



HWR Research Competence Centre
CHALLENGES AND RESILIENCE OF
GLOBAL SUPPLY AND VALUE CHAINS



Hochschule für
Wirtschaft und Recht Berlin
Berlin School of Economics and Law



Institute for International Political Economy at the
Berlin School of Economics and Law (IPE)

Political Economy of Demand and Growth Regimes: Cornerstones of a Further Research Agenda

Ümit Akcay

Institute for International Political Economy Berlin,
Berlin School of Economics and Law

Workshop on 'Demand and Growth Regimes: Expanding the Debate'

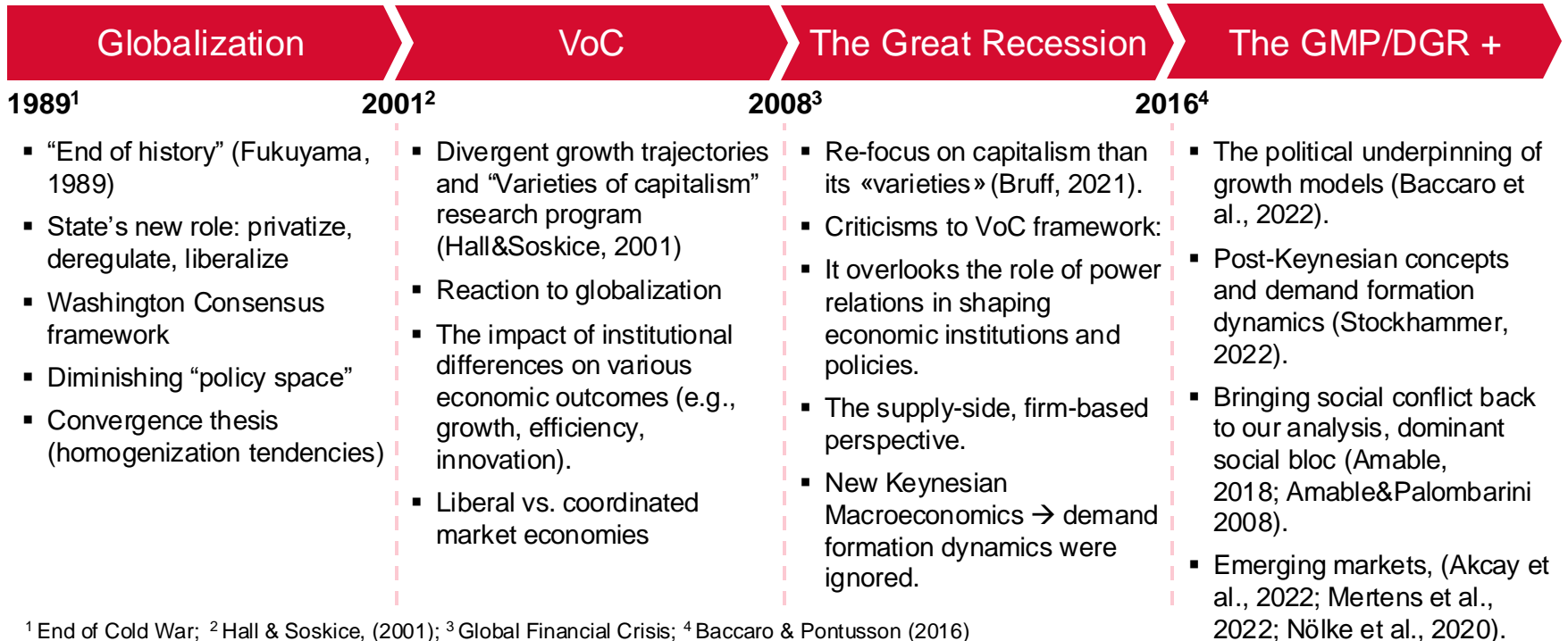
22-23 October 2024 – Berlin, Germany

Outline

1. Summary of the two lines of research
 - 1.1 CPE/IPE research: (literature on comparative capitalisms, diverging growth models)
 - 1.2 PKM research: (literature on financialization and demand and growth regimes)
2. Cornerstones of a further research agenda
 - 2.1 Varieties of Growth Models/DGRs
 - 2.2 Evolutions of Growth Models/DGRs
 - 2.3 Politics of Growth Models/DGRs
 - 2.4 Growth Models/DGRs in the Global South
 - 2.5 Growth Models/DGRs and GVC Restructuring

1. Summary of the two lines of research
 - 1.1 CPE/IPE research: (literature on comparative capitalisms, diverging growth models)
 - 1.2 PKM research: (literature on financialization and demand and growth regimes)

1.1. CPE/IPE research



¹ End of Cold War; ² Hall & Soskice, (2001); ³ Global Financial Crisis; ⁴ Baccaro & Pontusson (2016)

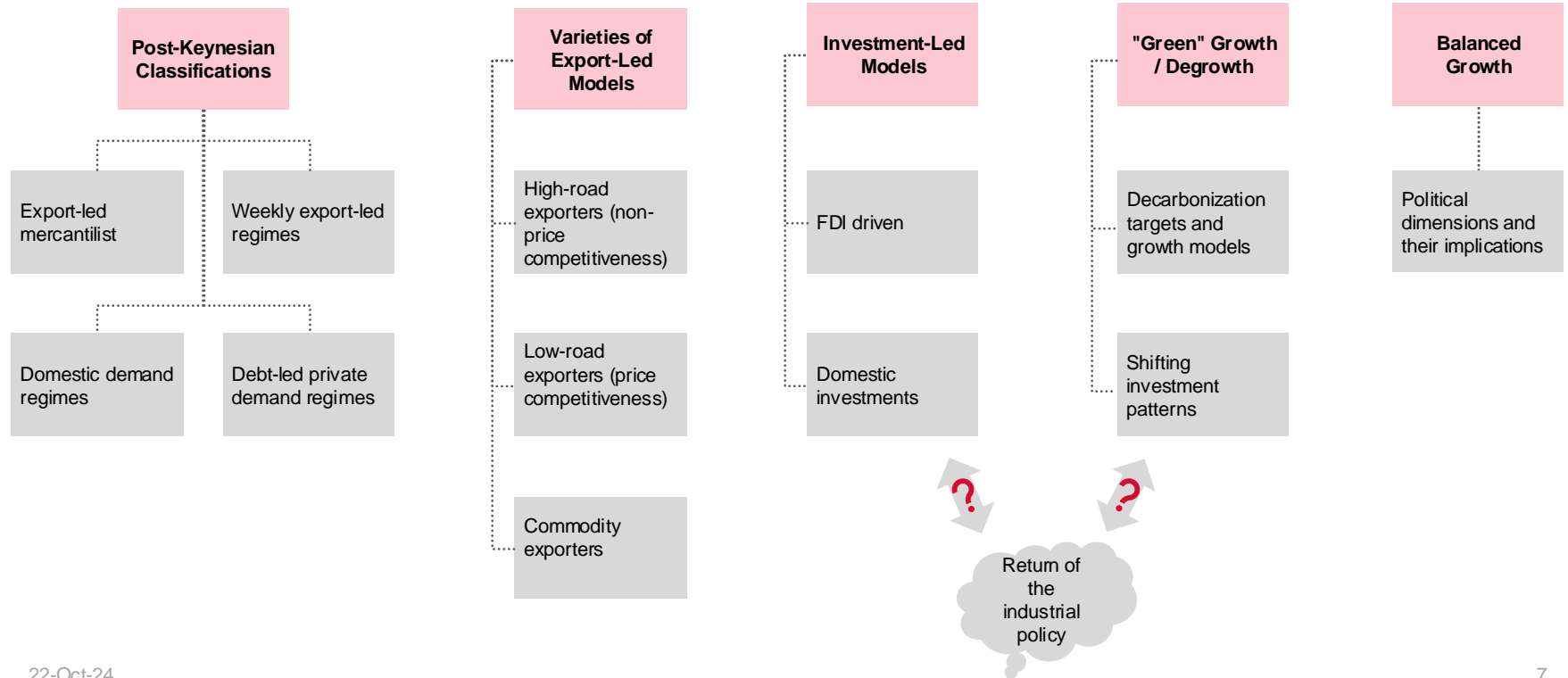
1.2. PKM research

National Income and Financial Accounting Decomposition	<ul style="list-style-type: none">▪ Identifies sources of demand and how they are financed▪ Categorizes growth regimes: export-led mercantilist or weekly export led regimes and domestic or debt-led private demand regimes (Hein, 2023)
Sraffian Supermultiplier-Inspired Growth Decomposition	<ul style="list-style-type: none">▪ Focuses on long-term growth through autonomous demand (e.g., gov't spending, exports)▪ Socio-institutional factors and power relations in shaping growth drivers (Campana et al., 2024)
Growth Drivers	<ul style="list-style-type: none">▪ Includes fiscal policies, competitiveness, FDI, technological innovation, income distribution▪ Financial variables like household debt and asset prices (Jungmann, 2023; Kohler & Stockhammer, 2022)
Growth Strategies	<ul style="list-style-type: none">▪ Reflect the future plans or hegemonic projects of the DSB,▪ Shape growth drivers in line with the DSB's interests (Amable, 2018; Akcay & Jungmann, 2023; Hassel et al., 2020)

2. Cornerstones of a further research agenda

- 2.1 Varieties of Growth Models/DGRs
- 2.2 Evolutions of Growth Models/DGRs
- 2.3 Politics of Growth Models/DGRs
- 2.4 Growth Models/DGRs in the Global South
- 2.5 Growth Models/DGRs and GVC Restructuring

2.1. Varieties of Growth Models/DGRs



2.2. Evolutions of Growth Models/DGRs

Structural/International Dimensions

- Institutional frameworks, e.g. EU, “forced” austerity, post-GFC adjustment in EU, export-led convergence.
- Global interplay among growth models: Global South had a different route in the post-GFC period (Akçay et al., 2022).
- Geopolitical tensions, security concerns, competitiveness pressures, trade wars.

Voluntaristic Explanations / Growth Strategy Shifts

- Domestic political economy dynamics, e.g. DSB restructuring.
- Strategies of move away from commodity-led export models, diversification initiatives.
- Decarbonization targets and changing investment patterns.

Policy Space

- Constraints and opportunities for the Global South in navigating growth models.
- Global interplay shaping the policy space of the Global South.
- Potential & actual policy space (Naqvi, 2021)

2.3. Politics of Growth Models/DGRs

Socio-political Underpinnings

- Organized business interests (e.g., industrial sectors), (Baccaro and Pontusson, 2022)
- (Dominant) Social Blocs (Amable, 2022)
- 'Quiet politics' between state and business elites (Bohle and Regan, 2021)



Components of Dominant Social Bloc

- Capital (business actors)
- State (technocracy/ bureaucracy)
- Politics (political power)
- Organized labor (?)
- Crises, and growth strategy adjustments.

Diverging Interest of Capital Fractions

- Core/peripheral capitalists: Competing or converging interests?

2.3. Politics of Growth Models/DGRs

Dominant Social Block and Its Components

Political Power

- Organizes social bases for growth models
- Political parties ensure ideological unity and public approval.
- Conflicts may arise between political agendas and dominant capital interests.
- Strong political power can transform bureaucracy; weak power is more susceptible to demands from other components.

State Bureaucracy

- Ensures continuity of institutional structure and reflects power struggles.
- Operates within an ideological context shaped by hegemonic projects.
- Requires political support or external pressure to act against dominant capital interests.

Bourgeoisie

- Controls production and employment, crucial for political stability.
- Consists of various fractions with conflicting interests.
- Hierarchical relations often lead to dominant capital fraction imposing its interests.
- Crises reveal conflicts, prompting restructuring within the DSB.

Subaltern Groups and the DSB: Declining Capacity of the Working Class

- Labor's share of national income has declined since 1980, weakening labor's power.
- Exclusion of lower classes' economic demands from decision-making processes.
- Intra-DSB struggles intensify due to labor's increasing weakness.
- Lower classes only enter the power equation when political power seeks their votes.

2.3. Politics of Growth Models/DGRs

Diverging Sectoral Interests of Capitalists

		Core capitalists	Peripheral capitalists
Sectors	Category	Automotive and durable consumer goods, chemicals, petroleum refining sectors, banking, and finance	Textiles, garment, footwear, furniture, clothing, food, construction
Firm Scale	Sector Entry Cost	Relatively high investment required	Relatively low investment required
	Firm size	Large enterprises organized under holdings	Small and medium-sized enterprises
	Production structure	Relatively capital-intensive	Relatively labor-intensive
Labor Dimension	Labor Productivity	Relatively high	Relatively low
	Skill Level of Employees	Relatively high-skilled/educated	Relatively low-skilled/uneducated
	Union Density	Relatively high unionization rate	Quite low or no unions
	Wage Regulations	Average wage generally above minimum wage	Average wage generally around the minimum wage
Access to Finance	Access to International Financial Markets	Direct	Indirect (dependency on local currency loans)
	Monetary Policy Priorities	Price stability	Competitive exchange rate
Growth Model Design	Economic Policy Framework	Inflation targeting, central bank independence, fiscal discipline	Overcoming financing issues and priority incentives with credit allocation; central bank independence not mandatory
	Growth strategy	Export-oriented growth strategy based on non-price competitiveness (high road)	Export-oriented growth strategy based on price competitiveness (low road)

2.4. Growth Models/DGRs in the Global South

Core Themes in Development Economics, Politics of Development

- Developmental/“social” coalitions and sectoral alliances (Haggard, 1998)
- Industrialization strategies: export-led vs. ISI (Chibber, 2003)

State Capacity and “Embedded Autonomy”

- State capacity and role of the state in economic planning, and industrial policy (Evans, 1995)
- Planning tools and policies on sectoral shifts (Amsden, 1989, 2001) may be crucial for decarbonization efforts.

Economic Planning, SOEs, Public Banks, Development Banks

- The resurgence of state involvement in driving growth strategies.
- “State permeated capitalism” (Nölke et al., 2020), or “state capitalism” (Alami & Dixon, 2020)

Contemporary Dynamics (policy space)

- “Dependent financialization” (Akçay & Gungen, 2022)
- Global financial & commodity cycles (Schedelik et al., 2023)
- International monetary hierarchy (Fritz et al., 2018)

2.5. Growth Models/DGRs and GVC Restructuring

Deglobalization to Regionalization

- Shifts from global to regional trade patterns and their consequences.
- Shortening of the GVCs.
- Efficiency vs. resilience.

Domestic Demand's Increasing Importance (?)

- A departure from traditional export-heavy models.

Labor and Trade Unions

- An opportunity for labor to enhance bargaining power within new growth models?

Outline

1. Summary of the two lines of research
 - 1.1 CPE/IPE research: (literature on comparative capitalisms, diverging growth models)
 - 1.2 PKM research: (literature on financialization and demand and growth regimes)
2. Cornerstones of a further research agenda
 - 2.1 Varieties of Growth Models/DGRs
 - 2.2 Evolutions of Growth Models/DGRs
 - 2.3 Politics of Growth Models/DGRs
 - 2.4 Growth Models/DGRs in the Global South
 - 2.5 Growth Models/DGRs and GVC Restructuring

Key takeaways: what is needed?

A new research agenda based on CPE/PKM/GVC approaches including legal and regulatory frameworks.

The evolving dynamics of growth models in the context of global economic shifts.

The role of the state, the Global South, and sectoral interests.

The impact of deglobalization or regionalization on growth models.



HWR Research Competence Centre
CHALLENGES AND RESILIENCE OF
GLOBAL SUPPLY AND VALUE CHAINS



Hochschule für
Wirtschaft und Recht Berlin
Berlin School of Economics and Law



Institute for International Political Economy at the
Berlin School of Economics and Law (IPE)

Thank you!

Dr. Ümit Akcay,
Institute for International Political Economy Berlin,
Berlin School of Economics and Law,
Uemit.Akcay@hwr-berlin.de