism has a strong confidence in market mechanism for the allocation of scarce resources, therefore, it argues for a limited and non-interventionist role of the state. However, as Polanyi (2004 [1944]) argued in the case of classical liberalism, neoliberalism also uses the state to build and enforce market relations in the economy. Neoliberalism is therefore a market-expanding ideology in which the role of the state actively supports the creation of self-regulating market conditions. Moreover, neoliberalism is based on the view that the stagflationary crisis is caused by the impoverishing effects of the welfare state and the large role of the state in creating and maintaining 'mediocrity'. Regan had already made this argument in a commencement speech in 1957 (Gerstle, 2022). It was this approach that led the neoliberal ideology to respond to the stagflation crisis by dismantling welfare functions of the state.

To avoid over-complicating the definition of neoliberalism, it is therefore worth looking at neoliberalism as a set of policies that essentially aimed at stabilising the conditions for profit maximisation and capital accumulation and restarting growth after the crisis of the 1970s. This policy package was essentially based on market fundamentalism and advocated the imposition of market conditions. *The policy package had three main elements: deregulation, privatisation and liberalisation* (Steger and Roy, 2010). These have defined neoliberal institutional structures.

Privatisation was about the perception of the role of the state, i.e. that the state is 'a bad manager' and therefore the role of state ownership in the economy should be reduced. This was linked to the idea of deregulation; whereby state regulation was an obstacle to markets and should be freed up. As a result, the role of the state in neoliberal capitalism has receded compared to the Keynesian period.

Deregulation and liberalisation have come to dominate the relationship between capital and capital. Deregulation has led to increased competition in markets and the deregulation of the financial system. The latter led to the process of financialisation, which we understand as the separation of the financial system from the rest of the economy. Liberalisation was embodied in the strengthening of free trade and the free movement of capital. This has led to a less regulated period in the relationship between domestic and international capital and has laid the foundations for the outsourcing of capital and *economic globalisation.*

The relationship between capital and labour was dominated by deregulation and liberalisation. Deregulation prevailed in the labour market, leading to flexible labour market regulations and the erosion of the role of trade unions. This was facilitated by liberalisation, which, by opening up international capital flows, made outsourcing possible and thus globalised competition for labour, weakening workers' bargaining power.

Neoliberal institutional reforms, deregulation, privatisation and liberalisation were coupled with the emergence of a new technological paradigm, the info-communication revolution. Thus, neoliberalism was deliberately disruptive to make room for the new technological revolution on the way. The two were closely linked, as new technologies (e.g. FAX, computers) could not have been used to outsource capital because of technological barriers. Conversely, without the policies of deregulation and liberalisation, and the collapse of the Bretton Woods system the outsourcing of capital would have faced regulatory barriers. The institutional and technological turn, therefore, significantly changed the technological and institutional transaction costs of organising the economy, leading to the transcendence of regulated and nation-based Fordist mass production. According to Baldwin (2016), this turn has reduced the costs of moving ideas to the point where the break-up of traditional large, bureaucratic corporations became an option. However, economic globalisation would not have been possible without geopolitical change: the end of the Cold War and the incorporation of China and the post-socialist states into the capitalist world economy. This decreased the geopolitical transaction costs of outsourcing. The change of the technological-institutional-geopolitical triangle therefore gave rise to the hyperglobalisation period (Rodrik, 2019) and a new mode of production that has defined our economies ever since: global value chains.

In the global value chains, the most standardised and routinised production capacities of Fordist mass production could be outsourced to developing countries (Mudambi, 2008). This completely changed the organisation of work. The traditional industrial working class in the developed countries was significantly reduced and its bargaining power radically diminished, which also affected institutional structures. As a result, the dominance of capital over labour increased and the framework of the traditional labour movement and trade unions narrowed.

This process contributed to the change in income distribution. The elements of regulated capitalism that had been able to restrain the growth of inequality (power of labour, unionisation, state regulations) changed and inequality began to grow significantly (Piketty, 2014). This was accompanied by a stagnation in median wages (Mishel, Gould and Bivens, 2015). The clear effect of this was a lack of demand, which limited the possibilities for economic growth (profit maximisation and capital accumulation) and made it necessary to supplement demand externally. This role was played by hyperglobalisation (liberalisation of trade) and deregulation of finance. The former created the export-led growth models instead of the wage-led fordist regime. While the latter temporarily pumped demand into the economies by stimulating lending. This in turn led to a debt-led growth models that inflated an asset price bubble, particularly in the housing market. This was facilitated by the expansion of mortgage lending, which created a self-reinforcing process during a period of economic growth. As lending increased, house prices rose, which in turn increased the collateral for loans and the ability to take out new loans. The credit boom therefore helped to fill the demand gap created by stagnating median wages. A symbiotic relationship developed between the two growth models, as debt-led models encouraged overconsumption which was based on export-led models that exploited globalisation and trade liberalisation. This link is well illustrated by the growing trade deficits of the US debt-led model since the 1970s and the persistent trade surpluses of the export-led models of China and Germany.

However, this type of credit boom and financialisation led directly to the 2008 crisis through the mechanism of Minsky's financial instability hypothesis. This implies that economies move slowly from robust financing to fragile financing during expansionary periods (Mehrling, 1998). So, in essence, during expansionary periods, hedge holders continuously give way to speculative and Ponzi financing, which essentially makes the economy fragile and causes crises.[46] Thus, when the economy is in a robust financial position, as was the case before the 2008 crisis, profit expectations are optimistic and a strong credit cycle unfolds, leading to an expansionary phase driven by an increase in private debt. This is what gave rise to the economic development of the 'Great Moderation'.

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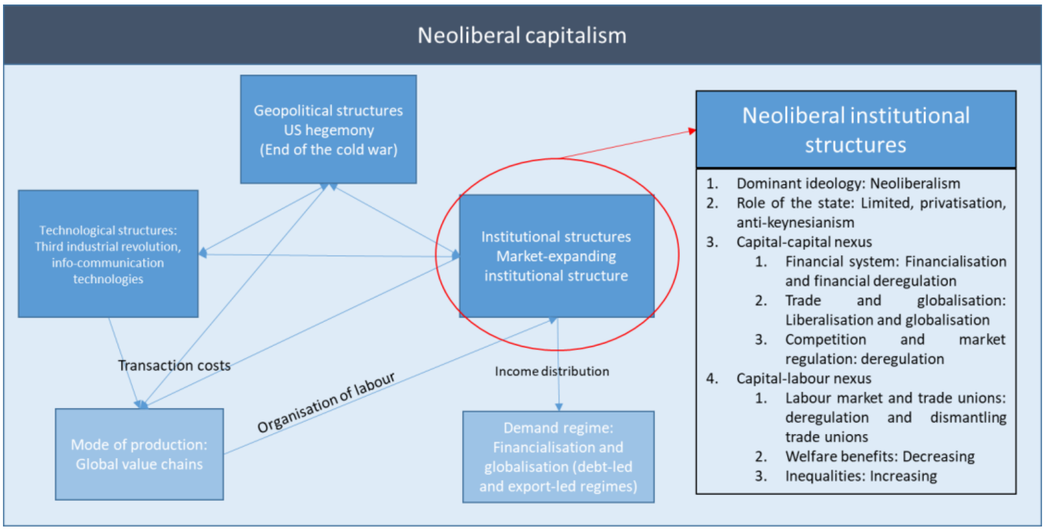
[46] Minsky (1992) described three types of financing arrangements or credit positions. One is hedge type financing, another is speculative and the third is Ponzi financing. Hedge-type holders are able to pay all cash liabilities from their cash flow. Speculative type financing means that the borrower is still able to pay the interest, but is no longer able to repay the principal, forcing them to take out new loans. Ponzi borrowers, unable to pay not only the principal but also the interest, are forced to sell their assets or take out new loans to pay the interest (Minsky, 1992). The financing situation of the economy is robust when hedge financing is prevalent, but when speculative borrowing has become prevalent, it creates financial fragility.

However, the self-reinforcing process of the expansion made expectations overly optimistic, so that financing shifted from hedging to speculation. As 2008 approached, the financial bubble had already burst, with the arrival of Ponzi creditors, which made the financing of the economy definitively fragile. The moment the lid was lifted on excessive profit expectations with the bankruptcy of Lehman Brothers, the bubble burst and a downward spiral began. The fragile financing situation pushed the economy into crisis as Ponzi and speculative loans collapsed. This was the period of Fisher's debt deflation. This meant that the price of the assets backing the loans started to fall, making the loans increasingly burdensome for the borrowers, contributing to the collapse. This led to the downward spiral after 2008 crisis.

Figure 5: The neoliberal phase of capitalism; Source: Own elaboration



In assessing neoliberal capitalism, cyclicality is clear alongside the trend towards linear development (see Figure 5). In terms of the role of the state, the dominance of the market mechanism, the strengthening of capital and the more conflictual relationship between capital and labour, neoliberal capitalism was a return to the institutional structures of classical capitalism. But it would be a mistake to say that classical capitalism has simply returned, because in this case we would forget about the linear development. This manifests itself in the difference of the technological paradigm and geopolitical context, but we can also speak of institutional evolution. First, neoliberal state is not an exact replica of the classical capitalism's night watchman state, because it did not abandon completely the welfare state. The neoliberal state in welfare reform has used markets as a tool to enforce meritocracy in welfare systems (Sandel, 2021). Thus, the welfare or caring principle of the regulated welfare capitalism is not completely abandoned. Second, in neoliberalism, the traditional working class was destroyed, while classical capitalism created it. Instead of the working class, neoliberalism increased the role of the previously gradually growing managerial class and knowledge workers. This phenomenon strengthens a new principle, that of the production of knowledge and human capital, in the process of capital accumulation. It is no coincidence that this period is interpreted as the rise of knowledge-based economy (Drucker, 1993; Trautmann, 2018; Szabó, Bara and Hámori, 2020) or post-industrial society (Bell, 1999 [1973]). This new structural development rewrites the institutional organisation of the economy and goes beyond classical capitalism (and pure capitalism). In this sense, although the return tendency of neoliberalism towards classical capitalism cannot be denied, there is also an element of development in it that clearly distinguishes it from classical capitalism.

3.4.6 The post-2008 crisis era: The main challenges of neoliberal capitalism

The global financial crisis of 2008 posed severe challenges to the phase of neoliberal capitalism. The geopolitical–technological–institutional triangle that had emerged after the crisis of the 1970s—successfully stabilising capital accumulation and underpinning the macroeconomically stable era of the Great Moderation—reached its limits with the financial crisis. As a result, neoliberal capitalism faces a triple challenge, which are interrelated: geopolitical, technological, and institutional.

(1) **Geopolitical challenge:** Geopolitical structures are undeniably undergoing transformation, even if the outcome of this process remains uncertain. The geopolitical configuration built on the near-unipolar hegemony of the United States that emerged after the end of the Cold War appears to be eroding (Ikenberry, 2018). China is increasingly perceived as a hegemonic challenger (Arrighi, 2007; Allison, 2017), countries of the Global South are gaining strength and seeking a more autonomous geopolitical role—most notably through groupings such as the BRICS (Petry and Nölke, 2024)—and Russia, through the Russian–Ukrainian war, has introduced a renewed security threat that has fundamentally challenged the geopolitical order of the neoliberal era.

The geopolitical hegemony of the United States has traditionally rested on five interrelated pillars: economic and financial dominance, technological leadership, military supremacy, institutional embeddedness, and cultural influence or soft power. Since the global financial crisis of 2008, each of these pillars has been subjected to increasing pressure. First, the economic and financial foundations of U.S. hegemony have increasingly been challenged by China. Measured in purchasing power parity terms, China has become the world’s largest economy (IMF, 2024) and now accounts for the largest share of global manufacturing production (Statista, 2025). While the international monetary role of the U.S. dollar remains dominant and has not been fundamentally displaced, China has made sustained efforts to strengthen the global role of the renminbi (Gürcan, 2024). In parallel, initiatives within the BRICS countries have sought to construct a financial architecture less dependent on Western-dominated institutions and increased cooperation on alternative payment mechanisms (Petry and Nölke, 2024). Second, the technological leadership that long underpinned U.S. hegemony has also become increasingly contested. China has not only emerged as a major economic power but has also developed into a technologically sophisticated economy. In several strategic sectors—such as renewable energy technologies, including solar photovoltaics, batteries, and electric vehicles—China has attained global leadership (Wang, 2023). Third, military dominance remains the most resilient pillar of U.S. hegemony. The United States continues to possess unparalleled global military capabilities and maintains a worldwide network of alliances (Győrffy, 2021) Nevertheless, growing strategic competition with China and renewed confrontation with Russia have increased security pressures. Fourth, a crucial component of U.S. hegemony has been its institutional embeddedness, reflected in the fact that the post-war global economic governance architecture was constructed largely under American leadership. However, the system of global governance has faced mounting crises in recent years. The paralysis of the World Trade Organization’s dispute settlement mechanism illustrates the erosion of multilateral trade governance, a development to which the United States itself has contributed (Hopewell, 2025). At the same time, China and the BRICS countries have increasingly promoted alternative institutional arrangements, signalling a fragmentation of the existing governance framework (Petry and Nölke, 2024). Finally, the cultural and soft power dimension of U.S. hegemony remains significant but has also weakened. While American cultural influence continues to be globally pervasive, the Trump administration’s aggressive tariff policies and the deepening political polarisation within the United States have undermined its ability to present itself as a universally attractive model (Keohane and Nye, 2025).

Taken together, China’s emergence as a potential alternative hegemonic power is increasingly evident across multiple dimensions. Economically, China has become a central actor in global accumulation; financially, it is gradually strengthening its international influence; technologically, it is closing the gap with, and in some areas surpassing, established leaders; and institutionally and geopolitically, it is actively shaping alternative centres of power. These developments suggest that the post-2008 era is characterised by a deepening transformation of the geopolitical order that underpinned neoliberal capitalism, even if the contours of the emerging configuration remain unresolved. Nevertheless, the analysis of the current geopolitical order could form the basis of a separate dissertation, our dissertation aims to be more modest as we adopt an institutionalist perspective.

(2) **Technological challenge:** Alongside the transformation of geopolitical structures, technological structures have also been set in motion in the aftermath of the 2008 global financial crisis. According to Perez (2009), the crisis marked the end of the installation phase of the information and communication technology paradigm and the beginning of a new deployment phase characterised by widespread diffusion. The dynamics of technological change are reflected in the succession of innovations that have emerged over the past decade, which can be interpreted as elements of this diffused technological paradigm, as they build closely on the third industrial revolution that unfolded from the 1980s onwards.

However, several authors argue that these developments constitute a qualitatively new Fourth Industrial Revolution. Since the World Economic Forum in 2016, there has been a growing consensus that the global economy has entered a new technological era (Schwab, 2017). Building on earlier achievements in computing, the internet and nanotechnology, the fourth industrial revolution extends these technologies beyond their previous applications, opening up novel and systemic possibilities for production and social organisation. This transformation is often referred to as 'Industry 4.0', emphasising that it involves a fundamentally new conception of industrial production, not merely the emergence of new technologies. Central to this transformation are cyber-physical systems, which are capable of communicating with one another through digital and electronic technologies, for example via the internet (Abonyi and Miszlivetz, 2016). These technological configurations are reshaping production processes, value chains and the organisation of work.

The fourth industrial revolution encompasses a wide range of technologies that are transforming society. These include cloud-based services, big data analytics, mobile applications, GPS technologies, machine learning, 3D printing, and autonomous vehicles. Beyond these technologies, artificial intelligence has increasingly emerged as a central element of the current technological transformation. Some scholars therefore interpret the acceleration of AI-related innovation as the core driver of an emerging new technological phase, which may either be understood as the continuation of the fourth industrial revolution or as the foundation of a distinct fifth industrial revolution (Gauri and Van Eerden, 2019).

The technological transformation has also been accompanied by the emergence of new business models, most notably the rise of the platform economy (Pelle and Szanyi, 2025). Unlike traditional vertically integrated firms, platform companies do not primarily organise production internally but instead create and govern digital infrastructures that facilitate interactions between different groups of users, such as buyers and sellers, service providers and customers (Tirole, 2021). In this sense, platform firms function as market infrastructure provider rather than a conventional firm. Algorithms operated by platform firms structure market interactions by ranking, matching, pricing, and monitoring transactions, thereby effectively performing regulatory functions that were previously associated with public institutions or competitive market mechanisms (Runciman, 2023). At the same time, the data generated by users through their interactions on platforms constitute the core economic resource of platform-based business models. These data are continuously extracted, processed, and monetised, becoming a key input for profit generation, market power, and strategic advantage (Zuboff, 2019).

The changes in technological structures are obvious; however, their analysis goes beyond the scope of this institutionalist dissertation. Nevertheless, the implications of these new innovations and the widespread diffusion of ICT technologies are vast and could have a crucial effect on the current mode of production based on global value chains.

(3) **Institutional challenge**: The institutional challenge is the most relevant dimension for this dissertation, as it directly corresponds to our central research question. From an institutionalist perspective, the post-2008 period should be understood a complex and cumulative institutional challenge confronting the market-expanding institutional structures of neoliberal capitalism. We can identify six analytically distinct but closely interconnected elements through which this challenge has manifested itself.

(1) The Polanyian element: The expansion of markets during neoliberal capitalism has intensified the commodification of nature, labour and money. This has had profound ecological consequences, as well as generating growing economic insecurity among workers and causing the collapse of the financial system. This has led to social resistance in relation to these 'fictitious commodities'. Firstly, environmental degradation and climate change are increasingly being interpreted as systemic outcomes of capitalist accumulation. This has led some scholars to describe the current era as the 'Capitalocene' (Moore, 2016). The climate crisis has intensified calls for environmental regulation, green industrial policies and state-led coordination. These pressures directly challenge market-expanding institutional arrangements by imposing constraints on profit maximisation and redefining the role of the state in steering economic activity. Secondly, rising inequality, labour market flexibility, and the social consequences of globalisation have disproportionately affected traditional industrial workers and middle-income groups. These developments have fuelled the rise of populist political movements, many of which offer explicit critiques of neoliberal policies, globalisation and elite-driven economic governance. Even when such movements lack coherent economic alternatives, they still undermine the political legitimacy of market-expanding institutional frameworks. Thirdly, financialisation and the collapse of the financial system have further strengthened populist and radical movements in their attempts to redefine the neoliberal financial system.

(2) Post-Keynesian element: The global financial crisis fundamentally weakened the demand regime that had sustained neoliberal capitalism. Prior to 2008, financial expansion played a central role in supporting demand through credit growth. The collapse of the financial system undermined this mechanism, forcing governments to intervene directly to stabilise demand and prevent economic collapse. At the same time, globalisation—another key source of demand—came under increasing pressure. The other source of demand, globalisation, has also been a major challenge for the crisis, exacerbated by growing inequalities, all of which has fuelled anti-globalisation tendencies, which have also reduced the role of this demand factor.

(3) Neo-Schumpeterian element: It can be linked to the technological challenge discussed earlier. The new technologies of the fourth and fifth industrial revolutions present novel regulatory challenges that existing neoliberal, market-expanding structures cannot address.

(4) Arrighian element: Its stems from the geopolitical challenges discussed earlier, most notably the weakening of US hegemony and the strengthening of China. These developments have put increasing pressure on the market-expanding institutional foundations of the neoliberal phase.

(5) Veblenian element: Emerging technologies and intensified geopolitical rivalry have generated new security concerns that increasingly spill over into economic governance. While the terrorist attacks of 2001 already revealed the security implications of digital technologies, the post-2008 period has been marked by the growing use of technological capabilities by states against one another. The Russian–Ukrainian conflict, ongoing since 2014, has underscored the strategic importance of cyber capabilities, industrial capacity, and technological sovereignty. These developments have contributed to the securitisation of economic and technological domains, strengthening state intervention and regulatory oversight in strategic sectors.

(6) COVID element: A further institutional challenge emerged with the COVID-19 pandemic, which can be treated as an external shock, but whose effects were magnified by the structural features of neoliberal capitalism. Highly fragmented global value chains and just-in-time production systems proved particularly vulnerable to disruption. The pandemic significantly expanded the role of the state in crisis management, public health, and economic stabilisation, while reinforcing existing trends toward rethinking supply-chain resilience and the organisation of production. In this sense, COVID intensified regulatory dynamics already set in motion by the post-2008 crisis era.

The question of our dissertation is whether this institutional challenge, comprising six elements, has changed the neoliberal institutional structures, or whether they remain intact. Alternatively, do these challenges signal a historical transformation where market-expanding institutional structures giving way to new, protective ones? Or are we witnessing the extraordinary resilience of neoliberal institutional structures and the expansion of neoliberal capitalism? There is considerable debate in the literature about whether such a transformation is taking place and what kind of institutional structure the new phase of capitalism might entail. In the following section, we will present the main interpretations of the nature of the post-crisis phase of capitalism found in the literature.

4 DEBATE ABOUT THE NATURE OF POST-2008 CRISIS ERA

In this chapter, we explore the various perspectives on the post-2008 phase of capitalism that emerge in the literature, focusing on institutional structures. The first section outlines four positions that we consider to be the most relevant to this debate (Chapter 4.1). The second section compares these positions in light of our theoretical framework (Chapter 4.2).

4.1 Approaches about the directions of the transformation

The selection of perspectives was based on three criteria. First, positive, descriptive theories were considered, excluding clearly normative approaches that are more concerned with how we can promote the desired changes. Second, since institutional structures are at the centre of our thesis, we have taken into account the perspectives that strongly refer to them. Third, we have excluded those approaches that see the end of capitalism after the 2008 crisis. As we argued in the previous chapter, our thesis accepts the continued dominance of capitalism, so a detailed discussion of these theories would distract us from our central question. Taking these selection criteria into account, we were able to define four perspectives in the literature.

4.1.1 Stability of neoliberal phase

The first strand suggests that the neoliberal phase of capitalism has remained dominant after the 2008 financial crisis. This approach rejects the shift towards a protective institutional structure.

One of the forerunners of this approach, Peck (2010), claims that neoliberalism died in the crisis but is still dominant. He refers to the post-crisis phase of capitalism as *zombie neoliberalism*. The author emphasises that the strength of neoliberalism lies in its adaptability and that it continues to shape policy after the crisis, but with diminishing effectiveness. Similarly, Crouch (2011) argues that the crisis should have challenged neoliberal ideas because it showed that unregulated financial markets are not self-correcting. Instead, neoliberalism survived, and in the aftermath of the crisis it has been strengthened more than ever by the austerity measures introduced. Crouch (2011) argues that the main fallacy about neoliberalism that it is about free markets, is more about the power of corporations, and the post-crisis era has brought the strengthening of corporate dominance. Drawing on Polanyi's double movement theory, Dale (2012) makes a similar prediction, arguing that the emergence of a new embedded liberal period is unlikely, and that instead we are entering a period of a kind of *zombie or vampire neoliberalism*.

Following these analyses, Schmidt and Thatcher (2013) provide a comprehensive examination of the issue in European economies. They find that neoliberalism has remained dominant after the 2008 crisis, so they introduce the notion of *neoliberal resilience*. Resilience means the ability of neoliberalism to adapt to new circumstances and respond to new challenges. It also encompasses the ability to change while maintaining its core features. Their edited volume includes several studies on neoliberal resilience at the level of the European Union and individual countries (Schmidt and Thatcher, 2013). Moreover, Mirowski (2013) outlines in his book the same argument that the crisis could not defeat the dominance of neoliberal ideas. He shows that the crisis created a cognitive dissonance in the minds of neoliberal policymakers and that they did not pay attention to the contradictory evidence of the financial crisis, which showed the failure of neoliberal ideas. According to him, neoliberalism has not been pushed back but, on the contrary, has taken the opportunity to develop its programme in the extraordinary post-crisis circumstances.

In addition to these analyses many articles have been published that demonstrate the survival of neoliberal ideas and practices in individual countries or in particular cases. For example, Berry (2020) examines the resilience of neoliberalism in the case of the United Kingdom, showing that the May government's industrial policy did not contribute to the retreat of neoliberalism, but to its survival. Ban (2016) assesses the localisation of neoliberalism in the cases of Romania and Spain. He also concludes that neoliberal ideas have remained important in these two countries after the 2008 crisis. Wanner (2015) assesses the green growth discourse in the post-crisis period. He argues that the concept of green growth contributes to the survival of neoliberal capitalism. Madaraiga (2017) examines the mechanisms of neoliberal resilience in the case of Estonia and Chile. In his examination of the Greek bailout, Mavelli (2017) identifies the survival of neoliberalism through biopolitics. Fugslang (2023) highlights how economic modelling has helped to oversee neoliberal policies in Denmark. Furthermore, Cerny (2014) notes that neoliberalism remains the hegemonic paradigm not only in the Western world but also in China.

The main puzzle for this stream is that, despite the crisis, neoliberal capitalism has not been weakened. How could this happen? For these scholars, the key answer to this puzzle lies in the ideational power of neoliberalism. As Schmidt (2016) points out, the underlying ideas of neoliberalism are so powerful that they determine people's deepest assumptions. Therefore, rejecting neoliberalism does not mean that we can create a coherent alternative in its place, because we are so imbued with the background ideas of neoliberalism. Mirowski (2013) adds that neoliberalism has a good strategy for co-opting counter-movements. Furthermore, Schmidt and Thatcher (2014) argue that powerful interest groups that benefit from deregulation, privatisation and lower taxes continue to support neoliberal ideas. Moreover, many neoliberal assumptions are institutionalised in rules and regulations, which also increases resilience. They also draw attention to the generability, diversity and mutability of neoliberalism, which is crucial to its ideational power.

The diversity of neoliberalism has been extensively analysed by various scholars. Brenner, Peck and Theodore (2010) argue that neoliberalism is not only a global phenomenon but also has different national variations. While neoliberalism can adapt to specific national political and economic contexts, it can manage to preserve its core principles (Bailey et al., 2021), which Brenner, Peck and Theodore (2010) refer to as the variegation of neoliberalism. This variegation of neoliberalism contributes to its resilience. Confirming this variegation of neoliberalism, Peck and Theodor (2019) argue that the post-neoliberal transition cannot be a single event, but rather a long and crisis-ridden transition period that is unfolding unevenly. However, they do not see this as a reality, and in fact, in their view, the new authoritarian tendencies only further strengthen the hegemony of neoliberalism.

The ability to mutate is also an important argument for the ideational power of neoliberalism. At the same time, the recognition that neoliberalism has mutated after the 2008 crisis is also a recognition that the previously known phase of neoliberal capitalism has changed in many ways. The emphasis on mutation therefore leads us to the second approach, according to which we can speak of a new phase after the 2008 crisis, but its ideological core remains neoliberal in a mutated form.

4.1.2 The rise of mutant neoliberal phase

The mutant neoliberal approach acknowledges the shift towards protective institutional structure, interpreting it as a mutation of neoliberalism. Therefore, it argues that this does not represent a departure from the neoliberal phase of capitalism, but rather a second phase of it. The authors presented here have one thing in common: they acknowledge significant institutional changes but try to emphasise the continuities.

The main formulation of mutant neoliberal approach is linked to Callison and Manfredi (2020)'s edited volume. The authors reject the zombie approach to neoliberalism and propose a new metaphor. According to them, the mutation of neoliberalism can show that neoliberalism is not dead but alive and well, and that it is not only alive but also adapting to changing circumstances. This approach contrasts sharply with views that see neoliberalism as a monolithic entity. Callison and Manfredi (2020) borrow the metaphor of mutation from biology. For them, mutation means that the genetic code of a given organism changes, but it still belongs to the same species. The authors thus acknowledge that fundamental changes have taken place in the post-crisis period, but they reject the teleological view that this must mean the creation of an entirely new regime. Rather, they adopt a kind of discursive approach to show how neoliberalism is mutating, and in the process even its central tenets may change.

In line with these, several approaches have emerged that put a 'label' in front of neoliberalism to express this new 'mutation'.

(1) The first group of scholars interprets the resurgence of right-wing populism and nationalism as the emergence of *national neoliberalism*. They suggest that in the post-crisis period, nationalism and neoliberalism have been mixed. For instance, Harmes (2012) points out that neoliberalism and nationalism are not as different as one might think. In order to survive, neoliberalism often relies on the tools of nationalism, and he raises the possibility of a neoliberal nationalism. Scheiring (2022) distinguishes between globalist neoliberalism and national-populist neoliberalism. He notes that globalist neoliberalism was dominant before the crisis, but that national-populist neoliberalism emerged after it. According to Ban, Scheiring and Vasile (2023) national neoliberalism can be understood as a compromise between the core tenets of neoliberal economic theory and the political goals of advancing national interests. This approach therefore acknowledges some change, as the globalisation narrative was an important element of neoliberalism. It claims that after the crisis this has been replaced by an appeal to the national interest. However, they stress that these changes could not go beyond neoliberalism.

(2) Another group (see: Bruff and Tansel, 2019; Fabry and Sandbeck, 2019; Jessop, 2019) interprets the period after the 2008 crisis as the rise of *authoritarian neoliberalism*, beginning with the work of Bruff (2014). According to Bruff (2014),

authoritarian neoliberalism is characterised by the use of coercive state power and legal mechanisms to enforce neoliberal policies, often at the expense of democratic principles. It involves reshaping the role of the state through constitutional changes, excluding marginalised groups and limiting social compromise. This approach reflects a shift towards authoritarian governance and reinforces neoliberal ideology through exclusionary practices.

(3) Another approach calls the unfolding period *militarised neoliberalism* (Wijaya and Jayasuriya, 2024). According to the authors, unlike statism, military neoliberalism operates according to neoliberal economic principles, emphasising market solutions and private sector involvement. Although both involve state intervention, military neoliberalism integrates security institutions into economic governance, linking security and economic objectives. It does not seek direct state control but rather promotes neoliberal interests through militaristic strategies.

The mutant neoliberal approach also includes other lines of argument that do not use the term ‘neoliberalism’ but still emphasize continuities.

One notable example is Hendrikse's (2018, 2021) approach, who coined the term ‘neo-illiberalism’ to describe this era which is characterized by the rejection of liberal values such as democracy, human rights, and the rule of law. Neo-illiberalism places greater emphasis on nationalism, authoritarianism, and state power. He argues that neo-illiberalism is driven by several factors, including the rise of global economic competition, the erosion of traditional power structures, and the increasing prevalence of populist and nationalist movements. Hendrikse's (2021) concept of neo-illiberalism, therefore, refers to the combination of neoliberal capitalism and illiberal nationalisms. He states that the West is experiencing a shift towards political illiberalisation, with domestic institutions and the international liberal order being eroded. Hendrikse (2018) states that these illiberal policies are executed by neoliberal elites. Therefore, this approach emphasizes the advance of illiberalism, while at the same time linking it to the global dominance of neoliberalism.[47]

Farkas (2023), an important Hungarian author, also emphasises continuities; however, he acknowledges the transcendence of neoliberalism. According to him, the

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[47] Huijzer (2021) criticises the approach of neo-illiberalism and argues that this is rather the period of *ill-neoliberalism*. According to him, in this period, neoliberalism is ill and dysfunctional and therefore new ideologies are emerging to challenge its role. But these new ideologies, like illiberalism, do not yet create a new phase. Hujizer (2021) therefore stresses the transitional nature of this period.

neoliberal era that emerged in the 1980s is coming to an end following the 2008 crisis. However, this does not signify a return to the post-World War II era of welfare capitalism. While the role of the state in the economy is growing and neoliberalism is in decline, this is leading to a period of *'policy-mix'* capitalism, where Keynesian policies are combined with market-friendly ideas. At the same time, Farkas recognises a kind of continuity: in his view, in the absence of a countervailing force, no significant reform of capitalism will take place, allowing the second phase of transnational monopoly capitalism to unfold. For this reason, Farkas's argument is the closest to this mutant neoliberal stream and is considered to fit best into this group.

O'Hara's recent contribution (see O'Hara, 2025) is best situated within the mutant neoliberal interpretation. It depicts the period since 2008 financial crisis as a phase of structural exhaustion and transformation of neoliberal capitalism. This phase is characterised by increased state intervention and geopolitical fragmentation, but without the emergence of a new, stable regulatory regime. The book's innovation lies in interpreting this era as a structural poly-crisis, emphasising the era's transitional and unstable nature and drawing attention to the fact that geopolitical hegemony shifts were accompanied by similar poly-crises in the past.[48]

Finally, another approach can be classified within the broader 'mutant neoliberal' strand of the literature: the new state capitalism perspective. This approach has become one of the most influential frameworks for describing the transformations that unfolded after the 2008 global financial crisis. Its most prominent proponents are Ilias Alami and Adam Dixon. Their 2020 article offers a seminal critical review of the state capitalism literature (Alami and Dixon, 2020a), while their later monograph provides a comprehensive theoretical synthesis of these debates (Alami and Dixon, 2024).

The literature on new state capitalism focuses on the global resurgence of the state as an economic actor, highlighting its expanding roles in promoting, supervising, regulating, and owning capital (Alami, Babić, Dixon, and Liu, 2022). It documents the growing importance of economic nationalism, the expansion of national and regional development banks, and the rise of state-directed investment strategies, particularly in emerging economies such as China. The COVID-19 pandemic is often interpreted as a

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[48] Callinicos (2023) also interprets the events of the past decade as a significant structural crisis, which he refers to as the *'age of catastrophe'*. He draws attention to the fact that a similar crisis occurred within the capitalist system between 1914 and 1945. However, this approach diverges from the mutant neoliberalism perspective, as it portrays the era as a much more profound transformation.

catalyst that accelerated these tendencies, as governments implemented large-scale bailout packages, intervened directly in key sectors, and expanded regulatory and surveillance capacities. Importantly, Alami, Babić, Dixon, and Liu (2022) emphasise that the term 'new state capitalism' primarily functions as an analytical umbrella that groups together these heterogeneous transformations. Moreover, Alami and Dixon (2020b) show that 'state capitalism' has become a powerful geopolitical marker in the post-crisis era, used by political and business actors in advanced economies both to delegitimise Chinese state intervention and to legitimise expanded state action at home. At the same time, this literature does not necessarily imply the emergence of a coherent new capitalist era. Alami (2023) notes that these unevenly distributed state capitalist impulses primarily involve a quantitative expansion of state activity, which may nevertheless accumulate into qualitative transformations over time. Accordingly, Alami and Dixon (2024) refrain from declaring a new phase of capitalism, instead arguing that the spectre of state capitalism is spreading unevenly and multidirectionally across the global economy.

The question, of course, is why this literature can be classified as promoting mutant neoliberalism despite presenting significant changes. Alami and Dixon (2024) argue, new state capitalism is not incompatible with the mutation thesis advanced by Callison and Manfredi (2020). Rather than signalling the end of neoliberalism, the expansion of state intervention reflects the reconfiguration of neoliberal governance through new forms of statehood, as neoliberalism increasingly relies on the state to manage its internal crises.

Nevertheless, it is important to note that not all contributions to the 'new state capitalism' debate adopt this interpretation. Petry and Nölke (2024), for instance, explicitly contrast state capitalist alternative with the neoliberal world order. Therefore, this kind of approach to state capitalism—most prominently associated with Andreas Nölke—leads to a different interpretation, according to which neoliberalism has not merely adapted or mutated, but has undergone a more fundamental transformation, signalling the emergence of a new phase of capitalism.

4.1.3 The rise of new illiberal-populist phase

In contrast to the mutant neoliberal view, the third perspective argues that illiberal-populist capitalism is on the rise. This means that there has been a shift towards a protective institutional structure. However, this does not mean a return to the period of regulated welfare capitalism before neoliberalism, nor does it represent a continuation of the neoliberal phase of capitalism.

The first major group in this stream consists of authors who emphasize the rise of global illiberalism. For instance, Sajó, Uitz and Holmes (2021) examine the global rise of illiberalism. Their edited volume explores various countries, including Hungary, Poland, Turkey, India, the United States, and Russia, to examine the causes, manifestations, and consequences of illiberalism. The authors argue that the rise of illiberalism is a global phenomenon driven by factors such as economic inequality, globalization, immigration, and the failure of liberal democracy to address the needs and aspirations of citizens. Mihályi and Szelényi (2019) express similar ideas, linking the rise of illiberal capitalism mainly to the strengthening of the rent-seeking activities. Mihályi and Szelényi (2019) consider the protectionist counterattack after the 2008 financial crisis as an attempt by nation-states to secure rents. They argue that behind the populist and illiberal turn we can recognise rent-securing mechanisms. They bring the example of Donald Trump who was elected by the votes of the white working class. The rents of this group were heavily challenged by the globalisation process; therefore, it is not a coincidence that they were frustrated and voted for an illiberal leader. One of the most detailed conceptualisations of illiberalism was offered by Laruelle (2022) who argues that illiberalism represents an ideological backlash against liberalism, advocating majoritarian nation-centric solutions, rejecting supranational institutions, promoting protectionism, and emphasizing cultural homogeneity. It prioritizes the nation and sovereignty.

This group also includes crucial analyses by László Csaba, who recognised the rise of the populist era as early as 2008 (see Csaba, 2008). In his more recent conceptualisation, Csaba (2023) uses the term 'neo-illiberalism' to describe this era, as does Heindriksse (2018, 2021). For Csaba, however, the adjective 'neo' does not refer to the fusion of neoliberalism and illiberalism, but rather to the fact that resurgent state interventionism is taking a new form compared to previous waves. He sees it as a clear attack on liberal principles, the free market and limited state involvement. Csaba (2023) examines three forms of neo-illiberalism in Central Europe, Western Europe, and Asia. Consequently, attention is drawn to the spatial diversity of neo-illiberalism. In a book chapter published in 2025, Csaba continued this type of analysis, examining the manifestations of global illiberalism in the US, the European Union, and China (see Csaba, 2025). Csaba suggested that this marks the beginning of a new era in the world economy.

This view is reinforced by John Komlos's excellent book chapter, which uses the example of the US to illustrate the rise of the populist era (see: Komlos, 2024). The study focuses primarily on an analysis of the Trumpian right-wing populism. What makes Komlos's analysis unique is that he traces the roots of the populist era back to the Reagan era, arguing that the problems created by neoliberalism led directly to right-wing populism. From this perspective, right-wing populism appears not as an exogenous political anomaly, but as an endogenous outcome of the neoliberal phase of capitalism and its failure to provide social stability and inclusive growth. This is a key insight that illiberal-populist approaches often fail to emphasise.

The rise of illiberal-populist phase is also reinforced by SSA scholars. For instance, McMahon and Kotz (2021) raise the possibility of an authoritarian nationalist social structure of accumulation. They argue that this SSA can be protective but in a different way than in the post-war period. The role of the state can strengthen and there can be a retreat from globalisation. However, there would not be capital-labour compromise, and the capital can continue to dominate labour. The core institutions of an authoritarian nationalist SSA could include continuing domination of labour by capital, growing state spending on infrastructure and military, and a retreat from globalization.

In addition, we must highlight another influential approach most closely associated with Andreas Nölke. As mentioned earlier, Nölke's new state capitalism perspective clearly distinguishes the emerging configuration from both neoliberal capitalism and regulated welfare capitalism. Nölke (2017) argues that while the regulated welfare phase constituted an appropriate model for the post-war period, it no longer provides a viable framework for the post-crisis era. According to his interpretation, there has been no successful attempt to socially re-regulate capitalism after the global financial crisis. Therefore, this new phase is an *organised period* characterised by an increased state presence, but without social embedding. Building on this argument, Nölke and May (2019), drawing inspiration from SSA theory, reinforce the claim that capitalism is entering a new *illiberal phase*. Nölke (2012) also connects this perspective to the varieties of capitalism framework. He argues that the emergence of this new phase has been influenced by state-permeated varieties of capitalism, particularly those found in the BRICS countries. In more recent work, Nölke and his co-authors extend this line of argument to the global level, discussing the emergence of a new *populist–state capitalist world order* (May, Mertens, Nölke, and Schedelik, 2024).

Another important approach that can be placed in this group is Braun (2021). Braun examines changes in corporate governance structures and concludes that significant changes occurred after the 2008 financial crisis. Neoliberal shareholder primacy, in which pension funds were the main owners, was replaced by what Braun calls *'asset manager capitalism'*. This was made possible by the fact that shares became highly concentrated in the hands of a few asset management companies (BlackRock and Vanguard), greatly increasing their influence over corporate decision-making. However, asset managers have different motivations to shareholders: their goal is not to ensure a company performs well, but to have a diversified portfolio. However, social re-regulation of capitalism is lacking. Therefore, this perspective acknowledges the uniqueness of this era, rejects the continuation of neoliberalism and does not foresee a return to welfare capitalism.

4.1.4 Transition to a new regulated phase

Like the previous approach, the fourth approach views the 2008 crisis as marking the end of neoliberalism. However, it interprets the post-crisis period as a gradual transition to a regulated phase of capitalism based on social democratic, Keynesian or green principles. It acknowledges that there is a move towards a protective phase, but instead of viewing this as an illiberal-populist phase, it interprets it as a return to *post-war regulated welfare capitalism* in a new form.

According to the Polanyian social structure of accumulation theory the neoliberal phase collapsed due to the great financial crisis; therefore, we are witnessing a transition to a phase of regulated social structure of accumulation (Kotz, 2017). Kotz and Basu (2019) claims that the reason of the current stagnation of the US economy that the previous neoliberal SSA can no longer promote accumulation but instead obstructs it. The construction of a new SSA can end the stagnation and give rise to normal capital accumulation and economic expansion. However, constructing a new regulated SSA requires working out new roles for the state in the economy and it tends to take a long period of time to emerge out of the crisis phase of a liberal SSA. Therefore, they consider the post-crisis era as a transitional period to a new regulated phase.

Bresser-Pereira (2010) argues that reregulation of financial markets is necessary after the 2008 global financial crisis and that it is essential to restore the regulatory power of the state to allow markets to perform their economic coordinating role. In line with these, McDonough, McMahon and Kotz (2021) raise the possibility of a green social democratic SSA which creates a new capital-labour compromise and a *socially embedded phase of capitalism*. The authors argue that the core institutions of such a structure include a new capital-labour compromise, public healthcare and education, infrastructure spending towards a green economy and job creation, social programs for basic needs, global cooperation, a revised global system of trade and finance, and an ideology of cooperation and justice. They also emphasise examples of recent political movements towards social democracy in Greece, the UK, and the US. Moreover, the authors also suggest that rising corporate profits could be compatible with such a system if accompanied by rising labour productivity and demand. Levien and Paret's (2012) analysis of the World Values Survey confirms this turn. They note that since the 1990s there has been a backlash against neoliberalism in terms of values, with growing support for the *'embedding'* of markets.

Furthermore, Perez (2018) argues that the post-crisis era can create a regulated green golden age. However, she explains that this is not necessary. She points out how mass production as the previous techno-economic paradigm was used differently by Stalin, Hitler and Roosevelt. Thus, info-communication technologies can be used controversially either. Nevertheless, she propagates to use of these technologies within a green-social-democratic institutional framework (Perez, 2018).

Some of the authors see the COVID crisis as a sign of the rise of regulated capitalism. Crouch (2022), for example, who has previously discussed the 'strange not death' of neoliberalism, interpreted the COVID pandemic as an important challenge to neoliberal ideas. According to him, COVID challenged the raison d'être of neoliberal principles and brought about a clear Keynesian turn in the policies of the European Union, with increased public spending, environmental goals and a focus on social welfare. In line with that Davies and Gane (2021), albeit more cautiously, raises the possibility that COVID could mark the end of neoliberal orthodoxies and usher in a kind of post-neoliberal period. Moreover, van't Klooster (2022) points out that, because of COVID and the climate crisis, there has been a Keynesian turn among the technocrats in the European Union institutions. However, the unfolding of this turn is severely hampered by the fact that ideological changes have not been followed by institutional changes. Thus, technocratic elites try to implement new economic policy goals within the system based on neoliberal paradigms, which can lead to legitimacy problems. He calls this phenomenon *technocratic Keynesianism*.

4.2 Summary of the debate in the mirror of the theoretical framework

As we have seen, there are at least four different perspectives on understanding the post-2008 crisis era (see Table A4 in the Appendix). The first group argues that there has been no change since the crisis, and that neoliberalism remains dominant. This rejects the cyclical development outlined in our theoretical framework towards a protective institutional structure. The other three interpretations acknowledge the shift towards a protective institutional structure; however, they disagree about the nature of this new protective phase. The second group interprets this shift as a mutation of neoliberalism. It may be surprising to address this trend in separate chapters from the neoliberal argument, given that both argue that neoliberal capitalism is still present. However, as we have noted, the second trend recognises a change after the crisis but does not interpret it as the end of neoliberalism, rather as a second phase. The third perspective assumes that a new illiberal populist phase of capitalist development began after the 2008 crisis. The fourth group interprets the changes as a return to regulated welfare capitalism in a new form.

The first two views are closely related, as they are mainly ideational, focusing on the resilience and mutation of neoliberal ideology. This is their main weakness, since ideological dominance can obscure the fact that there are some changes at the level of institutional structures. Moreover, these streams cannot really explain why neoliberal capitalism was able to achieve a period of great moderation before the crisis, while it cannot achieve such a stable period of growth after the crisis. Moreover, the relative persistence of neoliberalism can be consistent with the fourth approach. As Kotz and Basu (2017) argue the transition period to a new regulated phase requires institutional innovations. In the absence of these, policymakers will continue to use the tried and tested recipes of neoliberalism. But they can no longer take us back to the pre-crisis period.

The difference between the two perspectives on the dominance of neoliberalism is that the second perceives fundamental changes but interprets them as a mutated version of the neoliberal era. This difference is therefore not small but can be partly explained by the time factor. Views stressing the resilience of neoliberalism, or its zombie character, emerged in the period immediately after the 2008 crisis. However, as we moved away from the crisis, the growing role of the state, the emergence of authoritarian tendencies, the rise of illiberalism, the unfolding of militarisation all suggested that this is not the neoliberalism of the pre-2008 crisis era. Thus, these scholars began to rely more on the argument of mutation. However, this kind of argumentation makes it impossible to define neoliberalism, because practically everything fits into it.

The other two streams clearly state that the post-crisis period is a transition to a new phase of capitalism. The first perspective claims that an illiberal-populist type of capitalism is on the rise, while the second argues that a new form of the post-war regulated, welfare phase of capitalism is emerging. According to the illiberal view, the new autocratic, nationalist ideology uses the growing role of the state and regulation not to democratise social relations but to increase the power of capital. The second view imagines a green and democratic reregulation of capitalism ('embedding of markets'), capable of bringing about a significant transformation in the relationship between capital and labour, i.e. an increase in the role of labour vis-à-vis capital. The two views are therefore mutually exclusive, although it should be noted that the key to both is to overcome the previous phase of globalised, market-based neoliberal capitalism and the previous limited role of the state.

It is exciting to observe that the discourse of the illiberal-populist phase does not differ much from mutant neoliberalism at the level of institutional structures. Both are critical of post-crisis capitalism. The difference between them lies mainly in their relationship to neoliberal capitalism. The proponents of mutant neoliberalism are critical of neoliberalism, thus for them the post-crisis period is clearly a continuation of neoliberalism. For most of the scholars who propose the emergence of illiberal-populist phase, the neoliberal period is seen as the normal mode of capitalism, the golden age of liberal democracies and the free market. For them, the post-crisis era is the beginning of a rebellion against this normality. In many ways, the tension between the two perspectives reflects a difference in values.

Probably the biggest problem with the illiberal-populist stream is that illiberalism and populism as an ideology is very heterogeneous and is held by very different groups. The other problem is that the illiberal-populist stream hardly discusses neoliberal capitalism.[49] It mostly suggests that it was the golden age of the free market and does not emphasise its negative tendencies, such as the creation of high inequality, which is partly the reason for today's '*illiberal'* movement. Instead, it sees events as a kind of rebellion of the losers, implying that the right way forward would be to return to the neoliberal era. However, this fails to consider the relevance of Polanyi's insights, i.e. the fact that market-

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[49] This is not true for the approach adopted by Komlos or Nölke.

expanding phases have directly given rise to a counter-reaction. Nevertheless, these criticisms can be avoided if we use the term ‘state capitalism’. At the moment, however, one strand of state capitalism tends to rely on mutant neoliberalism, while the other tends to rely on the illiberal-populist argument. So far, there seems to be no detailed alternative to a third way of understanding this new state capitalism.

The fourth strand is the one that most closely follows Polanyi's theory and sees a return to the regulated welfare capitalism. This kind of view emphasises the importance of transition because, following Polanyi, it is clear that the collapse of a market-expansion period is part of a longer historical process in which fluctuations such as the rise of illiberalism or the gradual decline of neoliberalism are normal. Of course, we can criticise this approach by saying that this kind of double movement is too deterministic. We can only avoid this criticism by emphasising that the emerging regulated phase is not a replica of post-war welfare capitalism. It draws on it, but at the same time transcends it by embodying certain elements of the neoliberal phase. In this case, however, we should conceptualise it in more detail. This detailed conceptualisation is clearly absent from this stream.

Nevertheless, in order to analyse and interpret these interpretations, we must examine them in light of our theoretical framework. In other words, we must ask what these interpretations state about the institutional structures we wish to examine. Specifically, we should consider the role of the state (size, ownership, expenditures and revenues and quality of the government), the capital-capital nexus (competition and market regulation, trade liberalisation and globalisation, financial globalisation and financialisation), the capital-labour nexus (labour market and trade unions, welfare benefits, inequalities and the dominance of capital).

The first interpretation argues that neoliberalism is still intact; therefore, neoliberal institutional structures (IS) are still dominant. In this case, we can make an important quantitative statement about the role of the state: its size, ownership and regulatory role should decrease or stagnate. The state should minimise its involvement in the economy by avoiding industrial policies and interventions. There is a tendency to reduce state regulation, ownership, and welfare functions. As the quality of government is not defined in this case, any shift could be consistent with this interpretation. In a capital-capital relationship, continued dominance of the neoliberal IS would mean that trade liberalisation and globalisation (hyperglobalisation) would continue at the same pace. Competition regulation would decrease or stagnate. The role of financial globalisation and financialisation would continue, with a significant shift towards the dominance of financial capital over industrial capital. In the capital-labour nexus, capital continues to dominate, resulting in the dismantling of trade unions, a reduction in welfare benefits, and an increase in inequalities.

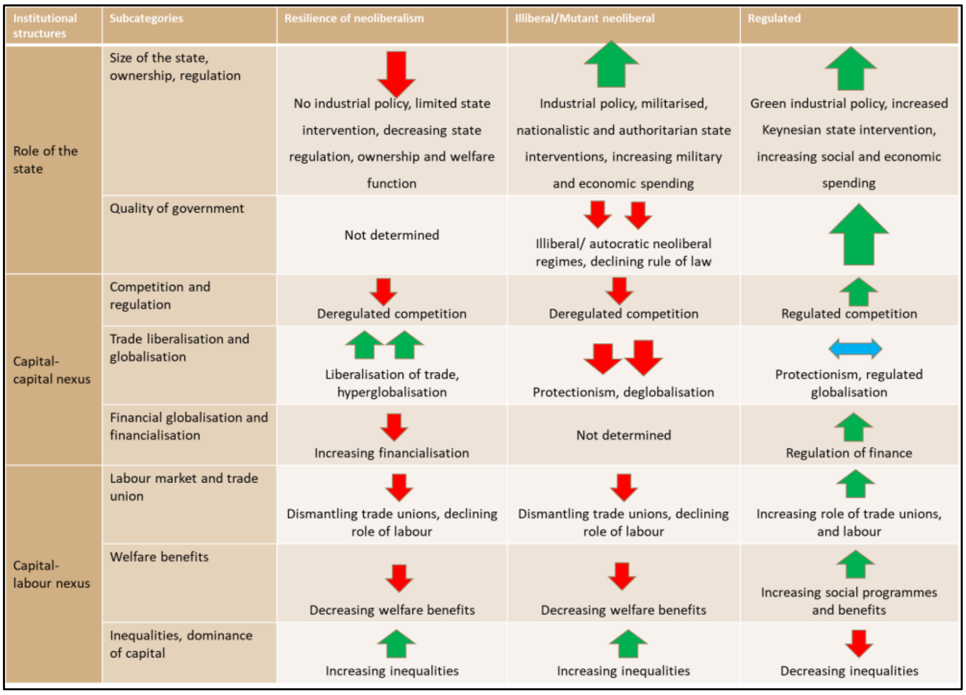
By contrast, the second (mutant neoliberal) and third (illiberal-populist) interpretations envisage clear changes to institutional structures. The role of the state increases, with militarised, nationalist and authoritarian interventions being used to secure the position of capitalists. The state's expenditure and revenue, as well as its regulatory role, should also increase. This should mainly be reflected in economic expenditure (industrial policy) and military expenditure (militarism). In this scenario, governance deteriorates in quality, becoming increasingly authoritarian and illiberal, and the rule of law is weakened. A clear deglobalisation process would begin, characterised by increasing protectionism, renationalisation and reduced competition regulation. This interpretation does not clarify the role of financial globalisation and financial capital. Similar to neoliberal IS, the capital-labour nexus is characterised by the dominance of capital, weak trade unions, a reduced welfare state and increasing inequalities. Therefore, this interpretation does not foresee any changes in this respect. Overall, to accept this interpretation, we should see rising authoritarian state interventionism, clear deglobalisation, protectionism, and continuity in the capital-labour nexus.

Clearly, the mutant neoliberal and illiberal arguments are indistinguishable, as they both view the same institutional changes from different perspectives. The mutant neoliberal approach interprets these changes from a critical standpoint regarding capitalism and neoliberalism, whereas the illiberal approach interprets this period based on a supportive view of capitalism. Consequently, in our analysis, we will discuss these two interpretations together. However, at the end of our dissertation, when we contrast our results with these interpretations, we will return to the separation of the two views.

Finally, the fourth interpretation (new regulated welfare capitalism) should see changes in institutional structures. Since the state is influenced by green and Keynesian ideas in this case, it plays an active role in the economy through green and social industrial policies aimed at facilitating the green transition, inclusive development, and well-being. Consequently, if there is a shift towards a regulated institutional structure, the role of the state should increase, as should its economic and social functions. In this case, the quality of government should at least remain the same. Globalisation can continue in the case of the capital-capital nexus, but in a more regulated and slower form, with protectionism and renationalisation. Competition regulation should be strengthened, and there should be increased regulation of finance and a growing role for industrial capital. In the case of the capital–labour nexus, we should also see a clear change, with an increasing role for trade unions and regulated labour markets, as well as increasing social protection and welfare benefits. Inequalities and the dominance of capital should decrease.

The difference between the mutant neoliberal, illiberal interpretation and the regulated perspective is that the former involves a clear deglobalisation, whereas the latter only involves a slowdown in the process of globalisation (i.e. regulated globalisation). In the latter, there is a clear change in the capital-labour nexus, whereas in the former there is no change in this respect.

Table 3: Translating interpretations into institutional structures; Source: own elaboration



Institutional structures	Subcategories	Resilience of neoliberalism	Illiberal/Mutant neoliberal	Regulated
Role of the state	Size of the state, ownership, regulation	↓ No industrial policy, limited state intervention, decreasing state regulation, ownership and welfare function	↑ Industrial policy, militarised, nationalistic and authoritarian state interventions, increasing military and economic spending	↑ Green industrial policy, increased Keynesian state intervention, increasing social and economic spending
	Quality of government	Not determined	↓↓ Illiberal/ autocratic neoliberal regimes, declining rule of law	↑
Capital-capital nexus	Competition and regulation	↓ Deregulated competition	↓ Deregulated competition	↑ Regulated competition
	Trade liberalisation and globalisation	↑↑ Liberalisation of trade, hyperglobalisation	↓↓ Protectionism, deglobalisation	↔ Protectionism, regulated globalisation
	Financial globalisation and financialisation	↓ Increasing financialisation	Not determined	↑ Regulation of finance
Capital-labour nexus	Labour market and trade union	↓ Dismantling trade unions, declining role of labour	↓ Dismantling trade unions, declining role of labour	↑ Increasing role of trade unions, and labour
	Welfare benefits	↓ Decreasing welfare benefits	↓ Decreasing welfare benefits	↑ Increasing social programmes and benefits
	Inequalities, dominance of capital	↑ Increasing inequalities	↑ Increasing inequalities	↓ Decreasing inequalities

Table 3 illustrates how these different interpretations can be translated into institutional structures. Red downward arrows indicate a decline in a given area, while green upward arrows denote an increase. Where changes are more pronounced, they are indicated by double arrows. Blue horizontal arrows pointing in both directions indicate stagnation. In cases where a given interpretation does not provide specific guidance, the label '*not determined*' is used. This table is crucial to our thesis, as it will be used in the subsequent chapters to contrast the empirical findings with the existing interpretations.

5 METHODOLOGY

5.1 Research aims and question

After reviewing the literature, outlining our own theoretical framework and presenting the debates about the post-crisis phase of capitalism, we can now begin our own empirical investigation in the following chapters. The most important question for the contemporary phases of capitalism theory is what new phase has emerged after the Great Recession of 2008, and whether we can even speak of a transformation. As we have seen, there is a debate in the literature about the nature of the post-crisis phase, but we could witness a lack of studies with detailed empirical investigation or comparing the validity of existing approaches. The aim of this dissertation is to fill this gap and to provide ***a theoretically guided and empirically informed interpretative framework for describing the post-2008 crisis period.*** To do this, we must also examine the validity of the interpretations presented in the previous chapter.

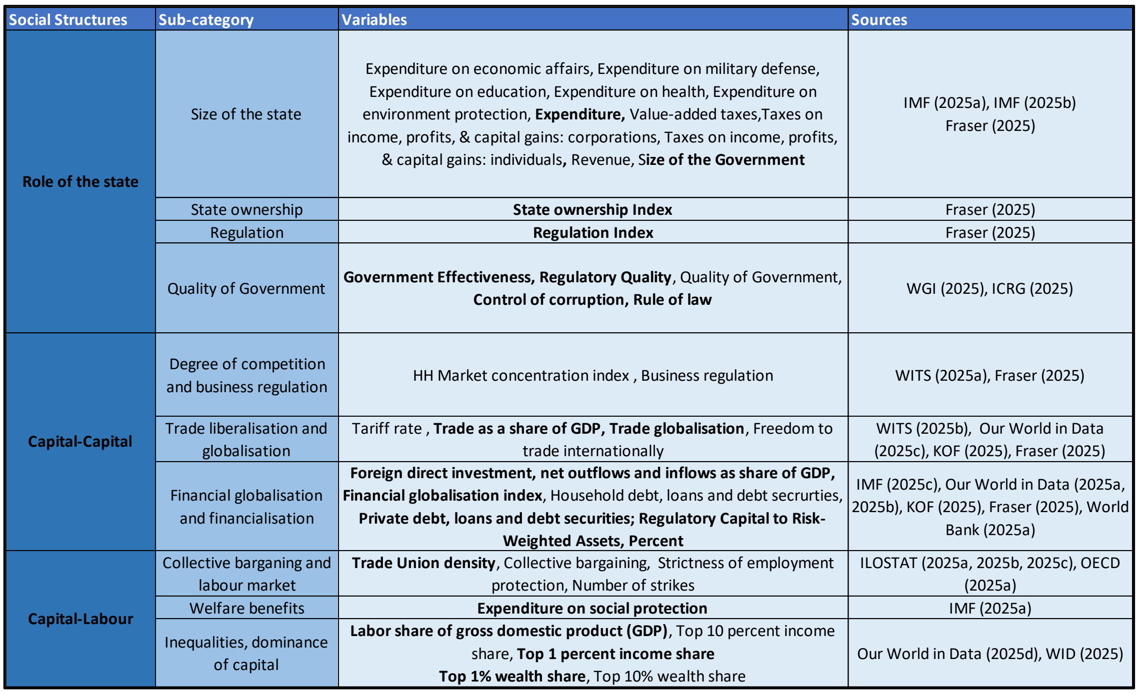
As we outlined in the Introduction, our general research question is as follows: how has the phase of capitalism changed since the global financial crisis of 2008 (if it changed at all)? However, as explained in the theoretical sections, our extended Polanyian approach focuses mainly on changes in institutional structures. Therefore, ***our specific research question is: how have institutional structures (role of the state, capital-capital nexus, capital-labour nexus) changed after the 2008 crisis?***

We will answer this question using two methods. First, we will provide an illustrative global overview, focusing specifically on the measurable elements of change. The aim of this section is to illustrate the global changes. in institutional structures. This analysis is deliberately illustrative, as it is impossible to analyse all countries in great detail. However, it provides an overview of the trends occurring in the global economy. However, change is not only quantitative; it can also be qualitative. To address this, we will provide a deeper analysis through case studies. For this deeper analysis, we will conduct a detailed study of the institutional structures of two countries, the US and Poland, using quantitative data, public policy analysis, and processing literature and newspaper articles. Overall, our mixed-methods approach can make a significant contribution to current debates by going beyond the analyses based on sporadic empirical observations that are common in the current literature.

5.2 Illustrative global overview: Data and methodology

The research process of the illustrative global overview consisted of four phases: ***data collection, data processing, data analysis and description of results.*** The first step was an extensive **data collection** of variables related to the three aspects we are examining: the role of the state, capital-capital nexus, and capital-labour nexus. During the data collection phase, we examined global databases in order to present data with as much coverage as possible. The data collection phases resulted in the collection of 40 variables from 15 databases. These variables and their availability are presented in Table 4.

Table 4: Variables and their availability; Source: Own elaboration



Social Structures	Sub-category	Variables	Sources
Role of the state	Size of the state	Expenditure on economic affairs, Expenditure on military defense, Expenditure on education, Expenditure on health, Expenditure on environment protection, **Expenditure,** Value-added taxes,Taxes on income, profits, & capital gains: corporations, Taxes on income, profits, & capital gains: individuals**,** Revenue, **Size of the Government**	IMF (2025a), IMF (2025b) Fraser (2025)
	State ownership	**State ownership Index**	Fraser (2025)
	Regulation	**Regulation Index**	Fraser (2025)
	Quality of Government	**Government Effectiveness, Regulatory Quality**, Quality of Government, **Control of corruption, Rule of law**	WGI (2025), ICRG (2025)
Capital-Capital	Degree of competition and business regulation	HH Market concentration index , Business regulation	WITS (2025a), Fraser (2025)
	Trade liberalisation and globalisation	Tariff rate , **Trade as a share of GDP, Trade globalisation**, Freedom to trade internationally	WITS (2025b), Our World in Data (2025c), KOF (2025), Fraser (2025)
	Financial globalisation and financialisation	**Foreign direct investment, net outflows and inflows as share of GDP, Financial globalisation index**, Household debt, loans and debt secrurties, **Private debt, loans and debt securities; Regulatory Capital to Risk-Weighted Assets, Percent**	IMF (2025c), Our World in Data (2025a, 2025b), KOF (2025), Fraser (2025), World Bank (2025a)
Capital-Labour	Collective barganing and labour market	**Trade Union density**, Collective bargaining, Strictness of employment protection, Number of strikes	ILOSTAT (2025a, 2025b, 2025c), OECD (2025a)
	Welfare benefits	**Expenditure on social protection**	IMF (2025a)
	Inequalities, dominance of capital	**Labor share of gross domestic product (GDP)**, Top 10 percent income share, **Top 1 percent income share** **Top 1% wealth share**, Top 10% wealth share	Our World in Data (2025d), WID (2025)

In examining the role of the state, we selected indicators along four interrelated dimensions that are central to the conceptualisation of the competing interpretations analysed in the dissertation: the size of the state, state ownership, regulation, and the quality of government. Together, these dimensions allow us to capture not only the quantitative expansion or contraction of the state, but also qualitative changes in how state power is exercised and institutionalised. While the quality of government dimension is not explicitly developed in the theoretical chapters, we concluded that its inclusion is analytically necessary. Different interpretations imply distinct trajectories with regard to institutional quality. In particular, the illiberal interpretation explicitly anticipates a deterioration in the quality of government, reflected in declining rule of law, weakened regulatory oversight, and reduced government effectiveness. By contrast, under the regulated interpretation, increased state intervention is not expected to coincide with a systematic decline in institutional quality. Including this dimension therefore allows us to empirically distinguish between these competing trajectories and assess whether expanding state involvement is accompanied by institutional degradation or, alternatively, by institutional consolidation.

To capture changes in the size of the state, we analysed both government expenditure and revenue. Importantly, we evaluated not only their absolute levels but also their internal structure, as significant shifts in the composition of public spending may signal a departure from the neoliberal policy regime even in the absence of dramatic changes in aggregate size. This approach enables us to detect more subtle forms of state transformation. In addition, we included Fraser's composite index of government size to provide a standardized and internationally comparable measure. Indicators related to state ownership and regulation were also drawn from the Fraser database, allowing us to assess whether changes in state involvement extend beyond fiscal measures to include ownership structures and regulatory practices. The final group of indicators captures the quality of government, including measures of government effectiveness, rule of law, regulatory quality, and control of corruption. These indicators allow us to assess whether changes in the role of the state are associated with broader transformations in governance capacity and institutional credibility.

In analysing the capital–capital nexus, we collected indicators across three core dimensions: the degree and regulation of competition, the extent of trade liberalisation and globalisation, and financial globalisation and financialisation. These dimensions correspond directly to the central mechanisms through which neoliberal capitalism has been reproduced since the 1980s, and therefore allow us to assess whether these mechanisms have been reinforced, modified, or partially reversed. Regarding competition and market regulation, we analysed the Herfindahl–Hirschman Index (HHI) alongside the Fraser business regulation index, which captures regulatory constraints on competition and business activity. This dimension is particularly challenging to analyse quantitatively, as concentration and regulatory change often interact in complex and non-linear ways. For this reason, quantitative indicators are complemented by qualitative analysis (see next section). An increase in the HHI indicates rising concentration and declining competitive pressures, while a decline in the business regulation index may signal deregulation and reduced oversight. To assess trade liberalisation and globalisation, we included a range of indicators: tariff rates, trade as a share of GDP, the KOF composite index of trade globalisation, and Fraser's indicators of trade freedom. Together, these measures allow us to evaluate whether the phase of hyperglobalisation, which began in the 1980s, has persisted or whether signs of fragmentation and selective re-regulation have emerged. With regard to financial globalisation and financialisation, we included indicators such as foreign capital inflows and outflows, the KOF index of financial globalisation, private sector and household debt ratios, and the regulatory capital of the banking system. These indicators capture both the scale of cross-border financial integration and the domestic prominence of finance, enabling us to assess whether the financial sector has retained its central role or whether financialisation has begun to recede in the post-crisis period.

Finally, in examining the capital–labour relationship, we collected three groups of indicators that together capture institutional, distributive, and welfare-related dynamics. First, in relation to collective bargaining and labour market institutions, we analysed collective bargaining coverage, trade union density, employment protection legislation, and the number of strikes. These indicators allow us to assess whether there has been a departure from neoliberal labour market trends characterised by deregulation and declining worker bargaining power. Second, we examined the extent of the welfare state through indicators of social protection expenditure, capturing the redistributive and protective role of the state. Third, to analyse distributional outcomes between capital and labour, we collected data on labour's share of GDP and various measures of inequality, such as the income or wealth share of the top 10 per cent. Together, these indicators allow us to assess whether shifts in institutional arrangements are accompanied by changes in distributive outcomes.

In our analysis we looked at 58 countries. In selecting the countries, we considered three aspects. 1. Data availability, i.e. data was available in most of the databases we collected. Not all countries are included in each database; these missing values are indicated in the Table A6 (see Appendix). 2. We have chosen countries that have a significant impact on other countries, i.e. they have significant economic power and are therefore able to represent global changes well. 3. We chose at least one country from each continent, in order to maintain the global focus of the research.

Taking these aspects into account, the countries listed in Table A5 in the Appendix were included in the analysis. Most countries are high-income European countries (34), which we consider acceptable for theoretical and technical reasons. Technically, these are the countries with the most advanced statistical system, so it is natural that we have access to more data here. It is also theoretically justifiable. European countries are the most developed countries in the world and therefore have the greatest influence on global processes. These countries are at the forefront of the capitalist division of labour, so the institutional changes that take place in them determine the economic conditions to which developing countries also must adapt. They therefore have a huge impact on the whole world economy. If the emergence of a new type of institutional structure can be demonstrated in these countries, it will have an impact on global capitalism. The significance of the countries under scrutiny is evidenced by the observation that, according to IMF (2024) data the 58 countries under investigation accounted for 80.3% of global GDP in 2023 (see Figure A1 in the Appendix). This indicates that the trends examined exert a substantial influence on the global economy, thereby ensuring the capacity of our research to effectively discern global shifts.

In this study, the 58 countries were grouped into three categories according to their level of development. The International Monetary Fund's (IMF) GDP per capita (purchasing power parity (PPP)) data for 2023 were used to create the three groups. The 20 countries with the highest GDP per capita are classified as high developed, the next 19 as medium developed and the last 19 as low developed. It should be noted that these categorisations are relative positions between the countries studied and do not correspond to the global levels of development defined by the World Bank.

As we want to look at the changes after the 2008 crisis, we focused our analysis on the years 2007 and 2019 and looked at the changes in the variables over this period. 2007 was the last year before the great economic crisis, thus it is worth choosing that as a starting point. We chose 2019 because it is the last year of the post-crisis period before the COVID. COVID has created special circumstances around the world, so looking at data for 2020 and 2021 might distort the analysis. However, data for 2022 and 2023 are only available in a few databases, so the choice of 2019 is also technically justified. Nevertheless, where data are available, we will also look at data after the COVID pandemic.

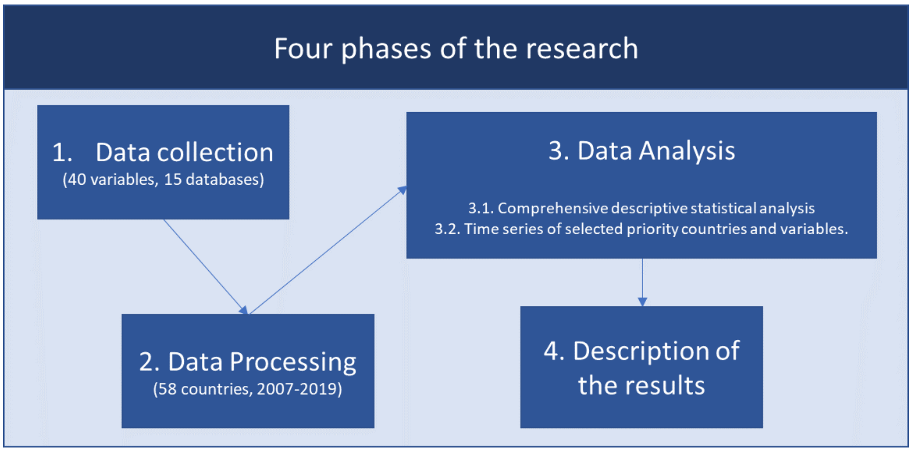
In the second**, data processing phase** of the research, we produced the final data tables from the selected databases, which already contained the data for the 58 selected countries, as well as the data for the two selected years 2007 and 2019. During the data processing phase, we had to replace data in some places because they were missing from the database. In certain instances, data from 2008 or 2011 has been employed instead of 2007 data. In some instances, it was deemed inappropriate to make comparisons between the data sets from 2007 and 2019, as this would have resulted in the generation of misleading results due to the high volatility inherent in the statistics. This was the case with regard to the statistics on foreign direct investment (FDI) inflows and outflows, where a three-year average was calculated instead of individual years. This approach served to eliminate the problems arising from the volatility of capital flows. Furthermore, with regard to the debt ratios of the households and private sector, the decision was taken to use 2011 data, rather than 2007 data, to avoid any misleading comparisons. In some cases, the data have been modified. For example, in the case of the World Governance indicator, the entire data series has been shifted upwards by 3 for ease of calculation, thus that the scale of the data is between 0 and 6 instead of -3 and 3. We have also modified the Fraser Institute data. The reason for this was that, for example, the Fraser size of government indicator indicates the smaller states with the larger number, thus it required a reverse interpretation. To make it easier to interpret the results, we have reversed the order of these indicators. All these changes are indicated in Table A6, which shows all the steps of data modification and cleaning, available in the Appendix.

The third phase was **data analysis**. We chose descriptive statistical analysis as the method of analysis. The analysis process consisted of two steps:

1. Comprehensive descriptive statistical analysis: In this part, we examined the changes in all variables and countries between 2007 and 2019. We calculated the global average relative (i.e. percentage) change in each variable. In addition, we calculated whether the change was in line with the global average in most countries. This was important because it enabled us to determine whether the global average was the result of extremely high change in just a few countries. The summary tables show the percentage of countries that experienced increase in the given index for this purpose. A change in the global average can only be considered valid worldwide if a similar shift occurs in the majority of countries. Furthermore, the mean values for the three developmental categories were calculated, which enables the identification of differences between the various developmental levels. These results have been summarised in a comprehensive table of results, which gives an overview of the trends in the countries and time periods studied.

2. Time series of selected priority variables: In addition to the comprehensive analysis, we considered it important to present time series from 2007 to 2019 (or even longer) to show the direction of change. At the same time, due to limitations in scope and data availability, these time series have only been calculated for 20 indicators. These indicators are referred to as priority indicators. In addition, to make the figures easier to interpret, we have used only the averages. In selecting the priority indicators, we considered that at least one indicator should be related to each of the institutional structure elements presented above. In addition, the database should be suitable for the creation of a time series data. The priority indicators are highlighted in bold in Table 4.

Figure 6: Phases of the research; Source: Own elaboration



The fourth phase of the research was **<u>the description of the results</u>**, in which the results were explained in Chapter 6. In our data description, we contrasted the empirical results with the existing interpretations, which are presented in Table 3. The phases of the research are shown in Figure 6.

5.3 Case study methodology

5.3.1 Case-selection

In the second part of our research, we will analyse in detail two generalisable, high-impact country cases to examine changes in institutional structures.

Before introducing the case study methodology, it is important to examine the criteria for selecting the two cases. The first selection criterion was that the chosen country should be highly generalisable, i.e. it should serve as a model for other nations. This is closely linked to the second criterion: the case should have high impact, i.e. the country should have a significant influence on global processes and play a decisive role in shaping the course of change. Moreover, to ensure that the case studies adequately reflect the transformations within the global capitalist system, it is essential to analyse countries positioned in different structural roles within the world economy. This justifies the selection of at least two case studies. Choosing two cases also allows for a comparative analysis, allowing for insights to be drawn from cross-case comparisons.

However, selecting more than two cases would introduce excessive heterogeneity in the results, making interpretation more difficult. In addition, conducting in-depth case studies is very time and data intensive, so from an efficiency and effectiveness perspective, two cases are the most appropriate choice. Another key criterion for selection is that the chosen cases should have been deeply embedded in the neoliberal capitalism, as this allows for an examination of whether meaningful change occurred after the 2008 crisis. Additionally, the availability of data and relevant literature is crucial for producing high-quality case studies. Finally, a strong indicator of a case's relevance is whether the country's capitalist model has been the subject of significant academic debate since the 2008 crisis, as this signals its importance in understanding post-crisis transformations. Considering these criteria and the author's previous research background, we have concluded that the *United States and Poland* are suitable choices for the case studies. In the following, we present the main theoretical and practical justifications for selecting these countries.

At least seven key arguments support the selection of the United States as a case study:

1. **Global hegemony**: The most important reason for choosing the USA is that it has been the hegemonic state of the past century (Arrighi, 1994), and as a result, it has a significant impact on the entire global economy. Without examining changes in the USA, it is impossible to understand the changes occurring in global capitalism. The hegemony of the USA is manifested in at least six different areas. The first is economic power, which is reflected in the fact that according to IMF, the USA is still the world's largest economy in nominal and real GDP (see: IMF, 2024). This is further strengthened by the fact that, based on market capitalization, 66 of the world's 100 largest companies are American.[50] The second is military power, which is evident in the fact that while the USA spends approximately 787 billion dollars annually on its military, its rival China spends only 252 billion dollars (Győrffy, 2021). In addition, the USA's influence within the NATO alliance system makes its power even stronger. The third factor is financial power, with the dollar still being the most important reserve currency in the world. In 2023, 58.41% of all reserves were denominated in dollars, with the euro coming in second at only 19.98%.[51]. The fourth factor is the USA's institutional hegemony. After World

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[50] https://www.corporateinformation.com/Top-100.aspx?topcase=b#/tophundred

[51] https://data.imf.org/regular.aspx?key=41175

War II, the international institutional system was built under US leadership, with the USA being a key player in the IMF, the World Bank, and the UN. As a result, the USA exerts significant influence on the global economy through these institutions. The fifth element is the USA's technological leadership. The USA continues to lead global technological development, and its companies greatly influence global market operations. In the space industry, which is one of the most important technological driving sectors, US investments far exceed those of other countries. In 2022, the USA spent 61.97 billion dollars on this, while China spent only 11.9 billion dollars.[52] The sixth element is the difficult-to-measure cultural hegemony, with a key channel being the film industry, with Hollywood continuing to be its centre. In 2024, 1,163 films were produced in the USA, a number no other country could come close to.[53] Through cultural exports, the USA also shapes the patterns of other countries.

2. **Highly-developed:** The second argument for choosing the US is that it is one of the most developed countries in the world and, as a result, it is where capitalism appears in its most advanced form. Consequently, any potential changes in capitalism are likely to be manifested first in the US. According to our theory, one of the key elements of the phases of capitalism is technology, and the US plays a significant role in shaping its development. As a result, technology-induced changes are likely to be felt first in the leading technological states and then to spill over to countries that adopt these technologies.

3. **Central Role in Neoliberalism:** The third argument is that the US was the epicentre of the development of neoliberal capitalism. Together with the UK, it was here that the neoliberal ideology, which can be linked to the presidency of Ronald Reagan in the US, first broke through. Most of the thinkers who defined the ideological and theoretical foundations of neoliberal capitalism either worked in the US (such as F.A. Hayek) or were American (such as Milton Friedman, Arthur Laffer, George Stigler, Robert Lucas, etc.). Therefore, if there is a discernible change in the US after the 2008 crisis, it clearly indicates a shift away from the neoliberal era.

4. **2008 Crisis Epicenter**: The fourth argument is that the epicentre of the 2008 crisis was also the US. In the autumn of 2008, the collapse of Lehman Brothers

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[52] https://www.statista.com/chart/29454/governments-with-the-largest-space-budgets/

[53] https://www.the-numbers.com/movies/country-breakdown/2024

triggered the great financial crisis of 2008. Therefore, in works analysing the post-2008 world, it is essential to examine the country that served as the starting point of the crisis.

5. **Liberal market economy:** The fifth argument is that the US is described in the literature on comparative capitalism as a liberal market economy (Hall and Soskice, 2001). According to this view, the role of the market is more significant and state intervention is more limited, making the US economic model relatively close to the spirit of the neoliberal era. In this sense, if we can show an increase in state involvement in a liberal market economy, it strengthens our argument for overturning the neoliberal system.

6. **Academic Significance:** Another argument is that the US is often used as a case study in the literature on the phases of capitalism. This follows from the fact that one of the important forerunners of the literature on the phases of capitalism was Marx, who used the most developed state of his time, the United Kingdom, as an example. Since the USA became the most advanced economy in the 20th century, it has become the central example for researchers studying the phases of capitalism. Baran and Sweezy (1966), for example, use America to show the emergence of monopoly capitalism, while Galbraith (1967) uses America to show the overcoming of classical capitalism. Arrighi (1994) places the US at the centre of his description of 20th century capitalism, and Kotz (2015) uses America as a model to outline the main features of neoliberal capitalism, to name but a few. America therefore serves as a crucial case study in the literature, and it is worth following this tradition.

7. **Political-Economic Shifts**: Finally, the selection of the USA is further justified by the significant economic and political upheaval that followed the 2008 crisis, generating intense debates in the literature regarding the future of American capitalism. This period was marked by movements and events such as Occupy Wall Street, the revolutionary wave of the Black Lives Matter movement, the election of Donald Trump as president, and the attack of the Capitol. These social movements all raise the question of shifts in the phases of capitalism, making the USA a case study that can provide crucial insights into these transformations.

At least six key arguments support the selection of Poland as a case study:

1. **Semi-periphery position:** Global conclusions are greatly facilitated by examining two countries with different structural roles in the world economy. It is therefore important to choose not only a country in a hegemonic position, such as the United States, but also one in a semi-peripheral position in the world economy's division

of labour. Poland is such a country, and its inclusion can strengthen our argument. Moreover, the choice of the semi-periphery is theoretically significant for another reason. As the literature on world system analysis emphasises (see: Arrighi, 2014), the force of transformations in the world system usually comes from the semi-peripheral level. This is partly because countries in the core often struggle to adapt to ongoing changes due to their institutional stability and path-dependency. In the semi-periphery, institutions tend to be less stable, allowing for more rapid, revolutionary change. Unlike the periphery, semi-peripheral countries are not completely vulnerable, but have sufficient resources to better enforce their changes within the world system. Thus, the semi-periphery often serves as a precursor to new institutional changes. This further supports the decision to choose a semi-peripheral country as the second case study, with Poland being a suitable choice in this respect.

2. **Integration into neoliberalism:** The choice of Poland is reinforced by the fact that Central and Eastern Europe, and Poland in particular, played a significant role in the neoliberal transformation (Appel and Orenstein, 2018). As Antal (2021) points out, the region served as a kind of laboratory for the application of neoliberal theories even before the regime change. Neoliberal capitalism has strongly influenced the ethos of the region. This influence was particularly strong because the region's disillusionment with socialism and gradual shift to capitalism coincided with the emergence of neoliberal capitalism. After the regime change, the capitalism that emerged in the region was heavily shaped by the neoliberal theories and practices of the era. The regime change also provided an opportunity for the countries of the region to break completely with their previous institutional systems and to adopt the core elements of neoliberal capitalism in its most open form. Central and Eastern Europe was essentially the cradle of neoliberalism, where it had one of its most extensive impacts, which justifies the study of Poland.

3. **Dependent market economy:** Given the profound impact of neoliberal capitalism on the region, it is no coincidence that the model of capitalism in the region has been heavily influenced by it. As Bohle and Greskovits (2012) argue, the models of capitalism in the region are fundamentally neoliberal, although they differ in their degree of embedding. According to another important analysis, the model of capitalism that emerged in the V4 countries, including Poland, after the regime change is a dependent market economy, largely dependent on foreign direct investment (Nölke and Vliegenthart, 2009). The model developed is therefore essentially a consequence of the

globalisation process set in motion by neoliberalism. The model of capitalism in the region is thus fully embedded in neoliberal capitalism, with its structural consequences shaping its creation. In this sense, changes in the model may also reflect changes in the neoliberal era itself.

4. **Most important economy in East-Central Europe:** The choice of Poland is also appropriate because it is not only semi-peripheral and heavily exposed to neoliberalism but also has considerable economic power. Poland is the strongest and largest economy in Central and Eastern Europe, with a significant impact on the region as a whole and, more broadly, on the functioning of Europe. Poland has just become the world's 20th largest economy, so it is not a negligible semi-peripheral country.[54] As such, Poland meets the expectation of selecting a country with significant influence that can serve as a model in the case studies. In contrast, the choice of other regional or semi-periphery countries would be less advantageous, as their smaller size means that their influence is also more limited.

5. **Political-Economic Shifts:** The choice of Poland is further reinforced by the significant international academic debate on the changes in the Polish economic model, which supports the notion that the Polish case may have global implications and effects (see for example: Bluhm and Varga, 2020; Toplisek, 2020; Naczyk, 2022).

6. **Poland and the European Union:** Finally, Poland is a member of the European Union, one of the most important players in the world economy, which significantly shapes global economic processes. Poland also has a notable influence on the Union's policies, so changes in Poland partially ripple through the entire world economy via EU decision-making. Poland's increasing role is becoming ever more evident, especially with Brexit and the Russia-Ukraine war, as the previously dominant Franco-German axis within the EU is now complemented by Poland. Therefore, the Polish case is not insignificant; it is crucial for Europe's future and, through that, influences the entire global economy.

Naturally, every country has its own specific historical trajectory and institutional configuration. However, rather than explaining cross-national differences, the primary objective of this dissertation is to identify shared patterns and common transformations in institutional structures following the 2008 crisis. While selecting a different country case study would lead to slightly different empirical findings, it would not affect the core

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[54] https://notesfrompoland.com/2025/10/15/poland-joining-20-largest-world-economies-imf-figures-show/

theoretical conclusions. To minimise the risks associated with country-specific bias, this dissertation combines in-depth case studies with a global overview to capture broader international trends. Only tendencies that are confirmed across all three levels of analysis are considered structurally significant.

Nevertheless, it is important to briefly consider plausible alternative case selections. Since a key selection criterion was choosing countries with a strong generalisable impact, only relatively large economies with significant institutional influence can be considered. While several smaller economies in East-Central Europe share structural similarities with Poland, Poland represents a more consequential and generalisable case than other countries in the region due to its size, economic weight, and regional influence.

Given its economic and political significance, Germany could also be considered as a potential alternative case. However, this option would conflict with the intention to analyse countries in structurally different positions within the global economy, which is another core selection criterion. Furthermore, the German case would arguably offer fewer insights for the purposes of this dissertation. Institutional path dependence remained particularly strong after the 2008 crisis, and resistance to neoliberal arrangements only became politically salient in more recent years. Moreover, East-Central Europe — and Poland in particular — can be regarded as a more paradigmatic case of neoliberal embedding.

China could likewise be considered an analytically powerful alternative alongside the United States. Yet two substantial limitations argue against its inclusion. First, data availability and transparency pose significant methodological challenges. Second, China's integration into global capitalism followed a highly distinctive development path. While it was deeply embedded in the neoliberal global order, it never represented a typical neoliberal case. Including China would therefore raise fundamental questions regarding the systemic nature of its political economy—namely whether it should be analysed as a variant of capitalism or as a distinct socialist system. Addressing such questions would shift the analysis to a different theoretical level, namely that of system paradigm, which lies beyond the scope of a dissertation focused on phases of capitalism.

Other emerging economies, such as Brazil or India, could also be considered. However, compared to Poland, they offer less reliable and less comprehensive data coverage for the specific institutional dimensions examined here. Furthermore, with regard to neoliberal embedding, Poland again constitutes a more analytically suitable case.

Overall, we therefore argue that the joint selection of the United States and Poland fulfils the fundamental requirements of theoretically informed and methodologically sound case selection. The two cases occupy distinct structural positions within global capitalism, are sufficiently influential to allow for meaningful generalisation, and together provide a robust basis for identifying post-crisis transformations in institutional structures. Possible deviations that might have emerged under alternative case selections will be briefly reflected upon in the concluding chapter.

5.3.2 Data and methodology

The methodology for the second part of our research is a country case study analysis using a mixed methods approach. This means that both quantitative and qualitative analysis will be included to ensure a comprehensive and in-depth examination. The quantitative component will involve data processing and descriptive statistical analysis, providing a measurable basis for the study. In parallel, the qualitative analysis will focus on a thorough examination of government policies, as well as a detailed processing and systematisation of secondary academic literature and newspaper articles. This approach will provide a well-rounded and multifaceted understanding of the changes in the institutional structures that will be examined through the two case studies - the USA and Poland. Since we are interested in the period after the 2008 crisis, the case studies examine the evolution of the two countries from 2008 until spring 2025. This means that we analyse a period of roughly 17 years.

Table 5: Dimensions for the case-studies, Source: own elaboration

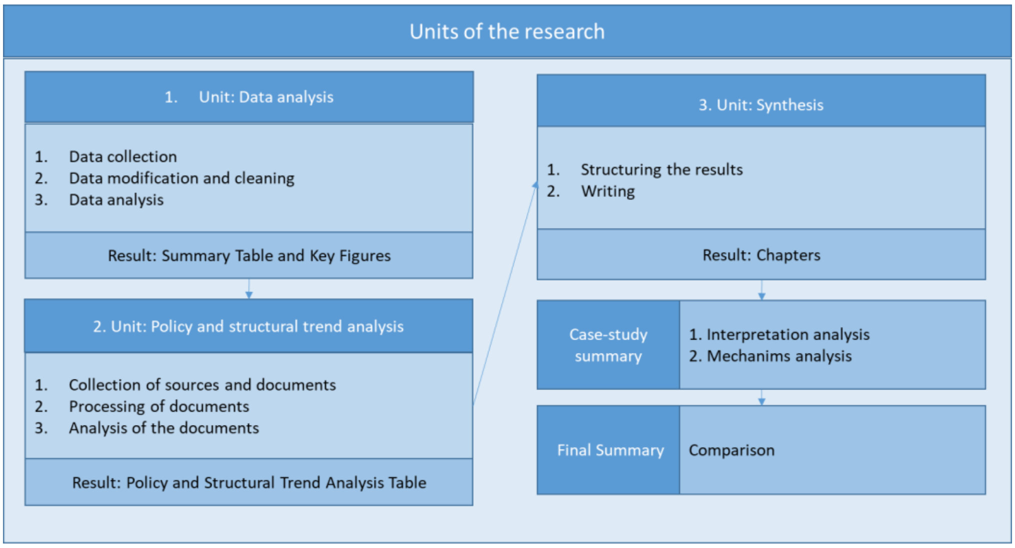
Main dimensions	**Role of the state**	**Capital-Capital**	**Capital-Labour**
Sub-dimensions	The role of the state in the economy Structures of state revenues and expenditures State ownership Regulatory role Quality of governance	Competition and market regulation Trade liberalisation and globalisation Sectoral structure of the economy Financial globalisation and financialisation	Labour market and trade union Welfare benefits Vocational and occupational structure Inequality and dominance of capital

Following the principles defined in the theoretical model, the study will analyse three key factors in the case studies: the role of the state, the relationship between capital and capital, and the relationship between capital and labour. These categories have already been broken down into sub-categories in the illustrative global analysis, and we apply these sub-categories in the case studies (see Table 5). In addition, we include new aspects which are important for a deeper understanding (sectoral structure of the economy, vocational and occupational structure). The development of these sub-categories was based on the Table 3 presented earlier, which will serve as the basis for further analysis, ensuring that the results are comprehensive and accurate from every perspective.

The case studies are divided into three main sections. The first part looks at the *role of the state*, the size of the state, the extent of regulation and ownership, changes in the expenditures and functions of the state and the quality of governance. The second part focuses on the *capital-capital nexus* analysing three aspects. The regulation of competition between capitalists in the internal market. The regulation of competition between foreign and domestic capital, i.e. the extent of trade globalisation and liberalisation. And the relationship between financial and industrial capital, i.e. financial globalisation and financialisation. It also looks at changes in the sectoral structure of the economy. The third part focuses on the *relationship between capital and labour,* covering labour market trends, the welfare state and inequality. It also includes an analysis of the occupational and vocational structure. These dimensions are summarized in the Table 5.

Our research consists of three units, each of which is further divided into sections. Figure 7 summarises the process and units of the case study research.

Figure 7: The process and units of the case study research; Source: own elaboration



The first unit is the ***data analysis***, where all variables listed in the illustrative global overview were examined for both countries. However, in several cases, in order to ensure better data quality, we relied on data from national statistical offices (or, in the case of Poland, from Eurostat), as opposed to the global analysis, where globally comprehensive databases were used. Furthermore, owing to improved data availability, the analysis covers a longer time interval, which strengthens the robustness and relevance of the findings. An additional novelty of this analysis is the inclusion of variables that are not available in the global analysis. These include, for instance, property income revenue as an indicator of state ownership, the balance sheet of the national bank as a proxy for the state's role in monetary policy, as well as a more detailed breakdown of government expenditures. With regard to capital–capital relations, trade in services is included to facilitate the analysis of globalization, while non-performing loans are used as an indicator related to financialization. In the case of Poland, FDI stock was analysed in addition to FDI inflows and outflows, while for the United States the current account balance was also incorporated into the analysis of globalization. In both countries, the share of jobs in industry was examined, alongside an analysis of the sectoral structure of the economy, in order to better understand changes in the financial and industrial sectors. In the context of capital–labour relations, for the United States work stoppages were analysed instead of number of strikes; trade union density in the manufacturing sector was also examined, alongside the median wage. In both countries, the share of the population with tertiary education and a detailed analysis of the employment structure were included, as these factors play a crucial role in shaping workers' positions and, consequently, capital–labour relations. In addition, employment in health care and social assistance was also analysed as an indicator of the welfare state. In the case of Poland, the income share of the bottom 50 per cent was additionally analysed. Altogether we analysed ***61 variables for the US and 60 variables for Poland which can be found in the Table A7 (USA) and A8 (Poland) in the Appendix.***

The data analysis unit consists of three main parts: first, the search and collection of the data, followed by data processing, which included cleaning and modifying the data. Any changes made to the data are listed in the Table A7 and A8 the Appendix. The third part is the analysis of the data, where ***summary tables*** for the three institutional structures were created to express the directions of change. These tables report percentage changes for the periods 2007–2019 and 2007–2022/2023 (depending on data availability). In the tables, increases are indicated in green and decreases in red. In addition, to enable a more in-depth analysis, ***key figures*** were produced for several variables and included either in the main text or in the Appendix. These figures present longer time-series data that we consider particularly informative for illustrating the observed transformations.

The second unit involves a ***policy and structural trend analysis***. In this section, we analysed non-quantifiable changes related to each institutional structure that occurred in government legislation and regulation. Moreover, it focuses on the identification of non-quantifiable but present structural trends, which may include social changes, movements and tendencies that are not related to government regulation, but which affect and influence the dimensions we are studying. To identify these trends, we used mainly secondary academic literature (50 in US and 98 in Poland), legislation documents (68 in US and 42 in Poland), and newspaper sources (152 in US and 80 in Poland). These, however, refer only to the literature and data sources that were ultimately used in writing the case studies; in fact, a much more extensive body of material was collected, from which the final selection was drawn. The overview of the main collected and examined data sources is available in Table 6. This analytical unit is also divided into three parts: the first part involved collecting the documents, followed by their processing, and finally, the creation of ***public policy and structural trend analysis tables***, which summarize the crucial changes for each institutional structure in the respective country.

Table 6: Data for the policy and structural trend analysis; Source: own elaboration

Country		Policies	Secondary academic literature	Secondary newspaper articles and analysis
United States	Collected	200	102	319
	Used	68	51	159
	Main sources	www.govtrack.us www.congress.gov Obama, Trump and Biden White House	Journal articles, books, book chapters	VOX, CNN, npr, NBC, Los Angeles Times, Financial Times, Reuters, Politico, Wall Street Journal, Washington Post, Times, The New York Times, The Hill, CNBC, Huffpost, AP, Investopedia, Tax Policy Center, Peterson Institute For International Economics
Poland	Collected	166	162	524
	Used	42	99	82
	Main sources	Notes from Poland, PAP, PAP Biznes, ISAP – Internetowy System Aktów Prawnych	Journal articles, books, book chapters	Notes from Poland, PAP, PAP Biznes, DW, Euractive, Guardian, Politico

The third unit of the research is the synthesis of the previous two units, where the results were structured, and then these were described in detail.

In addition to the three units related to the specific case studies, the research included a further summary-type analytical section, in which two additional analyses were performed:

1. **Interpretation analysis:** After each case study, an interpretation analysis was also conducted, where the results of the case study were compared with the existing interpretations (see Table 3).
2. **Mechanism analysis:** It also involves a mechanism analysis, where, based on case-studies we aimed to uncover the main causes behind the presented changes. Theoretically, we relied on the mechanisms presented in the theoretical part of the thesis (see Table 2).

Following the two case studies, the research concluded with a final summary chapter (Chapter 8). This chapter compares the two case studies and the illustrative global analysis. Changes that pointed in the same direction in all three analyses were identified at this stage. These were termed ***'core changes'*** and were used for the new interpretation. A ***final summary table*** was created for this purpose. This was then compared with the existing interpretations. This chapter also shows the main differences between the cases. The presentation of the new interpretation based on the 'core changes' is the task of Chapter 9.

5.4 Limitations

The main difficulty of the illustrative global overview is the lack of data, which is why we could not carry out an analysis for all countries in the world. Therefore, our results do not exactly reflect global trends, but at the same time they are a good approximation, as we have included the most important economies in the analysis. Another limitation is that, due to data gaps, the analysis is carried out until 2019, which means that the development of trends can only be seen in the early stages. In the post-COVID period, many trends intensified, thus it will be necessary to continue the analysis as data availability improves. Until then, we can say that if a noticeable shift has already taken place by 2019, this confirms the fact of change. In addition, for some variables we worked with a smaller sample due to data gaps, which again limits the generalisability of our results.

For these reasons, we do not want to create the impression that this global overview provides a ready-made solution for describing the phase of capitalism following the 2008 crisis. We cannot do so because institutional structures are at the centre of our thesis and we focus on their change. Of course, this does not mean that we do not consider the other aspects developed in the theoretical framework, but at the same time their detailed analysis would go beyond the scope of our dissertation. Therefore, our contribution is to provide a global overview with 40 variables of the changing institutional structures after the 2008 crisis, which can serve as a reference point in the discussion of mutually exclusive interpretations of the post-crisis era. We therefore refer to it as an 'illustrative' global overview, which provides a broad picture of the basic trends prior to the two more in-depth case studies.

The case study methodology naturally has several limitations, five of which are particularly worth highlighting.

1. **Limited Generalizability** – Since case studies focus on specific countries, their findings may not be directly applicable to other contexts. While the selected cases (the USA and Poland) are significant and structurally different, they cannot fully capture the diversity of global capitalism.

2. **Selection Bias** – The choice of case studies naturally influences the results. Poland and the US were selected on the basis of a well-structured argument about their relevance to global economic trends, but different cases could lead to different conclusions. This raises the question of whether the findings reflect broader global patterns or are specific to these countries.

3. **Data Limitations** – The availability and reliability of data vary across different sources. While the study employs both quantitative and qualitative analysis, gaps in historical data, inconsistent reporting standards, or missing variables could affect the accuracy of the conclusions.

4. **Complex Causality** – Economic and political changes result from multiple, often interdependent factors. While the study aims to identify structural shifts, pinpointing precise causal mechanisms is challenging. The mechanisms identified are therefore not completely independent.

5. **Temporal Constraints**: Another limitation is that the examined processes continue to evolve even as the research reaches its conclusion. At a certain point, the study must be finalized, meaning that the most recent developments are only incorporated up until the research is completed. This presents a challenge, particularly in a rapidly changing global environment where significant shifts can occur in a short period. This issue is especially relevant in the case of the United States, where Trump's new term could introduce substantial deviations from previously observed trends. However, it is crucial to emphasize that our research does not focus on surface-level fluctuations but rather on underlying structural changes, which tend to be more persistent. As a result, despite short-term volatility, our analysis remains capable of capturing long-term trends effectively.

6 THE ILLUSTRATIVE GLOBAL OVERVIEW

In this chapter, the results of the illustrative global overview are presented in the order of institutional structures. First, the role of the state is dealt with (Chapter 6.1), followed by the capital-capital nexus (Chapter 6.2) and finally the capital-labour nexus (Chapter 6.3.) in a separate subsection. The last chapter will provide a summary, in which the primary research findings will be synthesised and contrasted with the interpretations presented earlier (Chapter 6.4.).

6.1 The role of the state

The results demonstrate that the size of the state has increased following the 2008 crisis, thus confirming the expansion of state involvement. Government expenditure increased by 2.1%, while revenues increased by a more modest 0.3%, though most of the countries under study experienced an increase. The increase in the size of the state is most evidently reflected in the Fraser composite index, which shows an 8% increase in the size of the state.

An analysis of the more detailed time series data also shows that the size of government increased after the 2008 crisis, but declined after the crisis period, but remained at a higher level overall (Figure 8). The post-crisis growth can of course be attributed to the effects of crisis management, which is a natural phenomenon. More importantly, the 2008 crisis has had a lasting, long-term effect on the size of government, which is still higher in 2019 than before the crisis. Although there is a downward trend in expenditure after 2011, according to the Fraser Composite Index, this only occurs after 2015 and then stagnates until 2019. However, the COVID crisis causes a further increase in the size of government, again due to the effects of crisis management, which pushes the size of government even higher than in the 2008 crisis. There is therefore a possibility that the long-term effects of COVID could lead to an even larger size of government in the 2020s than in the 2010s. Successive crises therefore tend to increase the size of government.

Looking at development categories, the results show that the role of the state has increased at all three levels of development. However, expenditure and the Fraser index show the largest increases in low development countries, followed by high development countries. However, in partial contradiction to the trends described above, the size of government revenue has declined minimally in these two categories. The lowest increase in the size of government took place at the middle category, where government revenues increased.

Figure 8: Size of the government and state expenditures; Source: own elaboration based on Fraser (2025) and IMF (2025a)

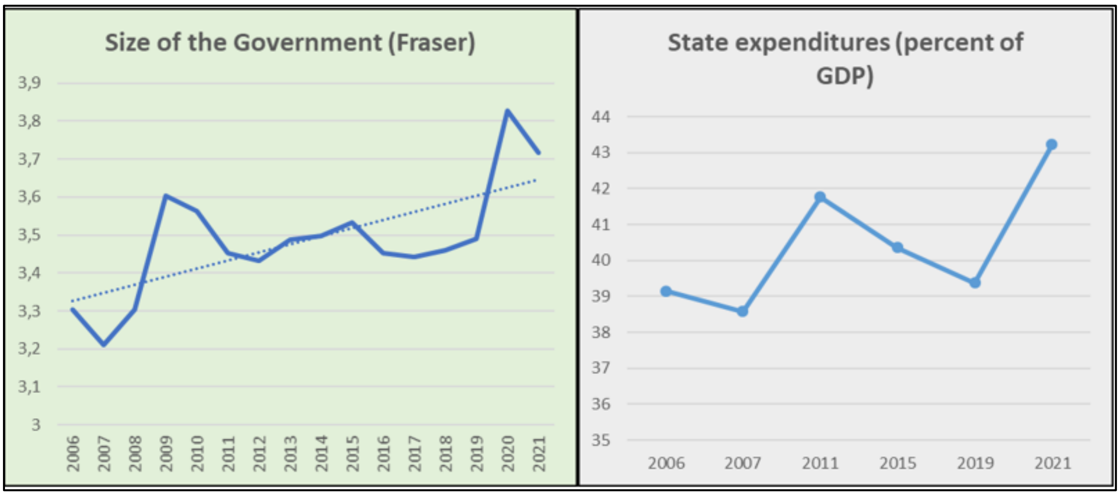
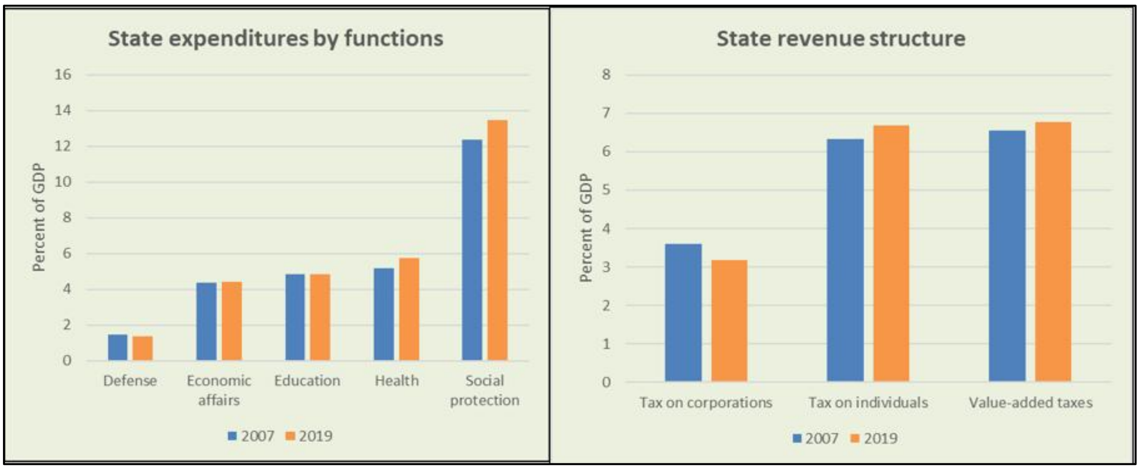


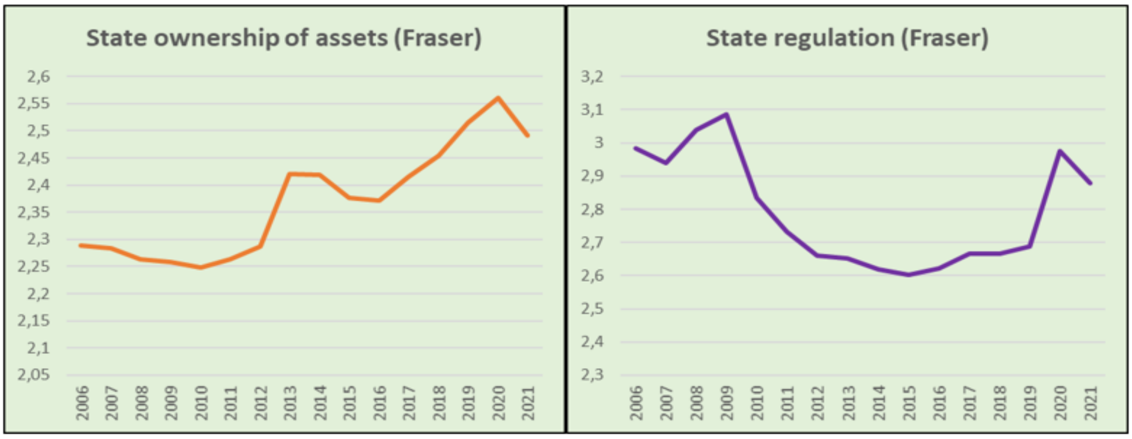
Figure 9: State expenditures and state revenues; Source: own elaboration based on IMF (2025a) and IMF (2025b)



However, the increase in expenditure and revenue did not mean that all expenditure and revenue items increased (see: Figure 9). There was an internal reallocation in both the expenditure and revenue structure between 2007 and 2019. In terms of expenditure structure, this meant that defence spending fell by 6.1 per cent, with only 36 per cent of countries seeing an increase, and it was mostly low-income countries where defence spending also increased. This is also partly due to the fact that these are the countries where total expenditure has increased the most. Other items show increases. However, the increase in spending on the economic affairs (0.9%), education (0.3%) and the environmental protection (1.1%) is lower than the overall growth rate. The latter category is contradictory, as only the medium-developed countries show a significant increase of 4%, while the other two groups show a decrease. On the other hand, there was a high increase in expenditure on health (10,5%) and social protection (8,9%), with significant increases in each of the development categories. It should be stressed that this was before COVID. The increase was most pronounced in the low development group, but all were above the rate of increase in total expenditure.

There has also been a change on the revenue side. In the period following the 2008 crisis, taxes on corporations fell sharply (-11.7%), and this was true of all three development groups. Instead, taxes on individuals and value added taxes increased. Overall, therefore, the tax structure has shifted from corporations to individuals and consumer goods. In line with the increase in the size of the state, the Fraser Index also shows that state ownership has increased by over 10%. This increase was strongest in the middle-income group and weakest in the low-income group. This shows that there has been a post-crisis appreciation of the role of the state as owner. The break was caused less by the crisis than by the years after the crisis, with an increase in ownership from 2012, followed by a period of growth after 2016 until the COVID crisis. The COVID crisis further increased this role.

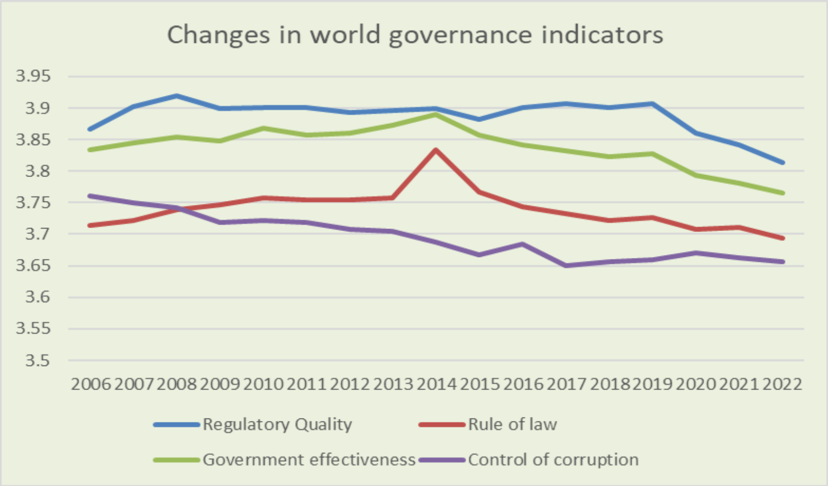
Figure 10: State ownership and state regulation; Source: own elaboration based on Fraser (2025)



It is interesting to note that after the 2008 crisis, the extent of state regulation did not increase, but decreased. We see a significant decrease of more than 8% in this variable, affecting all development groups. This decrease turned into stagnation from the mid-2010s onwards and then started to increase again in the wake of the COVID crisis but still did not reach pre-2008- crisis levels. This shows that the significant increase in state regulation cannot be confirmed (see Figure 10).

The analysis of changes in the quality of governance gives contradictory results (see: Figure 11). There is no significant improvement, but neither is there a significant decline, thus there seems to be stagnation. For example, the overall quality of government index increased on average, but only in 49% of the countries. The indices for regulatory quality and the rule of law also increased slightly (by 0.1%), but this should be interpreted as stagnation. Moreover, the rule of law index fell slightly in the medium category. The index of government efficiency fell slightly (-0.5%) over the period, but this should also be interpreted as stagnation. Nor was it uniform, as of the three development categories only the high development group showed a decline, and a significant one (4%). In the other two groups, however, it increased.

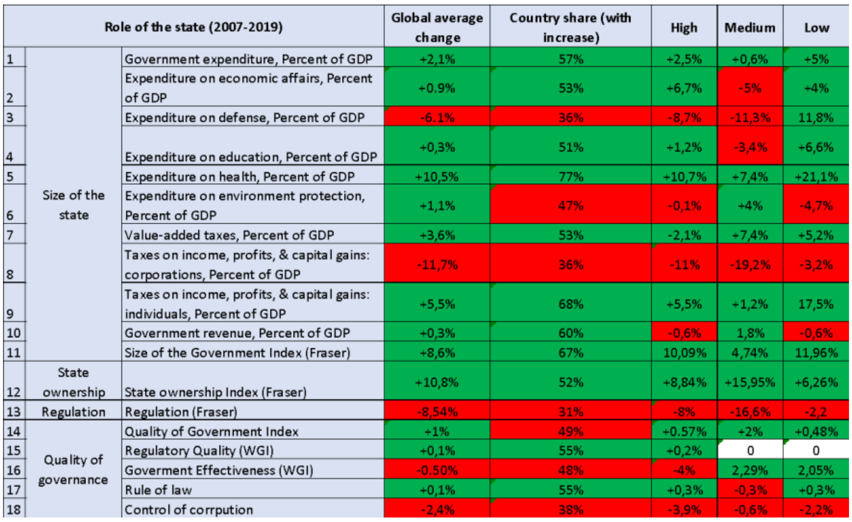
Figure 11: Changes in the quality of government; Source: own elaboration based on WGI (2025)



Where there is a clear change in direction is in the control of corruption variable, which has declined significantly in all development categories, with a global average decline of 2.4%, which should no longer be interpreted as stagnation. The time series results also show a long-term deterioration in the performance of this indicator globally. The time series show that the impact of COVID on regulatory quality and governance efficiency tends to be negative. Overall, the quality of governance has stagnated, with only corruption showing a clear downward trend after the crisis. The rule of law, on the other hand, shows no such deterioration.

Thus, in terms of the role of the state, the results show an increase in the size of the state and an increase in its role of ownership. However, there are no significant changes in the quality of governance and regulation, the rule of law or government effectiveness. On the other hand, state regulation shows a downward trend, as does the control of corruption (see: Table 7).

Table 7: Summarising the results: Role of the state; Source: own elaboration



Role of the state (2007-2019)			Global average change	Country share (with increase)	High	Medium	Low
1	Size of the state	Government expenditure, Percent of GDP	+2,1%	57%	+2,5%	+0,6%	+5%
2		Expenditure on economic affairs, Percent of GDP	+0.9%	53%	+6,7%	-5%	+4%
3		Expenditure on defense, Percent of GDP	-6.1%	36%	-8,7%	-11,3%	11,8%
4		Expenditure on education, Percent of GDP	+0,3%	51%	+1,2%	-3,4%	+6,6%
5		Expenditure on health, Percent of GDP	+10,5%	77%	+10,7%	+7,4%	+21,1%
6		Expenditure on environment protection, Percent of GDP	+1,1%	47%	-0,1%	+4%	-4,7%
7		Value-added taxes, Percent of GDP	+3,6%	53%	-2,1%	+7,4%	+5,2%
8		Taxes on income, profits, & capital gains: corporations, Percent of GDP	-11,7%	36%	-11%	-19,2%	-3,2%
9		Taxes on income, profits, & capital gains: individuals, Percent of GDP	+5,5%	68%	+5,5%	+1,2%	17,5%
10		Government revenue, Percent of GDP	+0,3%	60%	-0,6%	1,8%	-0,6%
11		Size of the Government Index (Fraser)	+8,6%	67%	10,09%	4,74%	11,96%
12	State ownership	State ownership Index (Fraser)	+10,8%	52%	+8,84%	+15,95%	+6,26%
13	Regulation	Regulation (Fraser)	-8,54%	31%	-8%	-16,6%	-2,2
14	Quality of governance	Quality of Government Index	+1%	49%	+0.57%	+2%	+0,48%
15		Regulatory Quality (WGI)	+0,1%	55%	+0,2%	0	0
16		Goverment Effectiveness (WGI)	-0.50%	48%	-4%	2,29%	2,05%
17		Rule of law	+0,1%	55%	+0,3%	-0,3%	+0,3%
18		Control of corrpution	-2,4%	38%	-3,9%	-0,6%	-2,2%

6.2 The capital-capital nexus

The results are discussed in three parts on the capital-capital nexus: role of competition and market regulation, trade liberalisation and globalisation and financial globalisation and financialisation.

The HHI index examined in relation to competition shows that market concentration did not increase but decreased over the period 2007-2019, which could indicate an increase in competition in the market. However, this decrease was not substantial and, looking at the time series, the data can be interpreted as stagnation. The fact that the business regulation index fell significantly after the crisis, by almost 20%, may also point to decrease in market regulation. This decline was most pronounced in developed countries. Looking at the time series, we can see that this is mainly due to the decline after the 2008 crisis, followed by stagnation in this respect, with COVID slightly increasing this index.

The study of trade globalisation demonstrates the persistence of this phenomenon, as evidenced by the 5% increase in the KOF globalisation index and the 6% rise in trade as a percentage of GDP. Furthermore, there is an absence of an escalation in protectionism, as tariffs have decreased rather than increased. A more comprehensive examination of longer time series illuminates the broader context. A period of accelerated globalisation, akin to what Rodrik (2019) term 'hyperglobalisation' preceded the 2008 crisis. In the aftermath of the crisis, this kind of growth rate has been observed to decline. The KOF globalisation index has exhibited an upward trajectory, while trade openness has demonstrated a stagnant trend in the post-crisis era. However, the years following the emergence of the COVD-19 pandemic have witnessed a subsequent rise. Based on these observations, it can be concluded that the phenomenon of globalisation is not approaching an end (see Figure 12).

The situation is quite different in the context of financial globalisation, where there has been a marked decline. This decline can be seen in the KOF Financial Globalisation Index as well as in the data on FDI inflows and outflows. Financial globalisation has declined in all development categories, but the data on FDI inflows and outflows are case specific. The only increase in FDI inflows was observed in the medium development group, while all other categories showed a significant decrease. A similar trend can be observed for FDI outflows, with a more pronounced increase in the medium-developed group. In the highly developed category, the decrease is more than 100%, indicating a tendency for capital to be repatriated rather than offshored (see. Figure 13).

Figure 12: Trade globalisation; Source: own elaboration based on KOF (2025) and Our World in Data (2025c)

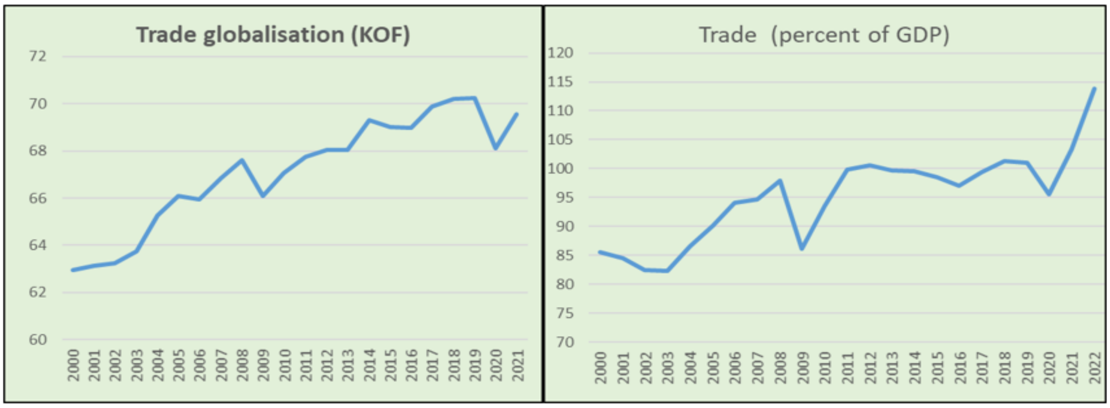


Figure 13: Financial globalisation; Source: own elaboration based on KOF (2025) and Our World in Data (2025a, 2025b)

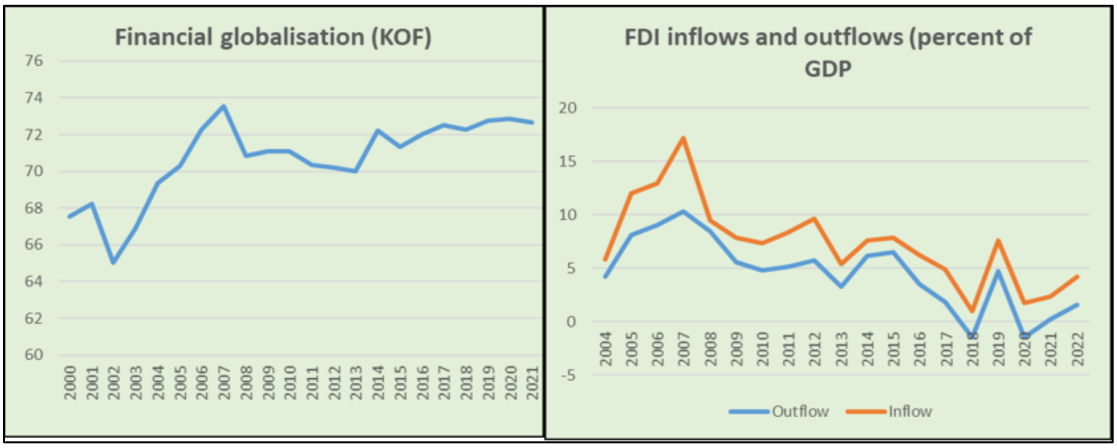


Figure 14: Financialisation; Source: own elaboration based on World Bank (2025a) and IMF (2025c)

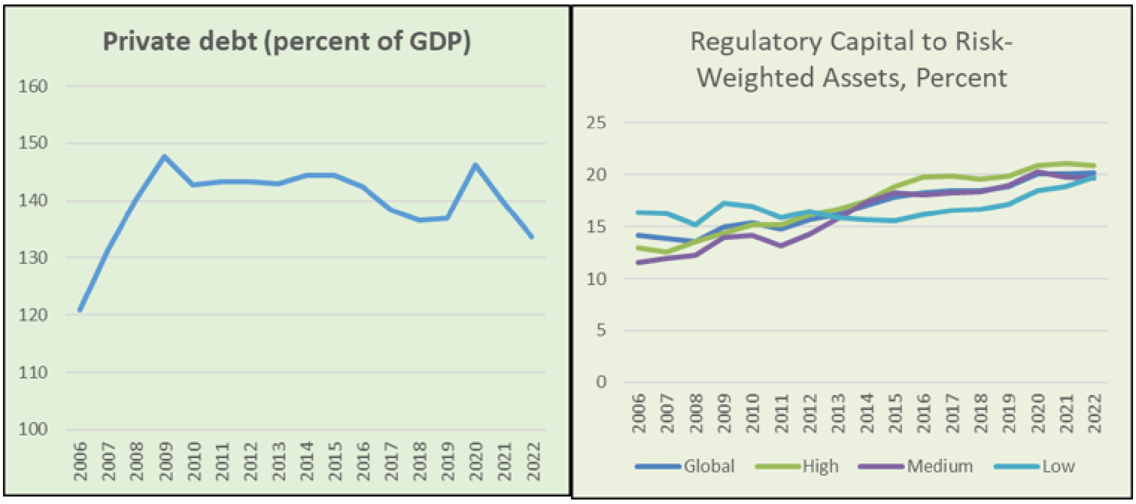
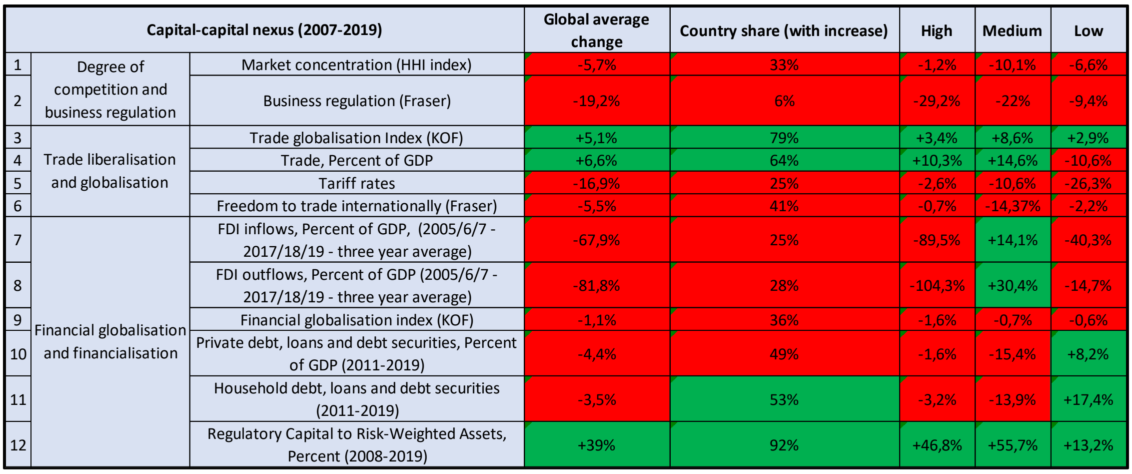


Table 8: Summarising results: Capital-capital nexus; Source: own elaboration



Capital-capital nexus (2007-2019)			Global average change	Country share (with increase)	High	Medium	Low
1	Degree of competition and business regulation	Market concentration (HHI index)	-5,7%	33%	-1,2%	-10,1%	-6,6%
2		Business regulation (Fraser)	-19,2%	6%	-29,2%	-22%	-9,4%
3	Trade liberalisation and globalisation	Trade globalisation Index (KOF)	+5,1%	79%	+3,4%	+8,6%	+2,9%
4		Trade, Percent of GDP	+6,6%	64%	+10,3%	+14,6%	-10,6%
5		Tariff rates	-16,9%	25%	-2,6%	-10,6%	-26,3%
6		Freedom to trade internationally (Fraser)	-5,5%	41%	-0,7%	-14,37%	-2,2%
7	Financial globalisation and financialisation	FDI inflows, Percent of GDP, (2005/6/7 - 2017/18/19 - three year average)	-67,9%	25%	-89,5%	+14,1%	-40,3%
8		FDI outflows, Percent of GDP (2005/6/7 - 2017/18/19 - three year average)	-81,8%	28%	-104,3%	+30,4%	-14,7%
9		Financial globalisation index (KOF)	-1,1%	36%	-1,6%	-0,7%	-0,6%
10		Private debt, loans and debt securities, Percent of GDP (2011-2019)	-4,4%	49%	-1,6%	-15,4%	+8,2%
11		Household debt, loans and debt securities (2011-2019)	-3,5%	53%	-3,2%	-13,9%	+17,4%
12		Regulatory Capital to Risk-Weighted Assets, Percent (2008-2019)	+39%	92%	+46,8%	+55,7%	+13,2%

As financial globalisation has declined, so has the role of financialisation, as evidenced by the decline in personal debt (by 4.4%) and household debt (by 3.5%) between 2011 and 2019. This trend has not been observed in the least developed countries, where it has continued to grow. The longer time series shows that before the 2008 global financial crisis, private and household debt escalated at an accelerated pace, a phenomenon that contributed to the crisis. In the aftermath of the crisis, this trend came to a halt, with debt levels gradually declining or stagnating. The emergence of the global pandemic (Covid-19) has led to a further increase in debt. However, this increase in debt can be seen as a temporary shock, given its subsequent decline. The period before the 2008 crisis was characterised by a rapid increase in financialisation, but this trend has not been observed since the crisis. Nevertheless, debt levels remain high. The slowdown in financialisation can partly be attributed to increased regulation of the banking sector, as evidenced by the increase in regulatory capital following the crisis. The ratio of regulatory capital to risk-weighted assets has risen steadily and significantly by almost 40% over the period under review (see. Figure 14).

To sum up, the changes capital and capital nexus, we can say that trade globalisation is continuing to grow, albeit at a much slower pace, suggesting that hyper-globalisation has come to an end. Moreover, the trend in financial globalisation and financialisation appears to be the reverse of the pre-crisis trend, with a decline (see Table 8).

6.3 Capital-labour nexus

In the domain of capital-labour relations, the initial phase of the section entails an examination of the indicators of collective bargaining, the labour market and the welfare state. The scope of this was constrained due to the presence of data gaps, which limited the range of countries that could be covered. Subsequently, the analysis will be progressed to inequality statistics and the dominance of capital.

The period under review has seen a decline in the role of trade unions, as evidenced by a 11% decrease in trade union coverage, which was characterised by a sharp decline throughout the period (see Figure 15). Concurrently, the number of workers covered by collective bargaining also fell by a significant 7.7%, a trend that was observed across all the development groups examined. This largely reflects the continuation of neoliberal trends, further compounded by a downward trend in the strictness of employment protection (by 4%). The exception to this was the high development group, where there was an increase. These trends have occurred despite a slight increase (by 1.3%) in the number of labour-capital conflicts, as measured by the number of strikes. Although this was significant in the two lower development categories, a decrease was observed in the most developed group. In contrast to this trend, however, there was a significant increase in social spending in the post-crisis period (by 8.9%). This increase was further exacerbated by the repercussions of the pandemic. The role of trade unions has therefore clearly declined, but the welfare state, at least in terms of expenditure, has not declined in any of the development groups.

Inequality statistics present a contradictory picture. The share of labour in GDP, a potentially reliable indicator of the growth of the role of labour over capital, increased by 1.73% globally, although a decline was observed in the highly developed countries. Longer time series demonstrate that this share reached a low point before the 2008 crisis, subsequently increasing in the aftermath of the crisis, but then declining and stagnating after the crisis (see Figure 16). The recent economic downturn caused by the emergence of the Coronavirus has resulted in a resurgence of this trend.

Figure 15: Trade union density and social protection expenditures; Source: own elaboration based on ILOSTAT (2025a) and IMF (2025a)

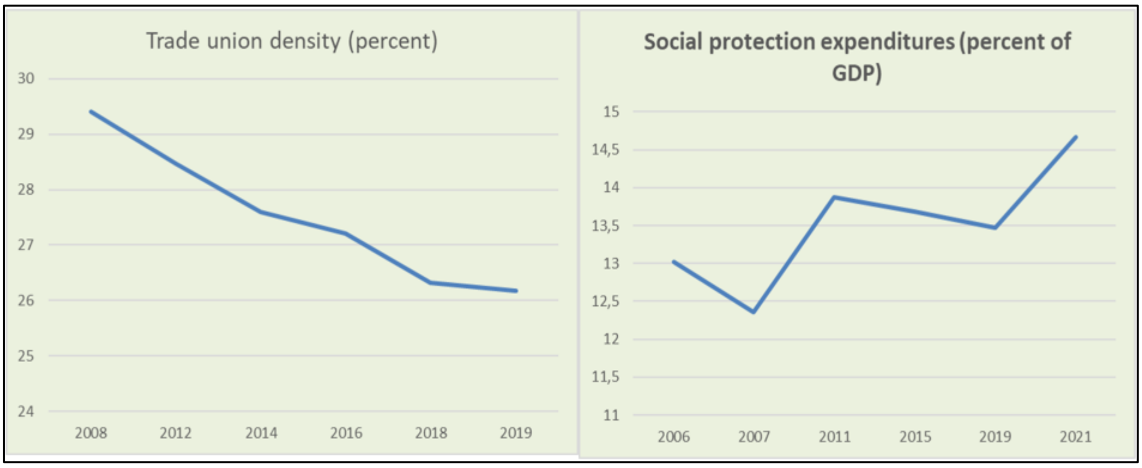
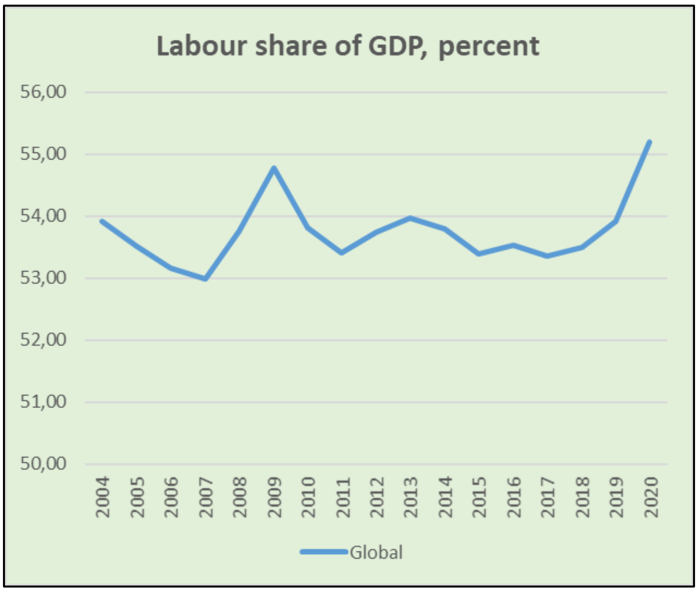


Figure 16: Labour share of GDP; Source: own elaboration based on Our World in Data (2025d)



Wealth and income indicators have exhibited contradictory trends. While income inequalities have witnessed a decline in both the top 1% and the top 10%, wealth inequality has continued to escalate in both cases. An examination of the longer-term time series reveals that the income of the top 1% experienced a decline in the aftermath of the crisis, subsequently leading to a protracted period of stagnation. Consequently, while the level of income inequality has not undergone a substantial decline, there has been no further concentration of capital. In the context of wealth, the top 1% have experienced further concentration following the crisis, until approximately 2013-2014, when stagnation also became evident (Figure 17).

Figure 17: Top 1% income and wealth share; Source: own elaboration based on WDI (2025)

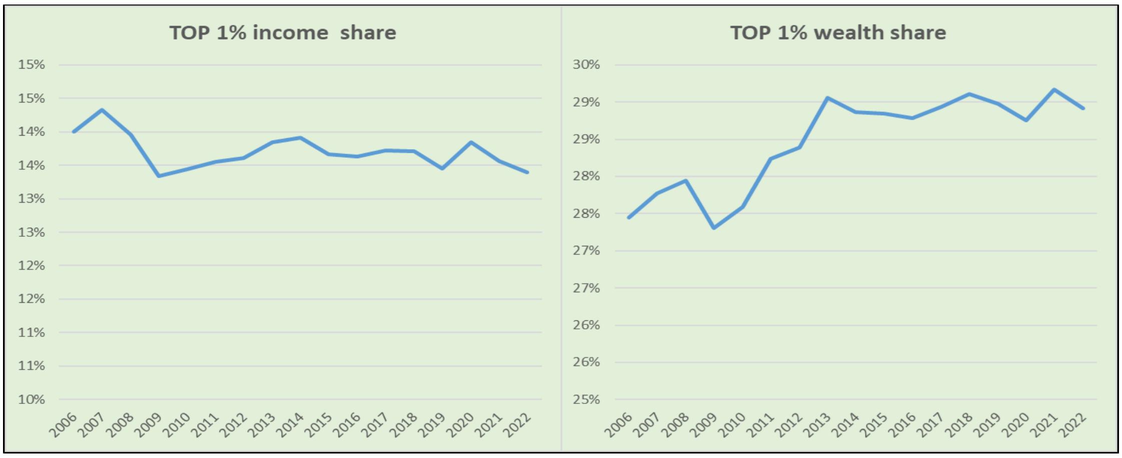
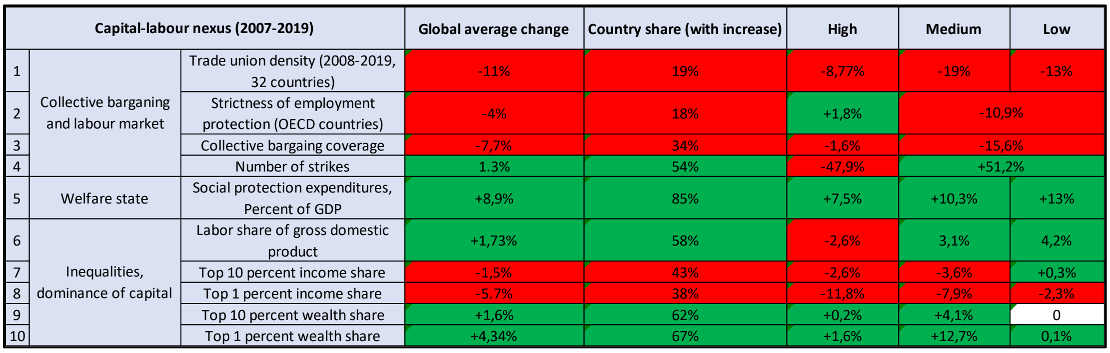


Table 9: Summarising the results: Capital-labour nexus; Source: own elaboration



Capital-labour nexus (2007-2019)			Global average change	Country share (with increase)	High	Medium	Low
1	Collective barganing and labour market	Trade union density (2008-2019, 32 countries)	-11%	19%	-8,77%	-19%	-13%
2		Strictness of employment protection (OECD countries)	-4%	18%	+1,8%	-10,9%	
3		Collective bargaing coverage	-7,7%	34%	-1,6%	-15,6%	
4		Number of strikes	1.3%	54%	-47,9%	+51,2%	
5	Welfare state	Social protection expenditures, Percent of GDP	+8,9%	85%	+7,5%	+10,3%	+13%
6	Inequalities, dominance of capital	Labor share of gross domestic product	+1,73%	58%	-2,6%	3,1%	4,2%
7		Top 10 percent income share	-1,5%	43%	-2,6%	-3,6%	+0,3%
8		Top 1 percent income share	-5.7%	38%	-11,8%	-7,9%	-2,3%
9		Top 10 percent wealth share	+1,6%	62%	+0,2%	+4,1%	0
10		Top 1 percent wealth share	+4,34%	67%	+1,6%	+12,7%	0,1%

Therefore, the relationship between capital and labour is subject to contradictory changes. The power of trade unions indicates a weakening of labour's capacity to assert its interests; however, the results are refuting a definitive increase in capital's dominance. An increase in welfare spending, a decrease in income inequalities, and an increase in the role of labour in the GDP do not point towards an increase in capital's dominance. However, a further increase in wealth concentration is also present. The contradictory trends can be interpreted as a stagnation of the dominance of capital over labour (Table 9).

6.4 Summary and conclusions

The results of the illustrative global overview led to interesting conclusions regarding the interpretation of Table 3 presented earlier. For example, regarding the role of the state, the increase in the role of government in terms of size, expenditure and ownership is clearly highlighted. In terms of expenditure, the increase is mainly in social and health expenditure, but there is also an increase in economic expenditure. This shows that the neoliberal interpretation of resilience in terms of declining state involvement does not correspond to these results. At the same time, the mutant neoliberal and illiberal interpretation that military and economic spending are the most likely to increase does not hold either, or in this respect our analysis can therefore confirm the '*regulated* phase' interpretation. In contrast, we do not see an increase in state regulation, but rather a decrease, which partially counter this interpretation.

There is no significant improvement or deterioration in the quality of governance which also tends to confirm the 'regulated' approach. The only exception in this respect is the control of corruption, where we see a marked deterioration, which would be consistent with the illiberal/mutant neoliberal interpretation, while we do not see such a deterioration in the rule of law, which is the limit of this interpretation.

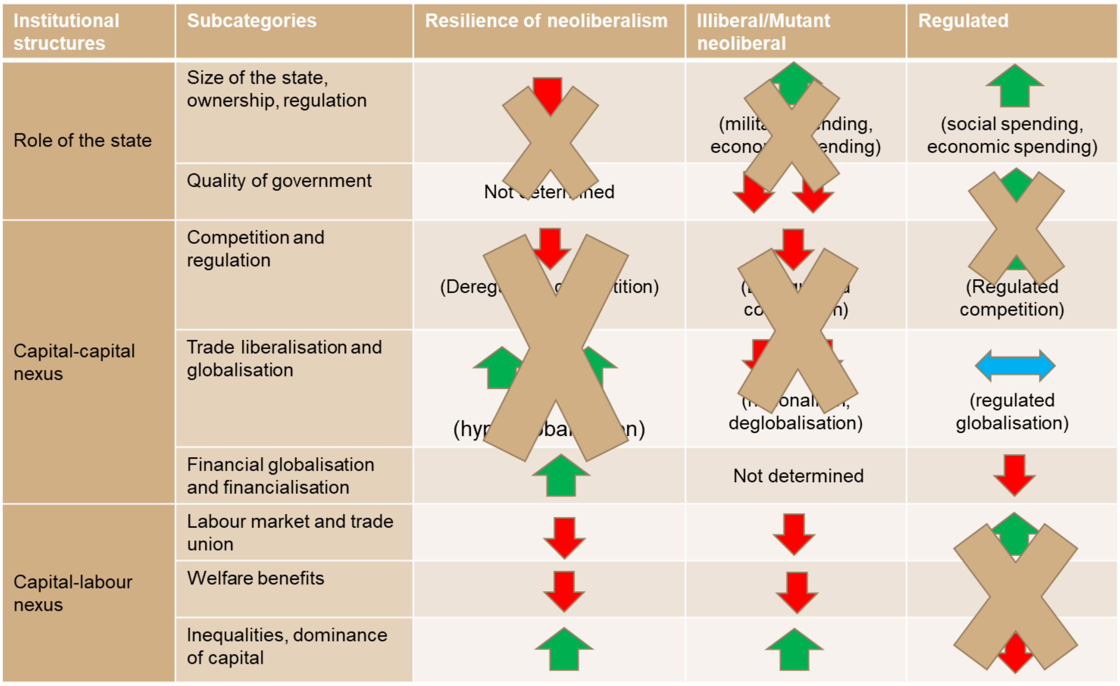
Regarding capital and capital nexus, the results are nuanced and do not fully support either interpretation. In terms of competition, we see no spectacular increase in business regulation mostly supporting the resilient neoliberal, mutant neoliberal and illiberal approaches. In terms of trade globalisation, we see a further increase, but at a much slower rate of growth or stagnation. Thus, we can see that deglobalisation is not present. The mutant neoliberal/illiberal approach is not supported by this result. At the same time, we cannot say that the hyperglobalisation of the neoliberal period has continued, thus overall, these results tend to support the fourth interpretation of regulated globalisation. Moreover, there is a clear decline in financial globalisation and financialisation. This does not allow us to accept the resilient neoliberalism approach, but it is consistent with the other interpretations.

In the relationship between capital and labour, the trend towards the decline of trade unions continues, with a consequent increase in the flexibility of the labour market. In this respect, therefore, it is the regulated interpretation that can be ruled out. On the other hand, there has been a strong increase in social expenditure, which is a measure of the extent of the welfare state, confirming this interpretation. Regarding inequality and the dominance of capital, the results are contradictory, with a decline in income indicators and a further increase in wealth indicators. We cannot therefore accept the regulated interpretation that the dominance of capital has clearly declined. At the same time, there is no clear increase in the dominance of capital, so the mutant neoliberal/illiberal interpretations are not correct either. In this respect, stagnation in the dominance of capital is the most valid interpretation.

The results thus suggest that none of the interpretations that have appeared in the literature can be perfectly fitted to describe the post-2008 crisis period. A much more nuanced picture emerges that does not support any of the interpretations. The results suggest that the changes should not be seen as a continuation of neoliberalism, as there have been clear changes in the role of the state and in trade and financial globalisation. At the same time, the illiberal/mutant neoliberal approach is not an expressive description either, as we cannot speak of deglobalisation or a clear strengthening of the dominance of capital, and the increase in social spending also contradicts this interpretation. But the interpretation of the regulated phase fails because there is no evidence of an increase in the role of labour in the capital-labour relationship, and there is no evidence of a strong wave of business regulation.

Table 10 shows which core assumptions associated with the different interpretations can be ruled out based on the empirical findings; these are indicated by a cross. This table is based on the previously presented Table 3; therefore, any areas that may be obscured here can be consulted in that table. Those assumptions that were not crossed out broadly correspond to the patterns observed in our empirical results. This also reinforces the conclusion that none of the existing interpretations adequately captures the findings.

Table 10: Results of the illustrative global overview; Source: own elaboration



Institutional structures	Subcategories	Resilience of neoliberalism	Illiberal/Mutant neoliberal	Regulated
Role of the state	Size of the state, ownership, regulation	⬇ ✗	⬆ (milita nding, econo ending) ✗	⬆ (social spending, economic spending)
	Quality of government	Not determined ✗	⬇ ⬇ ✗	⬆ ✗
Capital-capital nexus	Competition and regulation	⬇ (Dereg c tition) ✗	⬇ (co n) ✗	⬆ (Regulated competition) ✗
	Trade liberalisation and globalisation	⬆ ⬆ (hyp bal n) ✗	⬇ ⬇ (onal , deglobalisation) ✗	↔ (regulated globalisation)
	Financial globalisation and financialisation	⬆	Not determined	⬇
Capital-labour nexus	Labour market and trade union	⬇	⬇	⬆ ✗
	Welfare benefits	⬇	⬇	✗
	Inequalities, dominance of capital	⬆	⬆	⬇ ✗

It is worth summarising some of the key differences between the different development groups. Regarding the role of the state, the changes are largely in one direction. The exception is that military expenditure has increased in the low development group. Regarding the quality of government, government effectiveness has declined in the high development group relative to the others, and the rule of law has declined only in the medium development group. In the capital-capital relationship, the decline in trade globalisation is more pronounced in low development countries. For financial globalisation, however, the decline is slower in medium development countries and even shows an increase in FDI data. In terms of capital-labour, the difference is that the share of labour in GDP is falling in high developed countries. Moreover, in low developed countries, indicators of income inequality are declining less or increasing, while indicators of wealth inequality are stagnating. The greatest increase in wealth inequality is in the medium development category.

The results of the illustrative global overview show that in the post-2008 crisis phase of capitalism there is a greater involvement of the state, the emergence of a regulated globalisation, with a decline in the financial sphere and a slow growth in the trade sphere. However, in the relationship between capital and labour, there is no sign of a substantial increase in the role of labour, and the decline of trade unions continues, while the dominance of capital tends to stagnate. There is therefore no sign of a significant reorganisation of the capital-labour relationship. The results point to a phase of capitalism with ***protective institutional structures, which slow down the hyper-globalisation and financialisation, but it does not bring about any substantial change in the capital-labour relationship***. However, it would be premature to give a precise description of the post-2008 crisis phase based on these illustrative results. For a more elaborated interpretation, it is necessary to carry out a qualitative analysis, which will be done in the following section.

7 COUNTRY CASE-STUDIES

7.1 United States: The Case of a Desperate Hegemon with Protectionism and Industrial Policy

7.1.1 Role of the state

If we had to mark the beginning of neoliberal phase of capitalism with a single moment, perhaps one of the best choices would be Ronald Reagan's 1981 inaugural address, in which he declared: "*Government is not the solution to our problem; government is the problem*." (Reagan, 1981). This statement defined the approach of the United States in the neoliberal era to the role of government. Reagan's statement clearly echoed the work of one of the most important neoliberal thinkers, Milton Friedman, who argued for a significant reduction in government involvement in the economy (Friedman, 1962). However, this mentality was not only characteristic of the Republicans of the time but was also a fundamental ideology of Democratic administration. As Lawrence Summers, Secretary of the Treasury in the Clinton administration and a proponent of Wall Street financial reform, put it: "*Not so long ago, we were all Keynesians... Equally, any honest Democrat will admit that we are now all Friedmanites*" (Summers, 2006).[55]

However, the great financial crisis of 2008 has significantly undermined the dominance of neoliberal ideology and reinterpret the role of the state. An important example of this is that in 2008, Barack Obama said in a speech that reversed the course of the presidential campaign: *"the American economy has worked in large part because we have guided the market's invisible hand"* (Westen, 2008). Obama's approach no longer saw the role of the state as a problem, but as a guider of the market. The presidential attitude in the beginning of the post-2008 crisis era thus stands in contrast to Reagan's neoliberal legacy. But beyond the rhetoric, what has happened to the role of the state over the past 17 years?

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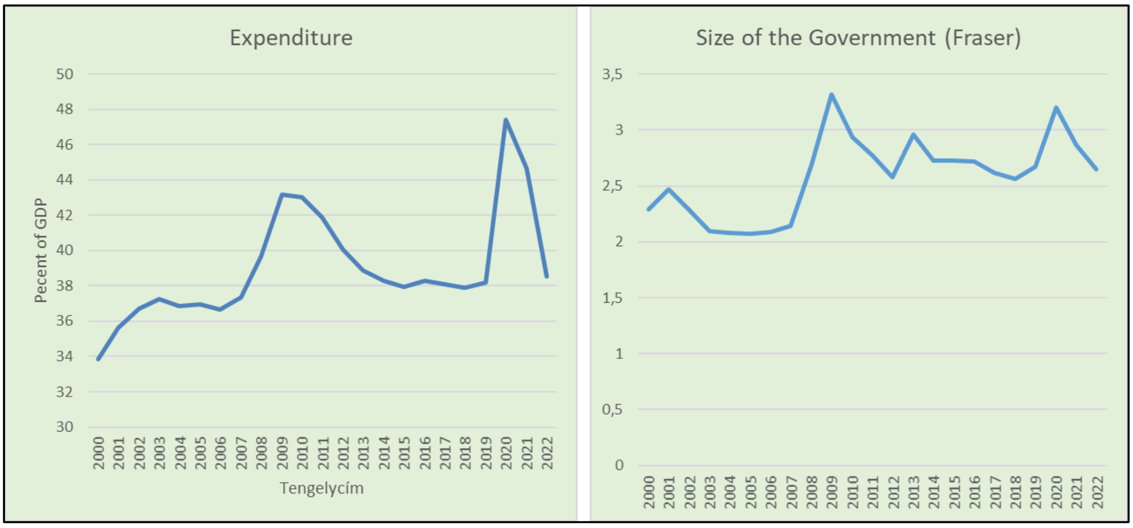
[55] Lawrence Summers was the head the National Economic Council from 2009 to 2010 during Obama administration. Summers himself admitted in 2009 that his views had changed when he argued in an interview, quoting Keynes: "*When circumstances change, I change my mind*" (Freeland, 2009). He advocated a Keynesian approach to the 2008 crisis, but he argued for tax cuts rather than increased investment in infrastructure (Independent, 2010). He was pushed out of the role of economic adviser in the Biden administration because of his neoliberal past (Kuttner, 2020). Summers' story illustrates the re-emergence of Keynesian ideas and gradual shift away from neoliberal past within the Democratic Party after the Great Recession.

The post-2008 crisis period has seen a clear increase in the size of the state, reflected in an increase in public spending (Figure 18). Public spending increased by 3.1% between 2007 and 2022. After the financial crisis, public spending increased significantly, reaching over 43% of GDP, before declining to around 38% in 2019, still 2.2% above the 2007 level. And the COVID crisis increased public spending as a share of GDP to over 47%, a decline that started after the pandemic. The slow but visible increase in spending contrasts with the long stagnation of the neoliberal period and the downward trends of the 1990s (see: Figure A2 in the Appendix). In contrast, public revenues have fallen rather than risen, reflecting widening budget deficits (Table 11). The Fraser composite index also shows an increase in the size of government, by 24% between 2007 and 2022 (Figure 18). In the neoliberal era, the Fraser index shows a gradual decline, which then starts to increase because of the financial crisis (see: Figure A3 in the Appendix). Moreover, the regulatory role of the state according to the Fraser Index regulation increased by 14% by 2022 (Table 11).

Figure 18. Size of the state in the US; Source: own elaboration based on IMF (2025a) and Fraser (2025)



The increase in the size of the state is of course closely linked to the two crises (2008 financial and the COVID crises), but the one-off surges generated by these crises had a lasting impact, and the size of the state has not returned to pre-2008 levels. This approach to crisis management, with its strong Keynesian state involvement, contrasts with the neoliberal phase of capitalism. Crouch (2009) called the policy regime of the neoliberal era *privatised Keynesianism* because its central element was growth driven by private debt through financial deregulation. In the post-2008 crisis period, three huge

Keynesian crisis management measures (ARRA, CARES, ARPA) were concentrated under different presidents, showing the '*re-statisation of Keynesianism'*.

This process had already begun in the last year of the Bush administration. In February 2008, the *Economic Stimulus Act* was passed, a measure worth only $158 million and consisting mainly of tax cuts (Shapiro and Slemrod, 2009). This was followed by the *Emergency Economic Stabilization Act*, the main aim of which was to bail out the banking system through the newly created Toxic Assets Relief Program (TARP, 2025). This proved insufficient, however, and the Obama administration introduced a Keynesian-inspired crisis stimulus package not seen since the Great Depression of 1939 (Davidson and Blumberg, 2009). This was the American Recovery and Reinvestment Act (ARRA), which was initially estimated to provide a stimulus of $787 billion, later revised to $831 billion (CPO, 2012). This package accounted for 5% of GDP, significantly larger than Roosevelt's New Deal programme, which accounted for only 2% of US GDP (24.hu, 2009). The ARRA was allocated as follows: 36.6% went to tax cuts, 18.3% to state aid, 45.1% to increased federal spending, with the largest share going to infrastructure, mainly transport development (Recovery.gov). Although the programme was not passed with bipartisan support, this was mainly for tactical reasons. In fact, the Republicans were also preparing a stimulus package of similar size (Grunwald, 2012). The ARRA was largely successful, with estimates suggesting that it increased GDP by 2-2.5% (Grunwald, 2014) and saved or created between 1.7 and 2 million jobs (MacGillis, 2010).

However, the 2008 crisis not only required increased role of fiscal policy, but also significant monetary intervention. To rescue the economy, the Federal Reserve resorted to an unconventional tool that went against the neoliberal paradigms. Having exhausted the interest rate weapon of crisis management (Fieldhouse, 2012), monetary policy decided to start quantitative easing.[56] After the crisis, the US went through three rounds of quantitative easing. It started in 2008, continued in 2010 and 2012 to cushion the effects of the Great Financial Crisis, and ended in 2014. These three interventions increased the Fed's balance sheet from 6% of GDP to 26% (see Figure A4 in the Appendix). Such a large increase in the role of monetary policy is a clear sign of the growth of the state.

Nevertheless, the breakthrough of Keynesianism under Obama was not straightforward. After the crisis, the Obama administration forced to make

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[56] This is where the Fed buys government bonds and financial assets to stimulate inflation and economic growth.

compromises.[57] In 2010, the congress reinstated the *pay-as-you-go rule*, an important element of neoliberal policy in the 1990s. Under this framework, any new spending could only be done through new revenues or spending cuts, which narrowed the scope for Keynesian policies, although there were significant exceptions, such as health care and social security, all of which were coupled with an increase in the debt ceiling (Rushing, 2010). The Bush neoliberal tax reform, which was done in the spirit of neoliberal trickle-down economics, was also extended in the *Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act* (2010). In 2012, the *American Taxpayer Relief Act* made the Bush tax cuts permanent, but not at high income levels (Tax Policy Center, 2025). However, these attempts were more a way of avoiding austerity (CNN, 2010) and the so-called '*fiscal cliff*' during a recovery period created by the sunset provisions of the Bush tax cuts (Hayes, 2024). It can therefore be seen as quasi-Keynesian policies.

The return of the neoliberal spirit was most visible in the Trump-era *Tax Cuts and Jobs Act of 2017*, which was clearly based on neoliberal trickle-down theory to increase growth (Marr, Jacoby and Fenton, 2024). The act instigated substantial tax cuts for both corporations and individuals, a measure that was not endorsed by the Democratic Party (Aixos, 2017) and was predominantly beneficial to high-income earners (Tax Policy Center, 2017). Despite Trump's proclamations of this law as the most significant tax reduction in history, it was in fact less substantial than the tax cuts initiated by Reagan in 1981 and Obama in 2012 (Jacobson, 2017; Robertson, 2017). However, the impact of the tax cuts fell short of the economic and labour income growth expectations (Chodorow-Reich, Zidar and Zwick, 2024) and severely damaged the revenue side of the budget (Marr, Jacoby and Fenton, 2024). Despite these tax cuts, revenue from individual income taxes minimally increased by 0.2% between 2007 and 2023, whereas corporate tax revenues significantly declined by 17.8% over the same period (Table 11).

However, the Keynesian turn was reinforced by the outbreak of the COVID-19 crisis. Under the Trump administration, the *Coronavirus Aid, Relief, and Economic Security Act (CARES)* was passed, the largest stimulus package in US history, worth $2.2 trillion, approximately 10% of US GDP (Taylor et al., 2020; Kambhampati, 2020). One of the most unorthodox features of this stimulus package was a $300 billion direct cash

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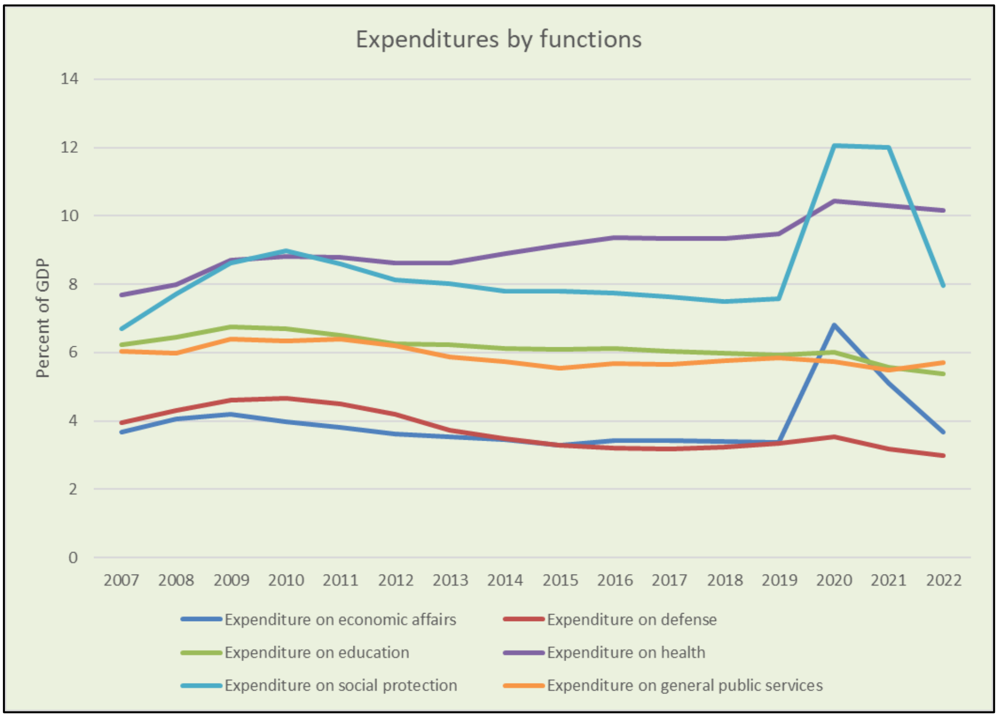
[57] This was partly due to the increasing Tea Party movement within the Republican Party, a more fiscally austere, fundamentally neoliberal movement that was strengthened by the crisis and slowed down the success of the Keynesian breakthrough. Although the movement presented itself as grassroots, it was in fact an attempt by wealthy oligarchs to limit the role of the state (Nesbit, 2016). The movement began to decline in the mid-2010s, but it has been a significant impact on the mainstream republican agenda.

transfer of $1,200 per person. In addition, unemployment benefits were increased, and loans were made available to small and medium-sized enterprises as well as large corporations. This was followed, still under the Trump administration, by the *Consolidated Appropriations Act of 2021*, which included an additional $900 billion COVID relief package. This package included a second round of direct cash payments, albeit at a reduced level of $600 per person (Jagoda and Bolton, 2020). This fiscal approach continued under the Biden administration, culminating in the $1.9 trillion *American Rescue Plan Act* (ARPA) in 2021. This package extended unemployment benefits and included another direct cash payment of $1,400 per person, but this time phased out above a certain income threshold (Geier, 2021). Alongside this expansionary fiscal policy, a fourth round of quantitative easing (QE) was launched, expanding the Federal Reserve's balance sheet to 37% of US GDP by 2023 (see: Figure A4 in the Appendix).

Figure 19. Expenditures by functions; Source: own elaboration based on IMF (2025a)



The Keynesian crisis-management steps taken during the pandemic provided the foundation for a novel economic approach, which was primarily implemented under President Biden and came to be known as '*Bidenomics*'. This can be understood as a counter approach to Reaganomics and neoliberal trickle-down theory, with a focus on public investment and spending and programmes to strengthen the middle class (Reiff, 2025). It adopted a Keynesian-inspired demand-oriented approach as opposed to supply-side economics, challenging the Washington Consensus (Ip, 2021). Consequently, '*Bidenomics*' can be regarded as a contemporary manifestation of Keynesian economic policies. Moreover, the Biden period was also marked by a fundamentally progressive tax change, rather than a neoliberal tax reform, which unfolded in the *Inflation Reduction Act* (2022), which introduced a corporate minimum tax, a tax on share buybacks, which mainly affected the upper income classes (Buhl, 2022).

The role of the state has thus clearly increased over the period, with a role for Keynesian crisis responses. However, not every function of the role of the state has increased equally (Figure 19). The analysis of public spending in percentage of the GDP shows that the role of the state in health and social protection increased heavily after the 2008 crisis, with health spending rising by 32% and social protection spending by 18.8% by 2022. In education, the slow increase in spending of the neoliberal era is replaced by a 13.7% decrease by 2022 (Table 11, Figure A5 in the Appendix).[58]

Defence spending as a share of GDP has fallen significantly by 24.6% in the post-crisis era, in line with a longer-term trend that has characterised the US during the neoliberal period (see: Figure A5 in the Appendix). But this does not mean that there has been no significant policy reform. The central change has been the strengthening of cybersecurity. Prior to 2008, cybersecurity had only been explicitly addressed in legislation passed by Congress after the 2001 terrorist attacks (Trautman, 2015). However, after the 2008 crisis, several cybersecurity-related laws were passed under each president.[59] Another new element in defence policy was the creation of a Space Force under the Trump administration, demonstrating the growing role of the space industry (Wall, 2019).

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[58] A major education reform in this period is Every Student Succeeds Act of 2015 (ESSA), which seeks to correct the problems of the Bush's No Child Left Behind Act of 2001 education reform, and it was scaled back the role of the federal state in education (Turner, 2015). Another major education issue was the student loan crisis. Biden's administration announced a major student loan debt relief plan, which failed in the Supreme Court, but Biden still relief $183.6 billion student loans of 5 million Americans through executive orders during his administration (Carruth, 2025). The second Trump administration's reduced focus on education was reflected in a major attack on the Department of Education (Mosely, 2025).

[59] Under Obama, for example, the Cybersecurity Workforce Assessment Act (2014), the Cybersecurity Enhancement Act (2014), the National Cybersecurity Protection Act (2014), under the Trump administration, the Cybersecurity and Infrastructure Security Agency Act (2018) and the Internet of Things Cybersecurity Improvement Act (2020) was accepted. And under the Biden administration, six laws directly related to cybersecurity were passed: the K-12 Cybersecurity Act (2021), the Secure Equipment Act (2021), the Better Cybercrime Metrics Act (2022), the National Cybersecurity Preparedness Consortium Act (2022), Small Business Cyber Training Act (2022), and the State and Local Government Cybersecurity Act (2022).

Economic expenditure falls slightly by 0.2% to 2022, but there was a one-off sharp increase during COVID crisis (Figure 19). However, this masks the fact that significant infrastructure development and industrial policy programmes have been implemented over the period. The increase in government involvement in this area began before the crisis, with a major R&D investment package under the Bush administration as part of the *America COMPETES Act (2007)*, which was specifically designed to strengthen America's economic competitiveness (Furman, 2013). The act was re-authorised twice under the Obama administration (American COMPETES Act of 2010; American Innovation and Competitiveness Act of 2017). The bipartisan America COMPETES legislation objectives included significantly expanding federal funding for physical sciences and engineering research, enhancing the nation's research infrastructure, and strengthening education in science, technology, engineering, and mathematics (Furman, 2013). The AICA (2017) also boosted investment in cyber security which shows the intertwining of cyber defence and industrial policy (CSST, 2017; Aggarwal and Reddie, 2018).

Moreover, Obama's post-crisis bailout package (ARRA) included significant infrastructure and science development programme, totalling $111 billion (Recovery.gov). The legislation also included a '*Buy American*' provision, which required cases funded by the programme to purchase US manufactured goods (Faiola and Montgomery, 2009). During the Obama era, a key development in the industrial policy was the increased involvement of private players in space industry, along with the Mars expedition becoming a central focus, which has since remained a driving force in U.S. industrial policy (Wall, 2013; Davenport, 2016). Additionally, the U.S. patent system underwent significant reform with the Leahy–Smith America Invents Act, aimed at fostering innovation (Goldman, 2011).

The Trump administration continued industrial policy (Block, Keller, and Negoita, 2024), though it primarily focused on supporting innovation and investment among small and medium-sized enterprises (SMEs), in the Small Business Investment Opportunity Act of 2017 and the Small Business Innovation Protection Act of 2017. Furthermore, Trump's tax-cut program drastically reduced corporate taxes, bringing them down to historically low levels not seen since 1939 (Radnofsky, 2017), with the goal of enhancing the competitiveness of U.S. companies (Timm, 2017). The Trump administration also proposed a $1,5 trillion infrastructure development plan which would use $200 billion in federal spending, but it was never passed through congress (Gurciullo, 2018). Additionally, Trump issued multiple executive orders[60] aimed at prioritizing American products and workers, reflecting a protectionist approach focused on strengthening the U.S. industrial base (Diamond, 2017).

Trump's protectionist strategy was continued by Biden's executive order '*Ensuring the Future Is Made in All of America by All of America's Workers*' (2021) which aimed to ensure that US taxpayers' money is invested in US businesses, supporting domestic industry and job creation (Lobosco, 2021).[61] Moreover, the most significant breakthrough in industrial policy came under the Biden administration. Even within the COVID-19 relief package, $1 billion was allocated for the '*American Rescue Plan Regional Challenge*' industrial policy programme (EDA, 2022) to support establishing research centres aimed at fostering the growth of new industries to cultivate and expand local innovation ecosystems (Block, Keller, and Negoita, 2024). This was followed by three explicitly infrastructure and industrial policy-focused programs. The first was the *Infrastructure Investment and Jobs Act*, which aimed to allocated $550 billion for infrastructure development, including $110 billion for roads, bridges, and major projects, $11 billion for transportation safety, $39 billion for modernizing public transportation, $66 billion for rail infrastructure, $7.5 billion for a national electric vehicle charging network, $73 billion for energy modernization, and $65 billion for broadband internet expansion (Sprunt, Kim, and Shivaram, 2021). This was followed in 2022 by the *CHIPS and Science Act*, which dedicated $52 billion to supporting domestic semiconductor manufacturing to counter Chinese competition (Johnson, 2022) and $174 billion historical investment in the U.S. innovation ecosystem (Lobosco, 2022). This was a great return of the vertical industrial policy that was clearly rejected in the neoliberal era (Hafied and Ortega, 2023). The third major initiative, the *Inflation Reduction Act (2022)*, allocated more than $300 billion to energy sector development and climate change mitigation, which aimed to decrease greenhouse gas emission by 40% based on 2005 levels (Shivaram, 2021).

Thus, industrial policy has made a clear comeback, becoming a key pillar of U.S. state intervention after the 2008 financial crisis. However, rise of industrial policy did not

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[60] Buy American Hire American (2017), Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States (2017), Addressing the Threat to the Domestic Supply Chain From Reliance on Critical Minerals From Foreign Adversaries and Supporting the Domestic Mining and Processing Industries (2020).

[61] This kind of protectionist approach has been reaffirmed in other executive orders: Federal Research and Development in Support of Domestic Manufacturing and United States Jobs (2023), Investing in America and Investing in American Workers (2024).

lead to a strengthening of state ownership, meaning nationalization has not been a key tool of this approach. This is reflected in data from the Fraser Index, which shows that the state ownership indicator declined by 25.3%, while revenues from state-owned enterprises dropped by over 70% (Table 11).

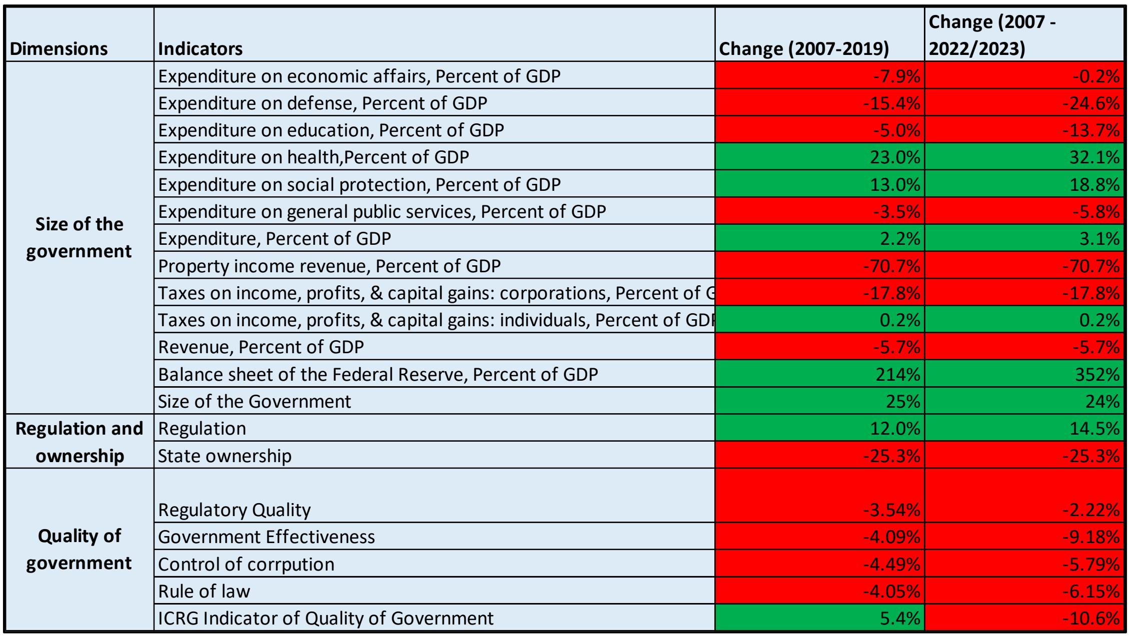
Nevertheless, the novelty of this shift remains debatable. Neoliberalism was based on market fundamentalism, rejecting the necessity of industrial policy. However, Block (2008) argued that even during the neoliberal phase of capitalism, the U.S. operated a hidden '*developmental network state*', engaging in industrial policy behind the scenes. Until the early 1990s, industrial policy programs were explicitly accepted, but after that, they became increasingly concealed. Therefore, the major shift after the 2008 crisis was not only the growth in the scale of industrial policy but also its visibility. In line with Block (2008) neoliberalism ideologically relied on the '*invisible hand*', in practice, the state's '*hidden hand*' was always present. We can interpret the post-crisis era as the '*emerging hand*' of the state.

While there is bipartisan consensus on infrastructure and industrial policy, as Biden's two major programs have passed with broad support (Shalal and Holland, 2021; Breuninger, 2022), disagreements persist over whether industrial policy should support green goals. Democratic administrations have leaned toward integrating climate-focused objectives into industrial policy, a trend first seen in Obama's ARRA (2009) program, which included $90 billion investment to promote clean energy (Hood, 2019). However, the proposed Climate Bill (*American Clean Energy and Security Act*) which was the first proposal to deal with the consequences of the climate change was failed to pass Congress, highlighting the limitations of green industrial policy (Goldenberg, 2009). Another attempt was the Clean Power Plan (2015), which set a target to reduce carbon emissions from the power sector by 32% by 2030, mainly by cutting coal-fired power plants, which was later replaced by a softer regulation during the Trump administration (Guillén, 2023). Nevertheless, the US had a huge role in the successfully negotiated Paris Agreement, a major international climate achievement (Milkoreit, 2019).

The contrast was obvious with the Trump administration who withdraw the U.S. from the Paris Agreement (Popli, 2025). The Trump administration's approach was characterized by climate change denialism (Merica, 2017) and pursued environmental deregulation (Popovich, Albeck-Ripka, Pierre-Louis, 2020). Although the Great Outdoors Act (2020) provided historically substantial funding for conservation efforts (Daily, 2020), slightly counterbalanced this stance. In contrast, the Biden administration was committed to climate policy[62], rejoining the Paris Agreement (Volcovici and Hunnicutt, 2021) and implementing the Inflation Reduction Act (IRA), which represented a green-oriented industrial policy (Shivaram, 2021). However, the second Trump administration withdrew the U.S. from the Paris Agreement once again (Popli, 2025), reinforcing the ongoing political divide over whether industrial policy should incorporate environmental objectives.

The expansion of the state's industrial policy did not translate into an improvement in the quality of government (Figure A6 in the Appendix). The quality of governance in the U.S. has declined, with government effectiveness dropping by over 9% by 2023, alongside a 6.15% decline in the rule of law and a 5.8% increase in corruption. Regulatory quality declined only slightly, by 2.2%.

Table 11. The changing role of the state in the US; Source: Own elaboration



Dimensions	**Indicators**	**Change (2007-2019)**	**Change (2007 - 2022/2023)**
Size of the government	Expenditure on economic affairs, Percent of GDP	-7.9%	-0.2%
	Expenditure on defense, Percent of GDP	-15.4%	-24.6%
	Expenditure on education, Percent of GDP	-5.0%	-13.7%
	Expenditure on health,Percent of GDP	23.0%	32.1%
	Expenditure on social protection, Percent of GDP	13.0%	18.8%
	Expenditure on general public services, Percent of GDP	-3.5%	-5.8%
	Expenditure, Percent of GDP	2.2%	3.1%
	Property income revenue, Percent of GDP	-70.7%	-70.7%
	Taxes on income, profits, & capital gains: corporations, Percent of G	-17.8%	-17.8%
	Taxes on income, profits, & capital gains: individuals, Percent of GD	0.2%	0.2%
	Revenue, Percent of GDP	-5.7%	-5.7%
	Balance sheet of the Federal Reserve, Percent of GDP	214%	352%
	Size of the Government	25%	24%
Regulation and ownership	Regulation	12.0%	14.5%
	State ownership	-25.3%	-25.3%
Quality of government	Regulatory Quality	-3.54%	-2.22%
	Government Effectiveness	-4.09%	-9.18%
	Control of corrpution	-4.49%	-5.79%
	Rule of law	-4.05%	-6.15%
	ICRG Indicator of Quality of Government	5.4%	-10.6%

The changes in the role of the state are summarised in the Table 11 and 12. It must be admitted that Trump's second administration could bring significant modifications to this emerging new role of the state. However, based on the government composition and its stated goals, it appears that industrial policy will remain a key factor (Cass, 2025), with only its instruments likely to change. A potential counterforce to the expanding state role is the Department of Government Efficiency (DOGE), which aims to reduce the size of the federal government (Hernandez, 2025). However, no significant progress has been

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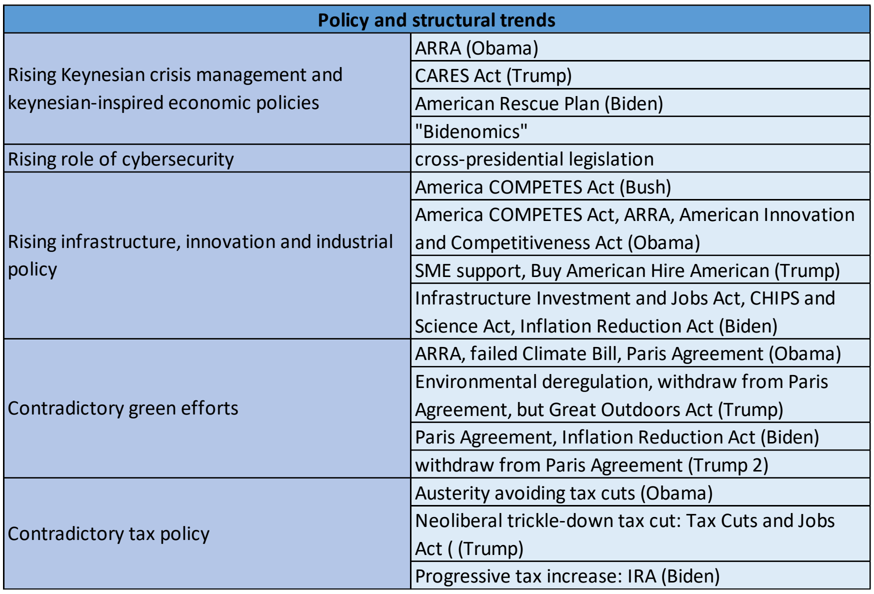
[62] For example, Biden has set a target of a 50-52% reduction in greenhouse gas emissions by 2030 compared to 2005 levels (Lashof, 2024).

made in this area, as public spending continues to increase (Gandhi, 2025). Moreover, the *Tax Cuts and Jobs Act* (2017), a key Trump-era tax policy, is set to expire in 2025, potentially leading to a fiscal cliff like what happened after the Bush-era tax cuts (Marr, Jacoby and Fenton, 2024). Therefore, it is no coincidence that the second Trump administration avoided tax increases and extended the tax cut as part of the *'One, Big, Beautiful Bill'* (2025). However, this is not another tax reduction package, so it does not substantially alter the findings described above.

Table 12. Policy and structural trend regarding the role of the state in the US; Source: own elaboration



Policy and structural trends	
Rising Keynesian crisis management and keynesian-inspired economic policies	ARRA (Obama)
	CARES Act (Trump)
	American Rescue Plan (Biden)
	"Bidenomics"
Rising role of cybersecurity	cross-presidential legislation
Rising infrastructure, innovation and industrial policy	America COMPETES Act (Bush)
	America COMPETES Act, ARRA, American Innovation and Competitiveness Act (Obama)
	SME support, Buy American Hire American (Trump)
	Infrastructure Investment and Jobs Act, CHIPS and Science Act, Inflation Reduction Act (Biden)
Contradictory green efforts	ARRA, failed Climate Bill, Paris Agreement (Obama)
	Environmental deregulation, withdraw from Paris Agreement, but Great Outdoors Act (Trump)
	Paris Agreement, Inflation Reduction Act (Biden)
	withdraw from Paris Agreement (Trump 2)
Contradictory tax policy	Austerity avoiding tax cuts (Obama)
	Neoliberal trickle-down tax cut: Tax Cuts and Jobs Act ((Trump)
	Progressive tax increase: IRA (Biden)

7.1.2 Capital-capital nexus

In the context of the capital-capital nexus, there have been paradigm shifts in competition, trade and the financial sector since the 2008 crisis. These shifts can be linked to different presidents. While the Biden administration changed the neoliberal approach in the area of competition regulation, the Trump administration changed it in the area of trade, and the Obama administration changed it in the area of finance. Therefore, in a departure from the previous order in the illustrative global overview, it is worth starting chronologically with finance, then trade, and finally competition and its regulation. The results are summarised in Table 13 and 14.

Neoliberalism's main growth-stimulating policy regime was '*privatised Keynesianism*', based on the extensive lending activities of the financial sector (Crouch, 2009). The background to this was the neoliberal policy of deregulation. The operation of the financial sector had been one of the most heavily regulated areas in the US since the New Deal, under the Glass-Steagall Act of 1933. This act separated the investment and commercial banking systems, creating a stable but less competitive financial system (Cunha, 2020). The history of financial deregulation began with the crisis of the 1970s under President Jimmy Carter, who, anticipating the breakthrough of Reaganomics, sought to fight inflation through a policy of deregulation, an important element of which was the *Depository Institutions Deregulation and Monetary Control Act (1980),* which had already weakened the suppression of the Glass-Steagall Act (Longman, 2020). From the 1980s onwards, the forces for the abolition of Glass-Steagall continued to grow to support the international competitiveness of banks (Reinicke, 1995). The next step was the *Garn-St Germain Depository Institutions Act of 1982*, the deregulation law passed by Reagan in 1982 (Norton, 1983). The biggest breakthrough, however, came with the Gramm-Leach-Bliley Act of 1999, which abolished the Glass-Steagall Act's separation of commercial and investment banking (Kenton, 2020).

The deregulation of the financial sector has fuelled the indebtedness of households and the private sector, which has increased significantly in the neoliberal period (Figure 20). Financial globalisation has also increased significantly (Figure 23). This led to what Simai (2009) called the *'paper economy'*, in which the financial sector became the leading sector of the economy with no real productive activity.[63] The toxic tendencies of financial deregulation led up to the Great Financial Crisis of 2008, which in turn led to a turnaround in financial regulation. As a result of the financial crisis, the Bush administration was forced to pass the *Emergency Economic Stabilization Act (2008),* which was a historic $700 billion bank bailout (Johnson, 2008). Ironically, it was deregulation that led to the emergence of the *'too big to fail'* problem in the banking sector, leaving the state to bail out the banking sector (Sorkin, 2010). Using the conceptual apparatus of Kornai (1986), neoliberal financial deregulation has created a kind of '*soft budget constraint syndrome*' in the banking sector.

The financial crisis and the bailout package triggered significant social resistance, the most important manifestation of which was the emergence of the Occupy Wall Street movement, which peaked in the autumn of 2011, laying the groundwork for the strengthening of the left wing of the Democratic Party (Lingel, 2021). These tendencies naturally brought the issue of financial regulation to the fore. The Obama administration passed several pieces of financial regulation legislation. The Fraud Enforcement and Recovery Act (2009) strengthened criminal enforcement of federal fraud laws,

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[63] Susan Strange called the same process the emergence of *'casino capitalism'*.

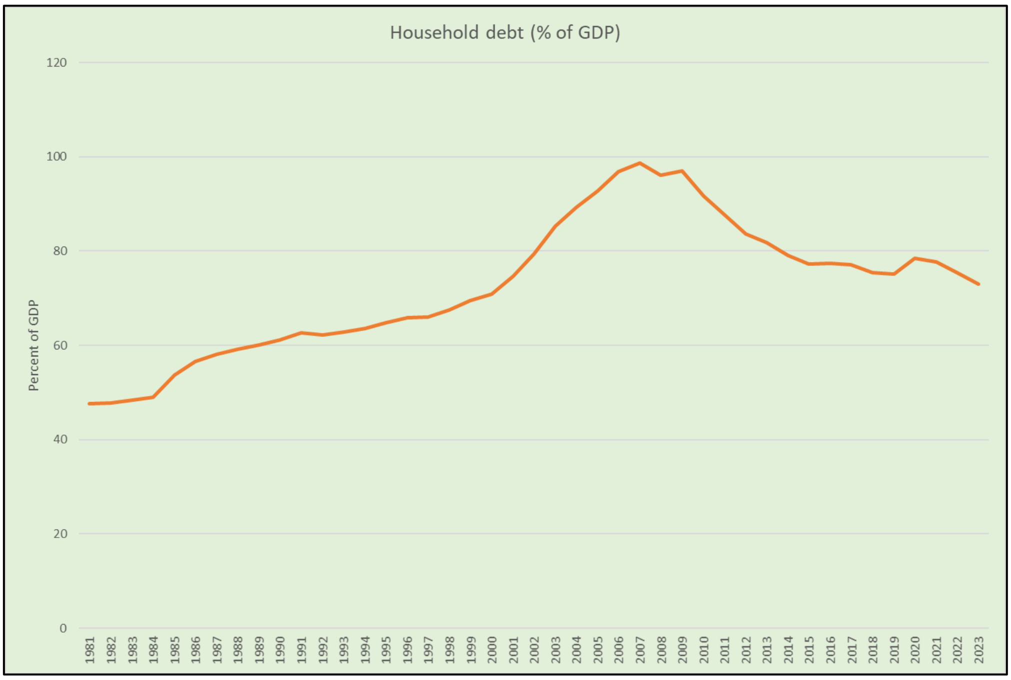
particularly with respect to financial institutions (Walsh and Joslyn, 2009). The Credit CARD Act of 2009 was accepted to protect credit card users from toxic lending practices of financial institutions (Segal, 2024), resulting in $11.9 billion in annual savings for American consumers (Agarwal et al., 2015). However, the historic reform of consumer protection in the financial sector (the Dodd-Frank Act) was passed in 2010 to prevent bank bailouts (Censky, 2010). The Dodd-Frank Act was designed to increase the stability of the financial system, curb excessive risk-taking and protect consumers. The Act created the Consumer Financial Protection Bureau (CFPB) to protect consumers financially and strengthened oversight of financial institutions, including stricter capital and liquidity requirements for large banks (Konczal, 2015). It also limited banks' speculative trading activities through the Volcker Rule and introduced new crisis management mechanisms to deal with 'too big to fail' institutions (Berman, 2023). The previous process of financial deregulation has thus been replaced by a strong and rigorous regulatory regime.

The Trump administration's approach to the financial system has been controversial. Although Trump has stated that he considering restoring the Glass-Steagall Act (BBC, 2017), he has taken strong steps to weaken Obama's reform but has failed to do so (Guida and Warmbrodt, 2018). Instead, *the Economic Growth, Regulatory Relief, and Consumer Protection Act of 2017* amended and eased Dodd-Frank regulations in several areas, mostly to support smaller banks (Michel, 2018), a goal supported by some Democrats (Warmdbrodt, 2017). However, it did not mean a come back to the pre-crisis deregulated financial system (Guida and Warmbrodt, 2018). The Trump administration's approach to financial regulation was outlined in its 2017 executive order, which argued for streamlining financial regulation while already acknowledging the existence of market failures in financial markets. Moreover, the Trump approach has also subordinated financial regulation to promoting the external competitiveness of US companies. In this approach, the financial sector is subordinated to industrial policy, i.e. its role as a leading sector is overshadowed.

The Biden administration has moved towards further regulation in the financial sector, particularly in the area of cryptocurrency market regulation (Browne, 2022). This was most notably reflected in the *Presidential Executive Order Ensuring Responsible Development of Digital Assets 2020*, which also launched support and research into digital central bank money (Abbruzzese and Collier, 2022). Nevertheless, Trump's second administration could try to move towards financial deregulation which has already be seen in the DOGE's suspension of the Consumer Financial Protection Bureau (Son, 2025). The second Trump administration has also banned research into digital central bank currency (Jones, 2025). However, preliminary analysis suggests that the Trump administration will be able to achieve a minimal reduction in financial regulation that does not represent a return to the previous model (Eliot and Below, 2025). For example, clear regulations for stablecoins have been adopted in the field of cryptocurrencies in the GENIUS Act.

Overall, therefore, the post-crisis period has seen a significant reform of financial regulation, with a corresponding decline in financialisation across a range of indicators. By 2023, private debt had fallen by 12.1% and household debt by 26.1% (Figure 20), halting the debt spiral that characterised the neoliberal period. In addition, the ratio of regulatory capital to risk-weighted assets also increased significantly by 12.1% by 2022, reflecting the increase in financial regulation, and the non-performing loan ratio also fell significantly by 85.1% (Table 13).

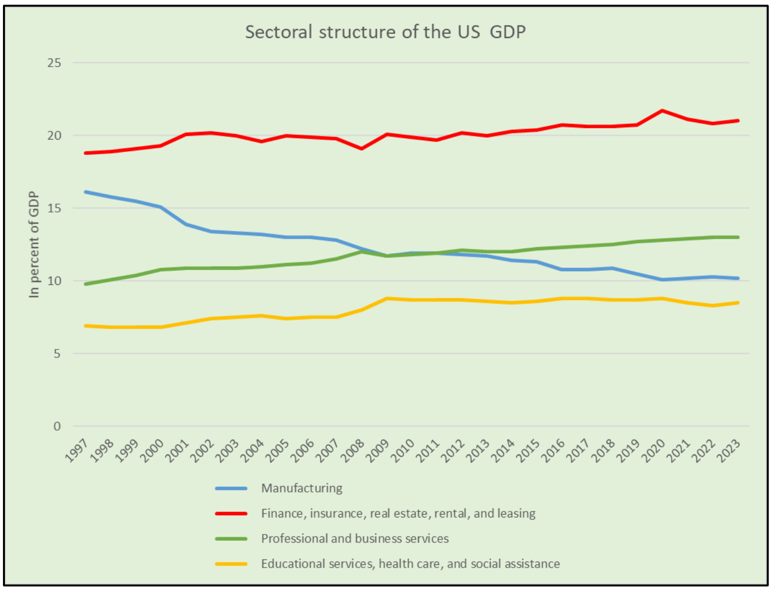
Figure 20: Household debt in the US; Source: own elaboration based on IMF (2025c)



Nevertheless, there are two structural trends in the financial sector that point to concentration. The first, as noted above, is the significant increase in the role of the Federal Reserve, which control 37% of the economy in 2023 (see: Figure A4 in the Appendix). This represents a significant concentration of central bank power. Secondly, there has been a structural change that Braun (2021) describes as the emergence of *'asset manager capitalism'*. While in the neoliberal era the financial regime was dominated by pension funds, in the past years we can see the concentration of ownership in large asset managers, like Vanguard, Black Rock and State Street Global Advisors which control more than 20 per cent of the shares of S&P500 companies (Braun, 2021).

In line with these concentration tendencies, financial regulation has not led to a significant decline of the financial sector in the economy. The economic weight of the FIRE sector, which includes financial, insurance and real estate activities, continue to grow by 6.1% until 2023 (Table 13). The post-2008 crisis period has therefore not led to a strengthening of industrial capital rather than financial capital, as the weight of manufacturing in US GDP has fallen by 20.31%, while employment has also fallen by 15.7%. However, the share of ICT technology producing industries in GDP has increased by 18.6%, much more than the financial sector, while professional business services have increased by 13% and education, health and social services by 13.3%. These trends point to a long-term shift in the structure of the US economy away from manufacturing and towards services, especially financial and professional business services (Figure 21).

Figure 21: Sectoral structure of the US GDP; Source: own elaboration based on BEA (2025a)



This spectacular economic and employment decline in manufacturing explain why, in addition to financial regulation, trade protectionism intensified after the 2008 crisis. Protectionism stands in stark contrast to neoliberal capitalism. The neoliberal approach is exemplified by Reagan's 1982 speech: "*We remind other countries that as the U.S. helps to lead the world out of this recession, they will benefit as we buy more goods from them. This will enable them to grow and buy more goods from us. And that will mean more jobs all around. That is the way of free markets and free trade. We must resist protectionism because it can only lead to fewer jobs for them and fewer jobs for us*." (Reagan, 1982) The neoliberal phase of capitalism thus responded to the 1970s stagflationary crisis by relying free trade and the world market that ushered the era of globalisation. In the US, therefore, the neoliberal era brought an increase in trade openness and a significant increase in the trade deficit, the latter rising steadily from the 1990s to 2006 (Figure 22, Figure 23). At the same time, the expansion of globalisation has had a devastating impact on employment in the US manufacturing sector without any significant counterbalance, mainly due to the rise of China, which is referred to as the *'China shock'* (Autor, Dorn and Hanson, 2016). The growing trade deficit with China led to the loss of more than 2.7 million jobs in the US between 2001 and 2011 (Scott, 2011).

The protectionism began gradually with the Obama administration, which imposed 35% tariffs on Chinese tires in 2009 to win union support for its healthcare plans, but the tariffs ended in 2012 (Loven, 2009; Gillespie, 2017). In addition, the Obama administration included a protectionist '*Buy American*' provision in the ARRA programme to promote the purchase US manufactured goods (Faiola and Montgomery, 2009). Moreover, the administration introduced export promotion measures such as the National Export Initiative and the Export Coordination Enforcement Center in recognition of the weakening of US exports after the 2008 crisis. Nevertheless, the Obama administration has continued to support free trade agreements and has made progress on both the Trans-Pacific Partnership (The White House, 2016a) and Transatlantic Trade and Investment Partnership (Kanter and Ewing, 2013). Therefore, the real breakthrough for protectionism had to wait until the 2016 primaries, when protectionist voices emerged on the Democratic side (Bernie Sanders) and the Republican side (Donald Trump) to strongly criticise Obama's free trade agreements (Krugman, 2016).

The Trump administration represented a clear protectionist turn, in sharp contrast to the 'Reaganomics'. As Trump put it, "*I was never a big fan on trade with respect to Ronald Reagan*" (ABC, 2017). It is no coincidence that after taking office, Trump withdrew from the Trans-Pacific Agreement and started the renegotiations of NAFTA (Irwin, 2017), which was later redefined in the USMCA. The USMCA places greater emphasis on preserving jobs and controlling outsourcing, thus protecting the US industrial base (Gertz, 2018). The trade protectionist turn was motivated by the reversal of the industrial working class-weakening policies of neoliberal globalisation (Diamond, 2017).[64] Strengthening the industrial base and trade protectionism are thus linked, and

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[64] As Trump put it in his 2016 speech: "*I have visited the laid-off factory workers and the communities crushed by our terrible and unfair trade deals. These are the forgotten men and women of our country. And they are forgotten. But they won't be forgotten for long*" (NPR, 2016).

this has manifested itself in the creation of the *Office of Trade and Manufacturing Policy* in the Trump era led by Peter Navarro a chief advisor of Trump in trade policy.

Trump also initiated trade wars[65] which began with the imposition of tariffs on solar panels and washing machines in 2018 (Gonzales, 2018), as well as a 25% tariff on steel and 10% on aluminium imports (Horsley, 2018), which was later extended to allied countries such as the European Union, Mexico and Canada (Long, 2018). The Trump administration also initiated a major trade conflict between the US and China by announcing tariffs on over $50 billion worth of goods (Swanson, 2018). This led to a prolonged 'tariff war' that culminated in 10% tariffs on $200 billion of Chinese imports and a countermeasure by China with tariffs on $60 billion of US imports by autumn 2018 (Bown, Jung and Lu, 2018). In 2019, the Trump administration raised tariff rates to 25% and announced additional tariffs on $300 billion of imports (Bown and Zhang, 2019). This further escalation of the trade conflict led to the '*Phase One Agreement*' in 2020, in which China committed to buy an additional $200 billion of US products to reduce the trade deficit (Bown, 2020). However, it did not eliminate all tariffs on Chinese exports (Bown, 2020), and in the following years China did not keep the agreement (Bown, 2022). The tariff wars have failed to deliver its promises to increase industrial employment (Zumburn, 2020). Nevertheless, Trump's policies have reduced the deficit with China but increased it with other countries (Palmer, 2021). Another sign that liberalisation is being reversed is the Export Control Reform Act (2018), which strengthened the president's powers over export controls for reasons of national security and foreign policy.

The Biden administration continued the strengthening manufacturing and protecting American jobs (Lobosco, 2021). Therefore, it did not oppose protectionism but focused less on tariffs and more on industrial policy with the CHIPS and Science Act and the IRA (see previous chapter). In addition, the administration sought to counter the negative effects of globalisation with a new approach by supporting the initiative for a global corporate minimum tax (Brosy, 2024), which the administration introduced in the US as part of the IRA (Buhl, 2022). This was an attempt to reduce tax avoidance incentives for companies to outsource. The administration also pursued a 'labour-centred' trade policy, putting the interests of workers ahead of free trade (Davis, 2021). The Biden

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[65] The trade wars had five major battles: tariffs on solar panels and washing machines; tariffs on steel and aluminium; tariffs to eliminate unfair trade practices against China; sanctions policy to protect semiconductor manufacturing; and tariff threats on the auto industry, which were just tools in the NAFTA renegotiation (Bown and Kolb, 2025).

administration's trade policy was less aggressive with the alliance countries, suspended tariffs with European Union (Bown and Russ, 2021), but it continued to impose tariffs on China, in 2024, for example raised tariffs on electric vehicles, on critical materials (Lobosco, 2024), showing the continuity of protectionist trade policies.

The second Trump administration has launched a new trade war, extending it to the alliances and involving Canada, Mexico, China and the European Union (Bown, 2025). The tariff war reached its peak on Liberation Day (2 April 2025), with tariffs ranging from 10 to 50 per cent being imposed on almost every country — the largest proposed increase in US tariffs since the Smoot-Hawley Act of the 1930s. These *'reciprocal tariffs'*, however, were only introduced on 7 August, after several suspensions. Nevertheless, many of the announced tariffs were suspended or reduced on a bilateral basis, meaning that by the end of 2025, the average applied tariff rate on all imports had risen to 15.8 percent — the highest level since 1943 (York and Durante, 2025). Therefore, this represents an even greater tariff war than during the first Trump administration. The Biden and Trump administrations share the same goal of strengthening the American industrial base, but how they seek to achieve it differ. A notable example of this shift is Trump's repeal of the Biden global corporate minimum tax (Michel, 2025). Trump's aim is to neutralise the tax-avoidance motives of manufacturing companies by maintaining low taxes, but ultimately it also seeks to counter the harmful effects of globalisation, albeit with a more beggar-thy-neighbour approach.

The protectionist turn is partially reflected in indicators of trade globalisation (Figure 22). For example, US trade openness declined by 11.1% by 2023, but the Fraser indicator shows stability in US trade globalisation, moreover, trade in services has continued to grow (Table 13). The data also shows that despite the tariff war, tariff levels have declined since 2007, with a temporary increase in the Trump era (see: Figure A7 in the Appendix). As previously mentioned, the second Trump trade war could bring about significant changes in this regard. However, thanks to individual bilateral agreements, it is possible that the announced tariffs will be lower. Overall, the results suggest that this wave of protectionism does not signal the end of globalisation, but rather the beginning of a more regulated form of it.

Moreover, the current account balance in the US has not reversed: although it has fallen by 36% from its 2007 level by 2023, mainly due to a decline after the 2008 crisis, but it started to grow again after the COVID crisis (Figure 23) Nevertheless, the US's intentions in reducing current account balance are clear, which had an impact on the entire global economy. Under neoliberal capitalism, export-oriented models, such as the Chinese or German models, which have maintained large trade surpluses, have been able to exist partly thanks to the huge US trade deficits. The rise of US protectionism and industrial policy has been successful in a sense that it accelerated China's aims to rely more on domestic consumption (Huaxia, 2024). Moreover, recent developments show that Germany and Europe are increasingly moving towards a kind of military Keynesianism which could replace the mercantilist export-led growth model (Krebs and Weber, 2025).

Figure 22: Trade as a share of GDP in the US; Source: own elaboration based on Our World in Data (2025c)

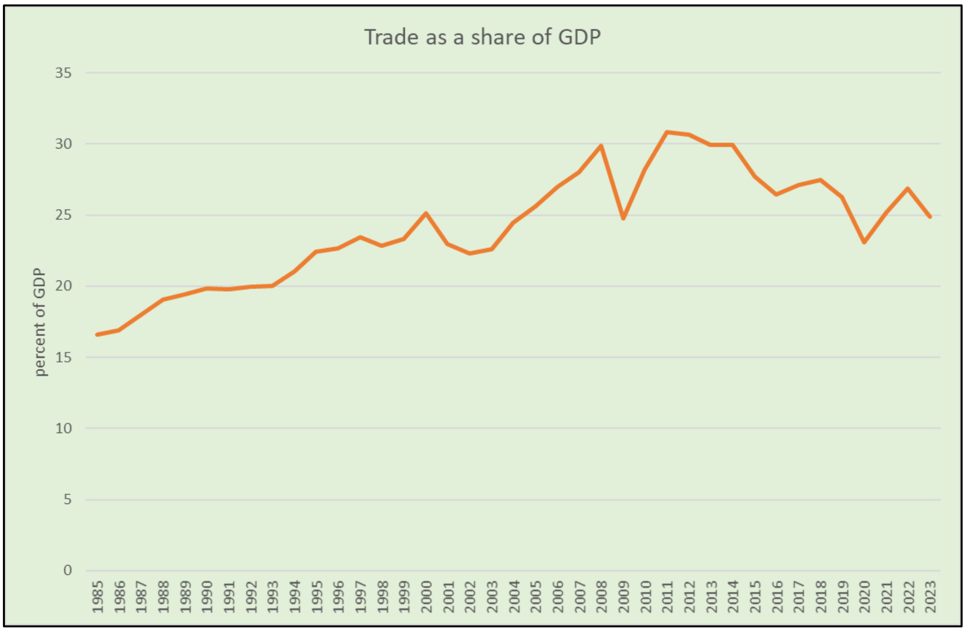
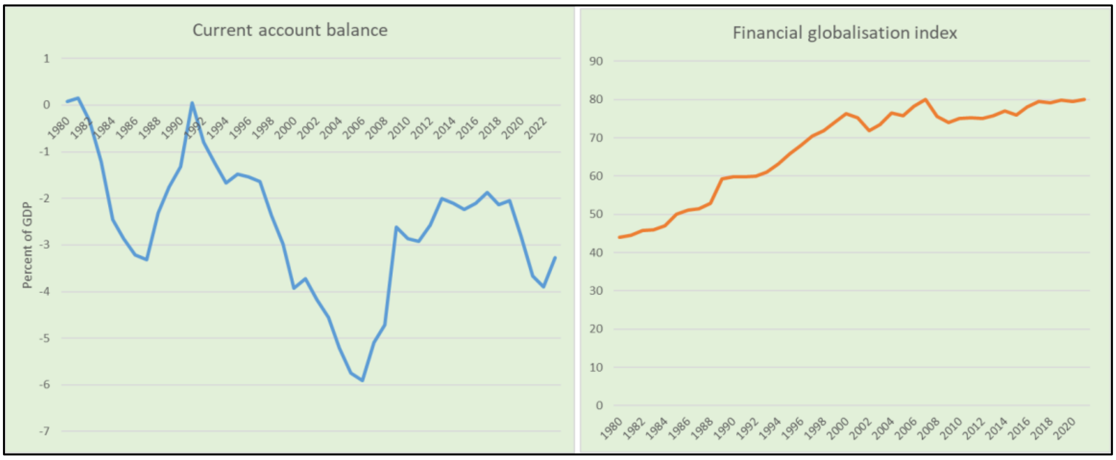


Figure 23. Current account balance and financial globalisation index; Source: own elaboration based on World Bank (2025b) and KOF (2025)



In addition to trade, indicators of financial globalisation are also declining, which is related to increased protectionism. The Fraser Financial Globalisation Index shows a slight decline of 1.3% by 2022 (Figure 23), while FDI outflows and inflows show significant declines (Table 13).[66] This is linked to the trend of significant changes in global value chains after the 2008 crisis, which was the mode of production in the neoliberal era. US industrial policy and trade protectionist measures have led to a process of 'reshoring' vis-à-vis China, supported by smart automation based on new technologies (Gur and Dilek, 2020). In addition, the phenomenon of near-shoring and friend-shoring, which aims to secure supply chains by reallocating capital to closer or allied countries, has become a strong trend as the COVID crisis has highlighted the insecurity of supply chains (Aguilar et al, 2024; Mulabdic and Nayyar, 2024). These developments point to a new trend towards regionalisation that shows a change in the neoliberal mode of production (Wang and Sun, 2020).

The third paradigm shift in capital-capital nexus took place in competition and market regulation. In the neoliberal phase of capitalism, the Chicago School fundamentally reshaped the practice of competition regulation by giving greater scope to mergers based on the *consumer welfare standard* theory (Samuel and Morton, 2022). One of the greatest icons of competition regulation in the neoliberal era was the lawyer Robert Brok, who in his 1978 book, *Antitrust Paradox* put efficiency and consumer welfare at the heart of competition regulation, emphasising that antitrust intervention is only justified when prices rise and consumer welfare falls (Bork, 1978). This approach then culminated in the new Merger Guidelines issued in 1982 during the Regan administration, which defined US competition law practice until the 2010s (Gönczöl and Teleki, 2024). The shift in competition regulation was coupled with Chicago School theories advocating market deregulation, culminating most notably in the work of Alfred E. Khan, who led a major deregulation drive during the Carter administration starting with airline deregulation (Longman, 2020). This was followed in the 1980s by trucking, bus and railroad deregulation (see: Peltzman, Levine and Noll, 1989). Deregulation continued in the 1990s with Clinton's Telecommunications Act, which brought significant deregulation to the sector and allowed several mergers (Economides, 1999).

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[66] This trend may have been exacerbated by the increased scrutiny of foreign companies in the US, as reflected, for example, in the Holding Foreign Companies Accountable Act (2020), which, among other things, strengthened foreign companies' compliance with US stock exchange audit rules.

In the aftermath of the 2008 crisis, this approach slowly changed. This is reflected in the Fraser Business Regulation Index, which fall by 4% by 2019, but rise by 1.2% by 2022 after COVID (Table 13). There has also been decline in HHI market concentration index, in line with the neoliberal period, despite the permissive antitrust practices. However, other market concentration metrics have shown an increase in market concentration across most sectors of the economy in recent decades, which contradicts the picture suggested by the HHI (Autor et al., 2020).

Obama years competition policy continued to be influenced by the Chicago School ethos, as reflected in the 2010 Merger Guidelines (Gönczöl and Teleki, 2024). Nevertheless, changes in market regulation have already been introduced. Increased regulation came in food and drug safety[67], digital services in response to changing technological conditions[68] and environmental regulation.[69] Moreover, in Obama's final year in office, there were already signs of a turnaround, with a 2016 executive order calling for stronger enforcement of competition and antitrust laws (The White House, 2016b). The Trump administration returned to the neoliberal oriented deregulation policy, which was most successful in the area of environmental deregulation (Popovich, Albeck-Ripka, Pierre-Louis, 2020). Nevertheless, competition policy emphasised the importance of data protection and support for small and medium-sized enterprises (FTC, 2018). Another important development was the extension of competition policy to the health sector, which is strongly affected by concentration (Phillipon, 2019), made possible by the *Competitive Health Insurance Reform Act* (2020).

However, the major paradigm shift can be linked to the Biden administration, which is well represented in Biden's words: "*Capitalism without competition is exploitation*" (Reuters, 2023). This kind of pro-competition turn appeared in his 2021 executive order calling for stronger enforcement of antitrust laws in the US. It was also reflected in Biden's appointments of Lida Kahn to head the Federal Trade Commission who was the leading figure of the so-called '*New Brandies antitrust*' movement (Gönczöl and Teleki, 2024).[70] This movement fundamentally rejects the Chicago School's focus on consumer welfare and clearly argues that competition policy should pursue broader goals

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[67] FDA Food Safety Modernization Act (2010) and the Food and Drug Administration Safety and Innovation Act (2010).

[68] Restore Online Shoppers' Confidence Act (2010), which protects online shoppers, and the Better Online Ticket Sales Act (2016),

[69] Microbead-Free Waters Act of 2015, the Frank R. Lautenberg Chemical Safety for the 21st Century Act.

[70] One of Lida Kahn's important writings is in Amazon's Antitrust Paradox which criticised Robert Brok's ethos (Kahn, 2016).

of competition, tackling inequality, and protecting jobs (Gönczöl, 2018). The new appointment led to a paradigm shift in the 2023 Guideline, which broke with the spirit of the 1982 Guideline and moved towards being more sensitive to increases in market concentration and the defence of jobs, wages and working conditions in mergers (Gönczöl and Teleki, 2024). Under the Biden administration, a stronger competition policy has produced significant results: it has attacked junk fees (Narea, 2024), stopped a number of mergers such as the NVDIA-ARM merger in the semiconductor industry, challenged the drug patent system, supported data protection and the regulation of planned obsolescence, improved the situation of small businesses, and put the protection of job quality at the heart of competition regulation (FTC, 2025). Moreover, in the area of digital regulation, Biden has also issued executive order on the responsible development rules for artificial intelligence.[71]

Table 13. Change in the capital-capital nexus in the US; Source: own elaboration

Dimensions	**Indicators**	**Change (2007-2019)**	**Change (2007 - 2022/2023)**
Competition and business regulation	HH Market concentration index	-11.1%	-10.8%
	Business regulation	-4.0%	1.2%
Trade globalisation and liberalisation	FREEDOM TO TRADE INTERNATIONALLY	22.2%	23.5%
	Trade as a share of GDP, 2021	-6.3%	-11.1%
	Trade globalisation	1.4%	0.0%
	Current account balance	-60%	-36%
	AHS Simple Average Tariff	-2.5%	-7.8%
	Trade in services (exports plus imports	13.2%	5.2%
Financial globalisation and financialisation	Foreign direct investment, net inflows as share of GDP (2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average)	-35.2%	-29.5%
	Foreign direct investment, net outflows as share of GDP (2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average)	-75.1%	-42.8%
	Financial globalisation	0.0%	-1.3%
	Private debt, loans and debt securities	-10.2%	-12.1%
	Nonfinancial corporate debt, loans and debt securities	8.5%	7.1%
	Household debt, loans and debt securities	-23.9%	-26.1%
	Regulatory Capital to Risk-Weighted Assets, Percent (2008-2019/2022)	5.7%	12.1%
	Industry jobs as a share of total employment, 2007	-10.4%	-11.9%
	FIRE industries	4.5%	6.1%
	ICT technology producing industries	18.6%	18.6%
	Professional and business services	10.4%	13.0%
	Educational services, health care, and social assistance	16.0%	13.3%
	Manufacturing industries	-17.97%	-20.31%
	Manufacturing jobs as a share of total employment, 2007	-11.69%	-15.17%
	Non-performing Loans to Total Gross Loans, Percent (2008-2019/2022)	-82.7%	-85.5%

Of course, the second Trump administration could reverse this paradigm shift. The image of Trump's inauguration, where the second row was full of tech billionaires, suggests that the tech sector understands the potential impact of this paradigm shift, which could bring them more regulation. This may motivate them to lobby for softer policies,

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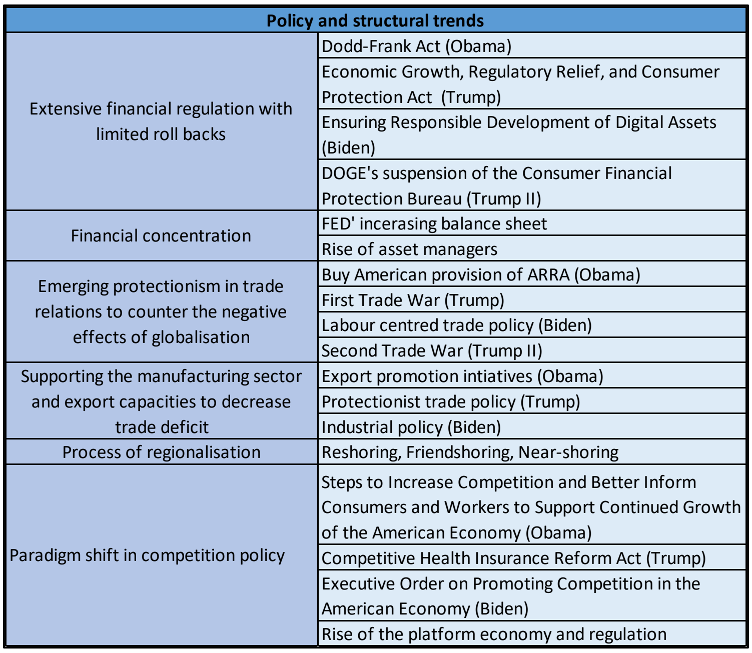
[71] Executive Order on Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence

which has already been reflected in Trump's withdrawal of the Biden executive order on artificial intelligence.[72]

That image highlights another crucial development: the growing role of big technology companies in the American economic system. This can be further substantiated by examining how the Fortune 500 list of the top 10 highest-revenue companies changed from 2000 to 2023 (see: Table A9 in the Appendix). It is evident that while there were no major platform-operating companies in the top 10 before the financial crisis, by 2023, Amazon, Alphabet, and Apple had made their way onto the list. The strengthening of the platform economy and Big Tech, however, brings about an entirely new relationship between the market and the state (Birch and Cochrane, 2022). Platforms derive their power from the networks behind them, and as such, it is their monopolistic nature that makes them valuable (Szanyi, 2023). Therefore, the platform is not just a company, it is an operator of a market (Tirole, 2017) thus responsible for regulating that which was previously the role of the government. Consequently, regulation increasingly means the self-regulation within platforms by algorithms (Runciman, 2023). Therefore, the platform is the infrastructure of the market, and the algorithms are the regulator of the market all in a hand of a private company, fundamentally disrupting the usual relationship between the state and the market.

Table 14: Policy and structural trend table regarding capital-capital nexus in the US; Source: Own elaboration



Policy and structural trends	
Extensive financial regulation with limited roll backs	Dodd-Frank Act (Obama)
	Economic Growth, Regulatory Relief, and Consumer Protection Act (Trump)
	Ensuring Responsible Development of Digital Assets (Biden)
	DOGE's suspension of the Consumer Financial Protection Bureau (Trump II)
Financial concentration	FED' incerasing balance sheet
	Rise of asset managers
Emerging protectionism in trade relations to counter the negative effects of globalisation	Buy American provision of ARRA (Obama)
	First Trade War (Trump)
	Labour centred trade policy (Biden)
	Second Trade War (Trump II)
Supporting the manufacturing sector and export capacities to decrease trade deficit	Export promotion intiatives (Obama)
	Protectionist trade policy (Trump)
	Industrial policy (Biden)
Process of regionalisation	Reshoring, Friendshoring, Near-shoring
Paradigm shift in competition policy	Steps to Increase Competition and Better Inform Consumers and Workers to Support Continued Growth of the American Economy (Obama)
	Competitive Health Insurance Reform Act (Trump)
	Executive Order on Promoting Competition in the American Economy (Biden)
	Rise of the platform economy and regulation

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[72] Removing Barriers to American Leadership in Artificial Intelligence

The search for a way forward in the relationship between platforms and the state started already under Obama, who propagated the net neutrality approach as the main solution (The White House, 2015).[73] The deterioration of the relationship between platforms and the state started during Trump's first administration, with Trump coming into conflict with several platforms such as Amazon (Stracqualursi, 2018) and Twitter (Ignatidou, 2021). Another example of conflict that Google was sued by the Department of Justice in 2020 with the accusation of illegal monopoly (Rushe and Paul, 2020). The Biden administration has taken strengthened action against platforms using the well-established American tradition of antitrust regulation with the above-mentioned paradigmatic shift (Gönczöl and Teleki, 2024)[74] However, second Trump administration is leaning more toward halting regulation, as long as platforms comply with the administration's demands. This, too, represents a unique, informal form of state power over platforms, even if it does not take the form of formal regulation.

7.1.3 Capital-labour nexus

One of the most important advances in the history of American capitalism in terms of labour-capital relations is associated with the New Deal. The role of trade unions was legally regulated by the National Labour Relations Act (Wagner Act) of 1935, which guaranteed the functioning of trade unions in the private sector, along with the right to collective bargaining and the right to strike (Bronfenbrenner, 2013). Trade unions played an important role in the institutional structure of American welfare capitalism in the 1950s. As Galbraith (1952) pointed out, the main function of unions was to provide a '*countervailing power*' to the dominance of monopolistically competing corporations.

However, the trade union movement began a gradual decline from the 1960s onwards - a trend already identified by Galbraith (1967). In this sense, the clear anti-union stance of neoliberal capitalism can be seen as a continuation of this structural tendency. This anti-union mentality was evident in the policies of Ronald Reagan (Bronfenbrenner, 2013), for example when the air traffic controllers' strike was aggressively broken in 1981 (PATCO strike). This event highlighted the ineffectiveness of union action and contributed to the long weakening of unions and the American labour movement

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[73] Net neutrality is the principle that Internet service providers should treat all data on the Internet equally, without discriminating or charging differently based on user, content, website, platform, application, or method of communication.

[74] FTC Chairman Khan previously proposed, for example, that platforms should be regulated as natural monopolies (Gönczöl, 2018).

(McCartin, 2021), paving the way for much more flexible labour markets (Schwarz, 2021). Liberalisation policies that promoted globalisation further weakened the position of labour by exposing workers to global competition that national labour movement was unable to counter (Clawson and Clawson, 1999).

Unsurprisingly, union density, union representation rate and the number of strikes have all fallen dramatically since the 1980s, pointing to the long-term weakening of the labour movement in the neoliberal era (Figure 24). There was no significant change in this process after the 2008 crisis - unions continued to lose ground (Table 15). By 2023, union coverage had fallen by 17.4%, and by an even greater 30.1% in manufacturing. Union representation rate fell by 15.8%. The number of strikes also fell until the COVID crisis. Moreover, the employment protection index did not change until 2019. Although the median hourly wage increased by 4% until 2019, the federal minimum wage was last increased under the Obama administration in 2009 to $7.25 per hour (Smith, 2009) which means the longest period of stagnation in US history (Kasperkevic, 2018). As a result, by 2024, the real value of the federal minimum wage had fallen back to pre-1950s levels (Hernandez, 2024). In addition, neoliberal labour market policies have continued, most notably under the presidency of Donald Trump, which has seen the weakening of worker safety reporting requirements and the downsizing of the Occupational Safety and Health Administration (OSHA) (BlueGreen Alliance, 2024).[75]

Figure 24: Union affiliation and work stoppages in the US; Source: own elaboration based on BLS (2025a, 2025d)

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[75] However, later reversed under the Biden administration (BlueAlliance, 2024).

Nevertheless, there have been some changes that suggest a slow shift away from the spirit of the neoliberal era. Obama introduced a federal minimum wage for federal contractors to \$10,1 per hour in an executive order (Stein and Jamieson, 2014) and implemented a major labour market reform under the Workforce Innovation and Opportunity Act (2014). The purpose of the Act was to modernise and integrate the US workforce training system, creating a 'one-stop shop' system where workers, jobseekers and employers could access services through a common platform, primarily the American Job Center network. The innovation of the system was its greater focus on skills development, the involvement of employers and the emphasis on helping young people into work (Holland, 2016).

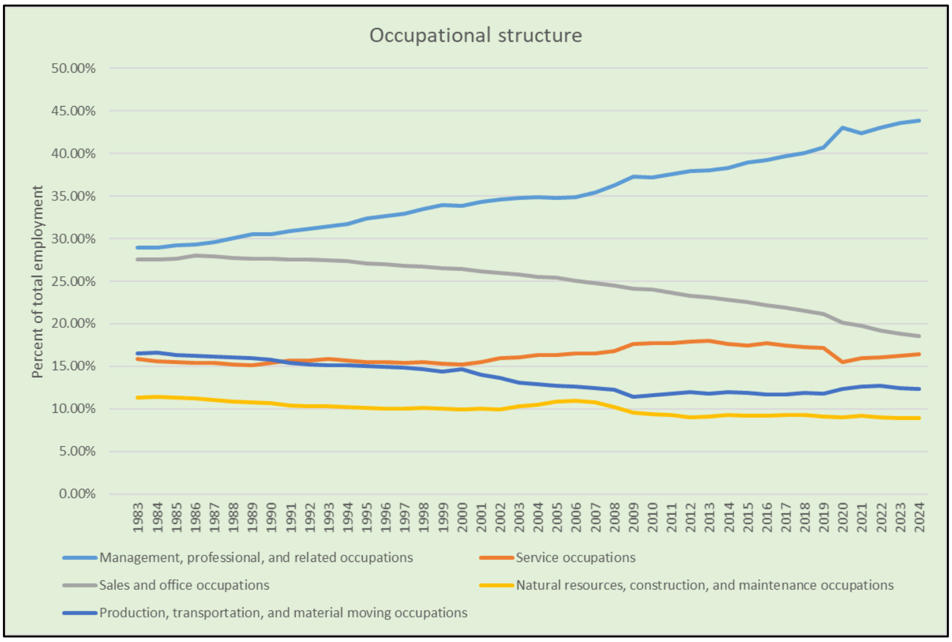
While the Trump administration has adopted strong pro-worker rhetoric, this has mostly manifested itself in protectionist measures and opposition to the negative effects of globalisation on labour - not in support of unions or stricter labour market regulations. However, Trump did issue an executive order called the 'Pledge to America's Workers', which involved employers and unions in worker training and led to the creation of the National Council for the American Worker. Through this programme, initially 20 companies and business groups pledged to hire or train 3.8 million Americans over five years (later joined by 200 companies to increase the number to 12 million) - a response to the skills shortage in the labour market (Marcellus, 2019).

Nevertheless, the Biden administration has gone furthest in supporting the labour movement (Baker, 2015) by orchestrating a fundamentally pro-labour paradigm shift in competition policy (FTC, 2025). This pro-labour approach led, for example, to a ban on non-compete clauses in employment contracts (Peck and Kokalitcheva, 2024). Biden also sought to portray himself as the most pro-union president (Weissert and Miller, 2023). Unprecedented in American history, he was the first sitting president to appear at an autoworkers' strike and publicly show his support (Isidor and Yurkevich, 2023). However, this pro-union stance was not evident during the 2022 rail strike, which resulted in a resolution rejected by the unions (Gordon, 2022).

The long-term devaluation of the labour movement has also been exacerbated by structural changes in the labour market. Employment in manufacturing - the strong base of trade union power - has declined significantly (Table 15). In terms of the structure of employment, occupation rates in production, transport and material moving; natural resources, construction and maintenance; and sales and office work have all declined steadily since the 1980s - a trend that continued after the 2008 crisis (Figure 25). The latter category, for example, declined by 24.2% between 2007 and 2023. However, production, transport and material moving occupations have recently started to grow again, with essentially stagnating over the period 2007-2023. The most significant growth can be seen in management, professional and related occupations, which grew by 23.1% between 2007 and 2023 - continuing the trend since the 1980s. Furthermore, in the educational structure, the rate of employment with a bachelor's degree or higher continued to increase by 30.3% between 2007 and 2023 (Table 15, see: Figure A8 in the Appendix). This illustrates the rise of knowledge workers.

However, the rise of the knowledge workers and the emergence of the new platform economy (discussed in the previous chapter) have created new structural trends in the labour market. The most important trend is the rise of the precariat, which means that in this new platform and knowledge economy, workers are moving from traditional secure employment to more uncertain and flexible forms of employment (Thelen, 2019). The rise of flexible employment has only been accelerated by the rise of remote working during the pandemic (Bick, Blandin and Mertens, 2023). While flexibility can benefit workers, it also comes at a cost - in terms of self-exploitation and worsening work-life balance (Chung, 2022).

Figure 25. Occupational structure in the US; Source: own elaboration based on BLS (2025f)



These new trends created tensions in the American labour market, leading to a significant wave of strikes (Isidore, 2023) and the so-called Great Resignation in the post-COVID period. The Great Resignation meant a restructuration of the labour market, as after the pandemic quit rates increased into a historically unprecedented level (Josifidis and Supic, 2023). Workers quit their jobs over concerns about mental health, work-life balance or poor management (Amanor-Boadu, 2022). While this temporarily increased workers' leverage, it did not lead to institutional change (Sowels, 2022). However, the strengthening of the trade union movement among younger generations has become increasingly visible and has the potential to revive the labour movement after decades of stagnation (Naidu, 2022). This process has been significantly reinforced by Biden's pro-union stance, although we cannot foresee any major positive changes from the second Trump administration.

Figure 26: Top 1% income and wealth share in the US; Source: own elaboration based on WID (2025)

The changes in capital-labour relations can be found in the strengthening of the welfare state. While social spending has increased, and employment in the health and welfare sectors has grown (suggesting a strengthening of welfare systems), this increase in spending has largely been due to crisis response programmes (Table 15). Moreover, this trend is nuanced by the fact that health spending continued to rise even during the neoliberal era (see Figure A5 in the Appendix). Nonetheless, the aftermath of the financial crisis has seen significant welfare reform in health care, most notably with the *Patient Protection and Affordable Care Act* (ACA or ‘Obamacare’). This law represented the largest expansion of the healthcare system since 1960’s (Vicini, Stempel and Biskupic, 2012). The ACA aimed to expand the insurance system, and to achieve this the legislation expanded Medicaid eligibility, established health insurance marketplaces, penalise individuals to purchase health insurance, and prohibited insurance companies from denying coverage based on pre-existing conditions (Kenton, 2025). The Affordable Care Act (ACA) led to a historic decline in the uninsured population from 45.2 million in 2013 to 26.4 million in 2022, with 21.4 million enrolled in ACA plans in 2024 (Obama, 2016; Sullivan, Orris and Lukens, 2024).

The Trump administration attempted to repeal the ACA, but despite having a Republican majority in both houses of Congress, it failed to dismantle the law (Roubein, 2017). However, two key changes weakened the ACA: the individual mandate penalty was reduced to \$0 under the 2017 *Tax Cuts and Jobs Act* (Kenton, 2025), and an executive order modified the implementation of the ACA, giving more flexibility in its application (Luhby, 2017). Under the Biden administration, however, the ACA was further expanded, notably through the American Rescue Plan and the Inflation Reduction Act, which strengthened subsidies and expanded access to healthcare (Kenton, 2025).

In other areas of the welfare state, however, no such significant reforms took place. The increase in welfare spending was mainly due to the long-term effects of the crisis management programmes. Both the ARRA and the CARES Act focused on extending social protection in the labour market and unemployment benefits to mitigate the effects of economic crises. Beyond that Biden's American Rescue Plan expanded the child tax credit and included housing-related rental assistance welfare measures (Stewart and Zhou, 2021). However, the Biden administration had a larger programme to transform the entire US welfare state with the so-called *Build Back Better Plan*.[76]A part of this plan was the so-called *American Families Plan*, which originally started out as a \$1,8 trillion spending and tax cut programme that would have cut childcare costs, made pre-kindergarten free, introduced paid parental and sick leave, made community college free (Lopez, 2021; Mollenkamp, 2022). This was supposed to be a major expansion of the American welfare state. However, this did not happen and only those parts of the Build Back Better Plan that dealt with infrastructure development and industrial policy programmes were adopted. In the legislation process the American Family Plan was turned into the Inflation Reduction Act, which was mainly an industrial policy programme (Zhou, 2022). Thus, a New Deal-style welfare reform package was not enacted during this period, despite several proposals advocating such changes.[77]

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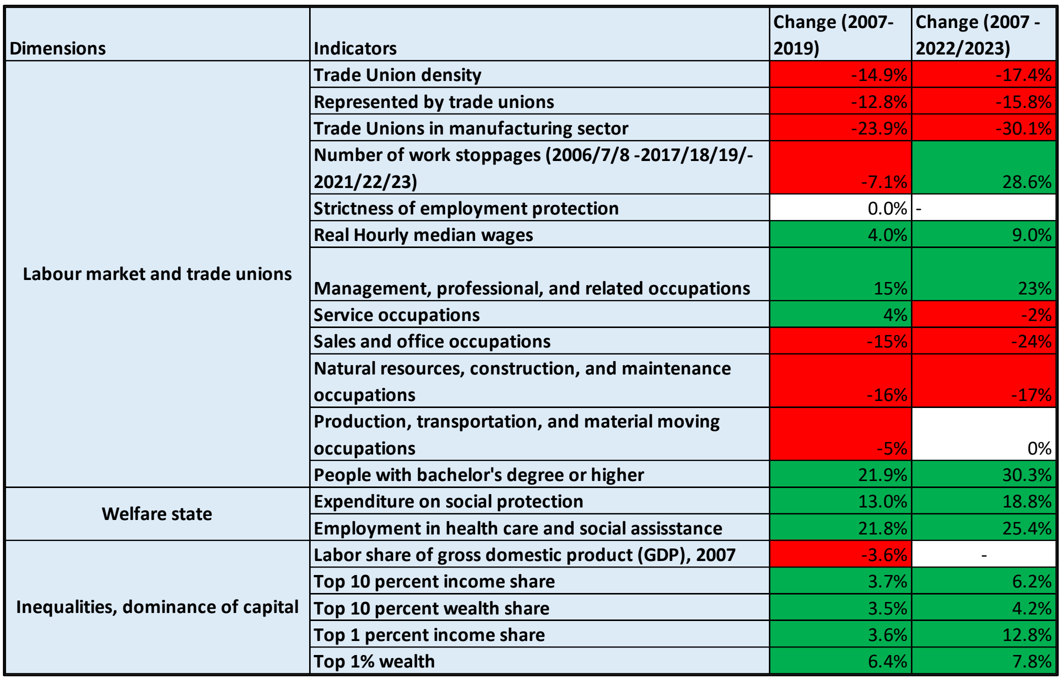
[76] Although the Biden administration learned from Obama's mistakes and proposed significant and lasting welfare reforms under the Build Back Better plan after the COVID crisis, arguing in vain that the care economy is the part of infrastructure (Shalal, 2021), significant welfare reform was not passed.

[77] The Green New Deal was a similar major social reform programme, linked to action on climate change, which was proposed in 2019 by Alexandira Ocasio-Cortez, Ed Markey, and Mitch McConnell in Congress, but failed (Davis, 2019; Galvin and Healy, 2020).

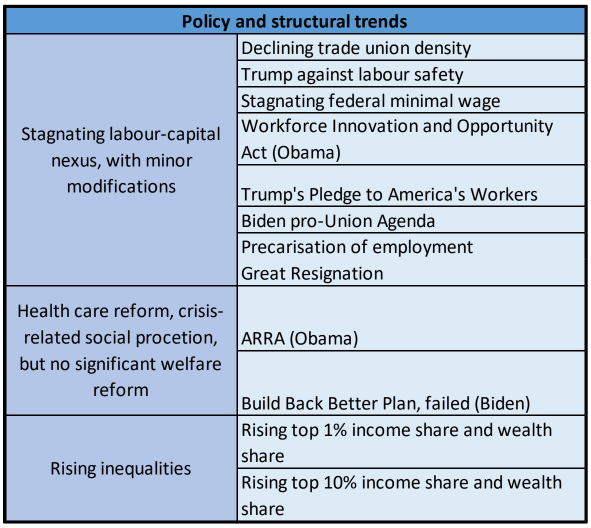
No further welfare reforms can be expected under the second Trump administration. In fact, based on the results of the past year, the welfare system is likely to be weakened further. For example, the 'One, big, beautiful bill' (2025) attacked Obama's ACA further, reducing Medicaid and tightening the food stamp programme (Drenon and Yousif, 2025).

Table 15: Change in the capital-labour nexus in the US; Source: own elaboration



Dimensions	Indicators	Change (2007-2019)	Change (2007 - 2022/2023)
Labour market and trade unions	Trade Union density	-14.9%	-17.4%
	Represented by trade unions	-12.8%	-15.8%
	Trade Unions in manufacturing sector	-23.9%	-30.1%
	Number of work stoppages (2006/7/8 -2017/18/19/-2021/22/23)	-7.1%	28.6%
	Strictness of employment protection	0.0%	-
	Real Hourly median wages	4.0%	9.0%
	Management, professional, and related occupations	15%	23%
	Service occupations	4%	-2%
	Sales and office occupations	-15%	-24%
	Natural resources, construction, and maintenance occupations	-16%	-17%
	Production, transportation, and material moving occupations	-5%	0%
	People with bachelor's degree or higher	21.9%	30.3%
Welfare state	Expenditure on social protection	13.0%	18.8%
	Employment in health care and social assisstance	21.8%	25.4%
Inequalities, dominance of capital	Labor share of gross domestic product (GDP), 2007	-3.6%	-
	Top 10 percent income share	3.7%	6.2%
	Top 10 percent wealth share	3.5%	4.2%
	Top 1 percent income share	3.6%	12.8%
	Top 1% wealth	6.4%	7.8%

Table 16. Policy and structural trends regarding the capital-labour nexus in the US, Source: own elaboration



Policy and structural trends	
Stagnating labour-capital nexus, with minor modifications	Declining trade union density
	Trump against labour safety
	Stagnating federal minimal wage
	Workforce Innovation and Opportunity Act (Obama)
	Trump's Pledge to America's Workers
	Biden pro-Union Agenda
	Precarisation of employment Great Resignation
Health care reform, crisis-related social procetion, but no significant welfare reform	ARRA (Obama)
	Build Back Better Plan, failed (Biden)
Rising inequalities	Rising top 1% income share and wealth share
	Rising top 10% income share and wealth share

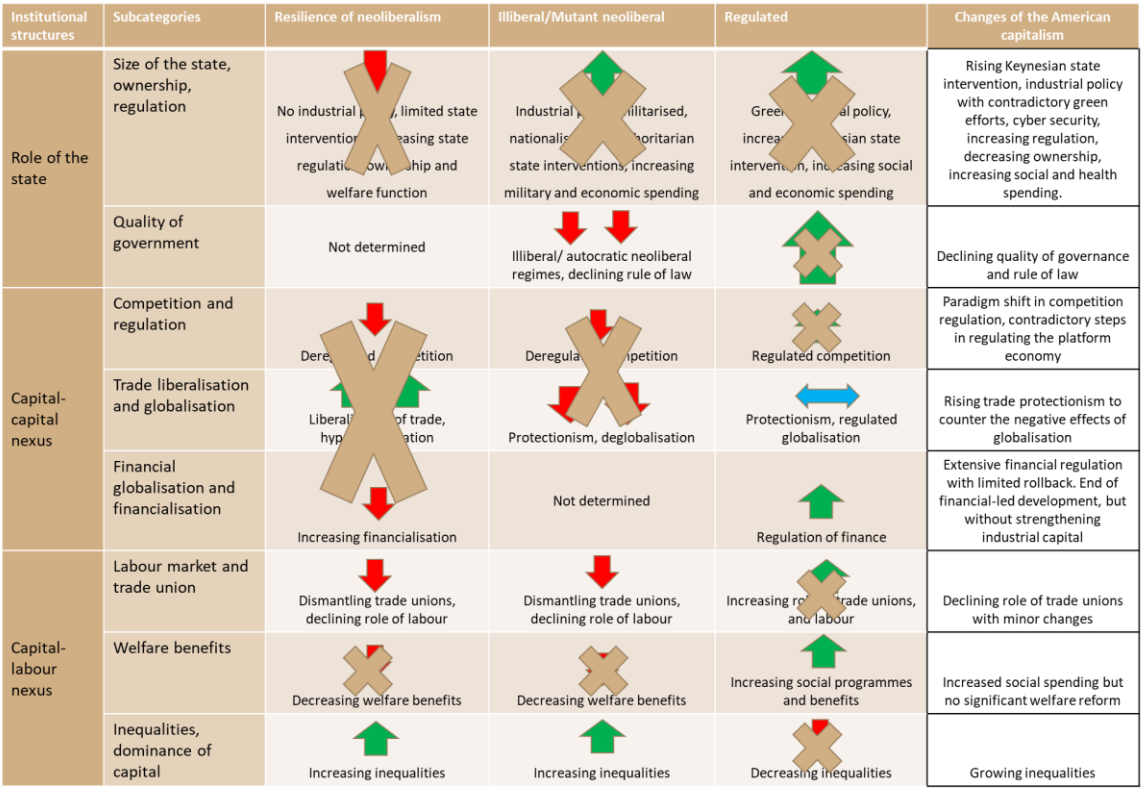
The neoliberal era brought a significant increase in inequality, in which education played a key role (Hoffmann, Lee and Lemieux, 2020) - but also the weakening of trade unions (Western, and Rosenfeld, 2011). As a result, income inequality in the US increased significantly - the top 1% took an increasing share of total income and wealth (Hoffmann, Lee and Lemieux, 2020). There was also a widening of the income gap between workers and managers, which increased from 38 to 399 times by 2020 (Bivens and Kandra, 2022). Another development was the decoupling of real wage growth from productivity: median wage growth lagged well behind productivity growth in recent decades (Mishel, Gould and Bivens, 2015). As Sandel (2021) points out, this process was reinforced by the meritocratic mindset that characterises the American elite: the belief that the rich deserve their rising incomes. Sandel (2021) calls this the tyranny of meritocracy, which breeds arrogance among elites and humiliation among the poor. He sees this as an explanation for Trump’s victory. As there has been no major turnaround in the labour market, trade unions or the welfare state - only slow movement, mostly since COVID - there has been no significant shift in inequality or the dominance of capital. Labour's share of GDP fell by 3.9% by 2019 (Table 15). The income and wealth shares of the top decile and top percentile continued to rise (Figure 26). Income inequality showed a slow, steady increase for the top 10% and 1%. Wealth inequality increased significantly after the 2008 crisis, started to decline in the mid-2010s, but never returned to pre-crisis levels - and the COVID crisis triggered a further increase. In sum, we cannot speak of a major turning point - the dominance of capital has remained strong. The results are summarised in Table 15 and 16.

7.1.4 Summary and mechanism analysis

The neoliberal era in the United States was grounded in market fundamentalism, which rejected Keynesian-style government intervention and explicitly opposed industrial policy, even if such policies continued informally. By downgrading the role of the state, neoliberalism promoted deregulation, particularly through more permissive competition policy inspired by the Chicago School and the dismantling of financial regulation. This facilitated deep financialisation and debt-driven growth, which became the main engine of the US economy until the 2008 financial crisis. Deregulation was accompanied by trade liberalisation and the expansion of globalisation, contributing to persistent trade deficits that underpinned the neoliberal global order. At the same time, global competition weakened labour’s bargaining power, reinforcing anti-union practices, welfare retrenchment, and rising inequality. Overall, US neoliberalism rested on five core pillars: limited state intervention, market and financial deregulation, trade liberalisation, and the repression of organised labour.

In the aftermath of the 2008 crisis, changes were made in all these areas, but not all of them led to a real turnaround. The rise of Keynesian interventions in the role of the state is clear, as is the rise of infrastructure and industrial policy, although there is no consensus on its green character. There has also been a marked increase in government spending on social and health care. Under the Biden administration, there was also a paradigm shift in competition regulation, showing a gradual move away from the Chicago School approach towards a more rigorous and pro-worker competition policy. The Trump administration has made a clear shift from trade liberalisation to protectionism. This was continued by the Biden administration, but it did not lead to deglobalisation, but rather to a slower and more regulated globalisation process. The Obama administration has made a significant turnaround on financial regulation, which the Republican attempts have not been able to reverse. But there has been no significant reversal in the repression of the labour movement, and while welfare spending has increased, the only significant expansion of the welfare state has been in the area of health care. Moreover, the decline of the trade unions and the increase in inequality have continued.

Table 17. Interpretation analysis: US; Source: Own elaboration



Institutional structures	Subcategories	Resilience of neoliberalism	Illiberal/Mutant neoliberal	Regulated	Changes of the American capitalism
Role of the state	Size of the state, ownership, regulation	↓ ✗ No industrial p , limited state interventio easing state regulati ow ship and welfare function	↑ ✗ Industrial ilitarised, nationalis horitarian state interventions, increasing military and economic spending	↑ ✗ Gree al policy, increa sian state intervent n, in easing social and economic spending	Rising Keynesian state intervention, industrial policy with contradictory green efforts, cyber security, increasing regulation, decreasing ownership, increasing social and health spending.
	Quality of government	Not determined	↓ ↓ Illiberal/ autocratic neoliberal regimes, declining rule of law	↑ ✗	Declining quality of governance and rule of law
Capital-capital nexus	Competition and regulation	↓ ✗ Dere d tition	↓ ✗ Deregula npetition	✗ Regulated competition	Paradigm shift in competition regulation, contradictory steps in regulating the platform economy
	Trade liberalisation and globalisation	↑ ↑ Liberal of trade, hyp ation	↓ ↓ Protectionism, deglobalisation	↔ Protectionism, regulated globalisation	Rising trade protectionism to counter the negative effects of globalisation
	Financial globalisation and financialisation	↓ Increasing financialisation	Not determined	↑ Regulation of finance	Extensive financial regulation with limited rollback. End of financial-led development, but without strengthening industrial capital
Capital-labour nexus	Labour market and trade union	↓ Dismantling trade unions, declining role of labour	↓ Dismantling trade unions, declining role of labour	↑ ✗ Increasing ro rade unions, and labour	Declining role of trade unions with minor changes
	Welfare benefits	✗ Decreasing welfare benefits	✗ Decreasing welfare benefits	↑ Increasing social programmes and benefits	Increased social spending but no significant welfare reform
	Inequalities, dominance of capital	↑ Increasing inequalities	↑ Increasing inequalities	✗ Decreasing inequalities	Growing inequalities

These changes can clearly be understood as a departure from the neoliberal era (Table 17). In terms of the role of the state and the relationship between capital and labour, the resilience of neoliberalism cannot be accepted. There is a continuation of the neoliberal tradition in the relationship between capital and labour, but there have also been slow shifts in this area, especially since COVID with Great Resignation and Biden's pro-union approach. On the other hand, we cannot say that there has been a clear shift towards regulated capitalism either, since the capital-labour relationship remains mainly unchanged. The illiberal/mutant neoliberal interpretation is not perfect, because Keynesianism has broken through in the role of the state, there have been contradictory green tendencies, and the overall rate of military spending has not increased. Nor is it supported by a paradigm shift in competition policy and the rise of more regulated globalisation rather than deglobalisation. Welfare spending has also risen, although there has certainly been no significant welfare reform. However, this approach is reinforced by the fact that indicators of the rule of law and the quality of governance are weakening. Nevertheless, none of the existing interpretations describe the changes perfectly.

But what are the mechanisms that drive this change? Based on our research, we can identify seven such mechanisms.

1. The Arrighian Mechanism: The rise of China is one of the most important drivers behind these changes, as it has posed a significant challenge to the United States' hegemonic role within neoliberal capitalism. As early as the Obama administration, China began to be recognised as a strategic competitor, resulting in an increase in sanctions against Chinese companies (Canrong, 2016). Under the Trump administration, resistance to China became even more pronounced. This was evident in the strengthening of sanctions against China and the onset of a prolonged trade war (Bown and Kolb, 2025). This protectionist shift can therefore partly be explained by geopolitical competition with China. The Biden administration has continued and reinforced this protectionist policy with a shift towards industrial policy. The CHIPS and Science Act, for example, is clearly intended to hinder China's progress in semiconductor manufacturing (Amato-Montanaro, 2024). The strengthening of the state's role, the revival of industrial policy, the resurgence of protectionism and the push to regulate trade and financial globalisation are all clearly rooted in China's challenge to global hegemony.

2. The Polanyian Mechanism: This mechanism stems from the harmful effects of excessive marketisation under neoliberalism. This damaged the fabric of society, triggering a social backlash that manifested in legislation. This mechanism can be observed in the realms of labour, money and nature. In terms of labour, neoliberal marketization - by fostering globalisation - transformed labour into a global commodity. This has led to outsourcing and the creation of global value chains, which have had a profound impact on U.S. employment structures by undermining manufacturing jobs and the American industrial base (Miran, 2024). This trend was also linked to China's rise (Scott, 2011). The resulting discontent among American workers significantly contributed to Trump's victory (Tankersley, 2016), marking a clear shift towards protectionism in trade policy. These motivations also explain why the Biden administration has embraced industrial policy. Thus, protectionist and industrial policy measures have emerged in an attempt to mitigate the harmful effects of neoliberal globalisation. Additionally, resistance to the neoliberal labour regime is likely to have contributed to the wave of resignations and strikes that followed the pandemic. While this trend has yet to have a significant impact on legislation, the Biden administration's pro-union stance signals a partial shift (Weissert and Miller, 2023).

In the financial sector, marketisation under neoliberalism led to substantial debt accumulation, directly contributing to the 2008 financial crisis. The bank bailouts during the crisis made the effects of marketisation even more apparent. Significant social movements emerged in response to the role of Wall Street, the most prominent of which was Occupy Wall Street. This partly triggered the regulation of the financial system, culminating in the passing of the Dodd–Frank Act in 2010.

Furthermore, responses to the effects of commodifying nature, particularly climate change, also fall under this category. However, this trend is more limited in the US, where green politics are mostly confined to the Democratic Party. Notable climate action emerged during the Obama era, particularly through the 2008 ARRA programme and the Clean Power Plan. Climate change was also the main rationale behind Biden's IRA industrial policy programme (Shivaram, 2021).

3. Veblenian Mechanism: Another mechanism relates to the information and communication technology (ICT) revolution that unfolded under neoliberalism. The tools of this revolution have increasingly been used against the United States itself. The first signs of this were visible even before the 2008 financial crisis, particularly during the 9/11 terrorist attacks, but this trend intensified during the 2010s. This was particularly evident during the wave of cyberattacks under the Obama administration (BBC, 2015), prompting a significant strengthening of cybersecurity, even though overall military spending remained unchanged (see Figure 19). This has led to a significant shift towards cybersecurity regulation, which has emerged as a defining trend in recent years. Due to the security challenges they pose to the U.S., the spread of new ICT tools can no longer be organised solely on a market basis.

4. The post-Keynesian Mechanism: During the neoliberal era, the main demand mechanisms were based on indebtedness (Crouch, 2009). However, this model encountered difficulties during the crisis, prompting the state to intervene and stimulate growth. This ushered in a new phase of Keynesian crisis management, characterised by significant expansion of monetary policy (see: Figure A4 in the Appendix). Another core feature of the debt-driven, consumption-oriented model was a substantial current account deficit, a problem that policymakers also began to address (Miran, 2024). These factors help to explain the protectionist turn and the rise of industrial policy. The debt-based demand regime that had been effective until 2008 collapsed and was replaced by state-led Keynesian demand stimulus and investment-driven industrial policy.

5. The Neo-Schumpeterian Mechanism: The new technological revolution has brought regulatory challenges but has also created opportunities to reshape existing neoliberal institutional structures. This has led to the emergence of a new production model: the platform economy. The need to regulate this model is growing, and it is already a feature of competition policy efforts. This model is also transforming labour markets by making traditional employment more precarious, again calling for regulatory changes, although these have not yet fully materialised. New technologies are reshaping the geographical organisation of production by enabling value chains to be shortened. The US is actively deploying smart automation technologies to restructure value chains (Gur and Dilek, 2020). Thus, technological opportunities and security concerns both point towards the reorganization of global value chains.

6. The impact of the COVID pandemic: The pandemic, as an external shock, had a significant influence on the expansion of the state's role in the 2020s, particularly with regard to healthcare and social protection. Both the Trump and Biden administrations responded with substantial Keynesian demand stimulus, accelerating the shift away from neoliberalism (see: Chapter 7.1.1.). The pandemic also heightened concerns about the length of global supply chains, reinforcing the drive towards their reorganization (Owens, 2025).

7. The Triffin mechanism: A seventh mechanism facilitates this process and stems from the role of the US in the global economy, i.e. the dollar as the world's reserve currency. This leads to the Triffin paradox: to have an adequate dollar supply, the US must run a trade deficit (Smith, 2024). There is also significant pressure for the reserve currency to appreciate, which weakens the country's export and manufacturing capabilities. As Miran (2024), the second Trump-era economic advisor, points out, this can only be sustained if the size of the hegemonic economy is large enough. However, if global GDP grows beyond a certain point, the role of the domestic manufacturing and export sector becomes increasingly challenging. It also endangers the global defence umbrella that the US maintains. According to Miran (2024), maintaining this special role for the US will require a much more aggressive trade policy and greater defence expenditure sharing within NATO. This aligns closely with the protectionist policies and defence expenditure sharing initiatives of the Trump and Biden administrations (Desmaele, 2025).

The mechanisms of change can be summarised as a *'security-driven correction of neoliberalism'.* These changes address the problems created by neoliberalism (Polanyian and Post-Keynesian Mechanisms) and aim to correct them. Security considerations play a central role in this correction, as the problems of neoliberalism are exacerbated by China's rise (the Arrighian mechanism) and the hostile use of new technologies (the Veblenian mechanism). This poses serious security challenges to the US. These corrections are being pursued to enhance US security and maintain its world hegemonic position in an increasingly difficult environment for supplying the reserve currency (the Triffin mechanism). Therefore, these changes are partly endogenous, rooted in the inherent consequences of neoliberalism and the US's structural position in the world economy. Additionally, semi-endogenous mechanisms have emerged, such as China's rise and the aggressive use of new technologies, which are only partially a result of the neoliberal era. The entire process has been reinforced by the exogenous shock of the pandemic, although its impact has been significantly shaped by the production mode of the neoliberal era.

Overall, America's neoliberal model, based on private debt and globalisation, is failing. In the years following the crisis, the remedy was a Keynesian policy of stimulating demand, complemented by monetary easing. The financial system has been regulated, thus limiting its leading role in the economy. The overarching goal is also to regulate globalisation to rebuild the US industrial base and reduce its trade exposure. Thus, we are faced with a desperate hegemon which, in the light of the rise of China, is trying to remedy the damaging effects of the neoliberal institutional structures with the weapons of protectionism and industrial policy.

7.2 Poland: From Neoliberal Poster Child to a Pragmatic Industrial Policy Champion

7.2.1 Role of the state

Poland and the post-socialist region have been the most prominent poster children for neoliberal capitalism. As Appel and Orenstein (2016: 313) put it, *"no region has embraced neoliberalism more enthusiastically and persistently than post-communist Europe and Eurasia*." This was hardly a coincidence. The region's transition from a socialist system - characterised by extensive state intervention and central planning, but plagued by chronic shortages (Kornai, 1992) - to capitalism took place in the 1990s, the golden age of neoliberalism. Thus, neoliberal ideas fundamentally shaped the region's model of capitalism and provided fertile ground for a radical redefinition of the role of the state.

Nevertheless, the neoliberal transformation in Poland had begun well before the 1990s (Szabó and Kurucz, 2023). As Bockman and Eyal (2022) argue, the region - including Poland - acted as a laboratory for the crystallisation of neoliberalism, facilitated by close intellectual exchanges between Western and local neoliberal thinkers. An important Polish neoliberal formation in the 1980s, for example, was the Balcerowicz Group around Leszek Baclerowicz, which later spearheaded the neoliberal shock therapy (Shields, 2003).

The gradual transformation of the socialist state was set in motion by the economic reforms introduced by Edward Gierek in the 1970s, which relied heavily on Western debt (Adamczyk, 2017). This began Poland's reintegration into the Western system of dependency, with a gradual move away from Soviet-style influence (Böröcz, 1992). In the 1980s, Poland's rising foreign debt - which grew from $24.1 billion in 1980 to $46.1 billion in 1990 (Pluciński, 2020) - brought the country to the brink of a debt crisis. This mounting debt significantly increased the leverage of foreign creditors over domestic policymaking, leading to neoliberal restructuring even before the formal end of communism (Pluciński, 2020). In this context, the state began to implement market-oriented reforms and deliberately reduced its expansive economic functions (Klaminski, 2014). Therefore, at the time of the political transition, Poland was one of the most advanced countries in terms of market reforms (Bohle and Greskovits, 2012).

During the regime change, Poland quickly emerged as a pioneer of capitalist transformation, setting an example for the entire post-socialist region (Koldoko, 2009).

The neoliberal restructuring of the role of the state in Poland revolved around three key pillars: liberalisation, deregulation and privatisation. These efforts culminated in the so-called Balcerowicz Plan, named after Finance Minister Leszek Baclerowicz (1989-1991), which, following the principles of the neoliberal 'shock doctrine' (Klein and Smith, 2008), radically redefined the role of the Polish state by implementing immediate price liberalisation, enforcing strict fiscal and monetary policies, introducing far-reaching deregulation and initiating the privatisation of state-owned enterprises (Shields, 2008). The Balcerowicz Plan embodied the ideas of leading neoliberal economists, most notably brought to Poland by Jeffrey Sachs, one of the plan's main theoretical architects (Shields, 2003).[78]

However, the rapid and drastic implementation of these neoliberal reforms attracted considerable criticism (see, Koldoko, 2009). It is perhaps no coincidence that the final pillar of the neoliberal agenda - privatisation - was implemented more cautiously and gradually in Poland (Kozarzewski and Bałtowski, 2016). Although the enabling legislation was passed in 1993, large-scale privatisation accelerated after Balcerowicz's return as finance minister in 1997 (Rydlinski, 2017). The neoliberal restructuring was further bolstered by the European Union accession process, which required Poland to deepen privatization and align more closely with neoliberal economic norms (Shields, 2008; Appel and Orenstein, 2018).

The neoliberal transformation gave rise to a distinctive capitalist model in Poland, described as a dependent market economy (Nölke and Vliegenthart, 2009) or an FDI-led growth model (Ban and Adăscăliței, 2022). In this model, state intervention is best understood through the concept of the *'competition state'*, where the primary goal of government policy is to attract FDI and tailor institutional reforms accordingly (Drahokoupil, 2009). This shift entailed a retreat from active industrial policymaking, effectively outsourcing the shaping of the economic structure to multinational corporations. This *'outsourced industrial policy'* was famously summed up by Tadeusz Syryjczyk, Minister of Industry in the late 1980s and early 1990s, who remarked: "*The best industrial policy is no industrial policy*" (Anioł, 2015) - a sentiment borrowed directly from Chicago School economist Gary Becker (Voszka, 2019). Thus, during the

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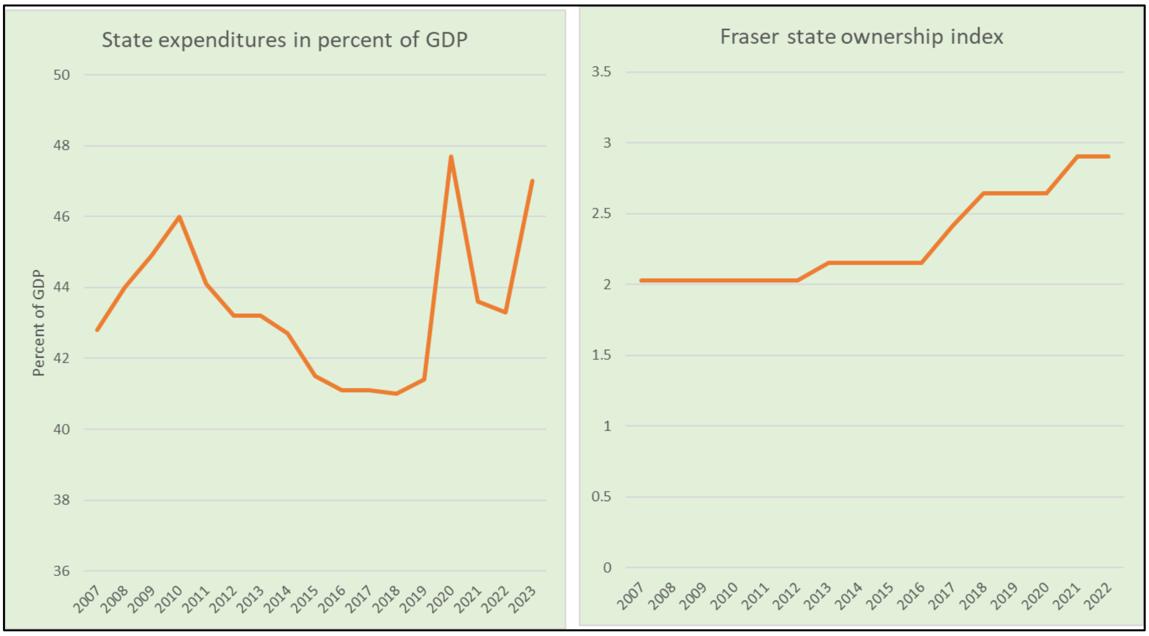
[78] Jeffrey Sachs succinctly captured the essence of Poland's neoliberal transformation: "*First, let prices find market-clearing levels, in part based on free trade with the West. Second, set the private sector free by removing bureaucratic restrictions. Third, bring the state sector under control, by privatisation and by imposing tougher disciplines on such state firms as remain. Fourth, maintain overall macroeconomic stability through restrictive credit and balanced budgets*" (Shields, 2008).

neoliberal phase of capitalism in Poland, the role of the state was clearly characterised by neoliberal principles: liberalisation, deregulation, privatisation and the abandonment of industrial policy.[79]

However, after the 2008 financial crisis and especially after the Law and Justice Party (PiS) came to power in 2015, a redefinition of the role of the state began. According to the Fraser Index, the size of government decreased by 8% between 2007 and 2023, but this is contradicted by other indicators: government expenditure increased by 9.8% over the same period (Figure 27), and government revenue also increased by 1.5%. The fluctuations in the size of government were largely shaped by the two major crises that affected this period, during which public spending expanded significantly. This reflects a breakthrough for Keynesian approaches and stands in sharp contrast to the neoliberal era - for example, the period between 1997 and 2001 - when the Polish state responded to the emerging crises in Asia and Russia with fiscal austerity and economic *'cooling'* measures rather than stimulus (Koldoko, 2009; Rydlinski, 2017).

Figure 27: State expenditures and state ownership in Poland; Source: own elaboration based on Eurostat (2025a) and Fraser (2025)



The shift away from doctrinaire neoliberalism towards a more pragmatic, Keynesian-influenced role for the state began during Donald Tusk's first governments (2007-2014). Although Civic Platform (PO) was fundamentally a neoliberal party, it did not fully implement the promised neoliberal agenda - most notably, it failed to introduce

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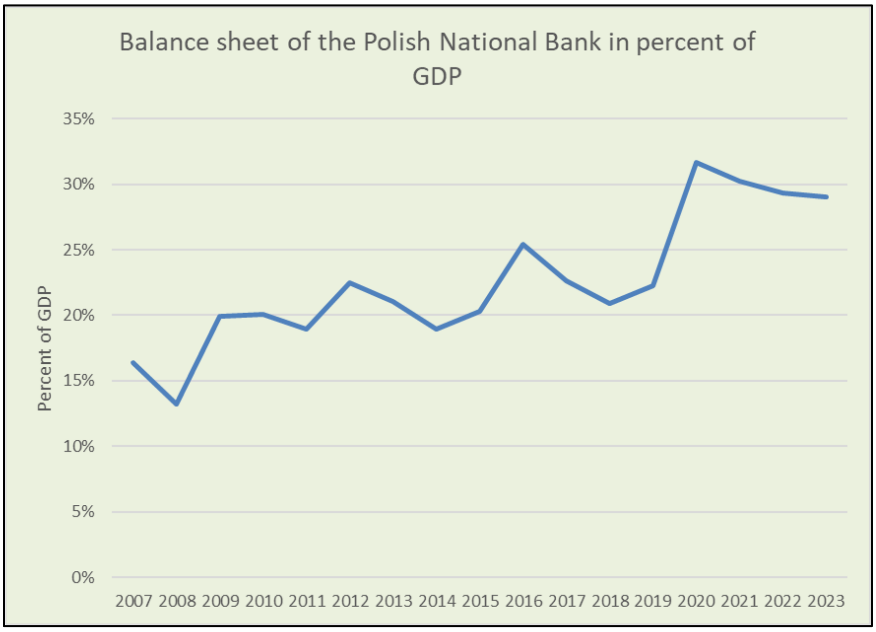
[79] It should be noted, however, that there were more pragmatic periods of state intervention in this neoliberal era, which will be discussed later in this chapter.

a flat income tax (Rae, 2013). Tusk later publicly apologised for campaigning on tax cuts while in opposition, admitting that such policies were incompatible with improving the quality of public services (Wasowski, 2014).

Figure 28: Balance sheet of the Polish National Bank in percent of GDP; Source: own elaboration based on BIS (2025)



A major turning point came in response to the 2008 global financial crisis, when Tusk's government, in defiance of neoliberal orthodoxy that favoured austerity, adopted an expansive, counter-cyclical Keynesian stimulus programme (IMF, 2010). This programme - called the Stability and Development Plan - was launched in 2008 and included a 91,3 billion PLN public investment package (Reichardt, 2011). In 2009, public spending was further increased, including a significant increase in government investment, pushing gross public investment expenditure to 5.2% of GDP and the government deficit to 7.1% (Stawska and Grzesiak, 2014). While automatic stabilisers played a role in this widening of the deficit, the IMF (2010) estimates that the fiscal stimulus amounted to 1.75% of GDP in 2008 and 2.5% in 2009. The stimulus was partly financed by EU structural funds and driven by infrastructure developments related to the Euro 2012 football championship (Rae, 2013). This fiscal expansion was supported by monetary policy: interest rates were cut significantly in 2008-2009 and additional liquidity was injected into the economy through the Confidence Programme, which was also part of the 2008 response package (Stawska and Grzesiak, 2014). As a result, the central bank's balance sheet grew from 13% to 20% of GDP and remained at this elevated level into the early 2010s (Figure 28).[80]

However, this Keynesian shift did not mean a complete break with austerity. Already during Tusk's first term, while the flat tax was never introduced, the government simplified the income tax system from three brackets to two, making it slightly more regressive, early retirement was restricted, funeral subsidies were reduced and public sector wages were frozen (Rae, 2013) with the exception of teachers' salaries, which were raised despite the crisis (RTE, 2008). Moreover, the VAT rate was raised from 22% to 23% in 2011 (Asquith, 2011).[81] In Tusk's second term, further austerity measures became necessary, largely due to pressure from the European Union to reduce the budget deficit below the 3% threshold (Rae, 2013). These measures included cuts in child and internet tax allowances (Piechowiak, 2012), an increase in the retirement age (BBC, 2012) and higher excise taxes on diesel and tobacco (Skwirowski, 2011). These austerity measures contributed significantly to the decline in public support for Tusk's government and paved the way for Law and Justice's (PiS) electoral victory in 2015 (Theiss and Kurowska, 2018). Nevertheless, the austerity measures implemented under Tusk were comparatively less severe than in many other European countries and reflected a more pragmatic version of neoliberalism (Rae, 2013).

The rise to power of the Law and Justice Party (PiS) in 2015 reinforced the ongoing shift towards a greater role for the state. Mateusz Morawiecki, who served as prime minister between 2016 and 2023, clearly articulated this new direction when he stated: "*The weakness of the last quarter century has been to downplay the state's role in the modern economy, which is a sin and an absolute mistake*" (Harper, 2017). This statement symbolised PiS's decisive departure from neoliberal orthodoxy towards an economic policy based on active state intervention (Szabó and Kurucz, 2023). This transformation rested on four key pillars. First, the breakthrough of industrial policy, expressed in the *Strategy for Responsible Development Plan* (2016). The plan advocated strengthening domestic capital and promoting a proactive role for the state in economic development (Toplišek, 2020). Second, the reversal of neoliberal austerity policies and the introduction of a much more generous welfare state, symbolized by the launch of the

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[80] In addition, the establishment of a flexible credit line with the IMF was important in managing the crisis (Naczyk, 2014).

[81] However, the level of austerity remained more moderate than that advocated by hardline neoliberal groups such as those led by Leszek Balcerowicz (Rae, 2013).

Family 500+ program in 2016 (Bluhm and Varga, 2020). Third, a move towards centralisation of economic decision-making (Piątek, 2023) and the repolonisation of strategic sectors (Benczes and Orzechowska-Wacławska, 2024). Fourth, the progressive reform of the tax system, implemented after the COVID-19 pandemic under the Polish Deal (Polski Ład) aimed to support the middle class, reduce inequalities, and expand healthcare, social spending, and infrastructure investment (Wilczek, 2021a; Bohle et al., 2022).

Increased government intervention was also evident in Poland's response to the COVID-19 pandemic. The anti-crisis measures had two main components: the anti-crisis shield, amounting to about 6% of GDP, and the financial shield, amounting to a further 4% of GDP, which provided one of the largest fiscal stimulus packages in Europe (Toplisek, 2022). As part of the first COVID package, the state also introduced price caps on critical products, bringing back memories of communist price fixing (Wilczek, 2020a). In parallel, monetary policy was loosened significantly with the launch of a quantitative easing programme (Zaleska, 2022). As a result, the balance sheet of the Polish central bank expanded dramatically, rising from 22% of GDP in 2019 to 32% in 2020 (Figure 28). Active state intervention continued during the economic shocks following the Russian invasion of Ukraine. The government introduced the Anti-Putin Shield, aimed at rapidly eliminating dependence on Russian energy supplies (Koschalka, 2022a), and the Anti-Inflation Shield, aimed at curbing inflation through VAT cuts on various products (Arak, 2022).

The evolving new role of the state is reflected in the changes in the structure of public expenditure between 2007 and 2023 (Table 18). The largest increase is in economic expenditure, which rose by 53.1%, followed by health expenditure, which rose by 26.7%. This shift marked a significant departure from the approach of the neoliberal era, which aimed to privatise health care and dismantle extensive social policy (see: Chapter 7.2.3). Military expenditure increases by 10.5% and social expenditure by 8.3%. In contrast, spending on education and general public services fell over the same period.[82] In addition, the impact of tax reforms over the period reduced personal tax revenues by 14.5% by 2023 compared with 2007, while corporate tax revenues fell by only 3.6%.

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[82] The decline in educational spending coincided with a partial reversal of the 1999 education reform. From 2016 onwards, the government, under the leadership of the PiS, shifted its focus to strengthening vocational education, thereby reducing the emphasis on general education that had been central to the 1999 reform (Białecki, Jakubowski and Wiśniewski, 2017).

The substantial increase in economic spending signalled a broader revival of industrial policy in Poland. This shift has been accompanied by a reversal of privatisation and a notable increase in state ownership. According to the Fraser Institute's state ownership index, Poland experienced a 42.9% increase between 2007 and 2022 (Figure 27). The strengthening of industrial policy began during Donald Tusk's first term as prime minister and was particularly marked by the appointment of Jan Krzysztof Bielecki as economic advisor from 2010 (Naczyk, 2014). Bielecki openly advocated the creation of *'national champions'* in the Polish economy (Rae, 2013). Similarly, Mikołaj Budzanowski, the Minister of the State Treasury emphasised the importance of economic patriotism as a guiding principle (Nazyk, 2014).

Following the Keynesian response to the 2008 crisis, the Tusk government launched another large-scale public investment initiative in 2012, under the name '*Investment Poland*' (Clifford Chance, 2012). The program aimed to mobilize 40 billion złoty in investments and credit by 2015 (DW, 2012). To manage and coordinate these efforts, the government established the Polish Investments for Development fund (Naczyk, 2014). Moreover, although the Tusk government initially continued with mass privatisation, these efforts were increasingly driven by fiscal considerations and greater attention was paid to maintaining state control over key assets (Kozarzewski and Bałtowski, 2016). Nevertheless, the privatisation process largely stalled from 2011 onwards, giving way to a growing public discourse on the *'repolonisation'* or *'domestication'* of certain sectors (Shields, 2021). This was accompanied by the strengthening of anti-takeover instruments aimed at protecting strategic sectors (Naczyk, 2014). A notable example is the 2015 legislation that restricted the acquisition of companies operating in sectors deemed strategically important (PAP, 2015; Kozarzewski and Bałtowski, 2016).

However, the real breakthrough in industrial policy and repolonisation began under the Law and Justice (PiS) government after 2015. This new strategic direction was formally outlined in the Strategy for Responsible Development presented in 2015 and accepted in 2017 (Białek and Oleksiuk, 2020), which explicitly declared that the growth model dependent on foreign capital had run out of fuel and set the strengthening of local capital as a core objective (Responsible Development Plan, 2017). The plan proposed a new development model based on reindustrialisation, support for innovative companies, mobilisation of capital, international expansion of Polish companies and promotion of social and regional development. It also set out a comprehensive public policy framework to achieve these goals.[83]

The plan was followed by a wave of policy initiatives aimed at reshaping Poland's economic model. To coordinate industrial policy, the government established the Polish Development Fund (PFR) in 2016 by consolidating several existing institutions, thereby creating the country's first dedicated development agency (Czech and Kassner, 2021; Białek and Oleksiuk, 2020). Significant reforms were also introduced to promote innovation. The first Innovation Act, adopted in 2016, abolished income tax on patent rights (PAP, 2016a), while the second Innovation Act of 2018 introduced tax incentives for companies investing in research and development (KG Legal, 2018). These legislative measures were complemented by expanded support for science, most notably through the adoption of the Science Constitution, which sought to enhance the quality of higher education and research by introducing additional funding and a unified evaluation system (NAWA, 2018; Rzhevkina, 2022). In 2019, the government also launched the Łukasiewicz Research Network to foster cooperation among Polish research institutions (PAP, 2019a). A new approach to supporting entrepreneurship was articulated in the 2018 Business Constitution, which prioritised improved conditions for small and medium-sized enterprises (SMEs), including the creation of an SME Ombudsman (PAP, 2018a; NATLEX, 2018). A national start-up programme was also launched in 2016, backed by a PLN 3 billion budget (PAP, 2016b). Further reforms in 2021 introduced tax exemptions based on the Estonian model, allowing small businesses to defer taxes on reinvested profits (Leinonen, 2024). Simultaneously, a repolonisation strategy was launched, aimed at increasing domestic ownership in key strategic sectors such as transport, energy, and banking - often through direct state intervention or nationalisation (Benczes and Orzechowska-Wacławska, 2024).

Since 2021, Poland has adopted a new industrial policy strategy that prioritises digitalisation, security, shortening of value chains, green transition and the creation of high-skilled jobs (Rajca, 2021). Within this framework, security has emerged as a central pillar, a trend reinforced by the outbreak of the Russian-Ukrainian war, which has significantly increased the role of the defence sector within Polish industrial policy. This shift has led to significant rearmament efforts. In 2022, during bilateral talks with the

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[83] The strategy also included several flagship initiatives, such as the 'Batory' shipbuilding programme, an electric vehicle project, strengthening cybersecurity ('Cyberpark Enigma') or supporting the development of rail vehicles ('Luxtorpeda 2') (Białek, and Oleksiuk, 2020).

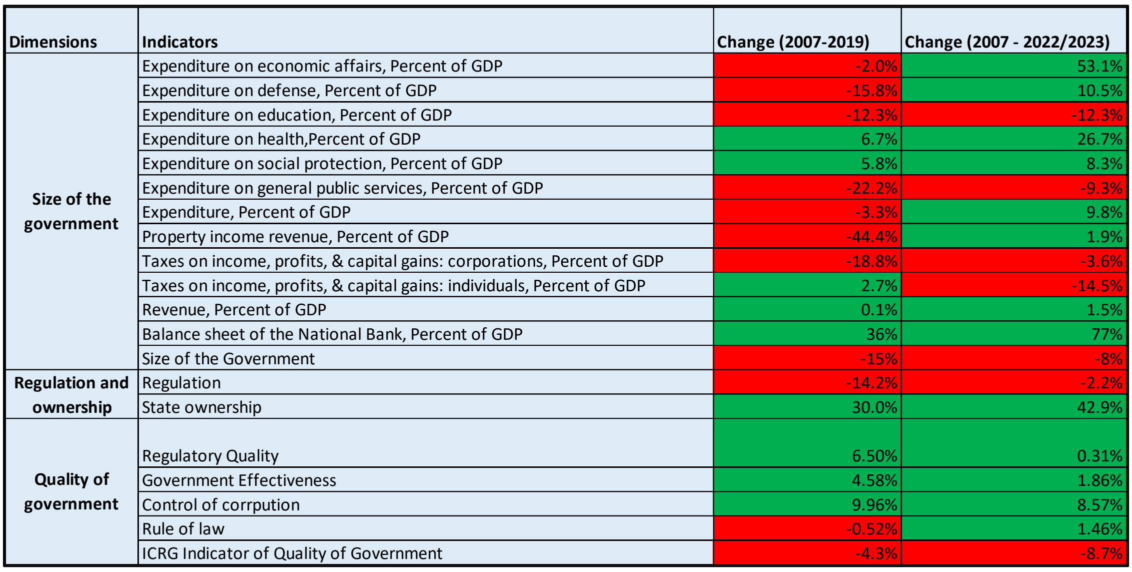
United States, Polish officials expressed their intention to transform Poland into one of the strongest military powers in Europe (Ptak, 2022a). In the same year, Poland pledged to increase its military spending to 3% of GDP as part of the Homeland Defence Act (Tilles, 2022) - a commitment that has not only been maintained but further strengthened by the government of Donald Tusk, which returned to power after the PiS. From 2024, defence spending will exceed 4% of GDP, reflecting an enduring cross-party consensus on the strategic importance of military investment (Tilles, 2024a). In parallel, Poland's industrial policy has also begun to expand into the space sector. In 2021, Poland signed a cooperation agreement with NASA to explore the Moon and Mars (Wilczek, 2021b), followed by a similar agreement with the European Space Agency (ESA) in 2023 to support satellite construction and constellation (Ptak, 2023a).

But do these new developments really represent a new era of state intervention? King and Sznajder (2006) argue that Poland's successful post-socialist transformation was not primarily the result of neoliberal reforms, but rather of pragmatic state intervention. This perspective has some validity, particularly in the period between 1993 and 1997, when the return of the post-communist successor party brought a more pragmatic economic approach, largely driven by Finance Minister Grzegorz Kołodko and his Strategy for Poland programme (Naczyk, 2022). However, even King and Sznajder (2006) acknowledge that this phase did not constitute a coherent or fully developed industrial policy. In Diebolt's (1982) terms, it can be better understood as an adaptive form of industrial policy aimed at mitigating the most harmful effects of neoliberal restructuring. Moreover, the neoliberal concept of the state remained deeply entrenched under subsequent governments. Kołodko's second term (2002-2005) and the return of the social democratic left failed to reverse this trajectory (Rae, 2007). In this context, while elements of a more pragmatic role for the state were present during the neoliberal era, the real turning point came in the aftermath of the 2008 global financial crisis. It was this moment that marked a decisive departure from the neoliberal paradigm.

However, Poland's emerging industrial policy cannot be described as fundamentally green. This is largely due to the country's continued reliance on coal - Poland produces 90% of the European Union's hard coal and 74% of domestic energy production comes from coal (Wilczek, 2020b) - and therefore the coal sector retains significant lobbying influence (Wiech, 2020a). This has led to Poland's consistent criticism of the EU's green transition initiatives and climate neutrality targets (Ptak, 2023b).

Nevertheless, it would be inaccurate to equate Poland's position with the climate denialism associated with the Trump administration. In fact, both major political forces - Civic Platform (PO) and Law and Justice (PiS) - have taken steps towards green reform. The PO government introduced a Renewable Energy Transition Act (PAP, 2014). The PiS government introduced several notable environmental initiatives, including the Clean Air Programme, which was launched in 2018 with a budget of PLN 101 billion and continued in 2020 with a further PLN 100 billion to help homeowners replace outdated heat sources and improve building insulation (Ministry of Climate and Environment, 2019, 2020). In addition, the 'My Electricity' (Mój Prąd) programme provides subsidies for households to install micro photovoltaic systems (Wiech, 2020b). Although the PiS government initially imposed restrictions on onshore wind development, it was eventually forced to relax these regulations - an effort formalised by the subsequent PO-led government (Tilles, 2025a). Meanwhile, plans were also initiated to build a nuclear power plant to contribute to Poland's long-term energy transition (Tilles, 2025b). Moreover, in 2021, the government made a social contract with coal miners, setting out a roadmap for the gradual closure of coal mines by 2049 (Wilczek, 2020b). In summary, Poland's industrial policy can best be described as *'reluctantly green'* - characterised by incremental adaptation and strategic compromise.

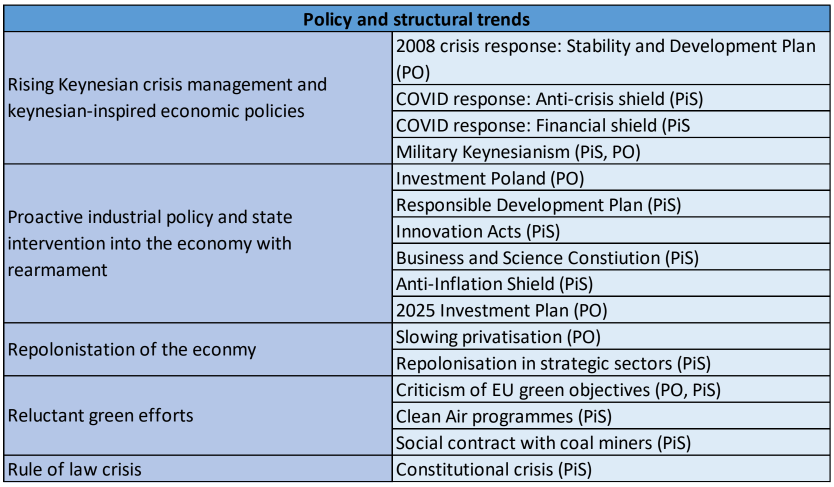
Table 18: The role of the state in Poland; Source: own elaboration



Dimensions	Indicators	Change (2007-2019)	Change (2007 - 2022/2023)
Size of the government	Expenditure on economic affairs, Percent of GDP	🟥 -2.0%	🟩 53.1%
	Expenditure on defense, Percent of GDP	🟥 -15.8%	🟩 10.5%
	Expenditure on education, Percent of GDP	🟥 -12.3%	🟥 -12.3%
	Expenditure on health,Percent of GDP	🟩 6.7%	🟩 26.7%
	Expenditure on social protection, Percent of GDP	🟩 5.8%	🟩 8.3%
	Expenditure on general public services, Percent of GDP	🟥 -22.2%	🟥 -9.3%
	Expenditure, Percent of GDP	🟥 -3.3%	🟩 9.8%
	Property income revenue, Percent of GDP	🟥 -44.4%	🟩 1.9%
	Taxes on income, profits, & capital gains: corporations, Percent of GDP	🟥 -18.8%	🟥 -3.6%
	Taxes on income, profits, & capital gains: individuals, Percent of GDP	🟩 2.7%	🟥 -14.5%
	Revenue, Percent of GDP	🟩 0.1%	🟩 1.5%
	Balance sheet of the National Bank, Percent of GDP	🟩 36%	🟩 77%
	Size of the Government	🟥 -15%	🟥 -8%
Regulation and ownership	Regulation	🟥 -14.2%	🟥 -2.2%
	State ownership	🟩 30.0%	🟩 42.9%
Quality of government	Regulatory Quality	🟩 6.50%	🟩 0.31%
	Government Effectiveness	🟩 4.58%	🟩 1.86%
	Control of corrpution	🟩 9.96%	🟩 8.57%
	Rule of law	🟥 -0.52%	🟩 1.46%
	ICRG Indicator of Quality of Government	🟥 -4.3%	🟥 -8.7%

The expansion and increased activity of the state in Poland between 2007 and 2023 was accompanied by measurable improvements in several dimensions of the quality of governance. During this period, regulatory quality improved by 0.31%, government effectiveness by 1.86% and control of corruption by 8.57%, although the most significant gains occurred before 2015 (Figure A9 in the Appendix). However, there is decreasing trend in the rule of law. After the Law and Justice (PiS) party came to power in 2015, the rule of law index fell sharply. It was not until the early 2020s that it began to stabilise - and even increase slightly. This shift is closely linked to the constitutional crisis that began in 2015, during which the PiS government sought to assert political control over the judiciary (Kawczyńska, 2021). As a result, the Polish political system moved in a distinctly authoritarian direction, prompting a rule of law procedure by the European Union and the suspension of EU funds to Poland (Riegert, 2023). However, this trend was reversed following the electoral defeat of the PiS and the return to power of the Civic Platform (PO). The EU subsequently lifted the funding freeze (Casert, 2024), demonstrating that it is maybe possible to recover from an authoritarian turn.

Table 19: Policy and structural trends in Poland regarding the role of the state; Source: Own elaboration



Policy and structural trends	
Rising Keynesian crisis management and keynesian-inspired economic policies	2008 crisis response: Stability and Development Plan (PO)
	COVID response: Anti-crisis shield (PiS)
	COVID response: Financial shield (PiS
	Military Keynesianism (PiS, PO)
Proactive industrial policy and state intervention into the economy with rearmament	Investment Poland (PO)
	Responsible Development Plan (PiS)
	Innovation Acts (PiS)
	Business and Science Constiution (PiS)
	Anti-Inflation Shield (PiS)
	2025 Investment Plan (PO)
Repolonistation of the econmy	Slowing privatisation (PO)
	Repolonisation in strategic sectors (PiS)
Reluctant green efforts	Criticism of EU green objectives (PO, PiS)
	Clean Air programmes (PiS)
	Social contract with coal miners (PiS)
Rule of law crisis	Constitutional crisis (PiS)

Overall, there has been a significant shift in the role of the state in Poland, reflected in a proactive industrial policy. The question, however, is whether the new Civic Platform (PO) government under Donald Tusk will reverse these developments. Evidence from the past two years suggests that Tusk's government is also characterised by a greater openness to state intervention and a departure from neoliberal orthodoxy. This shift is well illustrated by Tusk's statement in 2025: "*It is time to rebuild the national economy. It is time to repolonise the Polish economy, market, capital*". (Ptak, 2025a) Such rhetoric suggests that the era of active industrial policy is likely to continue.

Indeed, the new government has taken several concrete steps to strengthen the industrial strategy - for example, it has launched a significant artificial intelligence programme culminating in the Polish Large Language Model (Tilles, 2025c) and announced a major investment package for 2025 (The Chancellery of the Prime Minister, 2025). Moreover, Tusk's government actively lobbied for the relaxation of the European Union's fiscal rules to allow for increased defence spending (Pyka, 2025), effectively paving the way for a form of *'military Keynesianism'*. At the same time, a major deregulation initiative has been launched (Ptak, 2025b) - although it appears to be subordinated to defence and industrial policy objectives. In sum, the Tusk government has largely maintained the course set by the PiS government - adapting and diversifying it, but without fundamentally changing its direction. The policy and structural trends in the role of the state are summarised in Table 19.

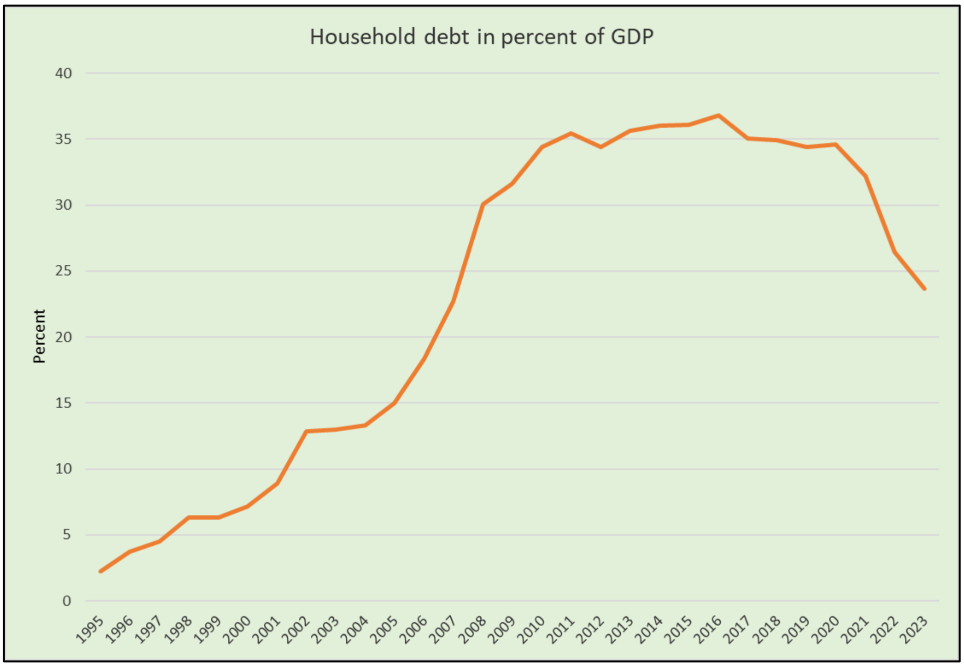
7.2.2 Capital-capital nexus

All three dimensions of the capital-capital nexus - finance, trade and competition - have undergone notable changes in Poland in the aftermath of the 2008 crisis. These areas have increasingly been subordinated to the newly emerging industrial policy. This shift has been most pronounced in the financial sector, where the reorientation is particularly evident. However, there have also been important changes in Poland's approach to foreign direct investment (FDI), financial globalisation and competition policy. For the sake of analytical clarity, it is therefore appropriate to start with the financial system and then examine the evolving dynamics of financial globalisation, trade and competition.

Poland's position in the broader landscape of post-socialist economies is unique in terms of its financial sector. Prior to the 2008 global financial crisis, Poland had already established a relatively stable regulatory framework that, together with the crisis management programmes, mitigated most of the damaging effects of the crisis (IMF, 2010; Marszałek and Janc, 2015). Nevertheless, Poland was not exempt from the structural dynamics of neoliberal capitalism, the growing reliance on financialisation and the accumulation of private debt. The early 2000s saw a sharp expansion of household debt: between 2003 and 2007, the ratio of household debt to GDP rose from 13% to 30%, effectively more than doubling in four years (Figure 29). A significant part of this expansion was driven by foreign currency loans, which accounted for 36% of total bank credit portfolios by 2009 (Kruszka and Kowalczyk, 2011). The most striking example of this trend was the widespread use of Swiss franc loans. Initially promoted for their lower interest rates, these instruments caused significant social disruption following the franc's post-2008 appreciation and played a notable role in the political rise of the Law and Justice Party (PiS) in 2015 (Krabbe, 2023).

Another feature of the Polish financial system in the neoliberal era was the phenomenon of dependent finance. The penetration of foreign firms in the financial sector of the Central European dependent market economies was unparalleled among the catching-up economies of the world (György and Oláh, 2019). As Poland emerged from the post-socialist transition as a dependent market economy, it became increasingly dependent on foreign investors in the financial sector. By 2004, foreign ownership accounted for around 70% of the banking sector's turnover (Nölke and Vliegenthart, 2009). However, in the aftermath of the 2008 global financial crisis, both previously dominant dynamics - the accumulation of private debt and the pattern of dependent finance - began to shift.

Figure 29 Household debt in percent of GDP in Poland; Source: own elaboration based on IMF (2025c)



On the one hand, the 2008 crisis triggered a comprehensive regulatory reform of the financial sector. At the centre of this process was the Polish Financial Supervisory Authority (KNF), which was established in 2006 and given enhanced powers in 2008, making it the main regulatory body overseeing the financial system (Marszałek and Janc, 2015). Poland's relatively effective handling of the crisis can be partly explained by the fact that the KNF had already started to introduce new rules in the area of liquidity regulation and capital requirements before it became part of the Basel III framework, which attempted to regulate the financial sector at the international level (Kruszka and Kowalczyk, 2011). A broad wave of regulatory reforms was implemented between 2009 and 2011, largely driven by the implementation of European Union directives, but also including domestic legislative initiatives to strengthen financial sector supervision

(Marszałek and Janc, 2015). A key regulatory milestone came in 2010, when the authorities introduced loan-to-income and loan-to-value limits and significantly restricted foreign currency lending by requiring that borrowers could only borrow in a currency in which they received income (Győrffy, 2016). While these measures effectively curbed the expansion of new foreign currency lending, no systematic solution was provided for existing loans. Despite repeated proposals, it was only after the Court of Justice of the European Union (CJEU) ruling in 2019 that a large wave of individual litigation - commonly referred to as the *frankowe tsunami* - emerged, with Polish courts increasingly siding with debtors (Krabbe, 2023). At the same time, alignment with EU standards led to the creation of new institutional mechanisms to support financial stability. In 2013, a special stabilisation fund was established within the Bank Guarantee Fund (PAP, 2013a), followed by the extension of the mandate of the Financial Stability Committee to include macro-prudential supervision in 2015, formalising its role as the main macro-prudential body in Poland (Knepka, 2020).

These institutional developments contributed to a significant strengthening of financial supervision. Between 2007 and 2023, the ratio of regulatory capital to risk-weighted assets increased by 66% (Table 20). In addition, the trend of rapid private indebtedness was reversed: household debt as a share of GDP falls by 33.3% between 2011 and 2023, while total private sector debt falls by 21.4% (Table 20).

Alongside financial regulatory reform, Poland also experienced a shift in its dependent finance- a development that mirrored trends observed in other countries in the region, such as Hungary, and is commonly referred to as the rise of *financial nationalism* (Johnson and Barnes, 2025). A central component of financial nationalism was the effort to reduce foreign penetration in the banking sector, effectively complementing the previously discussed repolonisation strategies. The post-2008 economic environment provided fertile ground for these efforts, as many foreign parent banks faced difficulties, prompting considerations of divesting their subsidiaries (Klepczarek and Wieczorek, 2023). Moreover, as Naczyk (2022) shows, a key driver of the repolonisation strategy was the growing frustration of Polish bank managers working in foreign-owned banks with their diminishing autonomy.

The first steps towards financial nationalism had already begun under the Civic Platform (PO) government. In 2010, as part of a broader process of financial regulatory reform, legislation was adopted allowing the state treasury to recapitalise insolvent financial institutions (Marszałek and Janc, 2015). In addition, amendments to the Central

Bank Act in 2013 were also partly aimed at facilitating repolonisation efforts (PAP, 2013b). The wave of acquisitions began in 2015 with the purchase of Alior Bank by the Polish insurance company PZU, in which the state treasury holds a controlling stake (Oellerich and Bohle, 2024).

The coming to power of the Law and Justice Party (PiS) further intensified this process, leading to the merger of Alior and BPH, followed by the acquisition of Bank Pekao in 2017 by PZU and the Polish Development Fund (Benczes and Orzechowska-Wacławska, 2024). These interventions led to a dramatic change in the ownership structure of the Polish banking sector: between 2016 and 2020, foreign ownership fell from 61% to below 50%, while the share of government ownership in total banking assets rose from 31% to around 50% (Klepczarek and Wieczorek, 2023). Another key element of financial nationalism was the introduction of a banking tax in 2016, set at 0.0366% of total assets (Orbitax, 2016). The tax was deliberately designed to disproportionately burden foreign-owned financial institutions, as state-owned banks were exempted from the measure (Oellerich and Bohle, 2024).

Financial nationalism in Poland means that the financial sector is increasingly subordinated to industrial policy. This vision is clearly articulated in the policy document *Capitalism - the Polish Way*, which explicitly states that domestic ownership of the banking sector can be instrumental in supporting Polish exports and innovation (Polish Economic Institute, 2018). Similarly, the Responsible Development Plan emphasises the need for capital accumulation to support the new growth model (Responsible Development Plan, 2017). This approach culminated, for instance, in the launch of the Employee Capital Plan in 2019, a voluntary pension savings scheme based on joint contributions from the state, employers and employees, aimed at increasing Poland's domestic savings rate (PAP, 2019b). This is an example of using financial instruments to achieve developmental goals.

Signs of an expansionary social policy orientation also emerged in the financial sector, especially after the COVID-19 crisis. In 2022, the government introduced the so-called *'credit holiday'* law, which allowed mortgage holders to suspend their repayments for up to eight months in response to rising inflation (Ptak, 2022b). Overall, these developments reflect the growing role of the state in the financial sector and the increasing alignment of financial policy with industrial and developmental objectives (Oellerich and Bohle, 2024).

However, these changes have not led to a decline in the role of the financial, insurance and real estate (FIRE) sector in the economy (Figure A10 in the Appendix). On the contrary, the share of the FIRE sector in GDP increased by 8.9% between 2007 and 2023. In contrast, the role of manufacturing did not grow significantly - its contribution to GDP increased by only 1.2% over the same period. Moreover, employment in the manufacturing sector declined by around 6% between 2007 and 2023. This suggests that the renewed emphasis on industrial policy has not translated into a significant increase in the sector's weight within the economy. The largest growth was observed in the professional, scientific and technical activities and administrative and support services categories, whose combined share in the economy increased by 25% between 2007 and 2023. At the same time, the share of wholesale and retail trade; transport; accommodation and food service activities gradually decreased. The share of public administration, defence, education, human health and social work remained relatively stable over the period but started to increase significantly after the COVID-19 crisis.

The subordination of the capital-capital nexus to industrial policy is also evident in trade policy and the country's relationship with globalisation.

During the neoliberal era, trade policy was largely defined by trade liberalisation, in line with the dependent market economy model. In the post-socialist region, the core strategy after the regime change was to reap the benefits of participation into globalisation (Csontos, 2024d). Therefore, Poland's trade openness increased significantly after the transition: the ratio of trade to GDP rose from 43.5% in 1995 to 80.7% in 2007 (Figure 30). This trend was reinforced by the EU accession process, during which Poland had to adopt the *acquis communautaire* and gradually dismantle barriers that hindered trade liberalisation (Kundera, 2013). By joining the EU, Poland relinquished control over its own trade policy and adopted the Union's common trade policy (Pospieszna, 2005). In parallel with liberalisation, foreign direct investment (FDI) inflows accelerated significantly. While the stock of FDI was only 0.2% of GDP in 1990, it had reached 37% by 2007 (Figure 31). This reflects the fact that attracting FDI became a central policy objective in Poland, in line with the logic of the dependent market economy. As Hunter and Leo (2013) note: "*From the start of the process of economic transformation in Poland in the fall of 1989, attracting FDI has been considered as a main policy objective of nearly all political parties and parliamentary configurations that have governed Poland and of all the individuals who have held the critical position of Minister of Finance in the Polish government*." This policy was further strengthened by EU accession, which explicitly supported the consolidation of FDI-friendly policies in the region (Medve-Bálint, 2014).

Figure 30. Trade openness in Poland; Source: own elaboration based on Our World in Data (2025c)

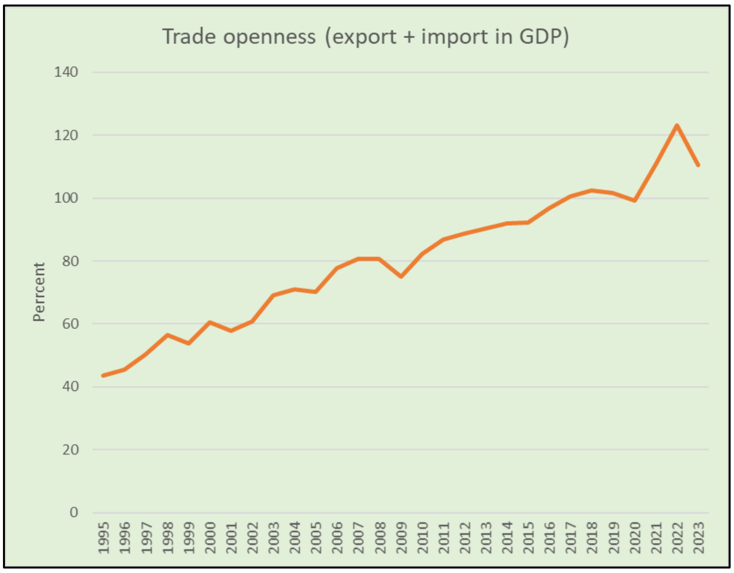
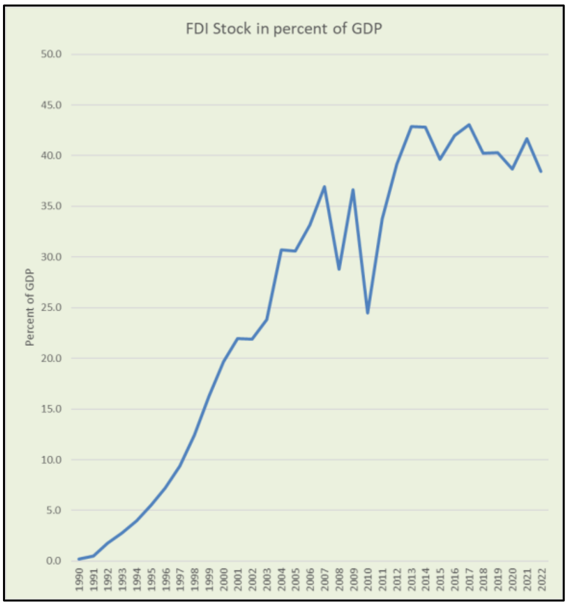


Figure 31 FDI Stock in percent of GDP; Source: own elaboration based on WiiW (2025)



As trade policy is no longer a national competence, Poland's shift in this area is less visible. Nevertheless, four changes can be identified, all of which point to the subordination of trade policies to industrial policy.

First, there is a deliberate prioritisation of domestic firms over foreign ones - a rise in protectionism. This is clearly reflected in the PiS new industrial policy strategy and the 'repolonisation' process, which seeks to strengthen domestic capital. This is complemented by a strong push to support the international expansion of Polish firms (Responsible Development Plan, 2017) - shifting the focus from attracting foreign capital to facilitating foreign investment by domestic firms. Moreover, this favouring of domestic enterprises is also present in tax policy. The bank tax clearly targeted foreign companies (Oellerich and Bohle, 2024). Moreover, the government planned to introduce a tax on the retail sector in 2016 that favoured small domestic companies over large foreign ones (Euroactive, 2021).[84] This protectionist approach has continued under the Tusk government, which in 2025 called for the *repolonisation* of the economy (Ptak, 2025a). A symbolic example is the construction of the new Warsaw airport, where the government chose a state-owned company over a foreign investor (Tilles, 2024b).

Second, there has been a shift in the regulation of foreign investment and in Poland's overall attitude towards foreign capital. A notable milestone was the 2015 legislation that restricted the acquisition of companies operating in sectors deemed strategically important (PAP, 2015; Kozarzewski and Bałtowski, 2016). These regulations have been further tightened after 2020. According to the new regulations, any investor based in a non-EEA/EU or non-OECD country wishing to acquire (directly or indirectly) more than a 20% stake in a Polish company deemed strategically important must obtain approval from the President of the Office for Competition and Consumer Protection (Wuknowski and Geiss, 2021). Hunter and Lozada (2022) interpret this shift as a departure from the previously dominant FDI-focused public policy. Another sign of changing attitudes towards foreign capital is the 2018 reform of special economic zones (SEZs), which declared the entire territory of Poland as an investment zone. This move marked a shift away from the indiscriminate attraction of capital and towards supporting high-quality, value-added investments (Investment Policy Monitor, 2018; PAP, 2018b). While SEZs used to be an important tool for attracting FDI, the legislative changes indicate a more strategic approach that emphasises the quality of foreign capital over its quantity (Zavarská et al., 2023).

Thirdly, there is a new development in Poland's fight against offshore practices and tax havens - as a by-product of neoliberal globalisation. This fits into the PiS government's broader agenda of fighting tax evasion, which has succeeded in improving tax collection (Bluhm and Varga, 2020). Following the Panama Papers leak in 2017, the PiS began to advocate for EU-wide action against tax havens (D. Kovács, 2017). In the same year, the government introduced additional monitoring of trade in goods particularly vulnerable to tax evasion (Global Trade Alert, 2017). This stance was reinforced during

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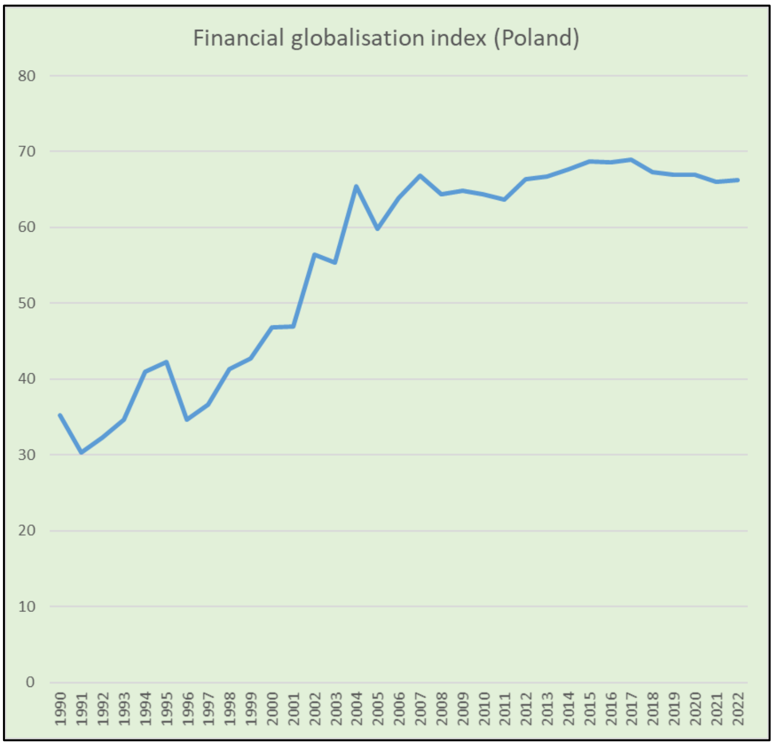
[84] It was suspended due to criticism from the EU Commission and reintroduced in 2021 after the European Court of Justice ruled in favour of the government.

the COVID-19 crisis, when companies registered in tax havens were excluded from government bailouts (Bostock, 2020). As Prime Minister Morawiecki said at the time: "*Let's end tax havens, which are the bane of modern economies.*" (Wądołowska, 2020).

Fourth, protectionism is also visible in tariff policy. Poland was one of the main supporters of the EU's introduction of tariffs on Chinese electric vehicles, resulting in a tariff level of 45% (Blenkinsop, 2024). This shift in tariff policy also reflects broader changes in the EU's common trade policy.

Although the protectionist turn in Poland is less aggressive than in the United States, it is clearly underway. This is confirmed by Piekutowska and Konopka (2023), who show - based on media analysis - that protectionist sentiment increased significantly between 2009 and 2017 and then stabilised at a high level. The latest sign of this shift is Prime Minister Donald Tusk's declaration of '*the end of naive globalisation*', emphasising that Poland needs to be more assertive in defending its national economic interests in trade policy (Ptak, 2025a).

Figure 32. Financial globalisation index in Poland; Source: own elaboration based on KOF (2025)



However, these policy changes have not led to de-globalisation. On the contrary, Poland's globalisation indices have continued to rise. Between 2007 and 2023, trade openness increased by 36.8%, the trade globalisation index by 19.4% and trade in services by 69.7%. While FDI inflows increased and outflows have slowed down somewhat and the financial globalisation index has fallen slightly (by 0.7%) (Figure 32), Poland's total

FDI stock has stabilised at around 40% of GDP since the 2008 financial crisis (Figure 31). This suggests that FDI remains important for the Polish economy, but dependence on it is no longer growing - it has plateaued. These trends do not point to de-globalisation, but to a more regulated and strategically managed form of globalisation.

There has been a gradual shift away from the neoliberal era in the fields of competition policy and market regulation as well. During the neoliberal period, approaches to competition and market regulation were largely shaped by the doctrines of deregulation, liberalisation and minimising state intervention. This paradigm was particularly prevalent in Poland and East-Central Europe, where countries transitioned from centrally planned to market economies; in this context, market liberalisation was a core objective (see Sachs and Lipton, 1990). In Poland, market reforms began from the 1970s (Adamczyk, 2017) and accelerated through the Balcerowicz Plan of the 1990s, which introduced rapid price and market liberalisation (Shields, 2008).

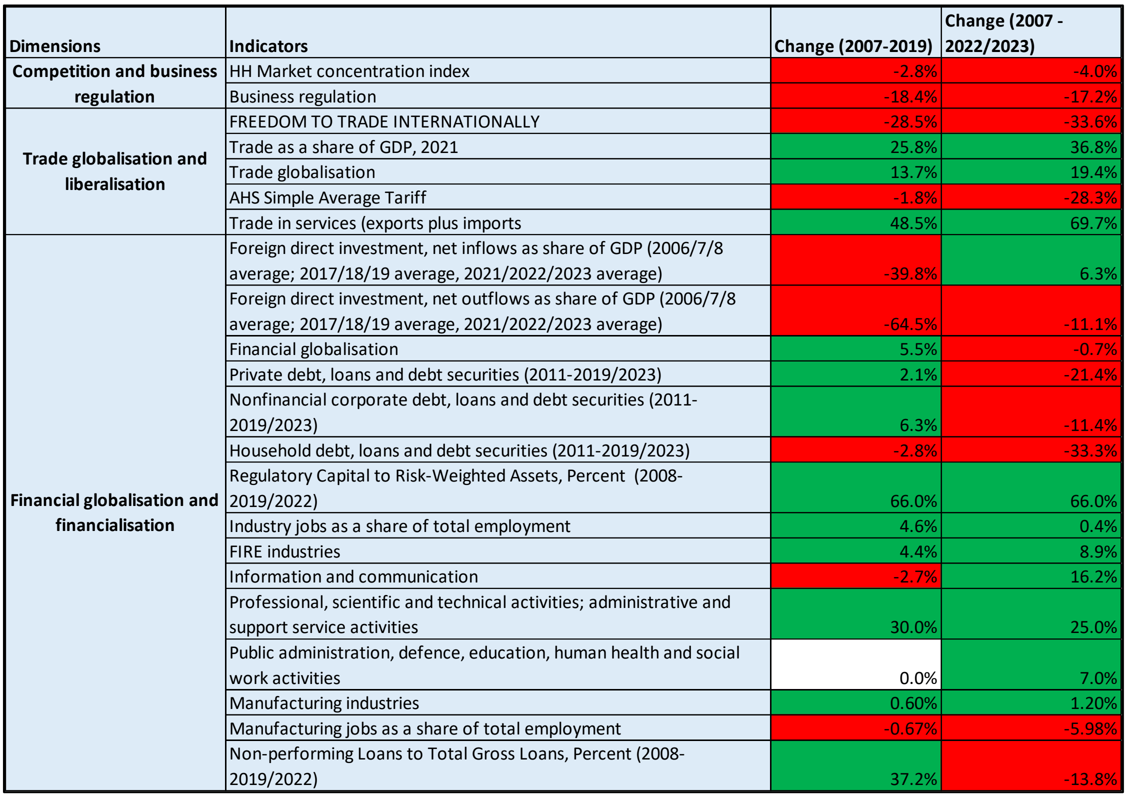
Poland was the first country in the region to establish a competition authority and competition law in the form of the Anti-Monopoly Office (Slay, 2019). In 1996, the remit of the Office was extended to include consumer protection, and it became the Office for Competition and Consumer Protection (Odziemczyk, 2012). In the context of economic transformation, the primary objective of competition policy was to promote competition and dismantle state-owned monopolies inherited from the socialist era (Slay, 2019). From the outset, Poland's competition policy has been heavily influenced by the country's aspiration to join the European Union (EU), as EU accession required the gradual harmonisation of national competition legislation with EU rules (Krasnodębska-Tomkiel, 2008). However, since the 1980s, EU competition policy has been based on neoliberal principles that prioritise consumer welfare and competition enforcement while limiting the scope for state intervention in the economy (Buch-Hansen and Wigger, 2010). A significant aspect of this has been the state aid control regime, which has effectively limited the scope for industrial policies (Schmitz, Seidl, Wuttke, 2025). Therefore, Polish competition policy adopted this neoliberal approach. For example, the first state aid law was introduced in 2001, restricting those state aids that significantly restricted or distorted competition (Odziemczyk, 2012). Then, with EU accession in 2004, a new law came into effect, placing state aid regulation under the oversight of the European Commission and fully integrating Poland into the EU's neoliberal competition policy framework (Odziemczyk, 2012). Consequently, Polish competition policy is closely coordinated with

EU competition policy (Krasnodębska-Tomkiel, 2008), leaving little room for proactive industrial policy.

In this regard, partial shifts can be observed in the aftermath of the 2008 crisis. The trend of market deregulation has become increasingly selective and subordinated to industrial policy. Although the PO (Civic Platform) government introduced stricter financial market regulation (Marszałek and Janc, 2015), this period also witnessed the liberalisation of access to several professions (IMF, 2013). Although the PiS era brought about a stronger role for the state (Topišek, 2020), it did not lead to a significant increase in product market regulation (Szabó, 2022). Instead, deregulation became increasingly subordinated to industrial policy objectives. For example, the adoption of the 'Business Constitution' simplified and eased business regulations in several areas, primarily to strengthen small and medium-sized enterprises (PAP, 2018a; NATLEX, 2018). In other areas, however, stronger state intervention and regulation of market relations have become more prevalent. Examples include the introduction of Sunday trading restrictions (Grzesiuk, 2021), stricter rules for foreign investment in strategic sectors (Hunter and Lozada, 2022), stricter control of offshore activities (Bostock, 2020), and the implementation of direct price controls for essential goods during the pandemic (Wilczek, 2020a). The new Tusk government is continuing the deregulation process, having announced a major deregulation programme for 2025 (Ptak, 2025b). As part of this programme, significant deregulation in the defence industry has been announced (PAP, 2025), though this is intended to strengthen Poland’s defence industrial base and is therefore guided by industrial policy objectives.

Alongside deregulation, competition policy is becoming increasingly subordinated to the new industrial policy. Bernatt (2022) provides a detailed analysis of how Polish competition policy has changed under the PiS government. Based on his book, three main trends that are particularly relevant to our analysis can be identified. Firstly, the competition authority was granted a new mandate, enabling it to intervene actively in defence of small producers against large corporations, which are often foreign owned. Secondly, enforcement of competition law has declined while consumer protection has become central to the authority’s activities. Thirdly, competition policy has shown a preference for domestic firms, with state-owned enterprises facing noticeably less stringent action. These changes have effectively reoriented competition policy to serve the goals of a rising industrial strategy aimed at building new national champions. Furthermore, competition policy is also subordinated to geopolitical goals, as evidenced by the competition authority advising consumers on how to avoid Russian products (Koschalka, 2022b).

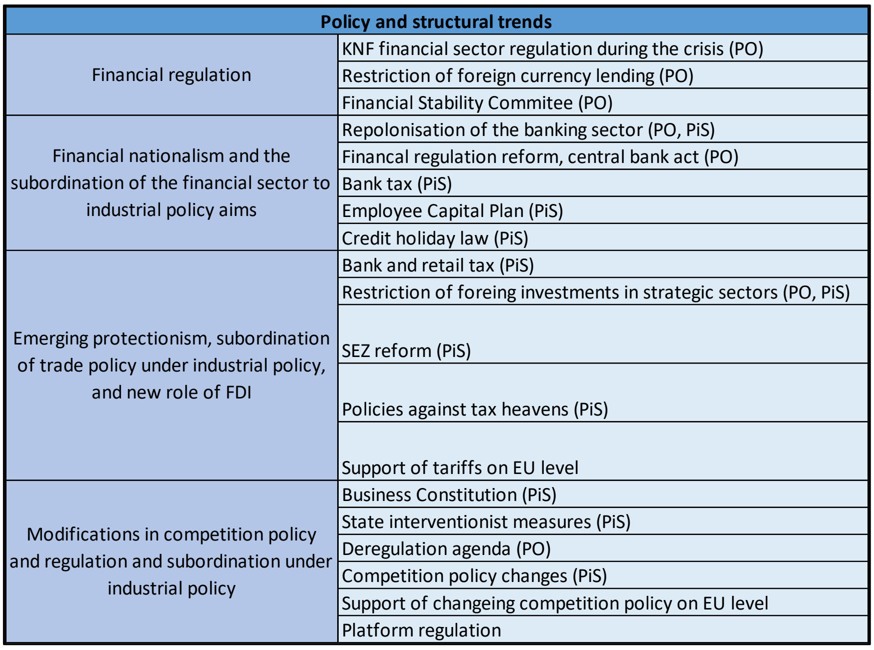
Table 20. Indicators of capital-capital nexus in Poland; Source: own elaboration



Dimensions	Indicators	Change (2007-2019)	Change (2007 - 2022/2023)
Competition and business regulation	HH Market concentration index	-2.8%	-4.0%
	Business regulation	-18.4%	-17.2%
Trade globalisation and liberalisation	FREEDOM TO TRADE INTERNATIONALLY	-28.5%	-33.6%
	Trade as a share of GDP, 2021	25.8%	36.8%
	Trade globalisation	13.7%	19.4%
	AHS Simple Average Tariff	-1.8%	-28.3%
	Trade in services (exports plus imports	48.5%	69.7%
Financial globalisation and financialisation	Foreign direct investment, net inflows as share of GDP (2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average)	-39.8%	6.3%
	Foreign direct investment, net outflows as share of GDP (2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average)	-64.5%	-11.1%
	Financial globalisation	5.5%	-0.7%
	Private debt, loans and debt securities (2011-2019/2023)	2.1%	-21.4%
	Nonfinancial corporate debt, loans and debt securities (2011-2019/2023)	6.3%	-11.4%
	Household debt, loans and debt securities (2011-2019/2023)	-2.8%	-33.3%
	Regulatory Capital to Risk-Weighted Assets, Percent (2008-2019/2022)	66.0%	66.0%
	Industry jobs as a share of total employment	4.6%	0.4%
	FIRE industries	4.4%	8.9%
	Information and communication	-2.7%	16.2%
	Professional, scientific and technical activities; administrative and support service activities	30.0%	25.0%
	Public administration, defence, education, human health and social work activities	0.0%	7.0%
	Manufacturing industries	0.60%	1.20%
	Manufacturing jobs as a share of total employment	-0.67%	-5.98%
	Non-performing Loans to Total Gross Loans, Percent (2008-2019/2022)	37.2%	-13.8%

The demand for a new kind of competition policy is also evident from the fact that Poland has been one of the main proponents of reforming European Union competition policy. In 2019, France, Germany and Poland published a joint manifesto calling for the reform of EU competition policy, which had been based on neoliberal principles (BMWi et al., 2019). The proposal would have allowed more flexibility within competition policy to foster successful European champions, thereby giving greater weight to industrial policy considerations (Heim, 2019). The change has occurred, albeit mainly due to the impact of the pandemic and the ensuing energy crisis, which has led to a visible turning point in European competition policy, with the temporary suspension of state aid controls (Di Carlo, Eisl and Zurstrassen, 2024). At the same time, the European Union has also been shifting gradually towards industrial policy (Seidl and Schmitz, 2024; McNamara, 2024), suggesting a potential change in the role of competition policy. While it is still too early to determine the future relationship between competition and industrial policy at the EU level, one thing is clear: the return of industrial policy is fundamentally incompatible with the previous neoliberal model of competition policy. In this context, Poland's efforts to prioritise industrial goals over competition policy therefore fit within this broader trend.

Table 21. Policy and structural trend regarding capital-capital nexus in Poland; Source: own elaboration



Policy and structural trends	
Financial regulation	KNF financial sector regulation during the crisis (PO)
	Restriction of foreign currency lending (PO)
	Financial Stability Commitee (PO)
Financial nationalism and the subordination of the financial sector to industrial policy aims	Repolonisation of the banking sector (PO, PiS)
	Financal regulation reform, central bank act (PO)
	Bank tax (PiS)
	Employee Capital Plan (PiS)
	Credit holiday law (PiS)
Emerging protectionism, subordination of trade policy under industrial policy, and new role of FDI	Bank and retail tax (PiS)
	Restriction of foreing investments in strategic sectors (PO, PiS)
	SEZ reform (PiS)
	Policies against tax heavens (PiS)
	Support of tariffs on EU level
Modifications in competition policy and regulation and subordination under industrial policy	Business Constitution (PiS)
	State interventionist measures (PiS)
	Deregulation agenda (PO)
	Competition policy changes (PiS)
	Support of changeing competition policy on EU level
	Platform regulation

Another fundamental development alongside the subordination of Polish competition policy to industrial policy is the rise of regulation targeting the platform economy. The Polish competition authority has acted in involving platform-based businesses. These include regulating Uber (Wilczek, 2020c), sanctioning Amazon for misleading business practices (Tilles, 2023a), and punishing Vinted for deceiving consumers (Ptak, 2022c). Another significant case involved a Polish court ordering Google to stop favouring its own price-comparison service in search results (Pyka, 2024). These elements reflect a broader trend in public policy. One example is the 2020 *'Netflix tax'*, which introduced levies on streaming services specifically aimed at strengthening domestic film production (Wilczek, 2020d). Another example is the copyright law introduced by the Tusk government, which granted publishers the right to demand payment from tech firms for using their content on digital platforms (Ptak, 2024a). Overall, these developments demonstrate that the platform economy has a significant presence in Poland and that considerable efforts are underway to regulate it. Table 21 summarises the policy and structural trends.

7.2.3 Capital-labour nexus

Neoliberalism has had a strong impact on the relationship between capital and labour in Poland, resulting in the marginalisation of trade unions, the deregulation of the labour market, and the long-term decline of the labour movement. This has affected the entire post-socialist region, where capital-labour relations were not organised along the lines of the European social model following the regime change, but rather followed the harshest principles of neoliberalism (Ost, 2002; Crowley, 2004). This was also the case in Poland, despite the significant role played by the Solidarity trade union in the transition process. Although it actively resisted the socialist system from the 1980s onwards, following the imposition of martial law in 1981, Solidarity gradually became a proponent of the neoliberal transition (Bohle and Greskovits, 2012). This became evident in Poland's first freely elected government, which originated from Solidarity but initiated the neoliberal transformation and the Balcerowicz Plan (Shields, 2008). Thus, Solidarity helped to weaken labour interests in order to dismantle the socialist system (Ost, 2022; Sil, 2017). This is reflected in the new 1991 trade union law, for example, which made unionisation difficult for certain groups, such as the self-employed and workers in small firms (Czarzasty and Mrozowicki, 2023).

Therefore, it is not surprising that the neoliberal era in Poland brought about a prolonged decline in the labour movement. Trade union membership fell by 60% between 1990 and 2000, followed by a further decrease of 27% between 2000 and 2010 (Sil, 2017). Additionally, a significant political divide emerged within the trade union movement between the right-leaning Solidarity and the OPZZ, which supported the socialist successor party. This division severely hindered effective labour representation (Czarzasty and Mrozowicki, 2023). A key consequence was the introduction of the new Labour Code in 2002, which substantially deregulated the labour market and paved the way for the widespread use of fixed-term temporary contracts (Ingham and Ingham, 2011). The resulting labour market crisis was characterised by a sharp rise in precarious employment. The proportion of employees in temporary work increased from 5.6% in 2000 to 28.3% by 2014 (Mrozowicki, 2020).

Weak trade unions and flexible labour markets were integral components of Poland's dependent market economy model, which emerged in the aftermath of the regime change. The institutional framework of this model was primarily constructed with the objective of attracting foreign direct investment (FDI), thereby significantly influencing labour market policies. The relative marginalisation of trade unions served this objective. In the Polish context, collective bargaining was largely confined to the company level rather than the industry level, thereby significantly weakening the prospects for strong labour representation (Czarzasty and Mrozowicki, 2023).

Furthermore, the promotion of labour market flexibility was identified as a pivotal precondition for attracting foreign capital, culminating in a considerably more liberalised labour market compared to those observed in continental European economies (Nölke and Vliegenthart, 2009). The model was also underpinned by low-wage policies, as low labour costs were a central factor in drawing foreign investors (Myant, 2018). As Maciejewska, Mrozowicki and Piasna (2016: 230) argued: "*the strategy of keeping labour costs low to ensure the inflow of capital via foreign direct investment (FDI) has been a permanent feature of the 'dependent market economy' developed in the course of market reforms in Poland*". This contributed to a harmful pattern of wage and tax competition among post-socialist states, with each state seeking to offer the most favourable conditions to FDI (Drahokoupil and Piasna, 2019). Thus, the capital-labour relations build upon flexible labour markets, weak trade unions, and low-wages in the neoliberal era.

Gradual shifts in capital-labour relations began to emerge in the post-2008 crisis period, although a significant reversal occurred only in the area of wage policy. Between 2007 and 2015, the Civic Platform (PO) government largely maintained a neoliberal approach, marginalising trade unions, which culminated in the dissolution of the Tripartite Commission in 2013 (Czarzasty and Mrozowicki, 2023). The PO government's Anti-Crisis Act of 2009, enacted during the 2008 financial crisis, further accelerated the use of precarious fixed-term contracts (Mrozowicki, Karolak and Krasowska, 2016). The government also pursued austerity measures in the early 2010s, including raising the retirement age and extending working hours (DW, 2013). These labour market reforms and the proliferation of so-called *'junk' contracts* led to growing dissatisfaction, culminating in major industrial action. The early 2010s saw a wave of strikes against the PO government, including the first general strike in Upper Silesia since 1989 (Mrozowicki, Karolak and Krasowska, 2016). [85]

The reawakening of the labour movement paved the way for Law and Justice's (PiS) electoral victory in 2015, after which they introduced notable changes to capital-labour relations.[86] One of the new government's first steps was to re-establish the Tripartite Council in 2015, this time with expanded powers (Becker, 2024). PiS also

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[85] This reawakening of the labour movement was a reaction to long-standing neoliberal policies, which had also triggered mass emigration from Poland. Paradoxically, however, this emigration also contributed to a relative strengthening of labour's bargaining position (Czarzasty and Mrozowicki, 2023).

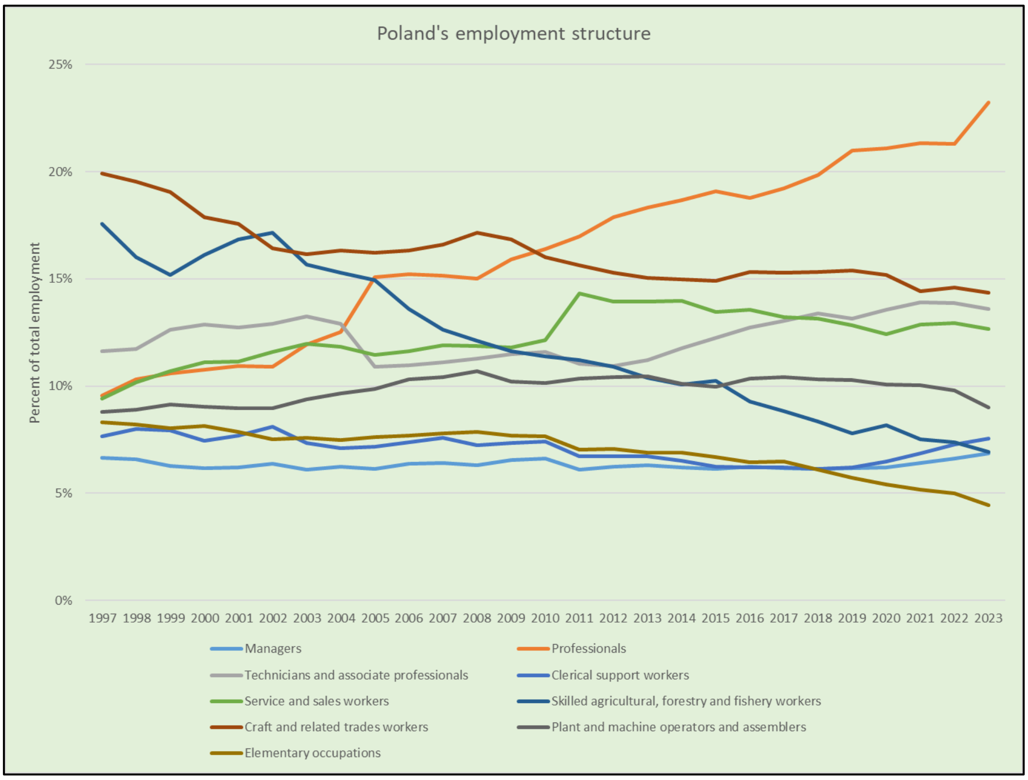
[86] This contrasts with the first short-lived government of PiS (2005–2007), which, despite its populist rhetoric, failed to reverse the neoliberal relationship between capital and labour. In fact, it introduced neoliberal reforms such as abolishing inheritance tax (Shields 2007; Ost 2018).

formed a close political alliance with the Solidarity trade union (Naczyk and Eihmanis, 2023). Following the 2015 elections, numerous Solidarity representatives were appointed to government positions as a reflection of this alliance (Czarzasty and Mrozowicki, 2023). The PiS government implemented several core trade unions demands, including reversing the previously introduced retirement age increase, introducing measures to curb the use of junk contracts and enacting Sunday trading restrictions (Szabó and Kurucz, 2023). In 2018, the government amended the trade union law following the decision of the Constitutional Court, expanding the rights to establish unions and relaxing the restrictions introduced in the 1991 legislation (Czarzasty and Mrozowicki, 2023). Furthermore, the government introduced the *'Polish Deal'*, a progressive tax reform designed to benefit working- and middle-class citizens (Bohle et al., 2022; Gajda, 2022).

However, as Becker (2024) argues, PiS has often found itself caught between its pro-business stance and its alliance with trade unions. For instance, in 2018, the government proposed a new Labour Code containing several highly controversial pro-business provisions. These changes were ultimately abandoned in the face of strong opposition from trade unions (Becker, 2024). Similarly, during the 2020s, the government introduced legislation enabling the prime minister to suspend the Tripartite Council, prompting significant resistance from trade unions (Bohle et al., 2022). Despite these tensions, relations were restored and trade unions were included in amending the Labour Code to formally recognise and regulate the right to remote working in 2023 (Czarzasty and Mrozowicki, 2023; Tilles, 2023b). Nevertheless, the partial reforms implemented during the PiS government did not reverse the long-term decline of the labour movement. This is reflected in the continued erosion of trade union strength; between 2007 and 2018, union density fell by 20.5%, and collective bargaining coverage declined by 29.1% between 2007 and 2019 (Table 22).

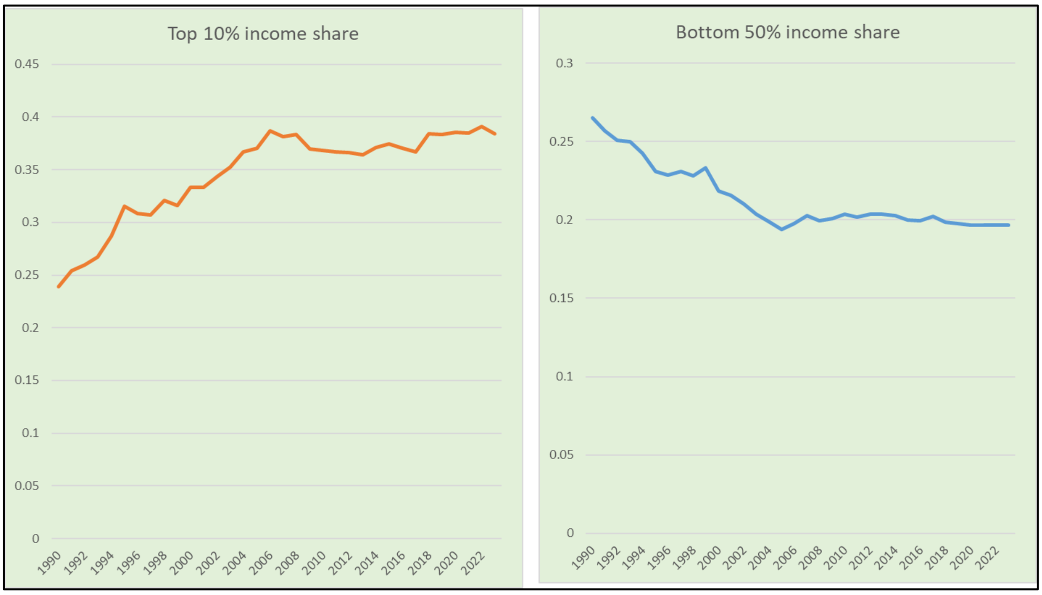
Nevertheless, the PiS government introduced significant changes to wage policy. While Poland's previous neoliberal economic model relied heavily on low labour costs to attract foreign investment, the PiS administration deliberately shifted away from this strategy. As Prime Minister Mateusz Morawiecki stated: "*The Polish economy is not competing with low wages today. It is competing with increasingly better high technologies and productive work that should pay off for people*" (Kancelaria Prezesa Rady Ministrów, 2022). This shift was not merely rhetorical. During the PiS's first term in office, the annual average increase in the minimum wage was 6.7%, rising to 12.6% in the second term, and altogether, it increased from 51% to 55% of the median wage between 2015 and 2021 (Naczyk and Eihmanis, 2023). The introduction of a statutory minimum hourly wage in 2017 further reflected this new approach (Majchrowska and Strawiński, 2024).

Figure 33. Employment structure in Poland; Source: own elaboration based on Eurostat (2025c)



PiS's wage policy served both social and industrial policy objectives. It was designed to stimulate productivity growth and eliminate firms that were unable to pay higher wages. Jarosław Kaczyński explicitly articulated this logic in a 2019 interview: "*the Polish economy must modernise. And here we are dealing with a cause-and-effect relationship: if incomes increase, if wages rise, there is also pressure to modernise the economy. If the economy modernises, employee productivity increases as well, and of course, this creates the economic foundations for wages to rise further. In short, the situation today is as follows: the policy of low wages runs counter to the interests of workers, whereas our policy aligns with those interests. It goes against the interests of those entrepreneurs who are able to think even a little ahead and want to remain on the market—because without modernisation, that is impossible. And it also runs counter to the interests of the nation as a whole, because we should be developing and catching up with Europe, not standing still.*" (Polskie Radio, 2019). Naczyk and Eihmanis (2023) interpret this policy shift as a partial move towards the Swedish Rehn–Meidner model. This model deliberately increased wages to support industrial upgrading and increased productivity by eliminating low-wage, inefficient and exploitative firms (Galbraith, 2012). This was supported by egalitarian wage policies, active labour market policies, and extensive retraining programmes (Erixon, 2010). Although the Polish approach lacks several key elements of the Swedish model, most notably a strong emphasis on wage equality and retraining, the strategic wage increases still aim for similar developmental outcomes (Naczyk and Eihmanis, 2023). This wage-centred policy marks a clear departure from the low-labour-cost logic that underpinned the neoliberal economic model.

Figure 34. Top 10% and bottom 50% income share, Source: own elaboration based on WID (2025)



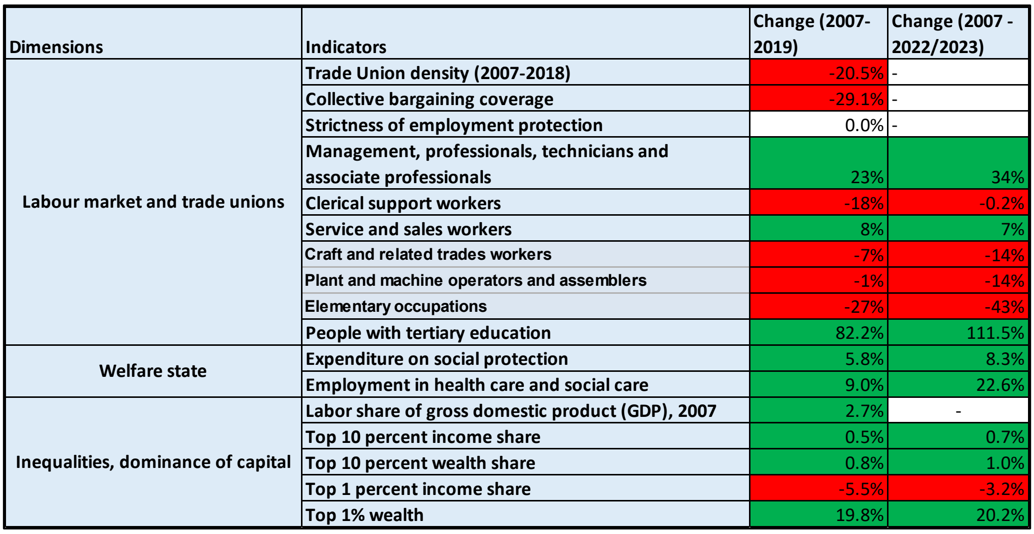
Since 2023, the new Civic Platform (PO) government has continued to raise wages. In 2024, it accepted the previous administration’s record-high 23% minimum wage increase and implemented a further 20% rise in wages for all public sector workers, including a 30% increase in teachers' salaries (Ptak, 2024b). In 2025, the government introduced a further 8.5% minimum wage increase, alongside additional pay rises for the public sector (The Chancellery of the Prime Minister, 2024; Ptak, 2024c). Consequently, Poland's statutory hourly minimum wage reached parity with the U.S. federal minimum wage for the first time in history by 2025 (Ptak, 2025c). However, progress on labour market flexibility has been slower. In 2024, Poland announced that it would not meet the EU’s deadline for reforming precarious 'junk' contracts (Ptak, 2024d). Although Prime Minister Donald Tusk pledged to reduce working hours by 2027 this commitment has yet to be realised (Krzysztoszek, 2024). Overall, however, the PO government has broken with the low-wage logic of the dependent market economy, suggesting the possible emergence of a new economic model.

The emergence of a new economic model in Poland has also been supported by significant changes to the country's employment structure (Figure 33). Knowledge-based occupations have steadily gained ground, as evidenced by the substantial growth in the employment rate of professionals since 1997. Conversely, the proportion of previously dominant categories, such as craft and related trades workers, skilled agricultural, forestry and fishery workers, and elementary occupations, has declined markedly. Between 2007 and 2023, employment in knowledge-intensive categories — namely managers, professionals, technicians, and associate professionals — increased by 34%. During the same period, employment in elementary occupations fell by 43%, while the share of plant and machine operators and assemblers declined by 14%. The rise of the knowledge economy is also reflected in educational trends: between 2007 and 2023, the number of individuals with tertiary education increased by 111.5%. By 2023, one-third of the Polish population had a higher education qualification.

Changes in the capital–labour relationship are also reflected in developments within the welfare system. This is evidenced by an 8.3% increase in social protection expenditure and a 22.6% rise in employment in the health and social care sectors between 2007 and 2023. During the neoliberal era, Poland's welfare regime could be characterised as 'embedded neoliberalism', aimed at mitigating the social costs of market transformation. A key feature of the 1990s was the extensive use of early retirement schemes to address unemployment caused by structural changes (Bohle and Greskovits, 2012). Signs of the transition towards a more inclusive welfare regime were already visible under the Civic Platform (PO) government, although at that time austerity measures still played a prominent role. Nevertheless, steps were taken to expand family policies, such as the extension of maternity leave (Wprost, 2013), and efforts began to renationalise the pension system, which had previously been restructured on neoliberal foundations (Naczyk and Domonkos, 2016).

The rise to power of the Law and Justice Party (PiS) marked a major shift in welfare policy. The flagship initiative of this shift was the Family 500+ (Rodzina 500) programme, which provided a monthly allowance of PLN 500 for the second and subsequent children, and later for the first child, in low-income families (Toplišek, 2020). This generous scheme reached about 2.7 million children (Cook et al., 2023). Another notable programme was the School Starter Kit, which provided PLN 300 per child as a one-off back-to-school grant (Szabó and Kurucz, 2023). These measures were complemented by expanded family tax credits (Lendvai-Bainton and Szelewa, 2021). In addition, in 2016 the government launched a housing programme, Home Plus (Mieszkanie Plus), aimed at building affordable rental housing with the possibility of ownership, particularly for young families without sufficient credit to purchase property (Benczes and Orzechowska-Wacławska, 2024). The tax system also underwent a progressive reform as part of the Polish Deal, which introduced tax adjustments mainly in favour of low- and middle-income earners and provided additional resources for health and social spending (Wilczek, 2021a; Bohle et al., 2022). The government reversed the previously implemented increase in the retirement age (Stubbs and Lendvai-Bainton, 2020) and introduced both a 13th and 14th pension (Benczes and Orzechowska-Wacławska, 2024). In the healthcare sector, the 2017 reform marked a shift away from the neoliberal trend of marketisation towards greater centralisation (Mikuła and Kaczmarek, 2019).

Table 22 Capital-labour summary table regarding Poland; Source: Own elaboration

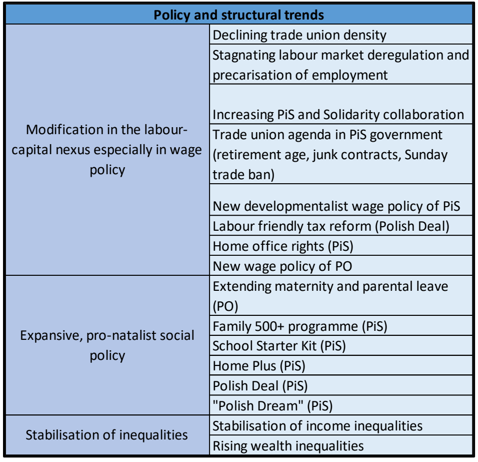


Dimensions	Indicators	Change (2007-2019)	Change (2007 - 2022/2023)
Labour market and trade unions	Trade Union density (2007-2018)	-20.5%	-
	Collective bargaining coverage	-29.1%	-
	Strictness of employment protection	0.0%	-
	Management, professionals, technicians and associate professionals	23%	34%
	Clerical support workers	-18%	-0.2%
	Service and sales workers	8%	7%
	Craft and related trades workers	-7%	-14%
	Plant and machine operators and assemblers	-1%	-14%
	Elementary occupations	-27%	-43%
	People with tertiary education	82.2%	111.5%
Welfare state	Expenditure on social protection	5.8%	8.3%
	Employment in health care and social care	9.0%	22.6%
Inequalities, dominance of capital	Labor share of gross domestic product (GDP), 2007	2.7%	-
	Top 10 percent income share	0.5%	0.7%
	Top 10 percent wealth share	0.8%	1.0%
	Top 1 percent income share	-5.5%	-3.2%
	Top 1% wealth	19.8%	20.2%

The new social model introduced by PiS clearly placed solidarity at its core. Prime Minister Morawiecki described this vision as a ‘Polish Dream’ of giving all people access to basic goods, housing, and jobs (Bluhm andVarga, 2020). In one of PiS’s key ideological documents, Capitalism – The Polish Way, industrial and social policy are explicitly linked: the state’s role, it argues, is to reconcile competitiveness with solidarity (Shields, 2021). The PiS government has thus implemented a conservative, pro-natalist, familiarist social policy model (Lendvai-Bainton and Szelewa, 2021), representing a clear departure from the neoliberal era.

However, this shift has not been exclusive to PiS. The Civic Platform (PO), which was once aligned with neoliberal economic policies, has also moved towards a more socially oriented approach. This is exemplified by Donald Tusk's campaign declaration that 'housing is a right, not a commodity', signalling a clear break with market logic (Ptak, 2023c). The PO government has announced an expansion of child benefit payments (Ptak, 2024e) and allocated substantial healthcare funding in the 2025 budget (The Chancellery of the Prime Minister, 2024). Thus, in the field of welfare policy, the PO government has maintained the expansive social policy framework of its predecessors and even added its own elements, such as wage increases for public sector employees (Mularczyk, 2025).

Table 23. Policy and structural trend in capital-labour nexus regarding Poland, Source: own elaboration



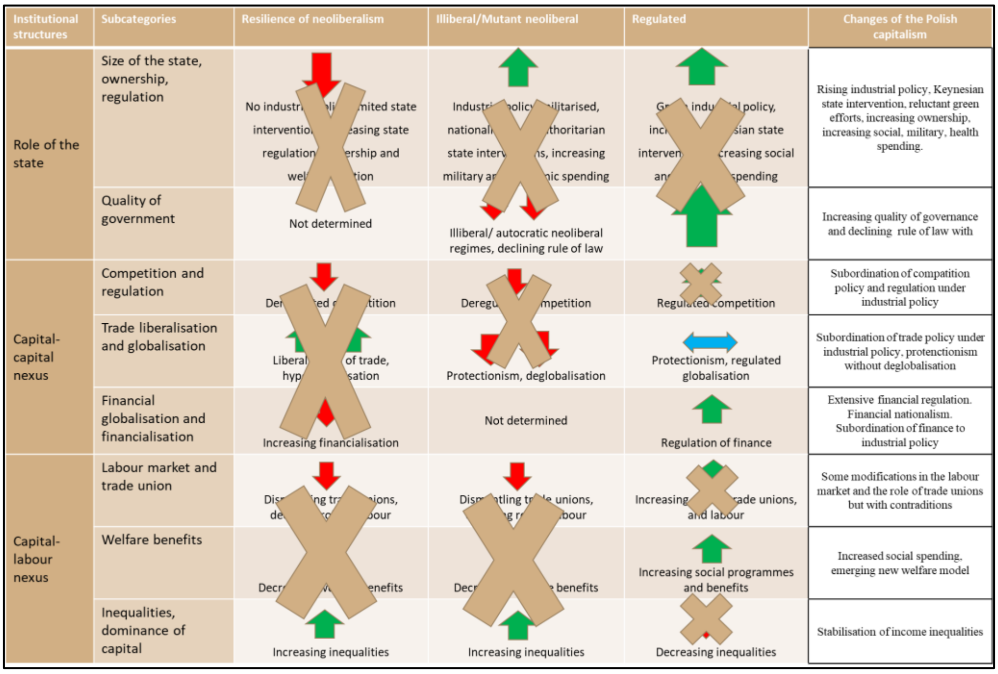
Policy and structural trends	
Modification in the labour-capital nexus especially in wage policy	Declining trade union density
	Stagnating labour market deregulation and precarisation of employment
	Increasing PiS and Solidarity collaboration
	Trade union agenda in PiS government (retirement age, junk contracts, Sunday trade ban)
	New developmentalist wage policy of PiS
	Labour friendly tax reform (Polish Deal)
	Home office rights (PiS)
	New wage policy of PO
Expansive, pro-natalist social policy	Extending maternity and parental leave (PO)
	Family 500+ programme (PiS)
	School Starter Kit (PiS)
	Home Plus (PiS)
	Polish Deal (PiS)
	"Polish Dream" (PiS)
Stabilisation of inequalities	Stabilisation of income inequalities
	Rising wealth inequalities

Changes in the labour market and welfare shifts following the 2008 crisis partially altered the dynamics of inequality. The neoliberal era brought a significant rise in inequality, which began to increase sharply in Poland following regime change (Bukowski and Novokmet, 2021). Consequently, Poland became one of the most unequal countries in Europe, driven by the growth of top business incomes and reinforced by limited redistribution (Bukowski et al., 2023). In contrast, income inequality began to stabilise after the 2008 crisis. Between 2007 and 2023, the income share of the top 1% decreased by 3.2%, while that of the top 10% increased by only 0.7%. Long-term time series data also show that the sharp rise in income inequality levelled off after the 2008 crisis and that the continuous decline in the income share of the bottom 50% halted (Figure 34). Furthermore, the labour share of national income increased by 2.7% between 2007 and 2019. Apart from a one-off surge in 2008, this rise began most clearly after 2016, coinciding with the PiS government's welfare reforms (see: Appendix Figure A11). However, this trend does not apply to wealth inequality, which has continued to increase. For instance, the wealth share of the top 10% increased by 1% between 2007 and 2023, whereas the top 1% experienced a substantial rise of 20%. (Table 22). Therefore, it cannot be said that inequality has declined overall. Table 23 summarises the policy and structural trends regarding the capital-labour nexus.

7.2.4 Summary and mechanism analysis

Post-socialist countries were among the regions most profoundly shaped by neoliberalism, as their transition to capitalism in the 1990s coincided with the global dominance of the neoliberal order. Poland became a prominent example of this shift, undergoing an early and rapid neoliberal transformation that dismantled the socialist planned economy. The new capitalist framework was built on deregulation, liberalisation, and privatisation. Owing to its semi-peripheral position in the global economy, however, Polish neoliberalism developed differently from the US model, taking the form of an FDI-led growth model or dependent market economy.

Table 24. Interpretation analysis of Poland; Source: own elaboration



Institutional structures	Subcategories	Resilience of neoliberalism	Illiberal/Mutant neoliberal	Regulated	Changes of the Polish capitalism
Role of the state	Size of the state, ownership, regulation	↓ ✗ No industr[illegible]li[illegible]mited state interventio[illegible]easing state regulation[illegible]ership and wel[illegible]tion	↑ ✗ Industri[illegible]olicy[illegible]ilitarised, nationali[illegible]thoritarian state interv[illegible]ns, increasing military ar[illegible]ic spending	↑ ✗ Gr[illegible] indu[illegible]l policy, inc[illegible]sian state interven[illegible]creasing social an[illegible]spending	Rising industrial policy, Keynesian state intervention, reluctant green efforts, increasing ownership, increasing social, military, health spending.
	Quality of government	Not determined	↓ ↓ Illiberal/ autocratic neoliberal regimes, declining rule of law	↑	Increasing quality of governance and declining rule of law with
Capital-capital nexus	Competition and regulation	↓ ✗ Der[illegible]ted c[illegible]tition	↓ ✗ Deregu[illegible]mpetition	✗ Regulated competition	Subordination of compatition policy and regulation under industrial policy
	Trade liberalisation and globalisation	↑ ↑ ✗ Liberal[illegible] of trade, hyp[illegible]sation	↓ ↓ ✗ Protectionism, deglobalisation	↔ Protectionism, regulated globalisation	Subordination of trade policy under industrial policy, protenctionism without deglobalisation
	Financial globalisation and financialisation	✗ Increasing financialisation	Not determined	↑ Regulation of finance	Extensive financial regulation. Financial nationalism. Subordination of finance to industrial policy
Capital-labour nexus	Labour market and trade union	↓ ✗ Dis[illegible]ing tr[illegible]ions, de[illegible]bour	↓ ✗ Dism[illegible]tling tr[illegible]e unions, [illegible]g r[illegible]bour	✗ Increasing [illegible]rade unions, and labour	Some modifications in the labour market and the role of trade unions but with contraditions
	Welfare benefits	✗ Decr[illegible]enefits	✗ Decr[illegible] benefits	↑ Increasing social programmes and benefits	Increased social spending, emerging new welfare model
	Inequalities, dominance of capital	↑ Increasing inequalities	↑ Increasing inequalities	✗ Decreasing inequalities	Stabilisation of income inequalities

This model viewed the transition to capitalism through the lens of the neoliberal *'shock doctrine'* and considered economic convergence to be primarily achievable through participation in the ‘world market’. The assumption was that deeper integration into neoliberal globalisation would eliminate knowledge, capital and technology gaps and enhance the convergence process (Csontos, 2024d). Consequently, attracting foreign direct investment (FDI) became the model's central goal, around which the institutional structures were built. The role of the state was thus redefined as making the domestic economy attractive to foreign capital, drawing heavily on the neoliberal doctrine. Due to neoliberalism's belief in market self-regulation, state intervention was kept to a minimum. Proactive industrial policy and a strong economic role for the state were rejected. The state's main responsibilities were seen as liberalising and deregulating markets, and dismantling extensive state ownership inherited from socialism. By allowing market forces to operate freely, the state effectively facilitated the entry of foreign capital. In practice, the absence of industrial policy was deliberate, as shaping the economic structure was *'outsourced'* to the decisions of multinational corporations, who were seen as drivers of convergence.

Neoliberalism influenced capital–capital relations, as evidenced by the deregulation of the financial system and the subsequent credit boom of the early 2000s. Furthermore, foreign corporations that entered the country brought their own banking networks with them, resulting in a high level of foreign penetration in the financial sector. In terms of trade policy, the Polish economy adopted an open approach and rejected protectionism, a strategy that was reinforced by EU integration. This facilitated access to global markets and attraction of foreign capital. Similarly, Poland gradually aligned its competition policy with EU regulations, adopting a neoliberal framework that made industrial policy more challenging by limiting the state's ability to favour domestic firms over foreign ones. Labour market institutions were also subordinated to the interests of foreign capital. The market became flexible to meet investors' needs, and the weakening of trade unions minimised the threat of labour resistance. Wage policy was fundamentally based on low labour costs, which were a key driver of foreign investment. Welfare functions were largely defensive and increasingly delegated to market mechanisms. The underfunding of the welfare state was a consequence of harmful tax and wage competition for foreign capital, which made financing it increasingly difficult. This, in turn, led to rising inequalities. Overall, neoliberal capitalism in Poland was based on six pillars: outsourced industrial policy, deregulated and dependent finance, an open trade policy, attraction of foreign FDI and low-wages, and the repression of the labour movement.

Following the 2008 crisis, changes occurred across all major institutional structures, which were organised around the state's new role. This new role is characterised by active Keynesian interventions and more direct influence on the structure of the economy. At the same time, efforts began to 'repolonise' the economy, marking a shift from privatisation towards strengthening public ownership. The state reclaimed control of industrial policy, previously outsourced, and introduced a proactive, development-oriented strategy to promote economic convergence. This renewed industrial policy has also redefined capital–capital relations. The financial system underwent significant re-regulation and financial nationalism emerged, with the aim of strengthening domestic capital within the financial sector. The financial system's role is increasingly aligned with industrial policy objectives, namely supporting the growth of domestic enterprises. Even the attraction of foreign direct investment (FDI) has become subordinate to industrial policy; it is no longer an end in itself, but rather a means employed by the state on a selective basis. This does not signify the end of FDI, but rather a shift in its strategic importance. Similarly, trade policy has become subservient to industrial policy, accompanied by a rise in protectionism. Competition policy has also increasingly served industrial objectives, leading to calls for reform of EU competition law. Changes in capital–labour relations have been less dramatic, with no major overhaul of labour market regulation taking place. However, under the PiS government, trade unions — especially Solidarity — gained a more prominent role. There has been a clear break from the earlier low-wage approach in wage policy, with emerging signs of a wage strategy subordinated to broader industrial policy objectives. This industrial policy is complemented by a more socially inclusive welfare policy that is fundamentally natalist, conservative and familiarist. As a result of these changes, inequality has stabilised, particularly in terms of income.

The changes in Poland clearly signal the breakdown of neoliberal capitalism (Table 24). The interpretation that neoliberalism has remained stable is not supported by the evidence, as there have been significant shifts in both the role of the state and capital–capital relations. Furthermore, the capital–labour relationship has also changed, with a clear welfare turn. However, the 'mutant neoliberalism' or 'illiberal capitalism' interpretation is also open to critique on several points. While the role of the state has indeed strengthened, accompanied by a substantial increase in military spending, green objectives have been adopted reluctantly, and Keynesian tools have been used. Furthermore, democratic backsliding and the erosion of the rule of law are clearly observable only during the PiS era. The return of the Civic Platform to power without significant changes to economic and social policy suggests that these shifts are not necessarily linked to an authoritarian turn. Additionally, there has been no shift towards deglobalisation. What we are witnessing is more a moderation of hyper-globalisation than a meaningful retreat from global economic integration. In the welfare domain, a change has occurred, but this appears to reflect the emergence of a conservative welfare state. Overall, the third interpretation - the rise of regulated capitalism - best captures the nature of the changes in Poland. Yet even this framework has limitations. Significant increases in military spending, a decline in the rule of law under PiS, continued market deregulation in certain areas and a lack of substantial labour market re-regulation all weaken this interpretation's explanatory power. Moreover, inequality has not decreased. At best, we can observe a stabilisation in income inequality, while wealth inequality continues to grow. Overall, none of the existing interpretive frameworks fully captures the scope and complexity of the transformations that have occurred in Poland.

What mechanisms drive this change? Based on the analysis, at least seven such mechanisms can be identified:

1. The Arrighian mechanism: The hegemonic challenge to the world economy represented by China affects Poland less directly than it affects the United States. Nevertheless, it is clear that China's rise impacts Poland too, as evidenced by its support for the EU's protectionist efforts against China (Blenkinsop, 2024). However, in Poland's case, the Russian threat plays a more prominent role, particularly in driving significant increases in military spending (Tilles, 2024a). Russia's more aggressive foreign policy cannot be entirely separated from the broader hegemonic challenge, as such global shifts may embolden smaller powers to assert their interests. In this sense, the Russian threat can be seen as an indirect consequence of the crisis of hegemony. This dynamic is playing a significant role in shaping Poland's emerging new model, which is characterised by strengthened protectionism, military expansion and increased state intervention.

2. Polanyian Mechanism: The observed changes are largely a reaction to the problems generated by Poland's neoliberal era, particularly the destruction of the social fabric and the creation of economic dependencies caused by hyper-globalisation and marketisation. These changes have occurred within the realms of labour, finance, and nature.

In the labour market, for example, neoliberalism led to the dismantling of former socialist industry due to Poland's integration into globalisation. This was replaced by a reindustrialisation driven by foreign capital, which made the Polish economy dependent (Nölke and Vligenthart, 2009). The 2008 crisis highlighted the risks of this dependency and triggered efforts towards repolonisation, the rise of industrial policy and new nationalisations. Furthermore, the post-transition period was characterised by severe labour repression and the long-term decline of the labour movement. By contrast, following the 2008 crisis, a more solidarity-based welfare model began to emerge, as evidenced by the PiS government's shift towards welfare. Most notably, there was a shift towards high-wage policies, breaking away from the previous low-wage model. In finance, the 2000s saw significant deregulation, rising indebtedness and deep penetration by foreign capital under neoliberalism. Although this created some instability during the crisis, Poland avoided its worst consequences thanks to strong financial system regulation. During the post-crisis period, this resulted in an even more heavily regulated financial sector, as well as efforts to reduce dependency through financial nationalism and repolonisation (Naczyk, 2022; Johnson and Barnes, 2025). In environmental terms, a gradual shift towards green industrial policies has also begun, though this is largely driven by EU pressure. The result is a reluctant green programme that affects both major political parties.

3. Veblenian mechanism: The wartime use of new information and communication technologies is also a factor in Poland, primarily due to the threat posed by Russia. Russia has frequently attacked Poland with cyber warfare, strengthening the push to enhance military capabilities and cybersecurity (Kang-Stryker and Bugajski, 2025). These developments increase state involvement in the economy and prioritise security in policymaking (Winged IT, 2025).

4. The post-Keynesian Mechanism: Before the 2008 crisis, two key demand-generation mechanisms in Poland were indebtedness and FDI-driven export, although not to the extent seen in the US. Following the 2008 crisis, however, indebtedness declined due to tighter financial sector and lending regulations (see: Figure 29). Additionally, the focus shifted from attracting FDI to strengthening domestic firms and supporting their export activities. The state's role in providing Keynesian and investment-driven growth stimulus has also intensified, leading to a form of military Keynesianism in the post-Covid period.

5. The Neo-Schumpeterian Mechanism: The ICT revolution has naturally brought with it new regulatory challenges. Efforts to regulate platform companies are evident in Poland, too. Furthermore, Poland is affected by the global reorganisation of value chains driven by new technologies, given its key position in European production networks (Misztal, 2023).

6. The impact of the pandemic: The impact of the pandemic has also amplified the expanding role of the state in Poland and increased efforts to counteract offshoring (see: Chapter 7.2.1.).

7. A new stage in Poland’s catch-up model: These mechanisms are complemented by another that stems from Poland’s unique semi-peripheral position in the global economy. After socialism, it was only natural for Poland to rely on foreign capital, as it lacked its own capital, technology and knowledge. However, this FDI-based catch-up model eventually stalled, leading Poland into a middle-income trap (Myant, 2018; Csontos 2024d). These trap situations are also discussed in Poland's 2016 industrial policy strategy (Responsible Development Plan, 2017). To continue the convergence process, a shift in model is required that goes beyond the FDI-dependent approach. The rise of the new state role and industrial policy is therefore also a response to Poland entering a new phase in its development trajectory. This was recognised in economic policy as early as the first Tusk government, when the rationale behind the efforts to repolonise reflected this thinking and helped to explain the departure from the previous neoliberal doctrine (Rae, 2013).

Overall, these changes can be interpreted as a *developmentalist correction* to the neoliberal era. They address the issues caused by neoliberalism (Polanyian and Post-Keynesian Mechanisms), with the aim of reducing economic dependency and supporting a new stage of Polish economic convergence — thus pursuing developmental objectives. At the same time, the dependency model created by neoliberalism generated security challenges (Arrighian and Veblenian mechanisms), which the new model also seeks to address. The changes are therefore primarily endogenous, emerging from the exhaustion of the neoliberal model and the need to address its resulting problems and deficiencies. However, semi-endogenous mechanisms — such as the indirect effects of China's rise and the growing Russian threat — also play a role. In addition, the exogenous shock of the pandemic contributes to the transformation.

Poland's FDI-driven, neoliberal catch-up model, which relied on the benefits of globalisation and dependence, is failing. In the post-crisis years, the outlines of a new economic model have emerged that relies on a much more active state presence. This new approach subordinates key policy domains, including the financial system, trade policy, competition policy, and wage policy, to broader developmental goals. It is also complemented by a more generous and inclusive welfare policy. The central aim of this strategy is to eliminate the dependencies created by the neoliberal model, mitigate the adverse effects of globalisation and promote the 'repolonisation' of the economy. Thus, Poland has undergone a transformation, evolving from a poster child of neoliberalism into a champion of industrial policy and making significant strides towards becoming one of Europe's leading economic powers.

8 SUMMARY OF THE RESULTS: THE NEED FOR A NEW INTERPRETATION

In our research, we examined changes in institutional structures (the role of the state, capital–capital, and capital–labour nexus), after the 2008 crisis. We used a global illustrative analysis and two mixed-method case studies (the United States and Poland) to gain deeper insight into qualitative shifts. The results are presented in Table 25.

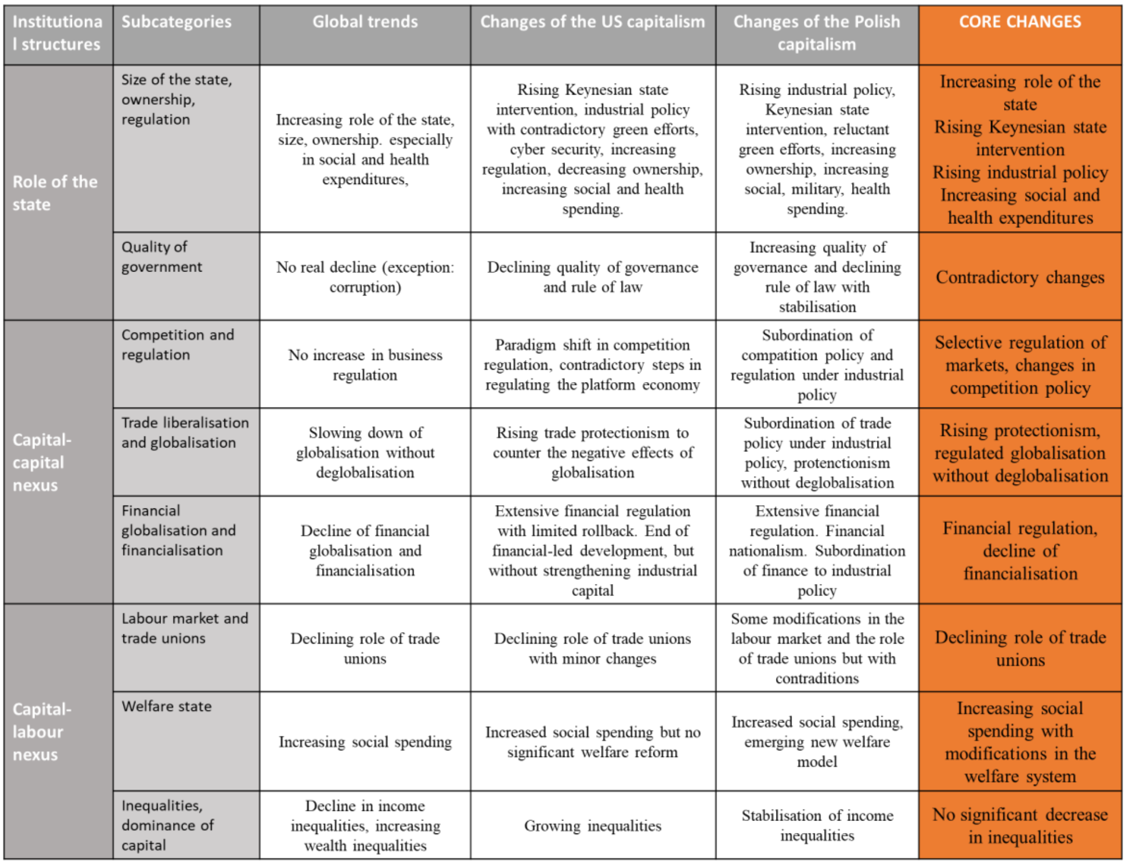
A comparison of the three analyses reveals which developments can be considered *'core changes'* that, based on our findings, clearly characterise the post-2008 phase of capitalism. Based on this, we can conclude that the illustrative global overview analysis and the two case studies both confirm a significant increase in the role of the state after the 2008 crisis, most visibly through rising expenditure on healthcare and social protection. This expansion of state involvement has led to two major transformations. Firstly, the state's active influence on aggregate demand re-emerged, signalling the return of Keynesian policy approaches prompted by the era's two major crises. Secondly, the state's role in shaping economic structures became more apparent, as evidenced by the rise of active industrial policy. However, these changes did not necessarily correlate with a decline in government quality. The results suggest that such transformations manifested differently across cases.

In the realm of capital–capital relations, the most significant elements of the neoliberal era collapsed. In the financial sector, post-crisis developments reversed the trend of deregulation that had led to financialisation and the accumulation of unsustainable debt. Regulation of the financial system became the dominant trend, curbing the debt-driven neoliberal growth regime. In the realm of trade, the previous era's emphasis on free trade and liberalisation also shifted, making way for rising protectionism. However, this did not signify the end of globalisation or a substantial process of deglobalisation. Rather, the pace of pre-crisis hyperglobalisation slowed down, a trend that may be better described as 'regulated globalisation'. Similarly, market and competition regulation has generally moved towards greater regulation, particularly under the influence of industrial policy objectives.

Many elements of the neoliberal period have persisted in capital–labour relations. There were no significant changes to the structure of the labour market or the role of trade unions; the decline in union influence and the flexibilisation of labour markets continued.

Some welfare-related changes did occur, particularly in the form of increased social and health spending. However, the extent of welfare expansion varied between the two cases. In terms of inequality, the results were somewhat contradictory: there is no clear evidence of a significant reduction in inequality, nor strong support for the continuation of widening inequality.

Table 25. Summary table; Source: own elaboration



Institutional structures	Subcategories	Global trends	Changes of the US capitalism	Changes of the Polish capitalism	CORE CHANGES
Role of the state	Size of the state, ownership, regulation	Increasing role of the state, size, ownership. especially in social and health expenditures,	Rising Keynesian state intervention, industrial policy with contradictory green efforts, cyber security, increasing regulation, decreasing ownership, increasing social and health spending.	Rising industrial policy, Keynesian state intervention, reluctant green efforts, increasing ownership, increasing social, military, health spending.	Increasing role of the state Rising Keynesian state intervention Rising industrial policy Increasing social and health expenditures
	Quality of government	No real decline (exception: corruption)	Declining quality of governance and rule of law	Increasing quality of governance and declining rule of law with stabilisation	Contradictory changes
Capital-capital nexus	Competition and regulation	No increase in business regulation	Paradigm shift in competition regulation, contradictory steps in regulating the platform economy	Subordination of compatition policy and regulation under industrial policy	Selective regulation of markets, changes in competition policy
	Trade liberalisation and globalisation	Slowing down of globalisation without deglobalisation	Rising trade protectionism to counter the negative effects of globalisation	Subordination of trade policy under industrial policy, protenctionism without deglobalisation	Rising protectionism, regulated globalisation without deglobalisation
	Financial globalisation and financialisation	Decline of financial globalisation and financialisation	Extensive financial regulation with limited rollback. End of financial-led development, but without strengthening industrial capital	Extensive financial regulation. Financial nationalism. Subordination of finance to industrial policy	Financial regulation, decline of financialisation
Capital-labour nexus	Labour market and trade unions	Declining role of trade unions	Declining role of trade unions with minor changes	Some modifications in the labour market and the role of trade unions but with contraditions	Declining role of trade unions
	Welfare state	Increasing social spending	Increased social spending but no significant welfare reform	Increased social spending, emerging new welfare model	Increasing social spending with modifications in the welfare system
	Inequalities, dominance of capital	Decline in income inequalities, increasing wealth inequalities	Growing inequalities	Stabilisation of income inequalities	No significant decrease in inequalities

We identified six *'core mechanisms'* that appear to be driving these changes. While each mechanism is present in a different way in the two case studies, they all contribute collectively to transformation. (1) The Arrighian mechanism: The challenge to US hegemony posed by China and its indirect consequences. (2) The Polanyian mechanism: The backlash against the social harms produced by neoliberalism. (3) The Veblenian mechanism: Growing concern over the security implications of new technologies. (4) The post-Keynesian mechanism: The collapse of traditional sources of aggregate demand after 2008 increased the need for state-driven demand management. (5) The neo-Schumpeterian mechanism: The disruptive regulatory challenges presented by emerging technologies. (6) Lastly, the impact of the pandemic intensified the other mechanisms. Overall, most of the observed transformations are endogenous or semi-endogenous in nature, with their impact being amplified by external shocks.

All three of our analyses, as well as the synthesised *'core changes'* derived from them, suggest that previous interpretations in the literature are inadequate for describing the transformations, despite each capturing certain important aspects of the changes.

The notion of the continuation and resilience of neoliberalism is untenable - a claim supported by our findings on at least two fronts. Firstly, with regard to the role of the state, a clear shift has occurred. Neither the illustrative global analysis nor the case studies of the US and Poland support the idea that the role of the state has not expanded. These results contradict neoliberalism's principles of limited state involvement, rejection of Keynesian policy and absence of industrial policy. The state's increasingly active role in shaping economic structures signals a departure from approaches that rely on the 'invisible hand' of the market. The second argument concerns change in capital–capital relations, which also point beyond neoliberalism. Previous trends of financial deregulation and mounting debt have been reversed; globalisation is slowing; and changes has begun, even in the realm of competition policy.

Based on that, it is difficult to argue that it is still neoliberalism. If financial deregulation and regulation, trade liberalisation and protectionism, and active and non-existent industrial policies can all be described as neoliberalism, what differentiated meaning does the term have? In that case, the term becomes an empty signifier applicable to any era we dislike. Therefore, while it must be acknowledged that neoliberal elements still define capital–labour dynamics, our analysis clearly rejects the continuation of neoliberal institutional structures.

A more accurate description would be to interpret the post-2008 period as a *'mutant neoliberalism*'. However, our results suggest that this interpretation also falls short of adequately capturing the changes and suffers from theoretical problems. At the level of institutional structures, it aligns closely with the illiberal-populist perspective. However, our four core findings do not validate this view. Firstly, in terms of state involvement, it is evident that Keynesian state activism is strengthening alongside increased social protection and health expenditure, contradicting the idea that we are merely witnessing the emergence of a militaristic, authoritarian and nationalist state. Secondly, the decline of the rule of law is not a universal trend, suggesting that the changes are not necessarily authoritarian in nature. Thirdly, changes in market and competition regulation contradict this interpretation. Fourthly, we cannot claim that there have been no transformations in the welfare system, nor that the neoliberal model continues unabated. However, the mutation thesis accurately highlights the persistence of some neoliberal dynamics, particularly in capital–labour relations.

The mutation thesis also has four key theoretical problems. Firstly, it results in a diluted concept of neoliberalism by claiming that fundamental changes have occurred yet still asserting that they fall within the neoliberal framework. This contradiction renders neoliberalism undefinable. If we accept that neoliberalism is rooted in Hayekian or Friedmanite logic, then it is difficult to argue that active state intervention or protectionism are compatible with it. Secondly, this approach focuses too much on neoliberalism as an ideology, with its technological, geopolitical and institutional dimensions not being adequately addressed. This limits the understanding of the phases of capitalism. Our findings suggest that phenomena such as the rise of platform economies, which fundamentally alter the mode of production and redefine state–market relations, are difficult to incorporate into the mutation argument. Either every technological revolution or change in the mode of production should be regarded as a mutation, which is theoretically implausible, or the mutation argument is not applicable. Thirdly, this approach offers no clear criteria for determining when a mutation results in a new variant, strain or species, if we continue to use the biological metaphor. At what point do changes justify the recognition of a new economic formation? If the change in the role of the state and the capital–capital nexus is not enough, what can be the turning point? Of course, similar institutional formations will exist in all phases of capitalism because it is still capitalism. Therefore, this approach might conflate overcoming neoliberalism with transcending capitalism itself. The final problem is that the mutation thesis fails to recognise the linear, evolutionary nature of capitalist development. The different phases of capitalism naturally build upon each other, incorporating elements as part of humanity's ongoing learning process. Neoliberal capitalism is closely related to welfare capitalism, yet it is not considered a form of 'mutant Keynesianism', even though the welfare state was not completely dismantled by neoliberalism. In fact, much of the welfare state remained intact, albeit with greater market integration. The concept of 'mutant neoliberalism' is based on the idea that this evolutionary process demonstrates an exceptional level of resilience on the part of neoliberalism. However, we would argue that evolution is a defining feature of human development.

Similarly, the illiberal-populist interpretation provides an inaccurate account of the post-2008 era. While it correctly identifies changes that coincide with the erosion of liberal democracy and the rule of law, as illustrated by Trump or the PiS in Poland, it does not offer a comprehensive explanation. It also correctly identifies a shift towards a protective institutional structure. However, this interpretation is ultimately unsustainable for five reasons.

Firstly, it is based on a specific interpretation of the role of the state. For this era to be labelled 'illiberal' or ‘populist’, we would have to consider Keynesian state intervention or industrial policy illiberal or populist. However, in that case, we would also have to label post-Second World War welfare capitalism as illiberal or populist, despite it being one of the golden ages of liberal democracy. Furthermore, the illiberal-populist view assumes that state activism eliminates markets, which is simply not the case. The industrial policy efforts observed represent a move away from dogmatic neoliberalism, but not from market mechanism. Rather, these efforts actively utilise markets - a dynamic that Farkas (2023) aptly termed 'policy-mix capitalism'.

Secondly, contrary to the illiberal-populist thesis, this transformation does not inevitably result in a breakdown of democracy or the rule of law. Poland shows that it is possible to reverse an anti-rule-of-law shift, even when transformation trends continue. In the US, these shifts are not confined to illiberal Trump-era circles but have also had a profound impact on the politics of the Democratic Party. To defend the illiberal-illiberal interpretation would require arguing that the Democratic Party opposes liberal democracy, a notion that does not appear to be gaining ground. In Poland's case, it is necessary to prove that PO is anti-democratic. The root of the problem here is that this approach often equates state intervention with authoritarianism, in line with the spirit of Hayek's *'The Road to Serfdom'*. This ideological conviction makes it difficult to recognise that it is possible to transcend neoliberal institutional structures democratically, even if this does not always happen.

Thirdly, the illiberal-populist framework often assumes that the period before 2008 was a golden age for liberal democracies and that the crisis was caused by a deviation from this norm. This view is rooted in the idea that 'bad' elites engage in rent-seeking or power-hungry behaviour. However, this narrative fails to recognise that many post-2008 changes were actually a response to the harmful effects of neoliberalism itself. This approach completely ignores the Polanyian mechanism and is therefore unable to account for the true causes of the transformations. It should be emphasised that there are exceptions. Although Komlos's (2024) analysis refers to the changes as populism, it acknowledges and demonstrates how neoliberal structures led to this populism. However, the analysis is incomplete in that it focuses on Trump and right-wing populism, providing little explanation for changes within the Democratic Party that have already become apparent under the Biden administration.

Fourthly, this approach assumes a process of deglobalisation that has yet to take place. The hyperglobalisation that preceded neoliberalism is merely slowing down and stagnating; no meaningful deglobalisation can be detected. This suggests a more regulated form of globalisation.

Fifthly, labelling everyone as 'populist' is overly simplistic because it implies a deviation from a normative baseline. As we have argued, however, this change has influenced the mainstream of both parties in both countries. Nevertheless, if everyone is 'populist', then no one is, which renders the label meaningless. Therefore, the use of the term populism often becomes a descriptor for policies we consider ‘bad’, making it difficult to see that what we assume to be ‘bad’ is becoming a new paradigm. In this respect, the term illiberal is more expressive, even if we do not consider it a perfect description due to the problems mentioned above.

Interpreting the new 'regulated phase' is also problematic. This assumes that we are witnessing a return to welfare capitalism in the form of green or social democracy. While the observation of the emergence of protective institutions, protectionism and increased state involvement is accurate, there are four reasons why this interpretation is false. Firstly, deregulation remains significant in several markets, meaning that we are not witnessing a general trend of re-regulation, but rather selective re-regulation in specific areas. Secondly, there has been no major shift in capital–labour relations, with no substantial changes observed in labour markets, union power or inequality. Thirdly, although green policy is evident in both case studies, it remains contentious, particularly in the US where one of the major parties explicitly rejects it, thereby limiting its transformative potential. Fourthly, this interpretation overemphasises the cyclical nature of capitalism and neglects its linear element; consequently, it fails to recognise that it is spiral-like in its development. Consequently, it struggles to capture clear changes, such as the rise of the knowledge economy or platform capitalism, that make a return to pre-neoliberal models impossible.

In summary, none of the existing interpretations in the literature fully capture the current transformations. This highlights the need to develop a new interpretive framework, which will be the focus of the next chapter. Before outlining the new interpretive framework, it is important to acknowledge that, in addition to the identified *'core changes'*, there are several notable differences, particularly when comparing Poland

and the United States. Many of these differences stem from the two countries' distinct structural positions.

In terms of the role of the state, Poland has clearly increased state ownership as part of an ongoing 'repolonisation' process, but this is not typical of the United States. In fact, evidence suggests a decline in public ownership in the US. Although Keynesian policies have re-emerged in both countries, they are far more prevalent in the US, in both fiscal and monetary terms. In the realm of green industrial policy, there is a clear partisan divide in the US between the two major political parties. In contrast, both major parties in Poland have formally committed to green policy objectives, albeit reluctantly, driven largely by the country's significant reliance on fossil fuels. Nevertheless, elements of green industrial policy are evident under both governing parties. Another key difference is Poland's increase in military expenditure, especially in recent years, compared to a relative reduction in the US - although this is largely attributable to differing baselines. In terms of government quality, there appear to be more negative changes in the U.S., while Poland has seen some improvements. Although Poland experienced a decline in the rule of law under the PiS government, this trend has since been reversed.

Differences are also observable in competition policy and market regulation. While the U.S. has seen the emergence of a new regulatory paradigm under the Biden administration, this shift is less pronounced in Poland, where competition policy is still largely influenced by EU-level regulations. A similar pattern is evident in trade policy. While protectionism has increased in both countries, it is less prevalent in Poland, primarily due to its deep integration with the European Union. In Poland, protectionist tendencies are more evident in industrial policy than in trade policy. In the financial sector, the main difference lies in the US’s much heavier reliance on debt-fuelled growth before 2008, which led to stronger regulation after the crisis. Meanwhile, Poland's financial shift took the form of financial nationalism, a trend does not present in the US. The US financial system has also seen a rise in the influence of large asset management firms, which indirectly affect Poland through changes in the structure of the global financial system.

In capital–labour nexus, only limited shifts can be observed in both countries: modest changes in trade union dynamics emerged under the PiS government in Poland and during the Biden administration in the United States, but without a fundamental transformation. While Poland has moved slightly away from the neoliberal model through higher wage policies and the expansion of a new welfare component alongside industrial policy—contributing to a stabilisation of inequality—the United States has seen more limited welfare expansion, with inequality continuing to rise.

There are also differences in the underlying mechanisms of change. In the U.S., the challenge posed by China is much more direct, whereas in Poland it is more indirect, being mediated through concerns over Russia. The legacies of neoliberalism also differ in Poland, it led to industrialisation driven by foreign capital, while in the US it triggered the outsourcing of industry - each generating distinct policy reactions. Furthermore, as a technological hegemon, the United States experiences the regulatory implications of emerging technologies more acutely than Poland does. Context-specific mechanisms also exist in the US, the Triffin mechanism is relevant (related to the dollar’s role as a global reserve currency), while Poland's trajectory can be interpreted as entering a new phase of the catch-up model.

9 TOWARDS A NEW INTEPRETATION: INDUSTRIAL POLICY TRANSFORMATION

The existing interpretations in the literature do not align with our research findings and suffer from theoretical limitations. Therefore, a new interpretation is needed that is consistent with our empirical results and theoretically sound.

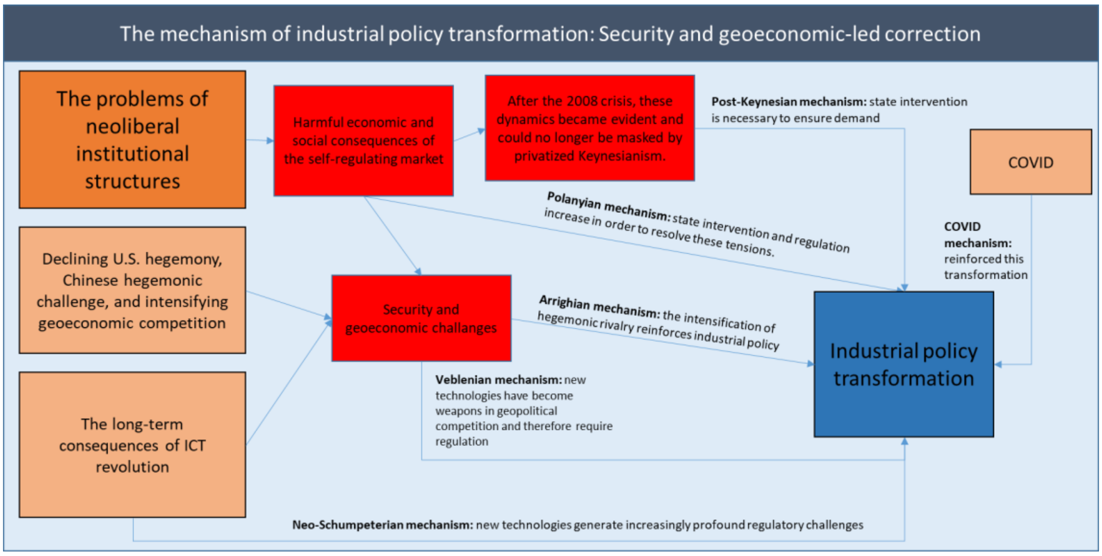
We argue that an ***industrial policy transformation*** began after the 2008 financial crisis. We are in a transitional phase, during which a 'new type' of *protective institutional structure* is emerging. We do not claim that a new, fully developed phase of capitalism has emerged; rather, we suggest that we are in a transformation period characterised by the breakthrough of industrial policy. To understand the meaning of this *industrial policy transformation (IPT),* three questions must be answered.

(1) What is happening to neoliberal institutional structures during this industrial policy transformation? This transformation is causing the ***fragmentation of neoliberal institutional structures.*** This means that these structures are gradually disintegrating, but this process is uneven and does not occur simultaneously across all structures. In areas such as the role of the state and the relationship between capital and capital, fragmentation is well advanced, as our findings show. Here, the foundations of neoliberal institutional structures are less evident. Conversely, disintegration is much less pronounced in capital-labour relations, despite signs of movement and mounting crisis symptoms. Therefore, rather than arguing that neoliberalism is mutating, we observe its gradual fragmentation. This implies that neoliberal structures and tendencies are still present in some areas, such as the capital-labour nexus. This approach thus accommodates the simultaneous persistence and disintegration of neoliberalism, while emphasising the dominant trend of fragmentation.

(2) The second key question: What drives industrial policy transformation? According to our interpretation, this change is driven by a ***security- and geoconomic-led correction***. The period since 2008 can be seen as an era of guided correction. Since the crisis, there have been political responses to the challenges of neoliberalism. A major outcome of the neoliberal era was the acceleration of hyperglobalisation through technological advances (the ICT revolution) and neoliberal institutional reforms such as trade liberalisation and market deregulation. This process culminated in the outsourcing of Fordist industry from developed countries such as the USA, resulting in growth models

driven by foreign capital in semi-peripheral regions such as post-socialist Poland. However, the liberalisation of the self-regulating market and the resulting hyperglobalisation and decommodification have caused significant damage, resulting in social and economic tensions. This led to the deindustrialisation of the US, creating social pressures and economic dependencies in strategic sectors. In Poland, it resulted in a foreign-dominated economy and deepening dependencies. In the 2000s, financialization and indebtedness still masked these social and economic problems with the help of significant household indebtedness, but this was no longer sustainable after the 2008 financial crisis, as the financial bubble burst. Governments were forced to face the emerging social and economic tensions, which led to increased state intervention, representing a shift towards a protective institutional structure. Although in the mid-2010s it still seemed that this increase in state intervention was only a temporary phenomenon, and attempts at readjustment were made, the rise of populist and illiberal parties made it increasingly clear that the social and economic tensions created by neoliberalism had not been resolved, which became evident after Trump's victory in 2016. By this point, the financial side of demand had also faltered, as after the crisis it was driven mainly by the expansion of the state, particularly through Keynesian crisis responses and quantitative easing of monetary policy.

Figure 35:The mechanism of industrial policy transformation; Source: own elaboration



These increasing social and economic pressures have been exacerbated further by the challenges created by geopolitical shifts, such as China's rise and Russia's threats. The opening up of geo-economic competition and the weakening of US hegemony foreshadowed a new geopolitical order in which the unregulated organisation of ICT technologies was no longer viable. New technologies increasingly became tools of geopolitical competition, being used offensively against each other. This was reinforced by the fact that the rise of new technologies brought new regulatory challenges that also posed security risks. These magnified the harmful effects of neoliberal institutional structures, transforming them into security and geoeconomic threats. What was previously only a social and economic problem suddenly becoming a security and geoeconomic challenge. These challenges spurred states into decisive action, and so it was that, after the 2008 crisis, state intervention proved not to be temporary, accelerating in the second half of the 2010s. Motivated by security and geoeconomic concerns, states took action to regulate hyperglobalisation, increase protectionism and introduce new industrial policies and regulations for new technologies, thereby gradually fragmenting the institutional structures of the neoliberal era. This process has only accelerated with the external shock of the COVID crisis. This mechanism is summarised in Figure 35.

In this way, Polanyian, post-Keynesian, neo-Schumpeterian, Arrighian and Veblenian mechanisms converge present day. We are therefore in an era industrial policy transformation, in which states fragment neoliberal institutions driven by security and geoconomic imperatives.

(3) The third key question: What are the main characteristics of this *industrial policy transformation*? In our view, it is characterised by a ***post-neoliberal policy package***. This policy package has replaced the previously dominant neoliberal one. The neoliberal package responded to the crisis of welfare capitalism by promoting privatisation, deregulation, and liberalisation. Today, we can see the beginnings of a post-neoliberal policy package that fragments neoliberal institutions and serves the logic of security- and geoeconomic-led correction. This package consists of five key elements:

1. **Pragmatic industrial policy:** The core of this package is the growing role industrial policy as the primary driver of security- and geoeconomic-led correction. Here, industrial policy refers to the state's ambition to actively reshape the economic structure in line with strategic goals. This sharply contrasts with the market-based neoliberal view that economic structure is an outcome of market forces. This broader concept of industrial policy - better understood as structural policy - applies not just to industry, but also to services and agriculture. However, for consistency, we retain the term 'industrial policy'. Importantly, this approach is pragmatic and not based on a fixed ideology, but rather on practical responses to pressing challenges. Sometimes it serves green goals, other times it serves explicitly nationalist goals. It departs from doctrinaire neoliberalism without

eliminating market mechanisms, which are simply subordinated to the goals of economic policy.

2. **Reactivated Keynesianism:** The stronger role of the state is also evident in terms of demand. Rather than leaving it to market forces or financial systems, the state now actively shapes the structure of demand. This re-nationalised Keynesianism also entails a stronger role for monetary policy, with central banks influencing demand structures more directly.

3. **Protectionism:** The third element is the resurgence of protectionism, involving prioritising domestic firms and regulating globalisation through trade policy, as well as the emergence of protectionist tariff policy. However, this new protectionism is clearly subordinate to the goals of industrial policy - its main purpose is to influence the economic structure.

4. **Selective regulation:** The fourth element is selective regulation. Markets are not being re-regulated universally. Instead, stronger regulation is being introduced where necessary to achieve industrial policy goals, while deregulation may persist elsewhere. Market regulation is therefore subordinate to industrial policy priorities. We observe regulatory changes, particularly in the financial sector and in competition policy, while labour markets and other areas continue to be characterised by deregulation. As security and economic-led correction is underway, social considerations, which are the most pressing in the capital-labour relationship, are often pushed into the background. Neoliberal tendencies therefore remain strong here.

In summary, since the 2008 financial crisis, we have seen a security- and geoeconomic-led correction. This has resulted in the fragmentation of neoliberal institutional structures and the emergence of a post-neoliberal policy package. This shift can be described as ***an industrial policy transformation.*** Therefore, our interpretation is based on three core concepts that must be incorporated into literature on phases of capitalism to adequately capture the current changes: ***(1) the fragmentation of neoliberal institutional structures; (2) security- and geoconomic-led correction; and (3) a post-neoliberal policy package.***

Why is it appropriate to describe this era as an industrial policy transformation? There are three key arguments in favour of selecting this term as the defining concept of this era.

1. The rise of industrial policy is the most significant distinguishing feature of this transformation compared to neoliberalism. One of the basic premises of neoliberalism

was that a self-regulating market could achieve the optimal arrangement of the economic structure. However, in the transformation that has been taking place since 2008 financial crisis, this premise has been called into question, resulting in the continuous fragmentation of the neoliberal institutional structures. A new premise is emerging instead: industrial policy asserts that the state must influence the economic structure from security and geo-economic perspectives. This forms the basis of the new industrial policy, which is sometimes complemented by green, developmentalist or social considerations.

2. The term industrial policy transformation captures the fact that the state is the main driver of change. At the same time, however, industrial policy does not only refer to the state; it also refers to the new relationship between the state and capitalists. In the context of new security and geo-economic challenges, this relationship requires closer cooperation between capitalists and the state (i.e. the political sphere).

3. Industrial policy is emerging as the fundamental guiding principle, with individual branches of economic policy becoming increasingly subordinated to industrial policy objectives. Industrial policy is playing a leading role in the entire post-neoliberal policy package. The new military Keynesianist efforts that are unfolding demonstrate the increasing alignment of Keynesianism with industrial policy goals. In trade policy, emerging protectionism serves industrial policy objectives. We have also demonstrated that, in the area of competition policy, new policies are increasingly serving industrial policy rather than undermining it, as was common in the neoliberal era. Selective regulation is also increasingly organised along industrial policy lines, with stronger regulation where necessary and further deregulation elsewhere. Industrial policy is therefore leading the transformation.

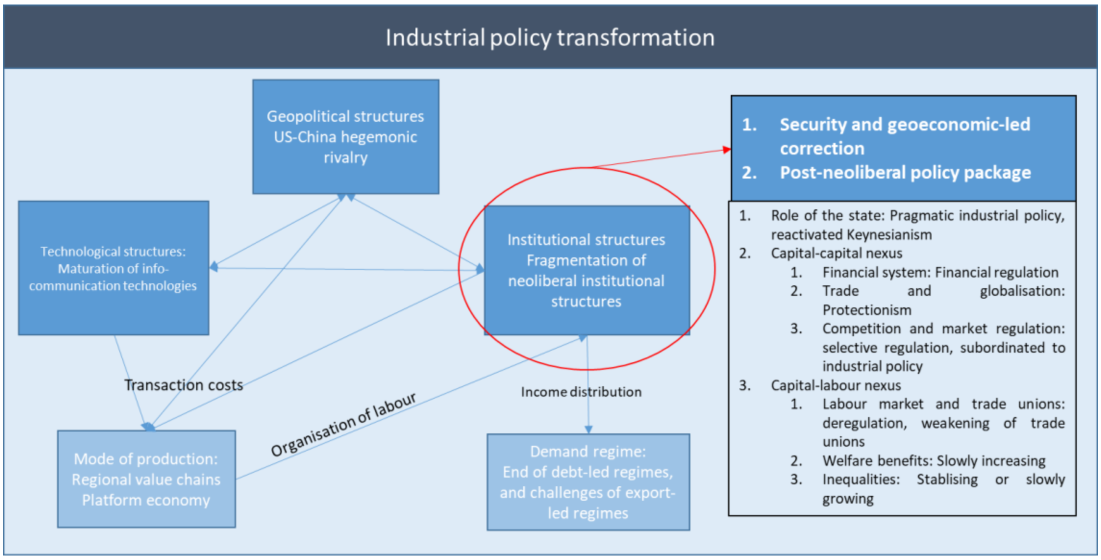
Overall, we believe that *'industrial policy transformation'* is the most expressive term. It implies that the state is the main driver of change, motivated by security and geoeconomic imperatives to consciously transform economic and institutional structures. Nevertheless, this industrial policy is pragmatic in that it does not adhere to a coherent ideology but rather combines market and state mechanisms flexibly. This contrasts sharply with the neoliberal era and post-war Keynesianism, which had clear ideological foundations. This new approach is reminiscent of China's pragmatic industrial policy — a fact that cannot be mere coincidence, given China's significant contribution to the fragmentation of neoliberalism through its rise. Consequently, there is no cohesive theoretical framework behind the post-neoliberal policy package. Instead, it manifests itself in different ideologies in each case, where illiberal or green ideas may play a role.

This indicates that we are in the early stages of this transformation and that a complete turnaround is yet to come, most significantly in the capital–labour relationship, where neoliberal elements remain strong.

Applying the theoretical model presented in Chapter 3 to describe this industrial policy transformation, we arrive at Figure 36. Industrial policy transformation covers: a transformation of the geopolitical, technological and institutional triangle. The geopolitical structure is defined by the weakening US hegemony, the collapse of the existing geopolitical structures and the increasing hegemonic rivalry between the US and China. Technologically, we are witnessing the maturation of ICT technology and the emergence of new technologies associated with the fourth and fifth industrial revolutions. Institutionally, we can observe the fragmentation of neoliberal institutional structures and the emergence of the post-neoliberal policy package.

These shifts in institutions, technology and geopolitics are reshaping production costs and contributing to the emergence of a new mode of production. Two notable developments are the shortening and regionalisation of global value chains, and the rise of platform-based production, which is transforming the inner workings of value chains. These transformations have a feedback effect on institutional structures via the organisation of labour. For example, the platform model fosters labour market precarity and flexibility, contributing to phenomena such as the 'Great Resignation' in the US. However, institutional responses in capital-labour relations are lagging.

Figure 36:Industrial policy transformation; Source: own elaboration



Furthermore, the fragmentation of neoliberal institutions has undermined the demand regimes of the neoliberal era. Following the challenges posed to debt-led growth models after 2008, financial regulation ended privatised Keynesianism. This role has now been taken over by active Keynesian fiscal and monetary policy. Meanwhile, the slowdown in globalisation and the rise in protectionism are beginning to put pressure on export-led growth models, which could lead to the collapse of the second pillar of the neoliberal demand regime. Evidence of this can be seen in recent economic policy dilemmas in China and Germany. While the next demand regime is yet to emerge, it is likely to feature a stronger role for state-led investment (such as militarisation) and domestic consumption.

Viewed from a long-term historical perspective, this industrial policy transformation is like another that has occurred in the history of capitalism. Karl Polanyi described that as the *'Great Transformation'*, which began in the late 19th century with the gradual dismantling of classical capitalism's self-regulating market. Today, we are witnessing a comparable moment, with the fragmentation of neoliberal institutional structures that were also based on the ideology of self-regulating markets. In their place, a new protective institutional order appears to be emerging. From this perspective, this industrial policy transformation could be a ***second 'Great Transformation',*** and, as with the first, it promises to be a long and uneven process. As Polanyi (2004 [1944]) warned, such a transformation can manifest in various ways, including fascist, Bolshevik, or democratic forms. The first Great Transformation unfolded in some places through fascism or the Bolshevik Revolution. The great challenge of our time is to ensure that this second great transformation does not take the form of neo-fascism or neo-Bolshevism. Of course, this second great transformation will not be the same as the first given the spiral development of capitalism. Today, it is taking place under entirely new technological, geopolitical and institutional conditions. It is therefore under these new circumstances that we must find a democratic way out.

10 CONCLUSIONS

By 2025, amid Trump's second trade war, much of the world may feel that capitalism has reached a turning point. This is evidenced by a series of sweeping crises in the global economy and a growing sense of uncertainty. The roots of this turning point can be traced back to the 2008 financial crisis and were further clarified by the impact of the pandemic and the war in Ukraine. For political economists, analysing this turning point is crucial yet perhaps more challenging than ever. Despite living in an information society with access to more data than ever before, understanding where the economy is headed seems impossible. Amid the constant flood of news, it is becoming increasingly difficult to discern the real trends shaping the evolution of capitalism from the noise. Identifying these real structural trends is an essential challenge for political economy - without it, our understanding of capitalist development risks becoming superficial, sensationalist or hysterical.

In taking this challenge seriously, this dissertation aimed to interpret the significant changes that have occurred in capitalism over the past decade and a half. Our aim was to conduct an institutional analysis of post-2008 capitalism that was both theoretically grounded and empirically informed. By doing so, we sought to contribute to the development of contemporary political economy literature, particularly within the field of comparative capitalism studies. Our general research question was: How have the phases of capitalism changed since the 2008 crisis (if they changed at all)?

In Chapter 2, we presented a comprehensive literature review on the phases of capitalism to address this question. We provided a structured overview of the evolution of this field, from its origins to contemporary theories. Building on this review, Chapter 3 presented our own theoretical model of capitalist phases, synthesising key insights from existing theories with a focus on institutional structures. We term this model the ***'extended Polanyian approach',*** which posits cyclical movement between market-expanding and protective institutional structures, though these forms never reappear identically. The model centres on the interplay between technological, geopolitical and institutional structures, alongside modes of production and demand regimes. Based on this extended Polanyian framework, we further specified our general research question as follows: ***How have institutional structures, particularly the roles of the state and the capital–capital***

nexus and capital–labour nexus, changed in the aftermath of the 2008 global financial crisis (if they have changed at all)?

To provide a foundation for our empirical analysis, Chapter 4 reviewed literature on post-2008 capitalism. We compared and contrasted four key interpretations: the continuation of neoliberalism; mutated neoliberalism; the illiberal-populist phase; and the regulated capitalism thesis. A key objective of the empirical section was to evaluate these interpretations.

Following the theoretical foundations, Chapter 5 outlined our mixed-methods empirical research design. We conducted an illustrative, global institutional analysis using descriptive statistics (see Chapter 6), which was then complemented by two country case studies of the USA and Poland (see Chapter 7), for which we used both qualitative and quantitative methods. The three institutional dimensions we examined were the role of the state, capital–capital relations (finance, trade, market and competition regulation) and capital–labour relations (labour markets, trade unions, welfare benefits and inequality).

Our results show that institutional structures underwent significant transformation after 2008. We observed a marked increase in state involvement, particularly through rising healthcare and social protection spending. The re-emergence of active demand-side policy, particularly during the dual crises, signals a revival of Keynesianism. The state also began to influence the structure of the economy more directly, as evidenced by the emergence of industrial policy. In terms of capital–capital relations, core elements of neoliberalism collapsed. Post-crisis financial sector reforms reversed trends of deregulation, resulting in tighter regulation and undermining debt-driven growth. Trade liberalisation slowed amid growing protectionism, though this was not a full retreat from globalisation, but rather a shift towards regulated globalisation. Market and competition policies followed a similar trajectory. By contrast, there was less change in capital–labour relations. Labour market structures and union power remained largely unchanged, and the trend towards greater flexibility persisted. Although social spending increased, welfare expansion was uneven. Data on inequality was mixed, with no clear pattern of improvement or deterioration.

We identified six core mechanisms driving these transformations: (1) the Arrighian mechanism: China's challenge to US hegemony and its indirect consequences; (2) the Polanyian mechanism: social backlash against the harms of neoliberalism; (3) the Veblenian mechanism: growing concern over the security implications of new technologies; (4) the post-Keynesian mechanism: the collapse of neoliberal sources of demand; (5) the neo-Schumpeterian mechanism: the disruptive regulatory effects of emerging technologies; (6) the impact of the pandemic: the intensification of all the above.

Our thesis makes twelve key contributions to the existing political economy and comparative capitalism literature.

Our first contribution to comparative capitalism studies is that our work has strengthened the temporal basis of the literature. In recent decades, comparative capitalism has focused exclusively on analysing spatial variations of capitalism, and even newer approaches, such as the growth model approach, remain within this spatial logic. In our work, we have emphasised that spatial analysis alone is insufficient for a comprehensive understanding of capitalism. Therefore, we reintegrated the literature on phases of capitalism that have been marginalised, as this is crucial for comparing temporal varieties of capitalism., clearly reintegrating it into comparative capitalism studies. Another related point is that the comprehensive and detailed presentation of the theories of phases of capitalism also fills a gap.

Secondly, rather than merely adapting an existing theory of phases of capitalism, we synthesised the fundamental lessons of the literature to create our own institutionally grounded theoretical framework, which we call the extended Polanyi approach. This framework incorporates geopolitical, technological, institutional, production mode and demand factors, paying particular attention to institutional structures. We have also made the theory dynamic and used it to explain the development of capitalism since the 19th century. Our theory is therefore a valuable addition to comparative capitalism studies.

A third significant contribution of our research is that we examined the post-2008 phase of capitalism in a comprehensive and empirically grounded manner. We used a mixed methodology that combined quantitative and qualitative elements, and we compared the results with existing interpretations. This research fills a significant gap, as much of the existing literature on the post-2008 crisis is either purely theoretical or is based on fragmentary empirical data or analyses. While our analysis is not the final word in the debate, it is certainly an important contribution, providing a comprehensive, empirically grounded perspective.

Our fourth significant contribution is that we have shown, based on empirical analysis, that the period following the 2008 crisis cannot be interpreted as a continuation of neoliberalism. This is because this interpretation conflicts with our results in many respects. This interpretation fails to consider the changing role of the state and the significant transformation of capital-capital nexus. Furthermore, our research revealed that the mutant neoliberal approach does not accurately reflect empirical results and grapples with several theoretical issues.

Our fifth contribution is that, although it carries important lessons, interpreting the post-2008 crisis era as illiberal-populist phase is not satisfactory. It conflicts with empirical findings on several points, fails to take sufficient account of the Polanyian mechanism, and is theoretically unsatisfactory.

The sixth value we added is that we pointed out that the transformation following the 2008 crisis cannot be interpreted as the emergence of a new, regulated welfare capitalism. Instead, we found that neoliberal tendencies remained prevalent in the relationship between capital and labour. We also emphasised the spiral nature of the development of capitalism, a factor that this interpretation does not sufficiently consider.

To move beyond these interpretations, we have developed our own, introducing three new concepts. The first of these, which constitutes the seventh contribution to the dissertation, is the thesis that neoliberal institutional structures are fragmented. According to this thesis, the period following the 2008 crisis is characterised by fragmentation rather than continuity or mutation. This is an uneven and slow process. This explains why neoliberal tendencies remain strong in certain institutional structures while other areas have seen more advanced change.

The eighth added value of the paper is that we also provide an explanation for the changes that took place after the 2008 crisis, which we refer to collectively as security and geo-economic-led correction. With this explanation, we point out that the Polanyian, Veblenian, Arrgihian, post-Keynesian, and neo-Schumpeterian mechanisms are interconnected, leading to a significant restructuring of institutional structures. The problems that were encoded in neoliberal institutional structures have now come to the surface and, with changes in geopolitics, have become security and geoeconomic challenges, causing states to begin fragmenting neoliberal institutional structures.

The ninth added value is that, based on the results of the thesis, we have defined a new policy package for this era that goes beyond the previous neoliberal package. This new post-neoliberal policy package comprises pragmatic industrial policy, reactivated Keynesianism, protectionism and selective regulation.

The tenth added value of our work is that we offer an interpretation of capitalism after the 2008 crisis based on these newly introduced concepts. We interpret this era as an ***industrial policy transformation.*** This concept is our conceptual innovation. It is consistent with empirical findings, theoretically grounded and overcomes the shortcomings of previous interpretations found in the literature. We demonstrate that this industrial policy transformation is embedded in broader technological and geopolitical shifts. It initiates transformations in modes of production and signals the crisis of the prevailing demand regime.

The eleventh value added is that we conceptualise capitalist development as a spiral combining cyclical and linear aspects. We demonstrate that the post-2008 transformation includes a resurgence of protective institutions, an important cyclical element. However, we also acknowledge clear signs of linear development, such as Keynesian monetary policy, financial re-regulation, platform economies, knowledge work, new competition policy, labour market flexibility and regional value chains. Identifying these new elements reveals the attributes that are unprecedented in the current industrial policy transformation. This spiral logic enables a more historically grounded assessment than approaches that focus solely on recurring or novel elements.

Finally, we affirm the value of spatial analysis in the study of comparative capitalism, given that countries are embedded differently in each phase of capitalism. Our case studies of the US and Poland confirm that structural position is important, with industrial policy transformation manifesting itself differently in different contexts. We demonstrate how the industrial policy transformation in the US is complemented by elements stemming from the country's hegemonic position. In contrast, the industrial policy transformation in Poland is complemented by developmentalist elements stemming from the country's semi-peripheral nature as a nation seeking to catch up. Nevertheless, fundamental trends remain similar.

These findings enrich the fields of political economy and comparative capitalism, introducing new concepts and challenging existing ones. Nevertheless, as with all research, this thesis has limitations. The most significant limitation is that the presented processes are open-ended and will inevitably be shaped by future developments, which will affect the long-term accuracy of our interpretation. Additionally, as the research had to conclude at a specific point in time, new developments have emerged in the turbulent global political environment since its completion. However, as our work focuses on deeper structural transformations rather than superficial changes, we believe it will remain relevant over time.

Another important limitation stems from the selection of cases, as this always raises the question: what if a different case had been chosen? Would these conclusions still hold true? While we are confident that our case selection was generalisable and sound, it is possible that selecting different countries would have produced slightly different empirical results. As discussed in the section on case selection, if Germany had been chosen, the remnants of neoliberal institutional structures would most likely have been felt more strongly, given that the process of fragmentation began most notably after the pandemic. Following the 2008 financial crisis, Germany continued to benefit from the neoliberal export-driven model, despite the crisis's phenomena already being evident. At the same time, if we only looked at the post-Covid period, Germany would probably have shown similar trends, as the end of the neoliberal model became apparent. It is also true for the whole European Union that the changes started later than in the US. The acceleration of these changes has been driven by the COVID and the Russian-Ukrainian war. The experiences of other Eastern European countries outside Poland would also have demonstrated the fragmentation of neoliberal institutional structures, albeit perhaps less consistently and progressively. Selecting China would certainly have raised the conceptual issue of capitalism versus socialism, which is beyond the scope of this paper. Given China's industrial policy traditions, identifying industrial policy transformation may be more difficult here, but we do not believe that China’s case would contradict our results. We believe that the Chinese example could have supported our interpretation, given the significant shift from the developmental model that dominated the neoliberal era. Other major developing countries, such as Brazil or India, could have been included in our study, as significant shifts are evident there following the 2008 crisis. However, given their more peripheral and politically unstable situations, interpreting the changes would have been more challenging in these countries. Overall, we believe that choosing different cases would not have changed our conclusions in a significant way, even if there might have been differences.

While we acknowledge these limitations of our dissertation, we conclude that it meets its aims and answers the research question. Nevertehless, this dissertation marks only the beginning of a historical transformation, many questions remain. Therefore, comparative capitalism studies face the daunting task of interpreting this transformation. Our work identifies four promising areas of research. (1) Due to the institutional focus of our thesis, the fields of technology and geopolitics have only been dealt with superficially; further research in these areas is warranted. (2) The post-neoliberal policy mix identified requires further analysis. (3) To analyse the different spatial varieties of industrial policy transformation, the analysis should be extended to include the European Union, China and countries in the Global South. (4) The unprecedented phenomena that appear in our thesis, such as the platform economy and its impact, the rise of knowledge work, the development of regional value chains, and monetary Keynesianism, could reshape the fundamental framework of capitalism as we know it, and it may therefore be worthwhile to examine them in greater depth.

Before concluding our thesis, it is worth considering briefly the normative implications of our work. One important question worth examining is what opportunities this industrial policy transformation creates for countries of the Global South, and what prospects it offers for their economic catching-up. At first glance, the industrial policy transformation appears not to support the convergence of the Global South, since the adoption of active industrial policies by advanced economies seems to further restrict the opportunities available to Global South countries. However, this is not necessarily the case. In many instances, it was precisely the excessive enforcement of the self-regulating market during the neoliberal era that closed off opportunities for countries of the Global South, as it also compelled them to abandon industrial policy. In the current context, where the hegemonic power itself is pursuing industrial policy, countries of the Global South may find it easier to do the same and may be better positioned to assert their developmental priorities more forcefully.

Despite its inherent contradictions, the rise of protectionism and the changing economic role of the United States underscore the need to reassess the existing global economic and governance architecture. While it is true that, at present, signs of disruption are more visible than those of construction, it is equally clear that, if we maintain a sober perspective, we must acknowledge the necessity of building a new form of global economic cooperation. In such a framework, countries of the Global South could assume a more substantial role than before, thereby opening up the possibility of a more inclusive global order in the longer term. This process is, of course, not inevitable. Forces committed to a peaceful form of global development based on cooperation must actively engage in shaping it.

It is also worth briefly assessing what kind of world this new industrial policy transformation may bring about. As argued in the last chapter, continuing Polanyi's (1940) perspective, the industrial policy transformation can be understood as a form of a second Great Transformation. Karl Polanyi described the 'Great Transformation' as a process that began in the late nineteenth century and involved the gradual dismantling of the self-regulating market of classical capitalism. Today, we are witnessing a comparable historical moment: the fragmentation of neoliberal institutional structures, which were likewise grounded in the ideology of self-regulating markets. In their place, a new protective institutional order appears to be emerging. Nevertheless, as Polanyi (2004 [1944]) warned, such transformations may take different forms, including fascist, Bolshevik, or democratic trajectories. The first Great Transformation unfolded through fascism in Germany and Italy, and through the Bolshevik Revolution in Russia. The central challenge of our time is to ensure that this second transformation does not take the form of neo-fascism or neo-Bolshevism, given the contemporary technological, institutional, and geopolitical landscape.

During the first great transformation, the United States successfully avoided these outcomes by implementing the New Deal. The key challenge in the years ahead is to create a new 'New Deal' suited to today's world. This new ‘New Deal’ requires a significant theoretical shift, one that is capable of fundamentally rewriting the relationship between capital and labour within the context of a knowledge economy, platform economy, and new technological, institutional, and geopolitical frameworks. The political economy therefore faces the significant challenge of uncovering the direction in which current trends are evolving and laying the theoretical foundations for exceeding neoliberal phase of capitalism without the elimination of liberty. In this process, the present dissertation attempted to provide an accurate diagnosis of our era, acknowledging that this is merely the initial step, not the final destination.

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APPENDIX

Table A1: The key concepts and features of the four modern mixed theories; Source: own elaboration

Key features of the theories				
Features	**Social Structures of Accumulation**	**Regulation Theory**	**Techno-economic paradigm**	**Systemic Cycles of Accumulation Theory**
Key concepts: What determines a phases of capitalism?	Social structure of accumulation = Institutional structures	Accumulation regime Mode of regulation	Great surges of development: Techno-economic paradigm and Socio-institutional framework	Systemic cycles of accumulation Hegemony
Analysed features	State-economy relation Capital-capital relation Capital-Labour relation Labour-labour nexus Dominant ideology	Wage-labour nexus Form of competition Monetary and credit regimes Forms of state interventions State in the international system	Technological revolutions Techno-economic paradigms	Accumulation process (M-C-M) Cheap Nature
Phases of capitalism	Liberal -regulated	Extensive – Intensive /Competitive – Monopolist	Installation - deployment	Material – Financial

Table A2: Three major theoretical debate in phases of capitalism research; Source: own elaboration

Theories	External – Internal	Linearity – Cyclicality – Spirality	Techno-economic vs. Socio-institutional sub-system
Marxian theories	Marxian and Japanese Stages Theory: Soft-external	Linearity (positive) (Japanese Stages Theory: Spirality)	Techno-economic subsystem
Long wave theory	Kontretieff, Schumpeter: Hard-internal Neo-schumpeterians: Soft-internal Marxian long wave: Soft-external Maddison: Hard-external	Cyclicality	Techno-economic subsystem
Historical-institutional prespectives	Sombart: Hard-external Polanyi: Soft-external Hayek: Hard-internal	Linearity	Socio-institutional subsystem (Veblen and Gailbraith: Techno-economic subsystem)
SSA	Soft-internal (newer version: hard-internal)	Cyclicality (newer version)	Socio-institutional subsystem
Regulation theory	Soft-external	Linearity	Socio-institutional subsystem (newer version)
Techno-economic paradigm approach	Soft-internal	Linearity and cyclicality	Co-evolution (but the focus is on: Techno-economic subsystem)
Systemic cyles of accumulation school	Soft-external	Linearity and cyclicality	Socio-institutional subsystem
Own perspective	Soft-internal	Spirality	Co-evolution (but the focus is on: Socio-institutional subsystem)

Table A3. Three definitions of capitalism; Source: Own elaboration based on Kornai, 2000b; Milanovic, 2019; Kocka, 2016.

Author	**Kornai (2000b)**	**Milanovic (2019)**	**Kocka (2016)**
Attributes	1. Political groups are not hostile with private property and market 2. Dominance of market mechanism 3. Dominance of private property	1. Dominance of private property 2. Wage-labour system (Capital hires legally free labour) 3. Decentralised coordination 4. Most investment decisions are made by the private sector	1. Decentralisation: Private property and decentralised decision making 2. Commodification: Market is the main allocation mechanism 3. Accumulation: Capital has a central role, profit making and accumulation is a central goal

Table A4: Main interpretations of the post-crisis period; Source: own elaboration

Main streams	**Neoliberal**	**Mutant neoliberal**	**Illiberal-populist**	**Regulated**
Main assumption in a simple form	'Nothing happened'	'Something happened but it does not go beyond neoliberalism'	'Counterrevoultion against liberalism and globalisation'	'The return of the welfare regualated capitalism in a new form'
Interpretations	Zombie neoliberalism Strange not death of neoliberalism Resilience of neoliberalism	National neoliberalism Authoritarian neoliberalism Militarised neoliberalism Neo-illiberalism Policy mix capitalism New state capitalism (Alami-Dixon)	Illiberalism Rent-seeking/patrimonial capitalism Populism Neo-illiberalism Organised/State capitalism (Nölke) Asset manager capitalism	Social-democratic/embedded Green regulated Technocratic Keynesianism Post-neoliberalism

Table A5: Analysed countries; Source: own elaboration

Number	Country	Number	Country
1	Albania	30	Japan
2	Argentina	31	Kenya
3	Australia	32	Latvia
4	Austria	33	Lithuania
5	Belgium	34	Luxembourg
6	Brazil	35	Malta
7	Bulgaria	36	Mauritius
8	Canada	37	Mexico
9	Chile	38	Netherlands
10	China	39	New Zealand
11	Colombia	40	Norway
12	Costa Rica	41	Peru
13	Croatia	42	Poland
14	Cyprus	43	Portugal
15	Czechia	44	Republic of Korea
16	Denmark	45	Romania
17	El Salvador	46	Russian Federation
18	Estonia	47	Singapore
19	Finland	48	Slovakia
20	France	49	Slovenia
21	Germany	50	South Africa
22	Greece	51	Spain
23	Hungary	52	Sweden
24	Iceland	53	Switzerland
25	India	54	Thailand
26	Indonesia	55	Turkiye
27	Ireland	56	Ukraine
28	Israel	57	United Kingdom
29	Italy	58	United States

Figure A1: Share in world GDP (2023); Source: ow elaboration based on IMF (2024)

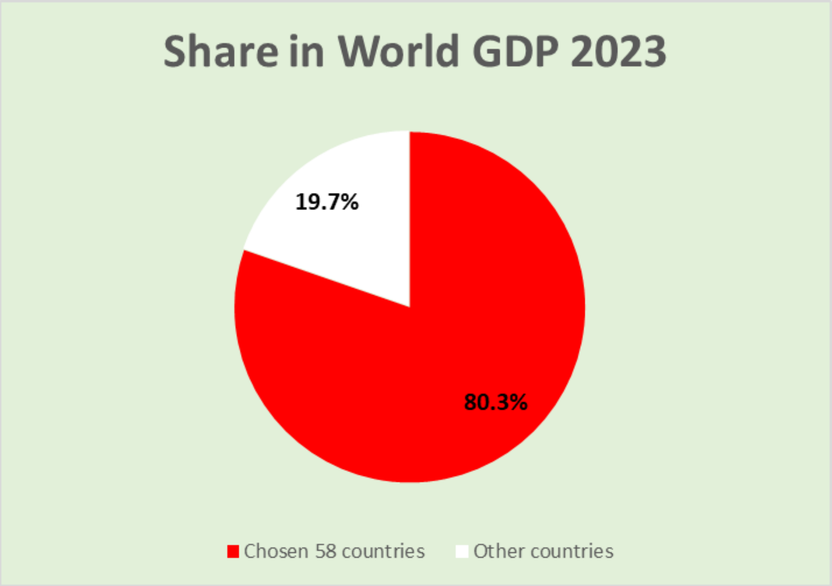

Table A6: Modification Table; Source: own elaboration

Number	Indicator	Unit of measurement	Data missing	Data modification	Database
1	Expenditure on economic affairs	Percent of GDP	**Not included:** Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Republic of Korea, India, Kenya, Thailand	Data from 2011 was used for: Canada, Indonesia, Turkiye, New Zealand, Russia, South Africa	IMF (2025a): Government Finance Statistics (GFS), Expenditure by Function of Government (COFOG)
2	Expenditure on defense				
3	Expenditure on education				
4	Expenditure on health				
5	Expenditure on environment protection				
6	Expenditure		**Not included:** Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Republic of Korea, India, Kenya, Thailand	Data from 2011 was used for: Canada, Indonesia, New Zealand, Turkiye	
7	Value-added taxes		**Not included:** Argentina, Canada, India, Kenya, Singapore	Data from 2011 was used for: Brazil, Colombia, Indonesia, Mexico, New Zealand, Russia, Turkiye	IMF (2025b): Government Finance Statistics (GFS), Revenue
8	Taxes on income, profits, & capital gains: corporations		**Not included:** Argentina, Canada, Chile, India, Kenya	Data from 2011 was used for: Brazil, Colombia, Indonesia, Mexico, New Zealand, Russia, Singapore, Turkiye	
9	Taxes on income, profits, & capital gains: individuals				
10	Revenue		**Not included:** Argentina, India, Kenya	Data from 2011 was used for: Brazil, Colombia, Indonesia, Mexico, New Zealand, Turkiye	
11	Regulatory Quality	Scale 0-6	-	Analysed data = Estimate + 3	Worldwide Governance Indicators (2025)
12	Government Effectiveness				
13	Rule of law				
14	Control of corrpution				
15	ICRG Indicator of Quality of Government	Scale 0-1	**Not included:** Mauritius		ICRG (2025)
16	Size of the Government	Scale 1-10	-	Analysed data = 10 - Index	Fraser (2025)
17	State ownership		-		
18	Regulation		-		
19	**HH Market concentration index**	Scale 0-1	-	-	WITS (2025a)
20	Household debt, loans and debt securities	Percent of GDP	**Not included:** Kenya	Data from 2011 was used	IMF (2025c)
21	**Private debt, loans and debt securities**		**Not included:** Turkiye	Data from 2011 was used	
22	**Foreign direct investment, net inflows**		**Not included:** Luxembourg	-	Our World in Data (2025a,2025b)
23	Foreign direct investment, net outflows				
24	WITS AVS Tariff rates	Simple Average (%)	**Not included:** South Korea, Thailand, Mexico, Israel, Luxemburg	-	WITS (2025b)
25	**Trade opennes**	Percent of GDP	-	-	Our World in Data (2025c)
26	Trade globalisation	Scale 1-100	-		KOF (2025)
27	**Financial globalisation**		-		
28	Business regulation	Scale 1-10	-	Analysed data = 10 - Index	Fraser (2025)
29	Freedom to trade internationally		-		
30	Regulatory Capital to Risk-Weighted Assets	Percent	**Not included:** Albania, Costa Rica, Japan, Mauritius,New Zealand, Peru, Thailand	2008 data was used instead of 2007. 2014 data was used: Iceland, 2010 data was used: China, Denmark	World Bank (2025a): Financial Soundness
31	**Labor share of gross domestic product (GDP)**	**Percent**	**Not included:** Albania		Our World in Data (2025d)
32	**Trade Union density**	Percent	**Not included:** Albania, Argentina, Australia, Switzerland, Chile, China, Cyprus, Czechia, France, India, Israel, Mauritius, Poland, Portugal, Romania, Russian Federation, Singapore, El Salvador,Kenya, Türkiye, South Africa, Bulgaria, Croatia, Greece, Peru, Slovenia	2008 was used instead of 2007	ILOSTAT (2025a, 2025b, 2025c)
33	Collective barganing coverage rate		**Not included:** Albania, Brazil, Bulgaria, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Denmark, El Salvador, Estonia, India, Indonesia, Ireland, Israel, Kenya, Luxembourg, Malta, Mauritius, Norway, Peru, Poland, Romania, Singapore, Slovenia, South Africa, Switzerland, Turkey	2008 was used instead of 2007, except: Lativa, New Zealand, Canada. 2018 was used instead of 2019: Argentina, Australia, Spain, Finland, France, Greece, Portugal.	
34	Number of strikes	Number	**Not included**: Argentina, Germany, Austria, Colombia, Cyprus, Estonia, India, Italy, Japan, Malta, Poland, Portugal, Romania, El Salvador, Türkiye, Ukraine, South Africa, Albania, Belgium, Bulgaria, China, Czechia, France, Germany, Greece, Indonesia, Kenya, Luxembourg, Slovenia, Iceland		
35	Strictness of employment protection	Scale 0-6	Just for OECD countries, except: Chile, Colombia, Costa Rica, Chile, Estonia, Iceland, Israel, Latvia, Lithuania, Luxembourg, Slovenia	Just for OECD countries	OECD (2025a)
36	Top 10 percent income share	Percent of total income	-	-	World Inequality Database (2025)
37	**Top 1 percent income share**				
38	Top 1% wealth share	Percent of total wealth			
39	Top 10% wealth share				
40	**Expenditure on social protection**	Percent of GDP	**Not included:** Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Peru, Republic of Korea, India, Kenya, Thailand	Data from 2011 was used for: Canada, Indonesia, Turkiye, New Zealand, Russia, South Africa	IMF (2025a): Government Finance Statistics (GFS), Expenditure by Function of Government (COFOG)

Table A7. Modification table for the US case study; Source: own elaboration

Number	Social structure	Variable	Unit of measurement	Time frame	Data modification	Data source
1	Role of the state	Expenditure on economic affairs,	Percent of GDP	1972-2022	-	IMF (2025a): Government Finance Statistics (GFS), Expenditure by Function of Government (COFOG)
2		Expenditure on defense	Percent of GDP			
3		Expenditure on education	Percent of GDP			
4		Expenditure on health	Percent of GDP			
5		Expenditure on social protection	Percent of GDP			
6		Expenditure on general public services	Percent of GDP			
7		Expenditure	Percent of GDP			
8		Property income revenue	Percent of GDP	2000-2023		IMF (2025b): Government Finance Statistics (GFS), Revenue
9		Taxes on income, profits, & capital gains: corporations	Percent of GDP			
10		Taxes on income, profits, & capital gains: individuals	Percent of GDP			
11		Revenue, Percent of GDP	Percent of GDP			
12		Balance sheet of the Federal Reserve, Percent of GDP	Percent of GDP	1914-2023	Piketty's database had data available up to 2020, and I supplemented this with data from the Federal Reserve.	Federal Reserve (2025), Piketty (2025)
13		Size of the Government	Scale 1-10	1970-2022	Analysed data = 10- Index	Fraser (2025)
14		Regulation	Scale 1-10			
15		State ownership	Scale 1-10			
16		Regulatory Quality	Scale 0-6	2000-2023	The original variable contained data between -3 and 3, shifted upwards by 3	World Governance Indicator (2025)
17		Government Effectiveness				
18		Control of corrpution				
19		Rule of law				
20		ICRG Indicator of Quality of Government	Scale 0-1	1984-2023	-	ICRG (2025)
21	Capital-capital nexus	HH Market concentration index	Scale 0-1	1991-2022	-	WITS (2025a)
22		Business regulation	Scale 1-10	1970-2022	Analysed data = 10- Index	Fraser (2025)
23		FREEDOM TO TRADE INTERNATIONALLY	Scale 1-10		Analysed data = 10- Index	
24		Trade as a share of GDP	Percent of GDP	1970-2023	-	Our World in Data (2025c)
25		Trade globalisation	Scale 1-100	1970-2022	-	KOF (2025)
26		Current account balance	Percent of GDP	1970-2023	-	World Bank (2025b)
27		AHS Simple Average Tariff	Simple Average (%)	1995-2022		WITS (2025b)
28		Trade in services	Percent of GDP	1970-2023	-	Our World in Data (2025a, 2025b)
29		Foreign direct investment, net inflows	Percent of GDP	1970-2023	2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average	
30		Foreign direct investment, net outflows	Percent of GDP	1970-2023	2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average	
31		Financial globalisation	Scale 1-100	1970-2022	-	KOF (2025)
32		Private debt, loans and debt securities	Percent of GDP	1950-2023	-	IMF (2025c)
33		Nonfinancial corporate debt, loans and debt securities	Percent of GDP	1950-2023	-	
34		Household debt, loans and debt securities	Percent of GDP	1950-2023	-	
35		Regulatory Capital to Risk-Weighted Assets, Percent	Percent	2008-2022	I used 2008 data instead of 2007	World Bank (2025a(: Financial Soundness
36		Industry jobs	Percent of total employment	1991-2022	-	Our World in Data (2025d)
37		FIRE industries	Percent of GDP	1997-2023	-	Bureau of Economic Analysis (2025a)
38		ICT technology producing industries	Percent of GDP	1997-2023	-	
39		Professional and business services	Percent of GDP	1997-2023	-	
40		Educational services, health care, and social assistance	Percent of GDP	1997-2023	-	
41		Manufacturing industries	Percent of GDP	1997-2023	-	
42		Manufacturing jobs	Percent of total employment	2003-2023	-	Our World in Data (2025e)
43		Non-performing Loans to Total Gross Loans, Percent	Percent	2008-2022	I used 2008 data instead of 2007	World Bank (2025a)
44	Capital-labour nexus	Trade Union density	Percent of employed	1983-2024	-	Bureau of Labour Statitics (2025a)
45		Represented by trade unions	Percent of employed	1983-2024	-	Bureau of Labour Statitics (2025b)
46		Trade Unions in manufacturing sector	Percent of employed	1983-2024	-	Bureau of Labour Statitics (2025c)
47		Number of work stoppages	Number (Over 1000 persons, started in a given year)	1947-2024	2006/7/8 Average, 2017/18/19/ Averaege, 2021/22/23 Average	Bureau of Labour Statitics (2025d)
48		Strictness of employment protection	Scale 0-6	2000-2019	-	OECD (2025a)
49		Real Hourly median wage growth	Percent	1979-2023	I have calculated growth rates from data originally expressed in constant (base 2023) dollars.	Bureau of Labour Statitics (2025e)
50		Management, professional, and related occupations	Percent of employed (over 16 years)	1983-2024	The rates are calculated from the data originally provided by the person	Bureau of Labour Statitics (2025f)
51		Service occupations				
52		Sales and office occupations				
53		Natural resources, construction, and maintenance occupations				
54		Production, transportation, and material moving occupations				
55		People with bachelor's degree or higher	Percent of population (over 25 years)	1992-2024	The rates are calculated from the data originally provided by the person	Bureau of Labour Statitics (2025g)
56		Employment in health care and social assisstance	Percent of full-time equivalent employees	1998-2023	The rates are calculated from the data originally provided by the person	Bureau of Economic Analysis (2025b)
57		Labor share of gross domestic product	Percent of GDP	2004-2020	-	Our World In Data (2025d)
58		Top 10 percent income share	Percent of total income	1930-2023	-	World Inequality Database (2025)
59		Top 10 percent wealth share	Percent of total wealth	1962-2023	-	
60		Top 1 percent income share	Percent of total income	1930-2023	-	
61		Top 1% wealth	Percent of total wealth	1962-2023	-	

Table A8. Modification table for the Polish case study; Source: own elaboration

Number	Social structure	Variable	Unit of measurement	Time frame	Data modification	Data source
1	Role of the state	Expenditure on economic affairs	Percent of GDP	1995-2023	-	Eurostat (2025a) COFOG
2		Expenditure on defense	Percent of GDP			
3		Expenditure on education	Percent of GDP			
4		Expenditure on health	Percent of GDP			
5		Expenditure on social protection	Percent of GDP			
6		Expenditure on general public services	Percent of GDP			
7		Expenditure	Percent of GDP			
8		Property income revenue	Percent of GDP	1980-2023		IMF (2025b)
9		Taxes on income, profits, & capital gains: corporations	Percent of GDP			
10		Taxes on income, profits, & capital gains: individuals	Percent of GDP			
11		Revenue, Percent of GDP	Percent of GDP			
12		Polish National Bank balance sheet	Percent of GDP	2001-2023		BIS (2025)
13		Size of the Government	Scale 1-10	1970-2022	Analysed data = 10- Index	Fraser (2025)
14		Regulation	Scale 1-10			
15		State ownership	Scale 1-10			
16		Regulatory Quality	Scale 0-6	2000-2023	The original variable contained data between -3 and 3, shifted upwards by 3	World Governance Indicator (2025)
17		Government Effectiveness				
18		Control of corrpution				
19		Rule of law				
20		ICRG Indicator of Quality of Government	Scale 0-1	1984-2023	-	ICRG (2025)
21	Capital-capital nexus	HH Market concentration index	Scale 0-1	1994-2022	-	WITS (2025a)
22		Business regulation	Scale 1-10	1970-2022	Analysed data = 10- Index	Fraser (2025)
23		FREEDOM TO TRADE INTERNATIONALLY	Scale 1-10		Analysed data = 10- Index	
24		Trade as a share of GDP	Percent of GDP	1995-2023	-	Our World in Data (2025c)
25		Trade globalisation	Scale 1-100	1970-2022	-	KOF (2025)
26		AHS Simple Average Tariff	Simple Average (%)	1991-2022		WITS (2025b)
27		Trade in services	Percent of GDP	1970-2023	-	Our World in Data (2025e)
28		Foreign direct investment, net inflows	Percent of GDP	1990-2023	2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average	Our World in Data (2025a)
29		Foreign direct investment, net outflows	Percent of GDP	1990-2023	2006/7/8 average; 2017/18/19 average, 2021/2022/2023 average	Our World in Data (2025b)
30		Foreign direct investment stock	Percent of GDP	1991-2022	-	WiiW (2025)
31		Financial globalisation	Scale 1-100	1970-2022	-	KOF (2025)
32		Private debt, loans and debt securities	Percent of GDP	1994-2023	2011 was used instead of 2007	IMF (2025c)
33		Nonfinancial corporate debt, loans and debt securities	Percent of GDP	1994-2023	2011 was used instead of 2007	
34		Household debt, loans and debt securities	Percent of GDP	1994-2023	2011 was used instead of 2007	
35		Regulatory Capital to Risk-Weighted Assets, Percent	Percent	2008-2022	I used 2008 data instead of 2007	World Bank (2025a)
36		Industry jobs	Percent of total employment	1991-2022	-	Our World in Data (2025f)
37		FIRE industries	Percent of gross value added	1997-202	I divided the value added of each sector by the gross value added	Eurostat (2025b)
38		Information and communication	Percent of gross value added			
39		Professional, scientific and technical activities; administrative and support service activities	Percent of gross value added			
40		Public administration, defence, education, human health and social work activities	Percent of gross value added			
41		Manufacturing industries	Percent of gross value added			
42		Manufacturing jobs	Percent of total employment	2003-2023	-	Our World in Data (2025g)
43		Non-performing Loans to Total Gross Loans, Percent	Percent	2008-2022	I used 2008 data instead of 2007	World Bank (2025a)
44	Capital-labour nexus	Trade Union density	Percent of employed	2000-2018	-	ILOSTAT (2025a)
45		Collective bargaining coverage	Percent of employed	2000-2019	-	OECD (2025b)
46		Strictness of employment protection	Scale 0-6	2000-2019	-	OECD (2025a)
47		Management, professionals, technicians and associate professionals	Percent of employed (15-64)	1997-2023	The rates are calculated from the data originally provided by the person	Eurostat (2025c)
48		Clerical support workers				
49		Service and sales workers				
50		Craft and related trades workers				
51		Plant and machine operators and assemblers				
52		Elementary occupations				
53		People with tertiary education	Percent of population (15-64)	1992-2024	The rates are calculated from the data originally provided by the person	Eurostat (2025d)
54		Employment in health care and social assisstance	Percent of employment (15-64)	1999-2023	The rates are calculated from the data originally provided by the person	Eurostat (2025e)
55		Labor share of gross domestic product	Percent of GDP	2004-2020	-	Our World in Data (2025d)
56		Top 10 percent income share	Percent of total income	1980-2023	-	World Inequality Database (2025)
57		Top 10 percent wealth share	Percent of total wealth	1995-2023	-	
58		Top 1 percent income share	Percent of total income	1980-2023	-	
59		Top 1% wealth	Percent of total wealth	1995-2023	-	
60		Bottom 50% income share	Percent of total income	1980-2023		

Figure A2. Expenditure of the government in the US; Source: own elaboration based on IMF (2025a)

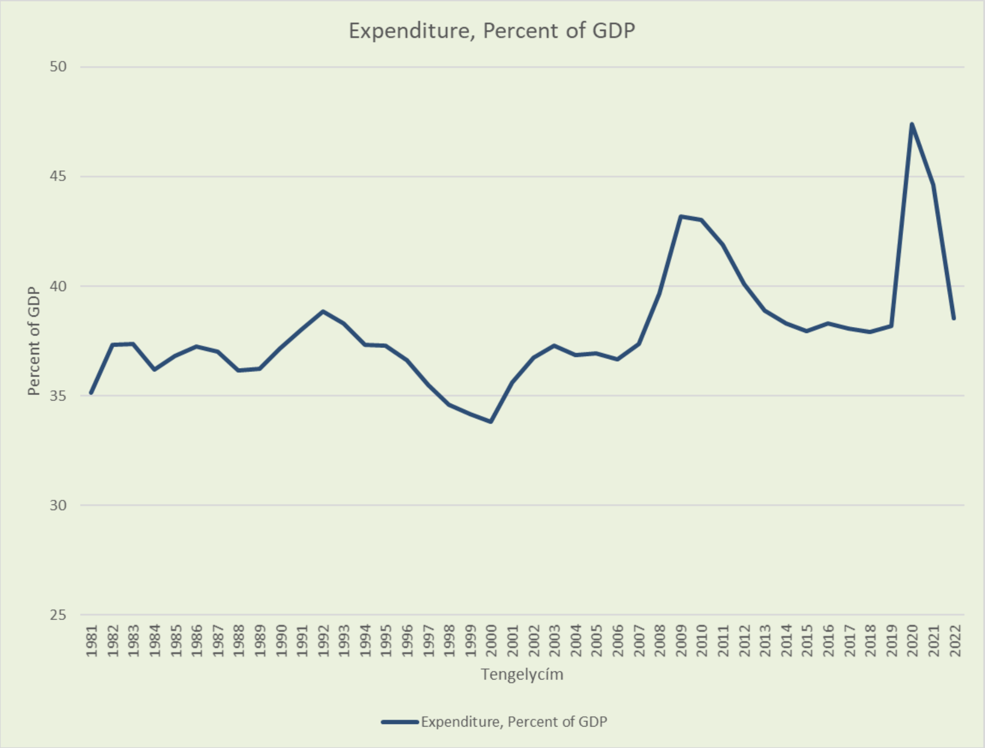

Figure A3. Size of the government in the US; Source: own elaboration based on Fraser (2025)

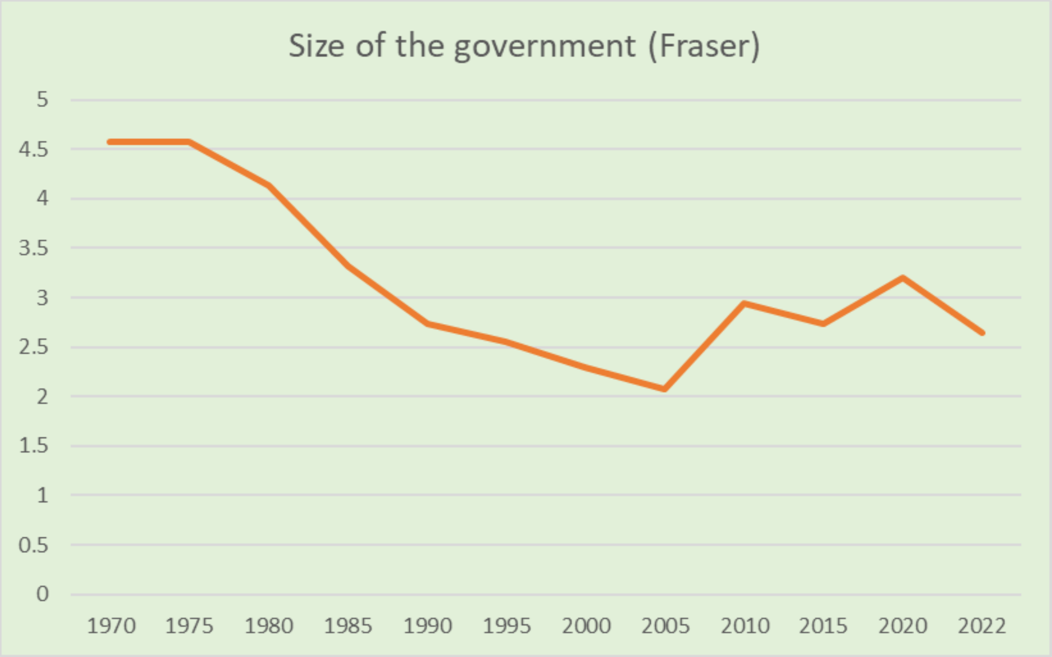

Figure A4. FED Balance sheet; Source: own elaboration based on FED (2025) and Piketty (2025)

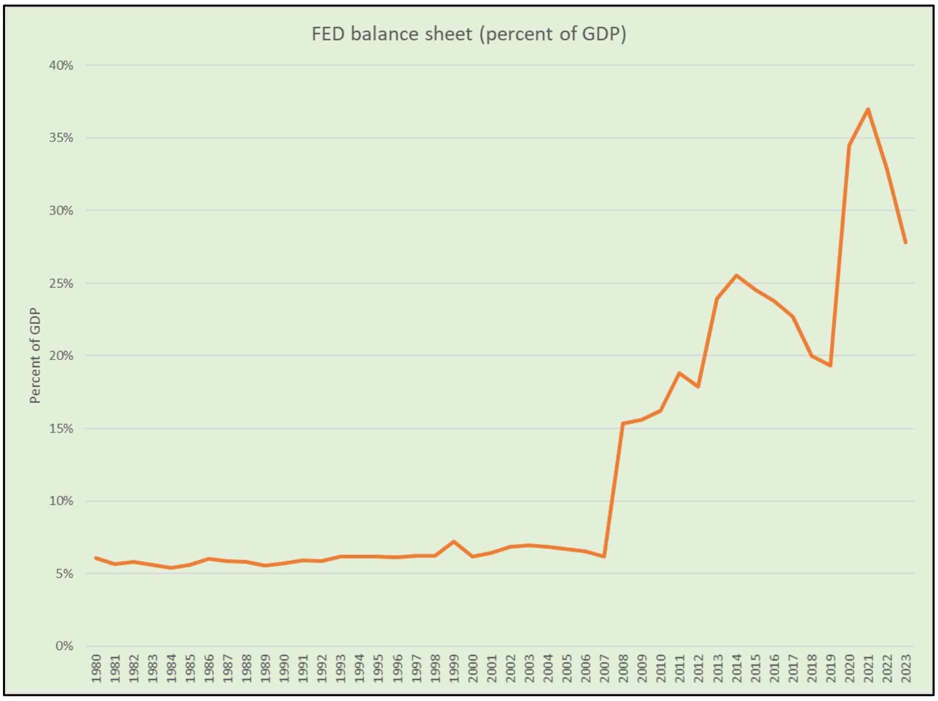

Figure A5. Expenditure by functions in the US; Source: Own elaboration based on IMF (2025a)

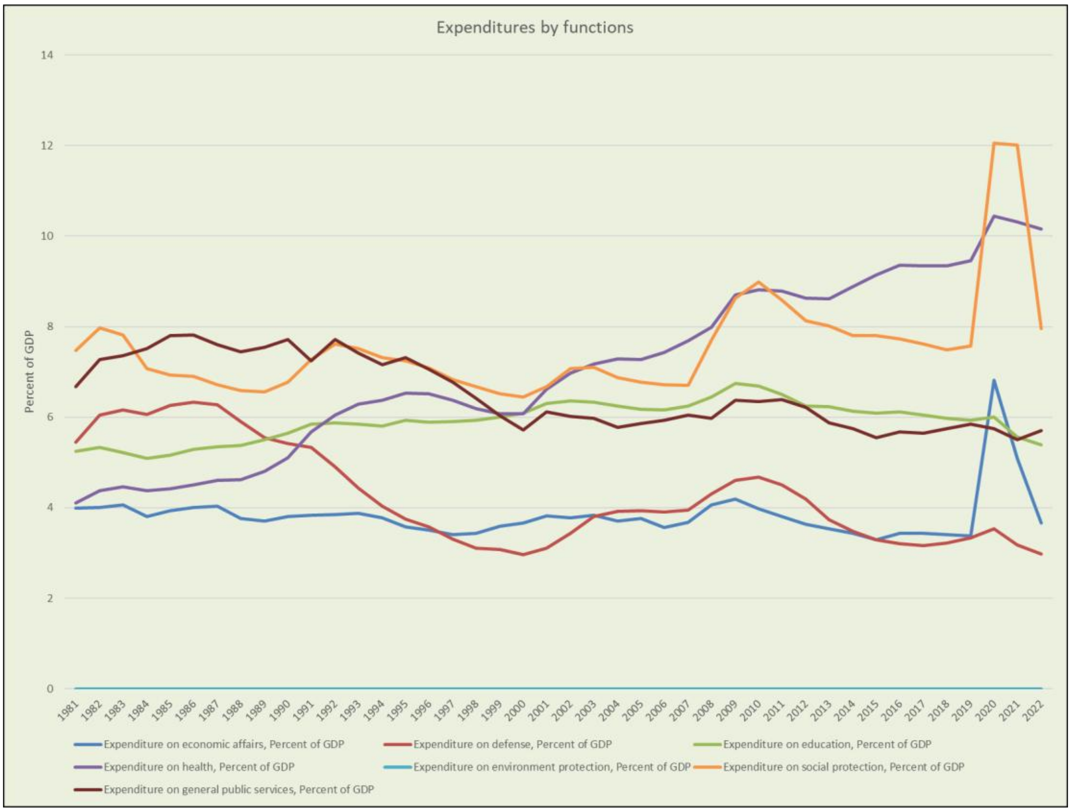

Figure A6: Quality of government in the US; Source: own elaboration based on WGI (2025)

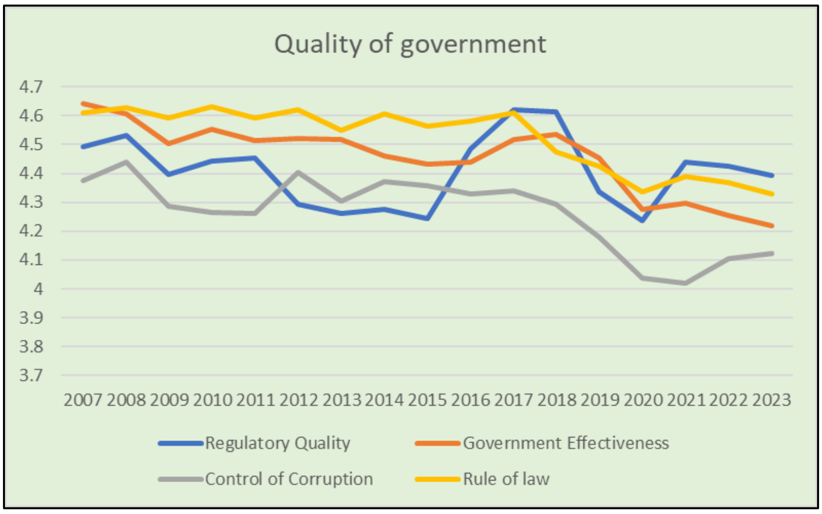

Figure A7. AHS simple average tariff rate in the US; Source: own elaboration based on WITS (2025b)

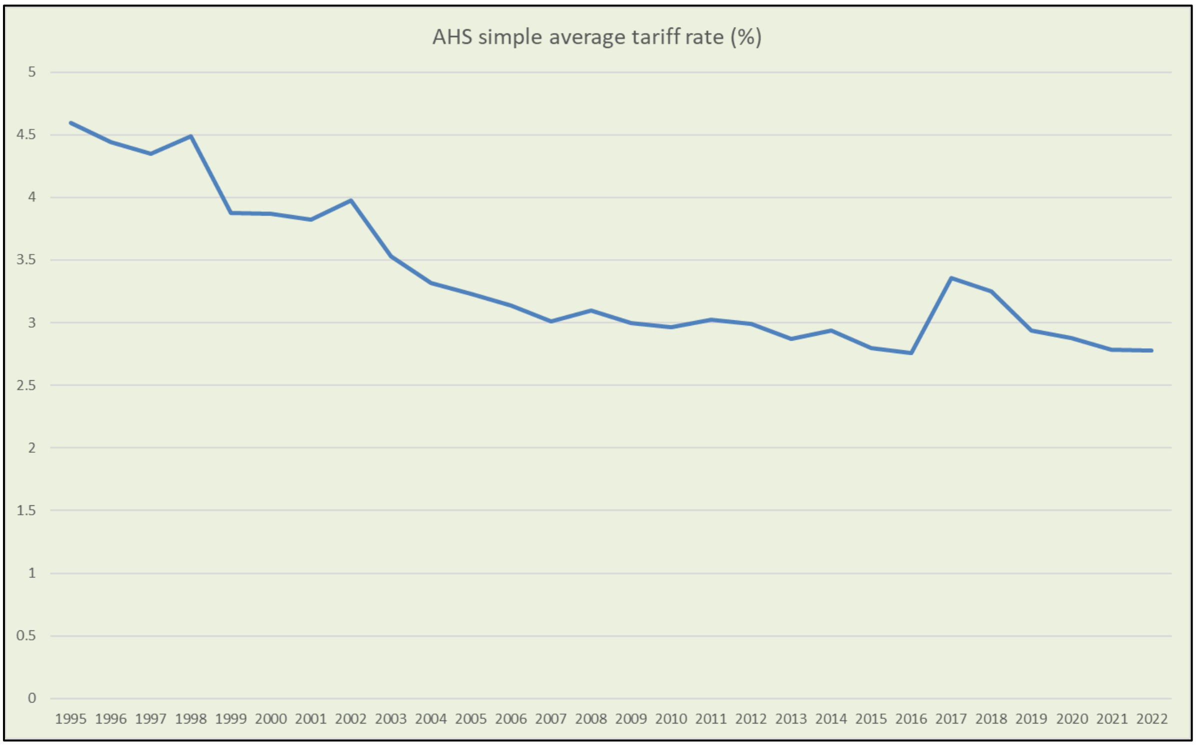

Table A9. Fortune 500 companies in the US; Source: own elaboration based on Fortune 500 (2025)

Rank	2000	2007	2019	2023
1	General Motors	Exxon Mobil	Walmart	Walmart
2	Wal-Mart	Walmart	Exxon Mobil	Amazon
3	Exxon Mobil	General Motors	Apple	Exxon Mobil
4	Ford Motor	Chevron	Berkshire Hathaway	Apple
5	General Electric	Ford Motor	Amazon	UnitedHealth Group
6	IBM	ConocoPhillips	UnitedHealth Group	CVS Health
7	Citigroup	General Electric	McKesson	Berkshire Hathaway
8	AT&T	Citigroup	CVS Health	Alphabet
9	Altria Group	AIG	AT&T	McKesson
10	Boeing	IBM	Cencora	Chevron

Figure A8. Educational structure in the US; Source: own elaboration based on BLS (2025g)

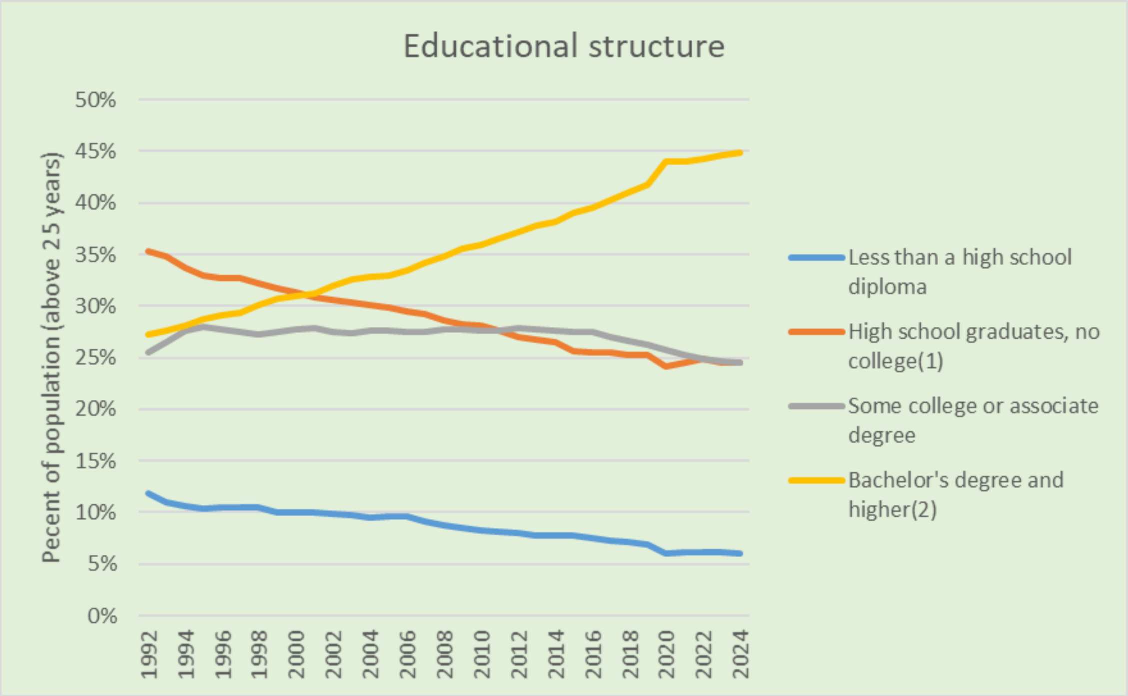

Figure A9: Quality of government in Poland, Source: own elaboration based on WGI (2025)

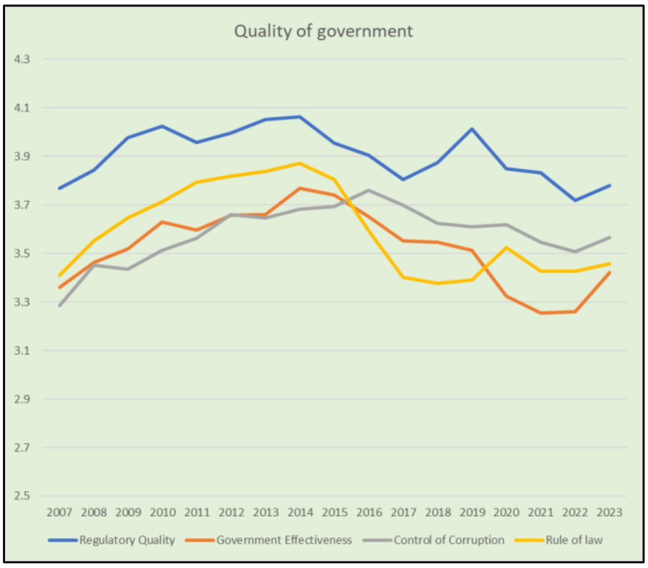

Figure A10: Sectoral structure of the gross value added in Poland; Source: own elaboration based on Eurostat (2025b)

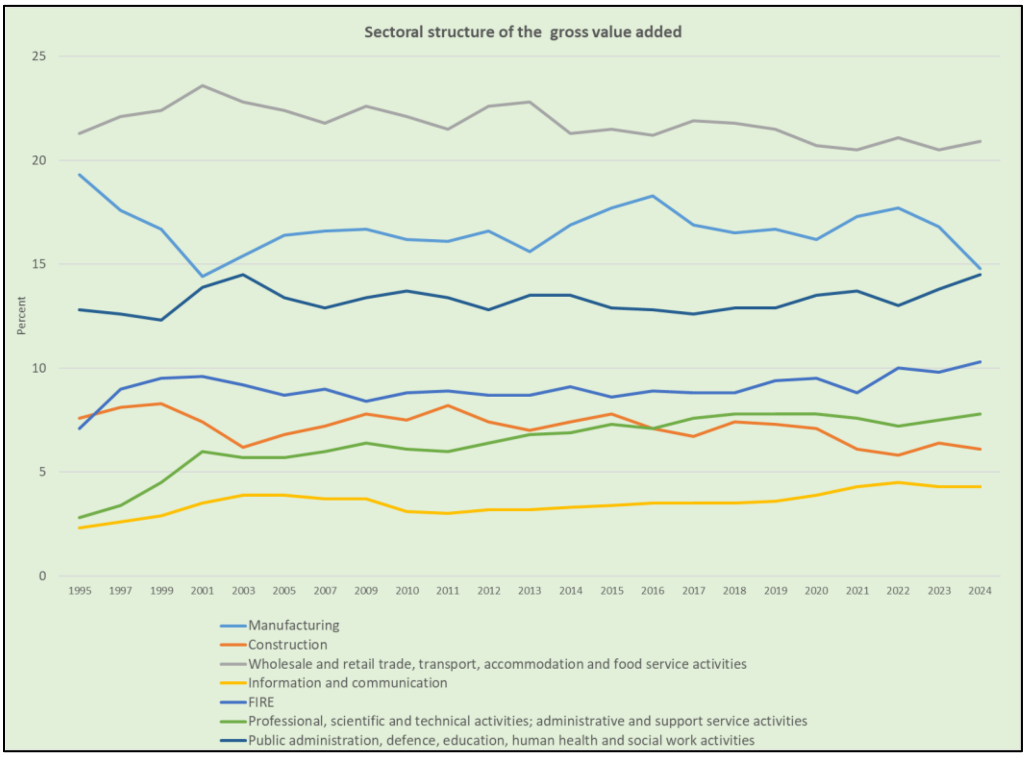

Figure A11. Labour share of GDP in Poland; Source: Own World in Data (2025d)