



INTERROGATING the NEW ECONOMY

Restructuring Work in the 21st Century



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The “New Economy” and Capitalism Today

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Discussion of a “new economy” has been a characteristic of debates about capitalism since its first appearance as a socio-economic system in the eighteenth century. Adam Smith, for example, discussed the new exchange economy that emerged after the end of mercantilism in his *Wealth of Nations* (1776). Karl Marx, writing in 1867 as the modern factory system was forming in Europe, saw the continual transformation of social relations and economies—“all that is solid melts into air”—as one of the central features of capitalism. The development of monopolistic firms, mass production, and automated factories at different periods throughout the twentieth century drew similar claims of a new economic system coming into being. In an abstract yet very real sense, capitalism requires interpretation as a social order that is constantly producing a new economy.

There is also a need, however, to demarcate different phases of capitalism and define some of the features of the new economy in the capitalism of today. The economic developments of the last twenty years or so, for example are often contrasted with the three decades after World War II. It was common to describe the postwar period with a variety of terms such as Keynesianism,

Fordism, welfare-state capitalism, Pax Americana, and others. A large number of concepts have also been used to describe the current period: post-Fordism, cyber-capitalism, neoliberalism, globalization, and many others. Whatever the multiplicity of these individual terms, there is a common analytical point: after a period of transition in the 1970s and 1980s, the social relations of work, the structures of power, and the functioning of capitalism took on new features that occupy our attention at present (Dicken 1998).

The transition to a new economy does not mean that the class divisions between workers and capitalists, or the dynamics of capital accumulation, have been transcended. Indeed, there is continuity across different phases of capitalism in the division between workers and owners and managers in the labour process, the cyclical movements in wages and unemployment as labour-market conditions change, the continual efforts by workers to organize in order to offset inequalities in power with employers, the organization of household and familial relations according to changing employment opportunities, and the competitive imperatives imposed on firms, workers, and families by capitalist markets. But it is my contention here that a new historical phase of capitalism has formed over the last two decades with several important features: first, the new way in which products and value are being produced in labour processes with the adoption of flexible manufacturing systems and then distributed via new information and communication technologies (ICTs); second, the pressures on unionization and wages as more precarious forms of employment spread, especially in the service sector; third, the new linkages of dispersed labour processes through international production networks organized by multinational firms; and fourth, the new ways in which flows of financial and commodity capital are circulating in national and world markets, forming what is commonly termed globalization.

These features of the new economy also raise questions about the “extra-market” institutional and policy configurations of capitalism today. Neoliberalism has come to dominate socio-economic policy thinking, power structures, and institutions in the current phase of capitalism. Neoliberalism can be defined as the set of policies that seek to reinforce a “free” market, private property, and capitalist social relations through privatization, deregulation, flexibilization (the increasing of management abilities to deploy labour freely), free trade, de-unionization, and financialization. Neoliberalism has become the social form of rule—the particular institutional and regulatory patterns in which political domination is secured—in this phase of capitalism. It is a fifth key feature framing the conditions of work and employment in today's new economy.

In exploring these issues I will first expand on some of the conceptual

characteristics of capitalist economics. In the second section I will elaborate on the key features of capitalism today. Finally, I will discuss several ideas for alternative policy agendas in today's political contest. The struggle for these alternatives is very important, since all phases of capitalism come to an end. The economic and financial turbulence that the world market has been plunged into since 2008 could very well signal a transition from the new economy of today. Capitalist firms and political elites are likely to attempt to reconstruct neoliberalism and existing institutions; therefore, it will be important to chart alternative political directions and policy.

Phases Of Capitalism

How might we understand the different phases of capitalism? To answer this, it is necessary to begin with a discussion of capitalism itself. Capitalism is a system of generalized commodity production: haircuts, housing, money, labour-power, books, and most other goods and services all take the form of commodities (Saad-Filho 2003). These commodities are produced for sale in a market; the workers who produce them do not do so for their own consumption. While being use-values in the sense of meeting some need, they are produced only on condition that they can be exchanged for money (at an exchange-value or price that will allow a profit to be earned).

Money serves as a means to make commodities equivalent: the different concrete labours that make use-values in the labour process are represented as “socially necessary abstract labour-time” in the form of money in the marketplace. Money therefore has a number of important functions in commodity economies: as a means of exchange, as a measure of value, as a link between labour processes and markets, and as a form that capital takes in the production process. Money is one form of expressing the social relations of capitalism: it mediates between the private, concrete, heterogeneous labour of the labour process and the social, abstract, homogeneous form of labour in the sphere of circulation. In other words, money links the discipline produced by capitalist market competition with work and production.

The dual nature of commodities (use-values and exchange-values), labour (concrete labour and abstract labour), and money (value and means of exchange) allows capitalism as a social order to be specified more precisely. First, capitalism is a historically specific system of general commodity production. Typically, workers, households, and firms, all purchase their inputs and sell their outputs as commodities. Second, commodities are produced for the pur-

pose of making a profit; such profit regulates output, employment, and incomes. Third, money itself takes the form of—as well as being generally equivalent to—a commodity, and pervades all social relations. Fourth, markets are the dominant institutional mechanism, or system of provision, bringing buyers and sellers together, for the purpose of meeting needs and competing over the realization of profits. Finally, work is undertaken by a class of producers in the form of free wage-labour. Workers “freely” sell their labour-power to capitalists in order to earn their means of subsistence. Workers are just as dependent on the market for their reproduction as are capitalists.

It is self-evident that if workers do not labour, nothing gets produced. Workers sell their labour-power as a commodity to the capitalists: its use-value is the capacity to produce new value (or new commodities). Actually expended labour-time is the concrete use that capitalists seek to deploy in the labour process: they want to extract as much labour out of labour-power within the time purchased. The reason is simple enough: the harder the worker works in a given time, the more value that is produced over and above the wage that is paid for the labour-power purchased. This constitutes surplus-value for the capitalists, and it provides the basis for profits, rent, and interest, as well as covering investments in fixed capital. Capitalist firms organize the labour processes of their offices, factories, or retail stores in a way that maximizes their profits, either through coercion over their workers or by consensus with them.

There exist, then, inherent conflicts between workers and employers over the labour process, work-time, employment security, wages, and social issues such as health care. Employers seek to optimize flexibility in pay and employment and retain control over the labour process. Workers pursue appropriate income levels and employment stability and, in turn, attempt to exercise their own controls in the labour process. They organize collectively—mainly in unions but also in other forms—to establish the ability to struggle effectively against the concentrated economic and political power of capitalists. But the combination of market-dependence and antagonistic interests makes the relationship between workers and employers quite contradictory. It follows, then, that the organizational capacity, form, and ideological orientation of unions and workers will vary quite substantially across places and different phases of capitalism.

Capitalists organize their labour processes in a number of ways to increase the surplus-value produced. Workers can be pushed to work more intensely, for longer hours or with greater skills for the same amount of pay; concessions might be forced in wages and benefits but the hours of work stay the same; or provisions provided by the firm might be offloaded onto the house-

hold. These are all forms of absolute surplus-value: more labour for a given wage.

Alternatively, new technologies and capital goods might be introduced to increase the amount of output produced for a given level of labour input. If wages increase less than the increase in labour productivity from the new technologies, then total value-added (the amount of new goods and services produced) will increase as well as the share of surplus-value. This is relative surplus-value, and it drives the continual technological change that is characteristic of capitalism: innovating firms earn a surplus profit and therefore use that profit to reinvest in new techniques and plants. Indeed, capitalist competition and the tendency to profit-equalization—i.e., compete or go out of business—generalizes the tendency to adopt new techniques, if unevenly, across all firms. This is why capitalism continually forms a new economy.

The ongoing transformation of commodities and social relations characteristic of capitalism takes place through time and space. These processes of continual change and internal transformation are not simply the chaotic interaction of autonomous individuals. In fact, there are periods of economic and social stability in which social relations are institutionalized or regulated such that economic agents (such as capitalist firms and even unions) act to reproduce expanded accumulation. These periods of institutionalization are attempts to contain both the contradiction between the appropriators and the producers of surplus labour and the competition between capitalist firms. Nevertheless, periods of rapid accumulation of capital inevitably give way to extended phases of disorder and transition.

It is helpful to draw some distinctions among the forms that accumulation takes. First, the labour process must be linked to forms of accumulation. *Intensive* accumulation is essentially the application of science and technology to production, embodied in skills and machines, so that productivity advances rapidly (although growth may be slow if demand is weak). *Extensive* accumulation, in contrast, operates on the basis of extending the scale of production, with given production techniques, by drawing upon new sectors, workers, or land, a larger portion of the day, or more intensity during the existing workday. All phases of capitalism have some mixture of these forms of accumulation. It is quite possible, for example, for new technologies to be introduced in a way that increases labour productivity but also intensifies work-time.

Second, during different phases of capitalism, the wider institutions of the wage-relation, such as systems of industrial relations, processes of skilling, and welfare support, cohere into “regimes of accumulation” (Lipietz 1987). This means that particular patterns of employment and allocation of social produc-

tion between consumption and accumulation will recur in a way that for a period contains the contradictions and conflicts between workers and employers and allow extended accumulation.

Third, lead capitalist firms assume distinctive characteristics in different periods in terms of how they organize the skill levels of labour processes and link their different operations spatially, within single plants and between them. Also distinctive are the forms of legal ownership of firms among different shareholder groupings, as well as the ways in which top managers exercise their power to make decisions to invest and fund the expansion of the firm. More highly institutionalized distributional relations associated with large bureaucratic firms might thus be contrasted with more flexible distributional agreements and “networked” firms (i.e., a cluster of firms separated in ownership but linked in the final assembly of a commodity).

Fourth, capital has always accumulated in a world market, and individual capitalists are always compelled by competition to pursue new markets and, consequently, internationalization. Capital alters its “spatial fix” across time, shifting production processes and using new transportation and communication techniques to “shrink” distances (Harvey 1982). The internationalization of commodity, productive, and financial capital takes on varying features and relations in different phases of capitalism. National models of development are thus defined by both their labour processes and corporate firms, but also by the socio-spatial matrix of production, consumption and distribution and the manner of incorporation of these circuits of capital into the world economy.

Finally, even capitalist economic activity requires extra-market institutions and political relations to attempt to secure the conditions necessary for accumulation. States have been the key actor to play this role and provide political legitimacy. They provide a common currency, legal structure, and social institutions and are also a key locus for class formation. The discourses and policy configurations that state actors adopt are a key aspect of different phases of capitalism.

The Current Phase of Capitalism

The features of capitalism today need to be located initially with respect to recent history. Since the earliest days of industrialization in the nineteenth century, a revolutionary mode of work organization had been evolving. By the 1940s, its principles had consolidated and spread. First, the labour process was broken down into its component parts, each worker performing simplified routine tasks.

This was termed Taylorism (named for American engineer F.W. Taylor) and the principle of separating conception from execution. Second, Taylorism was coupled with flow-line assembly, the product passing continually from one stationary worker to another. This “model of industrialization” had two additional principles: if work tasks were simplified, they could be directly incorporated into special-purpose machines; in turn, these machines could make mass-produced goods. The result of combining Taylorism and dedicated machines was large economies of scale and vastly enhanced productivity.

The logic of dividing mental and manual labour also expanded the number of semi-skilled assembly-line workers and technical and administrative workers. Previously, craft unions organizing workers on the basis of skill were common. Industrial unions, in contrast, gathered workers together by industry irrespective of skill level. And “white-collar” workers tended to be unionized mainly in the public sector. This division of labour also had a particular way of maintaining workers' dependence on capitalists. With highly skilled workers in high demand and semi-skilled workers easily able to move between production jobs, firms developed strong internal labour markets for promotion and wage improvements in order to bind workers more tightly to the firm.

The contractual core of the new unionism involved trading wage gains against management control of production. Implicitly, the nominal wages gained in collective bargaining were linked to the growth in productivity and the rate of inflation. Workers' demands often originated in a key firm and then spread to the entire branch of industry before influencing the economy as a whole. As a result, wage security was developed as unions removed the competitive process of bidding wages down and pushed instead in the direction of product and process innovations. This revealed an underlying contradiction, however: the increasing capital intensity undermined profitability and displaced workers in such a way that unemployment could be contained only by rapid rates of growth.

The postwar period is often referred to as the period of Fordism, so called for both the underlying production paradigm and the dominance of large hierarchically organized firms concentrated in a few major urban centres. This dominant paradigm also underlay postwar growth and social structures. Mass production with rising wages meant mass consumption by workers. Although international trade increased in importance, the expansion of production depended most on the deepening of national markets. Buoyant growth—in the order of 5 per cent a year, with unemployment falling below 5 per cent everywhere and to 1 per cent in many of the advanced capitalist countries—boosted government revenues and expanded the welfare state and public goods, such as parks, li-

baries, and universities. This sustained a virtuous circle of capital investment, productivity increases, and new markets across capitalist countries. Yet it also added a second contradiction; high rates of growth and employment encouraged workers to challenge their subordinate positions in workplaces.

The postwar boom came to an end in the mid-1970s, with growth rates in the advanced capitalist countries falling by half, and continuing to stagnate through much of the 1980s and 1990s (Glyn 2007). As the Fordist production systems reached their inevitable end, capitalist countries witnessed combined declines in profits, productivity, and investment. Moreover, the slowdown intensified class conflicts over wages and the distribution of the economic burden of the slowdown. Unemployment rates typically doubled, and often tripled, compared to what they had once been, contributing to the defeat of the efforts of workers and unions to resolve the economic impasse on more egalitarian and democratic terms. The fall in growth rates and the increase in labour reserves were even greater outside the core zones of North America and Western Europe, which led to a stifling of the efforts of many movements and countries of the global South to establish a new international economic order.

After 1990, however, growth rates in the US picked up during the “boom” period of 1993–2000, although across the business cycle a modest slowdown in US accumulation rates was apparent. The US upturn was a result not only of internal demand stimulus but also of enormous inflows of foreign capital and burgeoning immigration. The emergence of China as an economic player, reflecting the continued growth in the economic power of East Asia beyond Japan, also had a favourable impact. Indeed, the accumulation in these zones, and the gradual integration of the European Union nations, consolidated the new phase of capitalism (and gave rise to the popular usage of the term “new economy,” particularly in North America). The more general economic slowdown, financial crises, and international payments asymmetries in world markets since 2001, and particularly in the core capitalist countries since 2008, have well illustrated many of the limits of this new phase of capitalism. And any light at the end of this dark tunnel has yet to appear.

A number of features of this new economy can be highlighted in terms of the labour process, forms of accumulation and wage-relation, the organization of firms, the internationalization of capital, and the policy regime. First, new forms of work organization and technologies have emerged within the labour process. These new production concepts stem from two key developments: the transformations of fixed capital in the labour process through new technologies and “robotization,” and the adoption of lean production forms of work organiza-

tion (Huws 2003). They can initially be contrasted with various aspects of Fordist labour processes; there has been a relative increase in both more highly skilled and low-skilled workers as opposed to semi-skilled mass production workers; an intensification of Taylorism to match the rhythms of new technologies for production and service workers, and multi-skilling among technicians and production support workers; a recomposition of the form in which work is conceived by designers and developers and executed by production workers; a relative decline in individualized piece-work and an increase in team-work; and a shift from dedicated machinery to flexible manufacturing systems.

The new economy, therefore, has involved both intensive and extensive forms of accumulation: the new technologies have allowed a large increase in the capacity for a given amount of labour input to produce increased output in any given labour process, but they have also intensified and increased the extraction of labour-time for the amount of labour-power purchased. This can be seen in the labour processes of any variety of occupations; in manufacturing work, robots limit any “down-time” for workers; personal computers have extended and intensified the work expectations and hours of lawyers and professors; and new technologies are used to monitor the work performance of all kinds of service-sector workers—for example, tracking the keystrokes of call-centre employees, videotaping the work of hotel workers, and so on.

Indeed, computer programmers are often imagined as the epitome of “immaterial labour” (i.e., labour that does not produce a material use-value but only ideas, although these ideas often get embedded in concrete use-values). But even these new knowledge workers are increasingly employed in software development “sweatshops,” cranking out the code for new applications that get embedded in concrete products such as computers and the associated arsenal of hardware. Knowledge work in the new economy has proven to be just as subject to the real subordination of labour into industrial production and “proletarianization” as were earlier forms of work. The real paradox of the labour processes of the new economy is how they have greatly expanded the human capacity to produce, but also, in this phase of capitalism, given workers even less control over their work processes, how long and hard they work, and what they produce (Gorz 1999).

Second, in the period of transition after Fordism, it was often suggested that the new labour processes offered a bright—even utopian—future. Computer technologies would allow a major reduction in working hours, more leisure, higher incomes, better work as drudge work was eliminated, more democratic workplaces, and improved welfare states. Instead, the accumulation regime of

the new economy has been quite different.

Labour reserves have been increasing in a number of ways: the levels of unemployment and the number of employees getting fewer hours of work than they want have been rising; as a consequence, the amount of “precarious” work in the form of involuntary part-time, contract, and temporary work has expanded; and the rate of job turnover has been growing as well. Occupational trends show a decline in stable, high-income, industrial-sector jobs and a large growth in service-sector jobs in both producer services (computer support, lawyers, etc.) and retail and personal services (with these jobs growing the most and paying below average salary levels). The new types of employment are often more individualizing, decenralized across many workplaces, and insecure. Thus they are often less easily unionized than the more concentrated industrial jobs and are more susceptible to the pressures of capitalist competition between firms and in the labour market (Hermann 2006). Instead of attempting to gain the loyalty of workers through strong internal labour markets, firms are doing so by offering individualized bonus and incentive structures, on the one hand, and by instilling fears that employees’ already precarious work situations will become even worse or not exist at all, on the other.

These employment and occupational trends have given certain characteristics to the dynamics of income distribution in the new economy. Rather than being steadily reduced, working hours have been generally increasing for workers, often breaching the standard 40-hour workweek. However, while longer hours have become an endemic problem, an increasing number of workers are also having difficulty getting enough working hours at decent pay. Similar pressures can be seen in the area of income: annual wage increases for workers are being kept below the combined rates of inflation and productivity, thereby shifting an increased share of net income to profits; welfare and other social transfers to the dependent population are consequently being kept below the nominal rate of wage increases, thus adding to poverty levels; and with the racialization and gender discrimination of labour market access and pay, further inequalities are emerging amongst workers, as part-time insecure work in the service sector is increasingly dominated by women and workers of colour.

These labour market trends have commonly been referred to as “social polarisation”: the rise in profit incomes and salaries of professional employees in corporate bureaucracies, the erosion of high-paying blue-collar jobs, and the steady growth of low-paid and unstable service sector jobs. The history of struggle over work and democratic control suggests that the new labour processes and wage-setting of the new economy were introduced as a way of weakening

workers and unions. But now the distributional dynamic of the labour market is being reinforced, as weaker unions support the current occupational and wage trends; this, in turn, puts unions and workers further on the defensive and undermines their political capacity to address social polarization. As a consequence, individual workers (and unions) have increasingly come to incorporate the logic of competitiveness into their own strategies for coping with their dependence on the market for their individual livelihoods (and organizational stability) (Moody 1997).

Third, the new labour processes, coupled with ICTs, have allowed capitalist firms to reorganize themselves. Historically, the increasing intensification of the scale of labour processes caused an increasing concentration of capital in sectors, and also enabled capital to become increasingly centralized by joining different production phases into a single firm. These tendencies of capitalist development continue to exist, but firms are now able to disperse their labour processes and organizational components spatially. Production can now flow between firms, and value can be realized in sales in the world market, in new ways. Labour processes, for example, can be more directly linked to production flows. This allows for “just-in-time” production of, say, seats or wheels for assembly in cars. These distinct labour processes can also be coordinated through international production networks. Production in the auto industry (or the aerospace or shoe industry, for that matter) can then be organized along continental lines, or into global networks linking many labour processes to produce a final output. This production flexibility—with workers carrying a huge burden for this through increased precarious working hours and pay—allows firms greater economies of scope to produce for specialized markets within a common production platform.

This “network” logic has also influenced how firms have reorganized their ownership structures and relationship to financial markets. They have become more financially leveraged, linked by more complex corporate ownership structures to new financial entities such as private equity and hedge funds, and driven by the pursuit of “stockholder value” (share prices) in the new economy (Henwood 2003). In contrast to fanciful notions of “virtual companies” and “networks” escaping the imperatives of capitalist competition, firms have been driven to explore new means to increase long-standing forms of capitalist exploitation.

Fourth, the most powerful of these firms operate as multinationals, reflecting the increasing internationalization of value flows in the world market that has been central to the new economy (ILO 2001). The total amount of foreign direct investment, for example, is now in the area of several trillion

dollars worldwide. This export of productive capital reflects the internationalization of production—linking both labour processes and work—in the form of both new investments and takeovers of existing firms. These investments have propelled the increasing circulation of commodity capital as intra-firm trade expands from international production networks and inputs are sourced from lower-wage zones. The share of traded goods in total output is more than double what it was in the postwar period and at a historical high point.

The internationalization of production and growing trade, particularly with the current account imbalances between different trading zones, encouraged the development of international currency and credit markets. The end of the postwar controls over capital mobility and exchange rates contributed to the growth of global money markets where debt instruments, stocks, and speculative funds like derivatives could all be sold and purchased. Indeed, international financial markets have grown exponentially, and financial transactions daily now exceed global trade yearly. New international economic institutions, like the North American Free Trade Agreement or the World Trade Organization, reinforce the processes of capital internationalization within their political frameworks and the competitive market imperatives brought to bear on workplaces.

Finally, the neoliberal policy regime that is central to the new economy is often portrayed as being anti-state and pro-market (Albo 2008). But this image confuses the way that the state has been transformed in relation to the market and social classes. The state still concentrates the legitimate exercise of power and the extra-market institutions necessary for capitalist markets to exist. The central issue is how neoliberalism has redeployed state power and restructured state institutions. In the framework of economic policies, for example, this has meant re-orienting fiscal and monetary policies to increase labour discipline and shift tax burdens away from capital and high-income brackets toward workers, via an increase in consumption and other taxes. This has been coupled with changing industrial policies on deregulation, privatization, and internationalization, while still maintaining subsidy structures and tax incentives for business investment. Similarly, trade agreements have favoured not just freer trade but “constitutionalizing” legal protections for private property and access of foreign capital to national markets.

None of these policy measures implies less state power, but rather the mobilization of that power in new ways. They are indicative of the state's increasing monopoly of the exercise of power in favour of business interests and over democratic actors such as unions, civil society organizations, and ordinary citizens. The state as an avenue for workers as citizens to pursue redistributive

policies to reduce dependence on the market has been curtailed. But a state that is strong enough to enforce this neoliberal policy regime has been integral to this phase of capitalism. Indeed, the state has become even stronger in attempting to cope with the economic crisis resulting from the current chaos in the financial markets.

Challenging the New Economy

In the analysis above I have contended that capitalism has undergone a vast process of economic restructuring over the last two decades. Workplaces have been dramatically transformed, setting in motion intense pressures on unions and wages. Financial globalization and asymmetries in the world trading system have also increased competitive imperatives, while neoliberal policies have favoured de-unionization and labour-market flexibility. For collective bargaining, the new economy has often entailed extensive efforts to overhaul union agreements to give management increased prerogatives in determining employment, work rules, and wages. The dominant direction of restructuring within the new economy has often been toward work intensification, contracting out, modest or no wage improvements, long-term contracts, and two-tier wage systems.

The task of outlining an alternative economic policy to the new economy of neoliberalism is thus as daunting as it is necessary. Two key contradictions have been integral to this period of capitalism: the enormous expansion of productive capacities through new technologies, while wages and employment have become increasingly insecure and market-dependent; and the growing openness of national economies in terms of trade and capital mobility as the world market expands and intensifies, while both economic instabilities and competitive imperatives increase.

An economic alternative will have to establish general principles to address these contradictions (Albo 1997). The notion that prevails today is that work must become ever more market-dependent and insecure in terms of wages and employment. This idea needs to be rejected. Such thinking divides workers into those who have paid work in core jobs and those who are excluded from either work or stable employment. An economic alternative must advance the principle that democratic citizenship begins with the rights to work, leisure, and a living income. Another principle is that political agreements at the international level must be built around the principle of maximizing the capacity of different national and local collectivities to democratically choose alternative development paths (socialist or capitalist) that do not impose externalities (such as envi-

ronmental damage) on other countries and regions, without suffering isolation and coercive sanction from the world economy. These two general principles suggest the need to expand the scale and areas for democratic control, while constraining the scale of the market. They can be elaborated in terms of structural reforms that work both in and against some of the features of the new economy that have been highlighted.

First, new technologies and production systems have been consistently introduced into labour processes in a way that has intensified and fragmented working conditions for many employees. This raises a challenge to find alternatives to address the need for the re-qualification of work and to alter the overall structure of the growth model by raising skill levels for all workers and shifting production toward quality-intensive goods. Such an alternative would require altering the balance of class relations in the workplace and in society to avoid being driven by the requirements of competitiveness and would involve exploiting the capacity of the new technologies to involve workers in production and in the planned elimination of boring, repetitive jobs. A re-qualification of work would also mean forming long-term, broad skills rather than short-term, specific ones; transferable skills over firm-specific skills; theoretical as well as practical knowledge; and skills that extend worker autonomy over the labour process.

Rebuilding workers' skills also provides a foundation for workers and communities to pursue alternative production plans, collectively controlled technology networks, and socially useful products and services. In the transportation sector, for example, it would be possible to envision public-transit workers collaborating with riders, ecology groups, and builders of transportation equipment to develop innovative campaigns for the expansion of public transit. This is a vision of an alternative labour process that could expand workers' skills and capacities, embrace ecological and durable production techniques, lead to more free time for employees, and provide collective services such as daycare, parks, and museums, and quality products.

Second, the new economy has placed severe strain on unions and their bargaining capacity. A number of new strategies will have to be explored. Industrial relations reforms might, for instance, include sectoral bargaining or facilitate organizing in the service sector to boost union density. Sectoral bargaining would allow workers in sectors characterized by small workplaces (such as in retail outlets or coffee shops) to negotiate *en masse* with employers, giving them greater protection against competitive pressures. Community-wide union organizing and labour centres might also be developed.

In the area of collective bargaining, new ways to expand the parameters of negotiations beyond wage improvements and employment expansion need to be attempted in order to address both ecological and distributional issues. Policies that radically redistribute work through work-time reduction, overtime caps, and sabbatical and parental leaves must be vigorously pursued. Collective bargaining needs to put an annual worktime reduction factor alongside an annual wage improvement factor so that productivity gains can be shared more equitably. Such an approach has been debated at times in the auto sector as part of collective bargaining, and the postwar collective bargaining system in fact included both annual real wage increases and a steady decrease in working hours. Work-time reduction could also be redirected toward education and skills that expand the capacity for self-management at work and leadership in the community.

Third, the command over employment, resources, and production that has fallen to the international networks of multinational corporations is a daunting obstacle for alternatives. These organizational forms have endlessly expanded the scale of production while decreasing the control of individual workers in all sectors of their enterprise. Therefore, alternatives will have to address both the scale of production and the democratic control of enterprises. It is possible to insist that the new technologies provide a capacity to more adequately address social and ecological needs, for example, if deployed in new ways. Changing production strategies are necessary to move agricultural production, for instance, away from monoculture crops toward biodiversity, reduce the energy-usage and carbon-emission consequences of the geographical scale of trade, and adopt labour-intensive techniques when capital-intensive ones, like clear-cut foresting or factory fish trawlers, have such colossal environmental impacts. It is also entirely feasible to expand the democratic capacities of selfmanagement through right-to-know laws of company finances and investment and production plans, controls over plant closures and capital movements, an expansion of unionization rights, and works and community councils.

Fourth, this period of capitalism has seen an upsurge in the internationalization of production and finance. It is difficult to envision either stable macroeconomic conditions or alternative development paths while these export-orientated processes and the competitive austerity they have engendered remain dominant. They will have to be replaced by more inward-oriented economic strategies, i.e., those that focus on domestic rather than international concerns. Inward orientation does not imply closing the economy to foreign trade, but rather a planned expansion of domestic services and production to increase

employment and meet social needs. This would also entail establishing controls over capital movements. The institutions governing the international economy need to develop policy capacities to reinforce stable and pluralistic national macroeconomic conditions rather than impose the singularity of the neoliberal model of development. For example, it is quite possible to imagine international financial institutions working to reinforce nationally based capital controls while also working to enforce the transfer of technological capacities as part of performance requirements imposed on the foreign investments of multinational corporations. The problems of solvency of financial institutions, and the sharp economic contraction that has ensued, suggest that nationalization of the banking system has become imperative, not just to prevent the crisis from getting deeper but to re-think what production and services will most meet social needs.

Finally, neoliberal policies dominate this phase of capitalism and attempt to spread market processes. Any alternative would have to make redistribution the central social and economic policy. It would have to entail a radical redistributive shift in power, resources, and new institutional structures: from the traded goods sector to the local and national economies; from the highest paid to the lowest paid; from those with too many hours of work to those with too few; from management-dominated to worker-controlled labour processes; and from private, consumption-led production to ecologically sustainable economies.

These types of economic strategies pivot around political capacities that might allow workers and their communities to control and disengage from market imperatives and impose democratic and collective priorities. These ideas—or ones similar to them—have been emerging from the political struggles of unions and workers in many parts of the world. But the weakened state of workers and the union movement in the new economy of neoliberalism has made their generalization into new social and workplace practices fraught with difficulty.

The search for alternatives has been further complicated by the political impasse of left-wing political parties (Sassoon 1996; Carroll and Ratner 2005). This has meant that even when social democratic parties have come into power, they have had little success reversing the policies of the neoliberal governments of the political right, or in changing the social outcomes produced by the new economy. Indeed, social democratic parties themselves have moved to the political right and have come to embrace many of the policies of neoliberalism, whether this be the backing of international trade agreements or restraints on the expansion of the public sector. They have abandoned the more radical political alternatives forming in the social and union movements. The failure of the traditional electoral option of voting for a social democratic party in order to

produce new policy options has had several consequences for progressive politics. It has led many into isolated single-issue campaigns, sporadic attempts at community-wide organizing, and wider dissent expressed in loose social-justice networks such as the World Social Forum (the annual international social-justice fair for union, ecology, and antiglobalization activists from around the world).

But, after many years of these efforts, it is now quite evident that political and economic alternatives today are going to depend upon breaking out of these constrained political options. The economic recession is allowing more radical political options to be envisioned once again. Union renewal is one critical component; so are campaigns on issues such as Employment Insurance reform that form the deeper connections of anti-neoliberal alliances across unions and civil society movements. These two developments will depend in turn, it now seems clear, upon a new period of democratic organizational experimentation in movements linked to parties of a new kind. Such an alternative project will necessarily address the scale and spaces of economic activity and democracy. In a sense, the task is to invert the dominant logic of the new economy of this phase of capitalism by expanding the scale of democracy while reducing the scale of dependence on market activities. Such an alternative will produce not merely a “new economy,” but an entirely new social order.

Discussion Questions

1. Why does capitalism always seem to produce a new economy, and what are some of its features today?
2. Technology and new labour processes are two key features of different phases of capitalism. How should we compare the postwar period and the contemporary period in terms of these features? And how do they influence some of the other features of different phases of capitalism?
3. Technological change under capitalism tends both to increase labour productivity and to be labour-saving, always leaving the possibility of increasing real wages for workers. But why might it also reduce wages and increase working hours, or lead to more precarious forms of work?
4. What are some of the alternatives that might be possible in contemporary capitalism? What different unions or civil society movements might be attracted to pursue some of them?

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