

## Institutions and capitalist development: a Marxist/Institutionalist analytical framework

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Despite predictions about institutional and economic convergence, capitalist countries do not converge toward a unique model, and a great variety of production structures, socio-economic relations, and patterns of spatial distribution of resources co-exists and persists. The evidence of the varieties of capitalism undermines the concepts of uniformity and convergence showing that innovative theoretical tools are needed to address development and change in ‘real world’ economies. This paper contributes to this analytical endeavour by proposing an eclectic framework – based on a combination of Marxist and Institutionalist propositions – in which the impact of institutions on human behaviour and social intercourse is conceptualised as a key to explore variety.

It is argued that Marxism and Institutionalism provide partial insights on the complexity of contemporary capitalism. Marxism reveals the commoditisation of the labour force and capital/labour conflict as the main features of the capitalist economy, but does not account for the interplay between individual behaviour and institutions that lead to the variety of socio-economic structures. Institutionalism has a powerful agency theory, which explains how individual behaviour leads to institutions and how institutions influence behaviour (then solving the agency/structure problem), but misses the centrality of capital/labour conflicts. The paper suggests that this theoretical impasse can be overcome combining Marxist and Institutionalist propositions to address, simultaneously, inequalities and conflicts, different patterns of individual behaviour and the varieties of organisational forms.

The literature on the Marxist/Institutionalist dialogue shows that, while the approaches broadly converge in their analysis of capitalism, two major areas of divergence exist: class analysis and agency theory. Accordingly, the analysis of change differs. Yet, as the paper shows, these discrepancies do not prevent the dialogue. Analytical connections exist between ‘New Marxism’ – i.e. Marx’s theory adapted and integrated with the contribution of Critical Marxists, from Gramsci and Althusser, to Resnick and Wolff, and Wright – and ‘Old Institutionalism’ – i.e. the Institutionalist framework built on Veblen’s critique of the micro-foundations of mainstream economics.

The paper argues that the Marxist/Institutionalist ‘synthesis’ is theoretically feasible. Pointing to the influence of institutions and their two-way interplay with individuals, and dismissing the principle of rational and optimising behaviour, Veblen’s theory of agency is consistent with an anti-essentialist view of capitalism. Moreover, Veblenian Institutionalism conceptualises capitalism in terms that are close to Marxism. The employment relation is the major trait of the capitalist economy and the conflicts of vested interests the major driving force. Class and class interests and stratifications are explicitly considered and class interests are included among vested interests. As an institution, class influences individuals, being at the time an outcome of social intercourse; moreover, class stratifications are explored in their intertwining with other forms of social stratification.