

# Technological Change, Productive State Apparatus, and Social Structure of Accumulation Theory

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## Abstract

This paper makes a case for a new institutional component for Social Structure of Accumulation (SSA) theory that is called productive state apparatus (PSA). SSA theory explains the long swings in capital accumulation by the multidimensional institutional framework called social structure of accumulation. Each SSA provides high profitability, generates sufficient aggregate demand, and brings about stability and predictability to induce long-run investments. However, SSA theory has missed the important supportive role of PSA in the working of each SSA and their differential performance. PSA refers to a subsection of state apparatus that creates and maintains a research and education infrastructure, finances and/or conducts research and development activities. PSA in the US primarily includes universities/colleges that receive public funds and research grants, the National Science Foundation, the Department of Defense, the National Institutes of Health, the National Aeronautics and Space Administration, the Department of Energy, the Department of Commerce, and the Department of Agriculture. We also argue that profitability that keeps capital accumulation in motion is also the reason why for-profit enterprises fail to generate those major inventions that PSA has been largely responsible for in the US. In its interaction with other components of an SSA, the effectiveness of PSA declines when a liberal SSA replaces a regulated SSA (as occurred around 1980). It is shown that PSA's total resources grew more slowly in the neoliberal SSA than in the previous regulated era, which limited its potential contribution to capital accumulation. This partly explains the poorer technological performance of the neoliberal regime of accumulation measured both by growth in labor productivity and occupational churn rates.

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