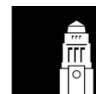
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Monopoly Capitalism in the past four decades

Malcolm Sawyer

Abstract: Monopoly capitalism can be seen as 'actually existing neo-liberalism', and the 'worship of markets' from doctrines of neo-liberalism operates to support monopoly capitalism. In recent decades, there has been an evolution from forms of national monopoly capitalism to transnational monopoly capitalism. Aspects of the processes of financialisation are explored for relevance for the evolution of monopoly capitalism. Recent trends in concentration and market power are consistent with the monopoly capitalism analysis, and review the links with profitability and investment. Ideas of secular stagnation have long been associated with monopoly capitalism, and that association is revisited in light of recent economic experience.

Key words: monopoly capital, financialisation, concentration, secular stagnation, income distribution

Journal of Economic Literature classification codes: L13, L16, L21

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Monopoly Capitalism in the past four decades

1. Introduction

The publication date of Cowling (1982) was close to and shortly after the time when (at least in retrospect) industrialised economies were shifting away from an era viewed through the lens of Fordism, Keynesianism, social democracy and the welfare state. The period after circa 1980 has been often viewed in terms of neo-liberalism, financialisation and globalisation. The shift of direction has often been marked by the election of Thatcher in the UK (1979) and Reagan in the USA (coming into office in January 1981), and deregulation, privatisation and an anti-trade union agenda serving as introductions to this new era. In this paper I look at the relationships between some of the evolutions since circa 1980 in terms of neo-liberalism, globalisation and financialisation on the one hand and the monopoly capital analysis on the other. Theories of monopoly capitalism have often been associated with notions of secular stagnation, and I return to that theme in this paper.

The paper is structured as follows. In section 2, monopoly capitalism can be seen as 'actually existing neo-liberalism' – that is the 'worship of markets' from doctrines of neo-liberalism in effect supports the further development of monopoly capitalism. Section 3 links monopoly capitalism with globalisation, and the evolution from a form of national monopoly capitalism to a global one. In section 4, aspects of the processes of financialisation are explored for relevance for the evolution of monopoly capitalism. Section 5 indicates how recent trends in concentration and market power are consistent with the monopoly capitalism analysis, and reviews the links with profitability and investment. This leads into section 6 on monopoly capitalism and secular stagnation. Section 7 offers some concluding remarks.

2. Neo-liberalism and monopoly capitalism

Theories of monopoly capitalism[1] have viewed industrialised capitalist economies in terms oligopoly and monopoly as the dominant industrial structure, with the consequent exercise of monopoly and oligopoly power. There are strong tendencies towards rising industrial concentration bolstered by mergers and acquisitions. The analysis of the exercise of monopoly and oligopoly power, drawing on industrial economics (theoretical and empirical and especially the structure-conduct-performance literature) and Kaleckian economics (degree of monopoly). Kalecki (1938, 1971) postulated that price-cost margins (at the industry

[1] For a survey of theories of monopoly capitalism see Sawyer (1988).

level) would be based on the 'degree of monopoly' and more generally market power. Through the work of Lerner (1934) the price-cost margin was related to the elasticity of demand, the degree of monopoly was interpreted in terms of that elasticity. However, Kalecki's concept of the 'degree of monopoly', and thereby the approaches of the monopoly capitalist analysts, was rather broader. In the structure-conduct-performance (SCP) literature, the price-cost margin was related with industrial concentration, degree of effective, if implicit, collusion, barriers to entry including economies of scale and advertising.

Cowling and Waterson (1976) presented a formal model of oligopoly along these lines, and Cowling (1982) drew heavily on that model. From an industry level price-cost margin, by informal summation the overall price-cost margin can be derived. More significantly, the price-cost margin can be readily translated on the one hand into the share of surplus in output and the real product wage on the other. The 'degree of monopoly' then provides a theory of the distribution of income in which the exercise of power features. Kalecki and others have extended this power beyond the product market to encompass the power of capital vis-à-vis labour. The surplus is divided into profits and managerial rewards. There was a degree of integration with some of the managerialist literature, specifically insofar as managers are seen to have some power to capture parts of the surplus for themselves.

The monopoly capitalist analysis clearly portrays a capitalist economy in quite different terms from the neo-liberal doctrines. Those doctrines portray a world in which competitive and free markets do, or at least could, bring economic and social benefits. These beneficial effects of markets are spurred on by incentives and the pursuit of profits. Neo-liberalism involves emphasis on the extension of market mechanisms, the spread of market transactions into areas previously excluded and on the de-regulation of markets. Neo-liberalism as a doctrine emphasises the beneficial roles of markets and of competition, drawing heavily on Austrian economics and neo-classical economics. The neo-classical tradition leads to the view that perfectly competitive markets lead to outcomes which are deemed efficient and (Pareto) optimal. The assumptions which need to be made (e.g. absence of externalities, economies of scale) may be viewed as strong (implausible) but nevertheless used to underpin arguments for removal of restrictions and regulations which are viewed to hamper achieving a competitive outcome. The Austrian approach stresses the entrepreneurial discovery processes of competition.

The pursuit of neo-liberal economic policies has, of course, not been uniform either over time or between countries, nor fully conformed with what could be considered neo-liberal. These neo-liberal policies have included reductions in taxes, particularly on corporate profits within a shift from direct taxes to indirect taxes on basis of providing incentives and fostering investment. Privatisation and liberalization of product and financial markets have been further major elements. Privatisation often involved what had been a public monopoly becoming a private monopoly, albeit regulated (with issues of regulatory capture). Another major element has involved diminution of the role and influence of trade unions. The developments with regard to work, employment and wages, the growth of precarious working, zero hours contracts and the like fit in with the neo-liberal perspective of creating so-called competitive labour markets.

The theoretical models and analyses of the neo-classicals and the Austrians can be contrasted with what may be termed "actually existing neo-liberalism". There are strong tendencies in capitalist economies for the absolute and relative size of large firms to increase, as portrayed in monopoly capitalism and discussed in section 5. This does not mean that competition in the sense of rivalrous behaviour between firms or of the mobility of capital has necessarily declined, though situations of oligopoly lend themselves to implicit, if not explicit, collusion and understandings.

The hall-mark of neo-liberalism should be the promotion of competition and removal barriers to competition. Regulations which made entry into an industry difficult were decried as bolstering entrenched positions and reduce competition (particularly of the 'contestable markets' form). Competition and monopoly policies are something of a paradox in a neo-liberal world – seeking to enforce competition which would be diminished by firms' actions and behaviours. The Chicago argument is that it is government actions which limit competition. The neo-liberal era has not been one of strong competition policies—no company has been 'broken up' (AT & T excepted) comparable to anti-trust measures of the early 20th century in the US. Merger and acquisition policies have prevented a few mergers and put conditions on others, but as Meagher (2020) remarks mergers and acquisitions are significant element in rise of concentration (as has often been the case, see for example, Aaronovitch and Sawyer, 1975a). There has been general evidence that mergers and acquisitions do not raise overall profitability of the merged companies, and Cowling et alai

(1980) amongst others saw that as market power rose following a merger which would tend to raise profitability, then productive efficiency may well have fallen.

Neo-liberal policy agendas were often advocated on the grounds that economic prosperity would follow. The broad sweep of economic outcomes, as summarized in growth and unemployment cited above and in inequality does not support any great success from the neo-liberal agenda, though of course many other policies and structural changes will have impacted on economic performance. Rosenberg (2021) noting that "on balance the neo-liberal agenda has strongly influenced the political economy of the United States over the past four decades"; that resilience of neo-liberalism raises questions of whether the neo-liberal agenda has been successful in its own terms, and what have been the effects of neo-liberalism on economic well-being. He notes that "the increasing importance of firms with monopoly and/or monopsony power is not consistent with the essence of neo-liberalism which emphasizes individual decision-making coordinate via free competitive markets" (p. 425) – a clear reflection of monopoly capitalism, and also the non-existence of free competitive markets. Further "with such concentrated product market and workplace power, it cannot be argued, as neo-liberalism postulates, that income is being distributed primary on the basis of the productive contributions of factors of production such as labor and capital." He also notes that the widening of profit margins did not lead to high private investment, and that under neo-liberalism regime the United States economy became more unequal but did not become more dynamic or efficient

The failures on its own terms of the UK's neo-liberal experiment are evident in that "the evidence … does not support this claim" from Thatcher that "she had improved the economic prospects of the UK and all its citizens through the application of neo-liberal policies; that is (according to her definition of neo-liberalism), free-market policies" (Albertson and Stepney, 2020, p.336) referencing Thatcher (2003). "Economic growth was weaker under Thatcher than under preceding governments and, if subsequent governments performed no better, this is not because they radically departed from her policy prescriptions. The costs of this lack of growth were disproportionately borne by the poor".[2]

The neo-liberal era of the past four decades has produced rising inequality rather than the promised enhanced growth rates and done virtually nothing to dent unemployment. It has

[2] See also Allington and McCombie (2008).

involved higher levels of industrial concentration (section 5 below). The reality of 'actually existing neo-liberalism' has been monopoly capitalism.

3. Globalisation and monopoly capitalism

The period since circa 1980 has indisputably been one of (hyper)globalisation in terms of the growth of international trade, foreign direct investment, multinational (transnational) enterprises and international supply chains. On simple measures such as scale of international trade and of foreign direct investment the pace of globalisation has slackened since the global financial crises of 2007-09 (Sawyer, 2022).

Monopoly capitalism analysis, particularly in its formal presentation, appeared to be what may be termed national monopoly capitalism. Profit margins and surplus were viewed as driven at the industry level by the degree of monopoly, itself based on factors such as industrial concentration and barriers to entry. Profit margins (and thereby distribution of income between wages and profits) at the aggregate level were based on the summation of the margins at the industry level. In the 1960s, the US economy had low engagement in international trade (less than 10 per cent of GDP), and whilst the UK had a much higher trade intensity it was largely an exporter of manufactured products and an importer of agricultural products and commodities. Cowling (1982) had pointed out that foreign and domestic firms may not be in competition with one another, and indeed may be under the same ownership within a multinational company. Papers such as Sugden (1983), Cowling et alai (2000) argued that in evaluating the effects of international competition as reflected in imports due consideration had to be given to the ownership of the corporations providing the imports. A substantial part of international trade takes the form of movement of goods within a multinational. Cowling and Sugden (1987) argued that the multinational enterprise is able to weaken the power of workers, thereby leading to lower wages and raising the intensity of labour. The rise of multinationals may well lead to a rise in the degree of monopoly, rather than a decline as suggested by the international competition argument.

As Foster (2018) wrote "numerous critics of monopoly capital theory claimed that the internationalization of capital—by breaking down U.S. hegemony and making the advanced capitalist countries as a whole more vulnerable to foreign trade and capital movements—had demolished the structure of monopolistic accumulation" However authors such as Cowling (1982), Foster (1986), Foster and McChesney (2012) argued "that the reality was one of continuing concentration and centralization of capital on a world scale, or the

internationalization of monopoly capital, with fewer and fewer controlling larger parts of both national and international economies."

The developments of transnational corporations, the growth of foreign direct investment and of international supply chains over the past four decades are well-known. Foreign direct investment, for example, grew apace albeit with slowing after the global financial crises, the stock of foreign direct investment grew from 9 per cent relative to global GDP in 1990 to 42 per cent in 2019. Cowling and Tomlinson (2012) remark that "on the world stage [there] has been a growing concentration in the communications, information technology (IT), and media industries, together with important merger/consortia activity on those public utility industries recently privatized." They note "increasing evidence that a few major corporations are emerging as dominant players in these industries [public utility] at the global level.".

The past four decades have clearly seen the establishment and confirmation of transnational monopoly capitalism. What appeared as the growth of international competition through growth of international trade and the movement of capital has evolved into the replication of monopoly capitalism at the global level.

4. Financialization and monopoly capitalism

The period since circa 1980 has often been identified as being an era of financialisation (recognizing that there have been earlier eras of financialisation (Vercelli, 2013, Sawyer, 2022), and that the upsurge of the financial sector gradually emerged in the post-war period). The concept of financialisation is a contested one (Sawyer, 2013, 2022), and here I focus on some of the features of financialisation and the implications for the monopoly capitalism analysis.

Epstein (2005) approached financialisation in terms of "Financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies" (Epstein, 2005, p.3). Krippner (2005) identifies four broad themes within the literatures on financialization of which the first is particularly relevant here, namely "the ascendancy of share-holder value". Van der Zwan (2014) in her survey on financialization identifies three broad approaches to the study of financialization 'financialization as a regime of accumulation', 'the financialization of the modern corporation', and 'the financialization of the everyday'. The 'financialization of the corporation' covers the 'pursuit of shareholder value' and the degree to which non-financial corporations engage in financial activities.

Monopoly capitalism analysis appears as largely (or entirely) relating to non-financial corporations. Non-financial corporations were envisaged to only engage in financial transactions in the financing of production and of investment, and only held financial assets in relations to production and investment. The financialisation literature points to the increasing role of non-financial corporations in financial investments (at the expense of non-financial investment) and in the provision of finance (e.g. consumer loans to enable purchase of the product of the company).

The relationships between non-financial corporations and the financial sector has often portrayed as a relatively passive one with the financial sector providing funds for non-financial corporations, though the financial sector holds the power as to which corporations receive funds and at what price. Financialisation has involved basic changes in those relationships. Sweezy (1994) wrote of 'the triumph of financial capital' where 'once cut loose from its original role as a modest helper of a real economy of production to meet human needs, [it] inevitably becomes speculative capital geared solely to its own self-expansion' (p.2). Sweezy (1994) wrote of the development of a "relatively independent . . . financial superstructure sitting on top of the world economy and most of its national units. It is made up of banks—central, regional, and local—and a host of dealers in a bewildering variety of financial assets and services, all interconnected by a network of markets, some of which are structured and regulated, others informal and unregulated." (p.8). As he indicated financial expansion had been considered to accompany an expansion of the real economy. He asked "is it really possible that this is no longer true, that now in the late twentieth century the opposite is the more nearly the case: in other words, that now financial expansion feeds not on a healthy real economy but on a stagnant one?" Sweezy thought that it was possible and was happening and that an inverted relation between the financial sector and the real sectors was the key to understanding the new global trends in the economy.

Financialisation has involved the growth of financial institutions and of financial markets (relative to the size of the economy), and the developments of shadow banking, securitisation and derivatives.. It has often been argued (e.g. Levine, 2005) that so-called financial development is positively associated with the rate of economic growth, with financial development facilitating savings and the channelling and monitoring funds into investment. The bulk of evidence (surveyed in Sawyer, 2017, 2022) for recent decades is for a cessation of such a positive relationship. A number of explanations can be provided for the emerging

negative relationship between financial deepening and economic growth. The growth of household debt including mortgages would be recorded as an increase in the activities of the financial sector with growth in loans and deposits. Household debt may provide short-term if unsustainable stimulus but would not contribute to longer-term growth. As the financial sector has shifted towards the generation of, and then high volume trading in, derivatives, , it has shifted away from the facilitation of savings and the financing of real investment.

Baran and Sweezy (1966) highlighted that control rests in the hands of top management including the board of directors, chief executive officer, with some representation of outside interests but with the real power resting with the insiders. Management was seen as a self perpetuating group. And "each corporation aims at and normally achieves financial independence through the internal generation of funds which remain at the disposal of management" (p.29), with the occasional borrowing. The pursuit of profits is central to the workings of the corporation. "the big corporation, if not more profit-oriented than the individual entrepreneur … is at any rate better equipped to pursue a policy of profit maximization" (p.40) in a world of fundamental uncertainty and limited computational abilities. "The economy of large corporations is more, not less, dominated by the logic of profit-making than the economy of small entrepreneurs ever was." (p.40).

A strand of the financialisation literature has involved the 'pursuit of shareholder value', as mentioned above. Monopoly capital was always envisaged in terms of firms pursuing profits, and forms of profit maximisation assumed. I say forms as in a world of uncertainty, optimisation is difficult to formulate and to achieve. In the formulation of Kalecki as in Cowling (1982), it is more akin to the surplus which is maximised and shared by managerial salaries and reported profits.

At an ideological level, the push for the pursuit of shareholder value came from authors such as Friedman (1970), advocating that the only responsibility of managers was the maximization of profits, and denouncing any pursuit of corporate and social responsibility, and of any regard for the interests of stakeholders other than the shareholders. Any business executive who pursued goals other than profits were "unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades." However, the major impetus for the 'pursuit of shareholder value' comes from financial institutions as owners of corporate equity and what has been termed the 'market for corporate control' (Manne, 1965). Financial markets and financial institutions exert through a variety of routes pressures

on the managers of corporations to adopt business practices promoting shareholder value. The pressures for shareholder value come at the expense of other stakeholders of the corporation, workers, customers and the wider public. This focus on the 'pursuit of shareholder value' stands in contrast to the literature on managerial controlled firms which portrayed corporations as more in pursuit of size, sales and growth of sales, even if that were to the detriment of profits and stock market valuation. It was a common view in the 1980s that corporations were largely or entirely reliant on internal funds for investment, and adjustments of retention/dividend policy and of profit margins would generally be sufficient to enable internal funds be sufficient for the desired rate of growth and of investment of the corporation.

The literature on financialisation has included studies of the effects of financialisation on investment and innovation, and on income distribution and inequality. The general thrust of these studies is, I would argue, consistent with (complementary) the monopoly capitalism analysis. In Sawyer (2018), I reviewed empirical studies on financialisation and income distribution. The studies used different dimensions of financialisation and used relatively simple proxies for the dimensions selected. "The general conclusion from these contributions has been that financialisation, along with a range of other factors, such as trade union and collective bargaining power, does impact on the distribution of income, particularly the shares of income between labour and capital. The findings are in line with the expectations of the financialisation literature that financialisation raises the profits share and diminishes the labour share of income" (pp.70-71).

Durand and Gueuder (2018) discussed four competing hypotheses concerning the impacts of financialization, globalization and monopolization on investment, and investigate related stylised facts for France, Germany, Japan, the United Kingdom and the United States. Four narratives explaining firms' investment behaviour are identified, each of which finds some empirical support. The first is labelled 'the revenge of the rentiers' which reduces funds available for investment as a result of increases in financial payments by non-financial corporations. The second relates to a change in managerial preferences for financial investment as the expense of domestic productive investment. The third arises from the substitution of foreign investment for domestic investment, and the increased cost mark-up from cheaper inputs from low-wage countries. And, fourth, declining competitive pressures and increased monopolisation leading to reduction in incentive to invest while raising profits.

The line of argument here is that processes of financialisation have pushed corporations further in the direction of a focus on profits and stock market valuations to the detriment of the interests of other stakeholders in corporations. It has fed into higher executive pay, which has risen dramatically. Financialisation has exacerbated secular stagnationist tendencies, to be further discussed in section below. The general tendency has been for financialisation to re-distribute income away from wages and towards profits and more generally increase inequality, each of which may tend to reduce the level of demand. The growth of the financial sector has lost association with the rate of growth of output, and the pace of investment and of innovation looks to have been slowed by financialisation.

5. Trends in concentration and market power

Monopoly capitalism analysis portrayed a tendency for industrial concentration to rise and tendency for profit margins to widen. At the industry level, and drawing on theories of oligopoly and the structure-conduct-performance industrial economics, a positive relationship between concentration and other measures of market power and the profit margin was envisaged. Developments in the industrial economics literature sought to undermine the significance of concentration with the development of the 'reverse' causation argument whereby high profits signified efficiency and the efficient firms expanded and pushed out the inefficient and hence concentration rose. Ideas of 'contestable markets' (Baumol et alai, 1982) sought to undermine the significance of concentration.

The past decades have seen rising industrial concentration across many countries. Pryor (2001) used weighted concentration ratios for the whole USA economy and argued that concentration, having decreased from 1960 to early 1980s, had increased subsequently, and he saw rising concentration as likely to continue[3]. The subsequent rise was confirmed by Grullon et al (2016) who found that over three quarters of US industries experienced an increase in concentration levels over prior two decades.

Davis and Orhangazi (2021) report "an increase in average concentration has taken place across U.S. industries between 1997 and 2012, with much of it occurring in the late 1990s and the early 2000s. … a notable share of concentration growth is in fact driven by industries in the retail and information-services sectors." (p.23). They do not find a uniform relationship

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[3] In contrast the general trend in the UK had been one of rising concentration during the 1950s, 1960s and 1970s (see, for example, Aaronovitch and Sawyer (1975b).

between the level of industrial concentration and profitability, markups, or investment rates. "Highly concentrated industries are not the most profitable (instead mid-concentration industries earn the highest profit rates) and, with a couple of sector-specific exceptions—namely, *in information services*- do not have the highest markups." (*ibid.,* emphasis added, p.23)

Meagher (2020) has recently argued that "the evidence shows that competition is giving way to monopoly across the economy" (p.20). Further, she argues that "markets inexorably tend towards concentration, and we seem incapable of enforcing the restraint to prevent the accumulation of money and power." Policies of anti-trust and competition and monopoly do little in practice to constrain the exercise of market power, and the weak limitations on mergers and acquisitions which re-inforce market power provides a clear illustration. And importantly "the idea that companies fixated on a need to deliver maximum returns to shareholders would somehow benefit the public at large through free market competition was completely backwards." And, "the outcomes of the market are not 'natural', they are chosen through commission or omission by society by those whom the markets treat most favourably."

A blog on the IMF web-site reports that "global price markups have risen by more than 30 percent, on average, across listed firms in advanced economies since 1980. And in the past 20 years, markup increases in the digital sector have been **twice as steep** as economy wide increases" (emphasis in original, Georgieva et alai, 2021). They see growing signs that market power is becoming entrenched in many industries with dominant firms with few competitors. They further estimate that there is little mobility in terms of the mark-ups of companies with those in the top decile in a given year having an almost 85 percent chance of remaining a high markup firm the next year, much higher than during the 1990s. Mergers and acquisitions are seen as one of the factors contributing to these trends.. They argue that mergers and acquisitions contribute to rising market power and higher prices, as often found before. Their "analysis shows that M&A by dominant firms contributes to an industry-wide decline in business dynamism—as competitors across the board take a hit to growth and research and development spending".

Guttiérrez and Philippon (2017) argue that in US case, concentration and profitability have increased across most U.S. industries, and that business investment has been weak relative to measures of profitability, funding costs, and market values since the early 2000s. The

breaking of links between profits and investment has been widely observed. They test four explanations of decreasing domestic competition, increases in the efficient scale of operation, intangible investment, and globalization They conclude that decreasing domestic competition has resulted in a shortfall of non residential business capital of 5 to 10% by 2016.

In a global study, Diez et alai (2019) find increase in markup is broad-based across countries and sectors, and driven by a small number of firms. "The markup increase is mainly explained by increases in the average markup of incumbents, and reallocation effects towards new firms that gain market share from incumbents."

Eeckhout (2021) provides many examples of rising concentration in the US over the past four decades. He relates this to the rise in "the average markup … from 1.21 in 1980 to 1.54 in 2019. There was a particularly sharp rise in the 1980s and the 1990s, followed by a decade of markup stagnation in 2000, followed in turn by a new sharp rise in 2010 after the Great Recession" (p. 28). He identifies three major factors leading to market power. The first is economies of scale in supply noting "new technologies that are difficult to copy or reproduce give rise to permanent technological superiority. Typically they require vast upfront investments that often lead to economies of scale". Second, demand returns to scale, "where economies of scale are created by usage instead of cost of building" (p.47) and a third source of market power "through economies of scale is learning"

He talks in terms of construction of moats which are akin to barriers to entry, with particular mention of the creation of dominant firms through mergers and acquisitions and "killer acquisitions" companies buying up promising startup companies which could become potential rivals.

"The force behind the atrophying labor market is the decline of competition in the marketplace for goods and services. From tech to textiles, our age is marked by rapid technological progress –progress that means just a few companies now dominate the railway lines of wireless technology. These technological advances bestow enormous power to those few firms. In turn, the accompanying lack of competition creates brutually unequal outcomes among workers" (pp.8-9).

An early study by Henley (1987) on a cross section of three-digit US industries "found convincing evidence to support the view that the structure and market conduct of firms within an industry bears an important relationship to the functional distribution of income within that industry. Both concentration and advertising intensity have been observed to be

negatively related to labour share and especially to the share of value-added going to production workers' wages" (p. 206).

Lambert (2020b) creates a Big Business Index (BBI) from principal components analysis and based on four-firm concentration ratio, capital to labour ratio, number of employees per enterprise, sales per enterprise, assets to sales ratio per enterprise, and unionised dummy. "BBI is a consistent and statistically significant independent variable for the measurements of management and supervisory intensity, management and supervisory average pay and chief officers average pay as a portion of sales" and is positively correlated with the first three dependent variables and negatively with the other.

The shifts in the structure of production have been away from manufacturing which had been the heartland of concentrated industries to services, and notably industries of information technology. Rikap (2021) notes that the "leading corporations of the 21st century are intellectual monopolies. Eight of the top ten companies in market capitialization can be considered as such. They rely on a permanent and expanding monopoly over portions of society's knowledge. The private appropriation of knowledge results in intangible assets, triggering what has been dubbed intellectual knowledge or technoscientific rents… and concentration of intangible assets has become the main driver of capital concentration." She views this as a "stage within capitalism where we see a continuous reinforcement of knowledge monopolies. The result is a broken tie between innovation and growth explained – at least in part—by the perpetuation of intellectual rentierism and predation" (Rikap, 2021). Durand and Milberg (2020, p. 404) find "that the intensification of the use of *intangible assets* within these [global value] chains has created new sources of monopoly power". Their analysis build on "the notion of Intellectual Monopoly Capitalism, where government protections of intellectual property have the effect of locking in the monopoly power from intangible asset creation. We extend it to 'information rents' arising from the presence of scale economies and network externalities associated with the production of intangible assets."

The study of Autor et alai (2020) focuses on the labour share, which as they note has fallen over the decades. They seek explanations of the decline of the labour share in terms of the rise of "superstar firms". They analyse micro panel data from the U.S. Economic Census since 1982. and document empirical patterns to assess a new interpretation of the fall in the labour share based on the rise of "superstar firms." They argue that "if globalization or technological

changes push sales toward the most productive firms in each industry, product market concentration will rise as industries become increasingly dominated by superstar firms, which have high markups and a low labor share of value added". The rise of 'superstar firms' involves "a 'winner takes most' mechanism which could arise because of the growth of platform competition in many industries or scale advantages related to the growth of intangible capital and advances in information technology" (p.649).

Rikap and Lundvall (2020) view the "tech giants as active drivers of a phase of globalization characterized by growth in digital services trade combined with a general shift to intangible assets" (p. 1). They show that Google, Amazon and Microsoft "continuously monopolize knowledge while outsourcing innovation steps to other firms and research institutions", and refer to "tech giants as *data-driven intellectual monopolies*, each organizing and controlling a global *corporate innovation system.*" (Rikap and Lundvall, 2020, p.1)

Coveri et alia (2021) note "the increasing market concentration due to the remarkable rise of platforms and data-related business models" (p.5) They seek "to provide an analysis of the dominant role assumed by giant digital platforms in contemporary capitalism by following the radical perspective put forward by Monopoly Capitalism scholars" (p.20) They identify "four drivers through which control is exerted and power is accumulated", namely growth and diversification, research and development and technological investments, labour fragmentation and surveillance and governments and retaliatory power.

Birch and Cochrane (2022) focus on economic rents gained by the Big Tech firms. Four emerging forms of digital rentiership in Big Tech ecosystems are identified. These are (1) 'enclave rents' created through the control of ecosystems; (2) 'expected monopoly rents' created through the performative fulfilment of future narratives; (3) 'engagement rents' constituted via rankings and metrics that differentiate users by their engagement with digital services and products; and (4) 'reflexivity rents' obtained by exploiting ecosystem rules and norms." (Birch and Cochrane, 2022, p.46).

There has also been a general tendency for income and wealth inequality (within countries) to rise, and for the distribution of income between wages and profits to shift towards profits[4].

[4] For details on income and wealth inequality see, for example World Inequality Lab (2021). United Nations (2020) reports that in the late 2010s 71 per cent of the world's population live in countries where inequality has grown in the preceding three decades. On the wage/profits shares see, for example, Pariboni and Tridico (2019).

What contribution, if any, can the monopoly capitalism analysis make to understanding those trends?This brief overview of trends in concentration (though heavily focused on the USA) would support the general monopoly capital view of a tendency for industrial concentration to rise, with effects on market power, higher profit margins and lower share of labour income. The involvement of industries described as information services, digital, 'Big Tech' in the rising concentration and higher profit margins should be emphasised. These 'Big Tech' industries have features which are conducive to high levels of concentration, and the tendencies to high concentration have been reinforced by aggressive acquisition policies.

6. **Monopoly capitalism and secular stagnation**

The post-war period through to the mid-1970s has attracted the label of the 'golden age of capitalism' (Marglin and Schor, 1990) for the Western industrialised countries with historically high rates of economic growth and low rates of unemployment (particularly compared with the inter-war period). The period also saw income inequality within countries stable or declining (Sawyer, 1976), and the distribution of income tending to shift towards wages. This period drew to a close with the crises of 1973/74 involving financial crashes and rapid rises in commodity prices, and notably oil. The second half of the 1970s was one of high unemployment and slow growth. The period since circa 1980, in comparison with the pre-1980 period has been, for the Western industrialised countries, generally characterised by somewhat slower growth, especially since circa 2000. Some summary data on output growth and unemployment rates are given in Table 1 and Figure 1. Li and Mendieta-Muñoz (2020) ask (in terms of the title) "are long-run output growth rates falling?", and answer that their results "show a permanent reduction in long-run output and technical progress growth rates that is not associated with the detrimental effects of GR [great recession]". The G7 countries are covered over periods since 1960 (dependent on data availability): "we document that long-run output growth rates began to fall since the late 1960s and that long-run technical progress growth rates began to fall since the early 1960s…. These findings suggest that the slowdown in productivity—and not other factors associated with labour force growth—has been the main driver of the decline in long-run GDP growth" (p.19). Unemployment rates have generally remained high (Figure 1), and these unemployment rates do not encapsulate discouraged worker effects and underemployment.

Table 1, Figure 1 near here

The monopoly capitalism analysis has substantial elements of a 'secular stagnationist' approach. This was evident in the work of Steindl and Kalecki, and taken up by later writers. Oligopolistic and monopolistic behaviour was viewed as detrimental to investment and to innovation, and the shift in distribution of income towards profits tended to lower demand.

Ideas of 'secular stagnation' have been widely discussed in the past decade or so. However, most of the mainstream economics literature adopts an approach to secular stagnation which revolves around notions of the 'natural rate of interest' (which is said in a loanable funds theory to equate savings and investment at full employment).

Monopoly capitalist analysis has a long history of a focus on 'secular stagnation'. The concerns raised by Hansen (1939) on slower growth arose from declining population growth, changes in character of technical progress and the falling availability of new territory in the USA, which he perceived would lower the demand for investment goods.

The monopoly capitalism analysis focuses on two strands of thought. First, the conditions of oligopoly and monopoly are viewed to reduce the propensities to invest and to innovate. Second, the shifts in the distribution of income from wages to profits, and to rentier incomes, would tend to depress the level of aggregate demand.

The pressure on firms to invest is seen as less acute under monopoly capitalism than under competitive capitalism. Steindl (1952) viewed the rise of oligopoly tending to reduce the propensity to invest, with consequence effects on output and growth. As the degree of monopoly rose, capacity utilization fell, having an adverse effect on investment. Kalecki (1954, p. 159) saw the slowing down in the growth of capitalist economies "probably accounted for, at least partly, by the decline in the intensity of innovations". This was rather badly timed towards the beginning of the 'golden age of capitalism' but it has become more relevant in the past three decades. He ascribed one of the reasons for such a tendency as "the hampering of application of new inventions which results from the increasing monopolistic character of capitalism".

Cowling (1982, p. 21) argued that "in attempting to secure their monopoly positions, firms will invest in, say, R & D but having done so, they simply put the inventions on the shelf" and this can be optimal behaviour for the firms involved. "All this suggests that protective R & D is probably a widespread and significant component of planned excess capacity aimed at maintaining and enhancing positions of monopoly power." Further, the Marxian imperative

to accumulate under competitive capitalism in order to survive is “severely qualified” in conditions of monopoly or oligopoly.

The arguments concerning the shifts in the distribution of income and effects on aggregate demand are based on differential propensities of spend out of wages and of profits. In recent years, these arguments have featured in the wage-led vs. profit led regimes[5]. The general (though not universal) finding there has been that economies are wage-led, meaning that the shifts in the distribution of income over the past decades in the direction of profits have negative effects on growth and employment rates.

A recent study concludes that “these trends suggest possible causes of current and future stagnation in the US economy due to declining competition, increasing market concentration, less job creation (although perhaps greater job stability for those who work in larger firms), less net business investment, and greater worker productivity which may reduce the need for more workers and at the same time can yield greater profit margins for large corporations.” (Lambert, 2020a, p.36). Further, R & D “fails to generate a lot of innovation of a transformative nature. …R&D efforts regarding job creation, new firm creation, and net business investment show either mixed results or even negative connections. … these findings also hint that R & D is used in a monopoly capital situation to further monopolization” (Lambert, 2020a, p.44).

Lambert (2019) explores the relationship between monopoly capital and enrepreneurship. In his empiical work, monopoly capital includes the scale of large firms, but also household and corporate debt levels and government regulation. He argues that there is declining entrepreneurship in the USA, and that “monopoly capital and its attendant features may be stifling US entreneurship” and suggests “there may be a heightened tendency towards long periods of US economic stagnation” (p. 1589).

Although there are, no doubt, many factors at play, monopoly capitalism analysis finds empirical support from the wage-led versus profit-led literature that the shift from wages to profits consequent on rising concentration and market power has slowed demand. The study of Lambert just cited is suggestive of the effects of monopoly capitalism is slowing down effective innovation. Financialisation, as discussed above, has its own related contribution where again demand and investment may well below lower (than otherwise) through the effects of the processes of financialisation.

[5] See for example Lavoie and Stockhammer (2013), Oyvat et alia (2020).

7. **Concluding comments**

The neo-liberal policy agenda of promotion of markets, liberalisation and de-regulation pursued over the past four decades (and before) has re-inforced monopoly capitalism. The pursuit of the neo-liberal policy agenda has engendered slower growth than during the 'golden age of capitalism' and also rising income and wealth inequality and a general shift of income from wages to profits. What had been something close to national monopoly capitalism for the USA and the UK (and some others) has clearly evolved into transnational monopoly capitalism (Cowling and Sugden, 1987). Industrial concentration has been on an upward trend, re-inforced by mergers and slack anti-trust policies. What may be termed 'Big Tech' have been heavily involved in the rise in concentration and profit margins, and the various economies of scale, first mover advantage and aggressive acquisition of rivals have spurred on the rise in concentration.

The monopoly capital analysis alongside that of financialisation (and specifically the 'pursuit of shareholder value') provide valuable insights into the near 'secular stagnation' of the past two decades of slowing growth. The future rate of growth may need to be low with reasons related to the climate emergency and environmental degradation insofar as these are related to the level and rate of change of GDP. Any future growth will have to be structured rather differently from past growth, and a financialised monopoly capitalism is ill equipped for that re-structuring.

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Table 1

a. Average annual growth rate of GDP (%)

	1971-79	1980-89	1990-99	2000-09	2010-19
Canada	4.20	2.86	2.38	2.09	1.32
France	3.87	2.36	2.00	1.47	0.29
Germany	n.a	n.a	1.35	0.36	0.67
Italy	3.66	2.57	1.47	0.55	-0.81
Japan	4.65	4.37	1.63	0.53	0.33
UK	2.64	2.66	2.34	1.76	0.48
USA	3.57	3.12	3.22	1.91	1.67
OECD	3.76	3.02	2.71	1.85	1.30
world	3.75	3.11	3.57	3.70	2.61
euroarea	n.a.	n.a	1.92	1.37	0.43

Source: Calculated from OECD Economic Outlook data base

b. Average annual growth rate of GDP per capita (%)

	1971-79	1980-89	1990-99	2000-09	2010-19
Canada	2.89	1.73	1.28	1.06	0.79
France	3.23	1.89	1.57	0.79	0.81
Germany		n.a.	1.13	0.90	1.01
Italy	3.14	2.42	1.43	0.09	-0.04
Japan	3.36	3.95	1.35	0.41	1.26
UK	2.51	3.04	2.05	1.17	1.16
USA	2.51	2.55	1.98	0.94	1.69
OECD	3.08	2.53	2.10	1.34	1.53
euroarea	n.a.	n.a	1.78	1.06	0.93

Figure 1