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Contesting the 'New Capitalism'

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For some time now, students of comparative political economy have been preoccupied with interpreting the new phase of capitalism that has followed the post-war boom and been dominated by neoliberal ideas and policies. This has meant, on the one hand, a number of declarations of political endings: the end of corporatism, the end of the nation state, the end of Modell Deutschland, and so on. And, on the other hand, numerous forecasts of a 'new capitalism': post-Fordism, cosmopolitan democracy, diversified quality production, the borderless world, and so on. Behind these bold, if often misguided, formulations have been three fundamental research questions about the 'new capitalism'. First, what is the character of the new processes and activities of adding and realizing value? Second, what has been the resulting transformations in the pattern of exchanges in the world market and in the relationship between its constituent states? Third, what mediating role has been played by the variety of institutionalized relations of capitalism in these developments, and are these relations tending towards convergence or divergence of national 'models of capitalism'?

The theoretical stakes in addressing these questions – with their focus on specifying the spatial and temporal variations of capitalist development – have always been high. They have guided the neoliberal defence of *exchange* as the essential expression of human nature and thus the necessity of global convergence towards an institutional regime protecting capitalist property rights and liberalized markets (Bhagwati 2004). They have shaped the institutionalist concern for the parameters for differentiated *distributional* bargains, social networks, and governance institutions, in societies where property rights and productive assets remain private and market allocation of new investment predominates (Hall and Soskice 2001). And they have informed the Marxist concern with historically specifying and locationally situating capitalist *social relations*, the balance of social forces, the limits of liberal democracy, and potential agendas for structural transformation (Wood 1995).

For Marxian political economy, theorizing the specific varieties of capitalism across history and in different social contexts does not begin with deductively deriving models of individualized market exchanges or inductively generalizing from institutional and distributional particularities. Capitalism must be theorized in terms of its historical development as a specific form of social relations, a particular mode of production with its own logic of reproduction. In an abstract but essential way, capitalism is the social relations of generalized commodity exchange: one class only has available the sale of its labour power to earn its means of subsistence and social necessities, and directly produces the social product; another class controls the means of production through the institutions of private property as legitimated by states, purchases labour power to put this capital into use, appropriates the social product produced, and attempts to realize the value of the product, including its surplus value, through the circulation of commodities in the world market. For Marxian political economy, the study of comparative capitalisms always invokes conceptions of exploitation, social classes, national social formations, and an encompassing world market. It is to this debate contesting the conceptualization of the 'new capitalism', and in particular the Marxian assessment and contribution, that we now turn.

Lineages of comparative political economy

In comparative political economy, this debate has, in fact, a very long lineage. It is worthwhile to recall some of this history. For all the main traditions of political economy have seen the production of a 'new economy' as something inherent in capitalist development, and capitalism's relationship to modernity as a whole.

In the founding statement of the neoliberal *exchange*-based position, Smith (1776: 477) discovered the new economy of his day in that 'capitalists led by an invisible hand had to promote an end to which was not part of his intention' (Smith 1776: 477). In such a market, private pursuits produced public value and the wealth of nations – what Smith called, 'the great multiplication of all the arts' (Smith 1776: 15). Free exchange was, for Smith, a necessary imperative for development. In forwarding his classical synthesis, Mill contended that even though 'laissez-faire... should be the general practice' (Mill 1965: 950), 'it is not admissible that the protection of persons and that of property are the sole purposes of government. The ends of government are as comprehensive as those of social union' (804–5). For Mill, the new property relations of capitalism allowed a variety of *distribution* relations to be instituted. Social distribution was limited neither by the requirements of market exchange nor by class structures but only by political will.

In contrast, Karl Marx staked his position on the *social relations of capitalist production* as a whole. Capitalism was given explicit conceptualization as a continual displacement and transformation of social relations on a world

scale: 'all that is solid melts into air' and 'the breaking down of all Chinese walls' in the well-known phrases of *The Communist Manifesto* (1848). Marx gave this view more systematic presentation in *Capital* where the accumulative imperatives of capitalists compel adoption of strategies of continual revolution of the means of production:

the development of capitalist production makes it constantly necessary to keep increasing the amount of capital laid out in a given industrial undertaking, and competition makes the immanent laws of capitalist competition to be felt by each individual industrial capitalist as external coercive laws. It compels him to keep constantly extending his capital, in order to preserve it, but extend he cannot except by means of progressive accumulation. (1961: 592)

For Marx, the market imperatives imposed by capital accumulation always had to be examined in the context of the specificities of history and class relations, of time and place.

The development and consolidation of monopoly capitalism in the late nineteenth century brought a host of theorizations about the new trajectory of capitalism. The formation of neoclassical economics, for example, consolidated a focus on rational individual economic agents, pursuing their self-interest in an endless series of exchanges as a theory of capitalist development, irrespective of the arrival of monopolies. The theorization was consistently of a convergence of prices, production functions, and outcomes as capitalist exchange became generalized. In the view of Walras, governments should enforce competitive markets as 'production in a market ruled by free competition... will give the greatest possible satisfaction of wants' (1954: 255). In contrast, institutionalists such as Weber, Veblen, and Hobson rejected the neoclassical reduction of society to exchange although, like Mill, not necessarily the capitalist organization of the economy. Instead, they noted a range of organizational developments, including monopolies and government bureaucracies, that were displacing pure market exchange by non-market authoritative allocations of resources, for good or ill depending upon the assessor. Weber identified the ceaseless extension of instrumental rationality through both technological and organizational evolutions as an integral aspect of capitalist development. But for Weber, economic action was always dependent upon differentiated complexes of values of distinct societies at different times. The plurality of institutionalizations of these values formed the variability of capitalist societies, conceptualized as ideal types of characteristics differentiated, according to a principle of variation embedded in the evolution of instrumental rationality, as the central calculus of capitalist development (Gerth and Mills 1958: 66-9).

For Marxian political economy, theorists such as V.I. Lenin, Nikolai Bukharin, Rudolph Hilferding and Karl Kautsky were preoccupied with the

way that finance and monopoly capitalism led to imperialist contestation over the division of the world market. These writers, and indeed political actors, were divided over the economics of imperialism and the degree to which 'world trusts' could overcome imperialist rivalry. But they agreed that there were tendencies inherent within capital accumulation to both the internationalization of capital and a stratification and division of the world market into competing states. Bukharin best captured the simultaneous processes of capitalist development as follows: 'together with... the internationalisation of capital, there is going on a process of "national" intertwining of capital, a process of "nationalising" capital' (1972: 80).

The post-war formation of welfare states under the guidance of Keynesian economic policy brought a host of new theorizations in an effort to penetrate the implications of the 'new collectivism' of capitalist societies. Neoliberal writers like Hayek (1944) and Friedman (1962) warned that the expansion of the state sector of the 'new capitalism' would thwart individual incentives and freedoms. Hence, to the extent that they interfered with market processes, states varied in how far along they were on a common road to ruin. Institutionalists, too, found a new pattern of convergence. In this case, however, convergence met with a favourable assessment as the new state-managed capitalism also allowed for Mills's vision of alternate distributional bargains being struck within different representative polities. Institutionalists mainly quarrelled over what variables, or pattern of values, to give causal weight to, with some emphasizing a managerial 'technostructure' and others a more general logic of industrialism (Goldthorpe 1984). Even Shonfield's pivotal text highlighting variations in national economic policymaking in the central economies observed that 'there is a certain uniformity in the texture of these societies... and even more markedly in terms of their behaviour over a period of years' (1965: 65).

Against the view that somehow the tendencies governing capitalist accumulation were being superseded by either negatively or positively perceived impediments to exchange and state policies, Marxist accounts held firm that the economic imperatives of accumulation and the class relations of capitalism remained perfectly intact, at least in the case of the advanced capitalist countries. Instead, they argued that what needed to be explored were not tendencies of societal convergence – which for the institutionalists included convergence also of non-capitalist societies through the stages of modernization – but the impact and mediations of the new organizational structures on the patterns of capitalist accumulation. This standpoint was famously put, against the fury over the 'end of ideology and capitalism as we know it', in the contending interpretations of Baran and Sweezy (1966), Mandel (1975) and Aglietta (1979). These texts returned thinking to capitalist development in the context of the hierarchical relations between states as aspects of the world market, a market increasingly dominated by the competition between multinational corporations and rivalry between new

centres of accumulation in Europe, Japan, and the US. If these texts insisted on the continued variation of capitalist development in the world market – its uneven and combined development – there was an equal case being made that capitalist democracy and class relations remained salient features to be explored in opposition to the various institutionalist theses of managerialism ending class divisions. These were the themes, of course, of Miliband (1969); and the entire Marxist state debate of the 1970s focussed on the specific modalities of the state and the variations of national class compromises across the advanced capitalist countries (Carnoy 1984). These debates clarified, in opposition to linear views of advancing exchange or socio-technological evolution, that locating post-war regimes and their common impasse by the 1970s required a periodization of the phases of capitalism. It required that scholars conceptualize the more abstract universal characteristics of capitalism as a specific historical form of organizing societies; locate the particular developments of different phases of capitalist development; investigate singular – or comparative – cases of class relations and social formations in their many concrete patterns of determination; and see each level of analysis as informing the other as a process of real – as opposed to idealized – abstraction of the real movement of historical capitalism.

The current debate over the contours of the ‘new capitalism’ within comparative political economy has re-posed similar conceptual issues. In terms of economic developments, the high-technology means of production and its consequences for the production of value, the organization of work and the circulation of commodities, has been the critical development. This has gone alongside, and in turn spurred, new financial innovations that have multiplied the forms of money-capital – notably the proliferation of secondary derivative markets – and deepened the separation of ‘legal ownership’ via shares and ‘real possession and control’ of capital assets by corporate managers. The market space for the realization of value-added has, in turn, transformed the retailing sector into monstrous big-box warehouses of commodities, and developed into new international networks of exchange, through trade and e-commerce. The international circulation of capital is now, moreover, not just of trade in commodities but equally of finance in all its forms, and the interlinking of international production networks. The implication of the deepening of the world market for national capitalisms is a point of central disputation.

These transformations in the circuits of capital have, as well, exposed the paradigmatic divisions over the trajectory of the institutionalized relations of capitalism. On the one side, globalization of exchange is posited as mandating a convergence in neoliberal policies and institutions, particularly liberalization of ‘embedded’ markets, reform of income security as the management of ‘market risk’, and marketization of state institutions. On the other side, persistent divergence of national models of capitalism – between

Anglo-American, East Asian, and European variations – is linked to differentiated 'extra-market' institutional capacities to shape competitive advantage and social adjustment in response to new market imperatives. But these abstracted empirical generalizations of systemic convergence or divergence can also be seen as aspects of the combined and uneven development of capitalism; that is, capitalist development is driven by encompassing competitive imperatives to adapt to the world market and the laws of accumulation, but it is also always differentiated by particular strategies of social actors, mediating institutions, and political conflicts. In this sense, it is the social logic and variations in the institutionalization of neoliberalism that needs to be conceptualized. It is to this division of interpretation of the 'new capitalism' within comparative political economy that this chapter now turns.

Neoliberal convergence

From Smith through to Hayek, neoliberal conceptions of capitalism have held that individualized exchange is the most general of human engagements. The post-war expansion of the Keynesian welfare state was, in this estimation, an inviable infringement on this natural process. The importance of Olson (1982) was, in part, to provide a neoliberal explanation of unexpected variations in growth processes, not easily correlated with the vast extension of collective actors: arguing, without irony or historical scrutiny, that more 'encompassing special interests' provided greater discipline and market-like behaviour than more fragmented ones which only served to create rigidities. It also made the neoliberal case for aggressively enforcing private property rights, liberalizing markets and extending exchange relations into new spheres. If social rigidities could be reversed, a new phase of capitalist growth could ensue. It is in this sense that the 'new capitalism' is not merely a quantitative extension of exchange relations through the global economic system, but is also a qualitative shift in their character. It is the qualitative shift in exchange relations that is requiring, for neoliberals, a convergence of socio-economic systems, and has given resonance to Fukuyama's (1992) claims to the 'end of history' with liberal capitalism.

Several features of this 'new economy', as neoliberals have often termed 'the current period', have most often been invoked. First, it is contended that the underlying production functions of capitalism have been transformed by the new technologies, as both industrial and service sector work can be subjected to systematic productivity advance. This has meant a qualitative shift upwards in the growth potential of the economy (Blinder and Yellen 2001; DeLong and Summers 2001). Second, new financial innovations have brought increased efficiency to capital markets as, for example, in improved capacities to assess and bear risk through venture capital, hedge funds, and derivative markets. Further, the loosening of ties between share ownership

and active management of firms allows, on the one hand, financial markets to punish underperforming firms, and, on the other hand, enables tying CEO performance more closely to share valuations. The new financialization of corporate governance compels, in other words, confinement of management to the objective of producing profits and hence maximizing shareholder value (Jensen 2000). Third, the quantitative linking of markets around the world has, qualitatively, altered the economic calculus of the world market. Capital mobility, floating exchange rates, and flexible production systems have produced a 'borderless world' (Ohmae 1990) where price equilibration and profit maximization can be pursued with few organizational and transactional 'frictions'. States are thus compelled to discipline themselves and protect private market actors in line with the private property and laissez-faire governance regime being established by the International Monetary Fund (IMF) and the World Trade Organisation (WTO). Taken together, the extension of exchange relations into new sectors and areas of the world demarcates a new phase of capitalism.

These assessments cannot be easily dismissed, as has too often been the case in comparative political economy. They highlight many central features of the new imperatives shaping value-added production, and the importance of exchange relations and finance in the new configuration of power at the level of the firm and of the world market. In addition, there is a challenging thesis that financial capital must be theorized as more than just a 'rentier' interest. This is not because of the neoliberal case for the pure efficiency of capital markets in allocating the social surplus, a neoliberal proposition which can readily be dismissed as idealized nonsense, but because finance is an important disciplining agent on capital accumulation by unceasingly and coldly calculating to squeeze more profit out of existing investments. Derivatives and other secondary markets, moreover, are integral to capital accumulation, as a necessary sharing out of risk (the chance that investments will not be valorized in the future by appropriate sales) in the production and conservation of value, and thus operate as a particular form of money in capitalism. Finally, the neoliberal interpretation of the 'new capitalism' puts on the table, if indirectly, the quite Marxian notion that the quantitative developments in exchange may be registering underlying qualitative shifts in the social logic of this phase of capitalism.

While an endless number of Marxian objections to the neoliberal position have been raised, three will be signalled out as particularly important to conceptualizing the 'new capitalism'. First, while the relative dynamism of the US economy through the 1990s is clear enough, the consequences of the asymmetries in the American economy it has coincided with – rising debt levels in all sectors, budgetary and current account deficits, persistently high levels of poverty and labour reserves – and unevenness in growth in the world market has generated a blizzard of dissent and doubts. Henwood (2003), for instance, has raised serious empirical objections to casting the

neoliberal phase as an exceptional period of productivity and growth performance; and in any case, such claims would have to be limited to the US since in other core countries, and certainly outside the core, stagnation seems to be more the general rule. What has occurred is an exceptional restoration of the relative strength of American capitalists. Moreover, as Brenner (2002a) and others (Harvey 2003; Pollin 2003) have argued, while liberalization of financial capital has indeed brought increasing discipline and competition, it has also marked an era of financial excesses and instabilities internal to the new models of corporate governance – excesses foremost seen in the American case with companies like Enron, but also evident in financial explosions in emerging economies, such as the Asian Crisis of 1997, Argentina, and Turkey. Hence global turbulence has marked the era of neoliberalism as much as anything else.

Second, neoliberal claims that globalization of exchange relations acts as an agent of equalization and modernizer of states are one-sided, if not simply facile. Arrighi (1994), for one, has pointed out that a continued hierarchy of states is being reproduced in the world market that has structural attributes characteristic of capitalism since its inception. Hence rather than conclude that the project of globalization, in setting new norms and rules for world economic governance institutions, has been levelling the playing field for all states, Marxian political economy has argued for the need to examine the 'new imperial challenge' (Panitch and Leys 2004). For example, Gowan (1999) has pointed out the enormous role played by the US in extending neoliberalism as an aspect of contesting European and Japanese claims for world leadership in economic and political matters. Panitch and Gindin claim, moreover, that rather than the extension of exchange relations simply occurring against states, states have been integral to advancing neoliberal policies. The American state in particular has extended its 'informal empire' and 'Americanization' across the world market. Thus the 'new capitalism' is also, in good part, American capitalism with its singular capacity to run massive current account deficits, gain seigniorage as the world's lead reserve currency, and use global military force and draw resources from the rest of the world.

Third, the structural role of American power in advancing neoliberalism raises a third point of Marxian critique. It is an entirely deterministic form of reasoning that liberalization of exchange relations would lead to convergence towards a singular model of neoliberal capitalism (Peck 2001). Neoliberal policies have been resisted and contested at every step of the way and at every level, from collective agreements to welfare policies to trade agreements, and thus existing social forces and institutions have mediated their implementation in many unexpected ways. Neoliberalism in North America, for example, has taken the form of 'punitive austerity', once key labour movements were defeated, while Sweden has tended towards 'shared austerity' in steadily negotiating neoliberal norms through neocorporatist structures of

bargaining (Coates 2000: 233–44). The addition of institutions to contextualize neoliberal propositions (North 1990) does not compensate for the failure of methodological individualist reasoning beginning from exchange to explain the inequalities of power and variations of development between states characteristic of the 'new capitalism' (Ingham 1996a; Fine 2002). The 'new capitalism' may well be neoliberalism, but with few of the virtues posited by the neoliberals.

Institutionalist divergences

Institutional political economy has always rejected the notion that pure market exchange can exist independently of extra-market social institutions. As the ideas and strategies that diverse social actors invest in these institutions are always contextually specific, it follows that variation is inherent in the very nature of capitalist markets (Hollingsworth 2000; Fligstein 2001). With the emergence of neoliberal globalization, the institutionalist project of stressing social variation and political choices has had special resonance. Indeed, reliance on market forms of adjustment alone in the context of the 'new capitalism' may well compound the hurdles of societal adjustment to new technological and organizational imperatives. Boyer, in particular, has argued that without non-market coordinating mechanisms 'every economy can be stuck into a specific local equilibrium... the transition to a superior institution can be blocked by all the sunk costs associated with the old institutions' (Boyer 1996: 55).

The 'new capitalism' for institutional political economy is, then, quite distinct from the extension of exchange relations: it is the emergence of a qualitatively new socio-technical paradigm, a 'second industrial divide' as originally put by Piore and Sabel (1984). The nature of this divide has had innumerable conceptualizations, but the main features raised are easily put. First, computerization has allowed for more flexible production systems employing workers with more advanced skills, after the mass production systems and semi-skilled workers of the post-war system. Moreover, the new production system has allowed for a reorganization of capital assets as a whole, reversing the tendencies to horizontal and vertical integration, through more decentralized 'networked' – even 'weightless' or 'virtual' – corporations (Aoki 2001). These corporations are mobile, as systems of both property rights and productive assets, so that comparative advantages need to be constructed through 'untraded interdependencies', such as innovation zones, educational and training supports, even agreeable 'lifestyle' infrastructures, which keep capital in place (Storper 1997; Putnam 2002). These interdependencies imply that, for both capitalists and communities, corporate governance structures are no longer mere equity relations, but are questions of wider stake-holding interests in associative governance, over the usage of productive assets at the level of the firm, and over institutional coordination

at the sectoral level (Hutton 1994). It is in a relationship to corporate entities and their competitive capacities that, in current institutionalist thinking, 'communities of fate' are now defined.

It follows, second, that the world market is essentially differentiated according to technological and competitive capacities formed, in good part, by comparative institutional capabilities. International competition hence ensues over occupying the limited space of the world market, as it is technology and organization and not exchange itself which produces wealth. This was Mills' case for 'infant industry' tariffs and of others for 'national policies'; and it is now the case for meeting the 'new competition' comprised of networked corporations endlessly competing over new product innovations (Best 1990; Whitley 2000).

Finally, the new context has provided the twofold challenge of sustaining competitive capacities to produce value and realize it in the world market, while remaking the variety of national governance and distributional bargains in line with the new competitive imperatives (Rhodes and Mény 1998; Esping-Andersen and Regini 2000). There has been no small amount of disagreement on how to proceed to re-embed capitalist markets in appropriate institutional supports, particularly over the scale of re-engineering foremost needed, between the global (Held 1995; Castells 2002), the national (Zysman 1994; Freeman 1997), and the regional-local (Scott 1998; Florida 2002). But these disagreements are, at the end of the day, policy disputes of relative emphasis, with the key issue still being the capacity of weak or strong states to take advantage of new market opportunities. As Hall and Soskice (2001: 60) observe: 'because of comparative institutional advantage, nations often prosper, not by becoming more similar, but by building on their institutional differences'. The qualitative break in the socio-technical paradigm of the 'new capitalism' has, however, been unevenly realized in its macroeconomic and societal aspects, as structural mismatches between the new productive capacities and institutional-distributional regimes remain. This is, for institutionalists, the enduring policy failure of neoliberalism (Stiglitz 2002; Wade 2003).

It clearly has always been a virtue of institutional political economy to demonstrate the salience of alternate institutional arrangements, and socio-technical evolution, for the variable ways that capitalist exchange relations are grafted into social formations. Thus the 'new capitalism' would not have – and has not – entailed a homogenous response to global competition. This has been the fundamentally important thesis that, against idealized deductive abstractions of featureless factors of production, 'place' and 'fixed capital' cannot be reduced to equilibration processes of monetary flows at the margin. And, in this sense, the new processes of adding value entailed a devaluation of one set of distributional relations and institutions (especially those of the old manufacturing sectors) and the valorization of another (especially those of the new service and computing sectors). This, too, is

a quite Marxian conception, if conceived not as mere policy mismatches but as structural contradictions between new productive capacities and existing social relations.

The Marxian critique has exactly turned around the limitations of conceptualizing the 'new capitalism' as primarily a challenge of 'institutionalizing' capitalism and forming social solidarity for competitiveness. First, Harrison (1994), Huws (2003) and many others have pointed out that focussing on a technological break and possibilities for advancing national incomes misses the entire 'dark side' of the new labour market flexibility and technologies. Technological change is not being driven by supra-market processes of rationality, but by the imperatives of value production. This certainly means not only examining the new intensive accumulation in terms of the extent of yield of higher output per unit of labour input from the addition of new technologies to the capital stock, but also the squeezing of more surplus labour out of labour power in terms of the extension of work hours, work intensification, and the smaller share of new value-added being taken by workers. Explaining these developments as failures of institutional adjustment of training capacities, or collective bargaining demands, leaves unexplained the generality of the processes of austerity across different models of capitalism (Coates 1999). The 'new capitalism' is producing, in the Marxian view, new forms of poverty and wage compression alongside the production of new sectors of value-added.

Second, a similar critique of 'one-sidedness' has been levelled against the institutionalist conceptualization of the present form of competition in the world market. The world market is conceived, as with neoliberals, as tendentially a homogenous space of exchange flows. But rather than always being a positive set of exchanges increasing the world division of labour, for institutionalists, the world market is a limited space to be occupied, a zone of 'head-to-head' competition. With the new technologies increasing the scale of market exchanges, international competition has become a necessary, if not always desired, central objective of economic policy. But Marxists have argued that this leaves two central problems. It leaves unaccounted the nature of power and hierarchy in the world market that has systematically reproduced differentiated competitive capacities, which requires a theory of the 'unequal exchanges' of value and power inherent in the world market even with 'rules-based' international trade (Carchedi 1991; Freeman 2001). Moreover, institutionalism posits that markets have become disembedded from states, when states have, in fact, been integral to the processes of neoliberal globalization, fostering the forms of international competition specific to this phase of capitalism, including reinforcing forms of 'competitive austerity' as all firms and states become increasingly export-oriented (Bryan 1995; Albo 1997).

This raises a third Marxian note of dissent with respect to the meaning of divergence in response to the convergent pressures of international

competition. While there have been different emphases as between states (Weiss 1998) and industry (Hall and Soskice 2001) variables as to the key determinants of variation, the problem is that more 'co-ordinated market economies' have been pulled in their path of adjustment towards neoliberalism and not away from it (Radice 2000; Zuege 2000). There is no theoretical reason why the path-dependent evolution of different varieties of capitalism in space should preclude tracing out different routes of development within an alternate structural social logic in time. This is the Marxian point that the conditions of existence of specific institutions are the wider social structures that they mediate, rather than institutions being determinant relations unto themselves. In other words, institutions are always a consequence of the social actions that the agents of capitalist social relations undertake as a result of their strategies and rules of reproduction. Institutions – or the varieties of capitalism – are the specific contexts in which social agents act, and they are transformed by these actions. The strategies of capitalist agencies may well be neoliberal, as may be the unintended social logic which results from these actions; such that the social relations and structures that these institutions are mediating – even with the formal appearance of continuity in the institutions themselves – are no longer reproducing the same social positions that they once were. The formation of these structural imperatives and the social forms they take in specific contexts and class relations is, for Marxian political economy, what is to be investigated in different phases of capitalism. Without this investigation of structural imperatives, empirical investigation of the institutional variations of capitalism begins to look more like normative assertions and acts of policy advocacy than substantive social analysis. The 'new capitalism' has, indeed, many variations, but seldom does it look like 'post-Fordism', the 'networked society', the 'entrepreneurial city', or some other such imaginative stirring.

Marxian alternatives

In the Marxian conception of comparative political economy, capitalism develops – and transforms – within a world that is already differentiated into many complex social formations. Capitalism remakes a world not of its own choosing, and the combined and uneven development of the world market both further integrates and differentiates societies (Smith 1990).

The specificity of capitalism, as a historical mode of production, lies in the way capitalist social relations of production establish and reproduce processes of exploitation and appropriation, stratification and internationalization. The direct relations of exploitation and appropriation of surplus labour are always place-specific workplaces and communities (if universal in their abstract and simple characteristics). The social-property relations supported and legitimated by states are always particular in their characteristics (given

the institutional and political mediations of class and social struggles); and the realization and pursuit of exchange-value knows no spatial boundaries (except the organizational capacity of capitalist agencies and the extent of the world market). The varieties of capitalism arise from the specificity of the social processes and places that are integrated as part of a wider social system, from the very strategies that social agents in these places undertake to expand their scale of action, thereby creating encompassing social structures that take the forms of the law of value and the imperatives of capital accumulation. Thus, national and local dynamics of capitalist development are always a process of combined and uneven development in the world market. Indeed, Marxian political economy suggests that as capitalism evolves and becomes increasingly complex in its social relations, both integration (tendencies to convergence) and differentiation (tendencies to divergence) can be expected to increase. As capitalist social relations become more generalized and the mass of capital to be valorized accumulates, the actions of social agents will tend to be progressively structured by market imperatives; but the increasing complexity of socio-economic processes will also mean that social agents are organized into evermore differentiated workplaces, territories, and state systems. Capitalist development, including its spatial organization into 'national models of capitalism', is fundamentally a contingent historical process as social actors struggle to transform their social conditions and institutional contexts and thus, in their very actions, transform capitalism itself (Lebowitz 2003). This is the central paradox of comparative political economy for Marxist theory: economic imperatives always spread and universalize certain features of development across the world market, but these features are never emulated or settle in exactly the same way in the differentiated spaces of capitalist social relations.

Marxian political economy provides, therefore, a unique methodological starting point and set of concepts for analysing the variations of the 'new capitalism'. This is based neither on the extension of exchange and markets nor on the evolution of technology and distribution in national capitalisms, but upon distinguishing phases of the internationalization of capital in the world market and the specific national dynamics of capitalist development in the system of states. From this premise, a number of features of the 'new capitalism' have been central to current Marxian research.

First, a great deal of attention has been paid to the labour process and the 'relations in production' that have been associated with the new technologies. The distinguishing Marxian thesis has been that the 'intensification' of capital from new technologies has not only increased the relative extraction of value from each worker, but has also expanded the capacity of managerial strategies of control over the workplace, including the length and intensity of the workday. This has extended across industrial employment as well as into new sectors of circulation and services where white-collar work predominates (Meiksins and Whalley 2002). These transformations have

produced new stratifications within the international division of labour (Panitch *et al.* 2001).

A second focus has been new spatial patterns in the circulation of capital. This is partly the dispersion of industrial sector labour processes out of traditional manufacturing regions to greenfield sites, the subcontracting of specific tasks, and the extension of international production networks into new zones. But it is also the opposite movement of more highly concentrating financial, producer, and retail services in core 'city-regions' such as New York, London, Tokyo, and so on. Against the institutionalist view that the 'networked' firms are breaking up monopolies, Marxists have argued that the tendency of capitalism is still to intensify, concentrate and centralize capital even as global production processes become more spatially dispersed (Sayer and Walker 1992; Gereffi and Korzeniewicz 1994).

Third, the 'new capitalism' has seen an immense explosion in financial activities, encouraged by neoliberal policies of deregulation, with enormous consequences for capitalist dynamics. Marxian analysis has been singular in the proposition that financialization is at the same time a unique expansion of speculative capital staking out a cut of the surplus, and a disciplining of productive capital to be 'lean and mean' in the pursuit of profits and new ventures. Moreover, financialization has been central to the separation of ownership and possession in corporate governance structures, with finance capital re-emerging in the form of new ties between financial and industrial capitals (Altwater 2002; Carroll 2004). Together with the new capitalist sectors, this has suggested an important reconfiguration of the power bloc in each national state.

Fourth, in Marxian theory, the internationalization of capital is a constitutive aspect of capitalism. The 'new capitalism' has deepened the integration of the world market through the increased circulation of capital in all its forms as commodity, productive, money, and speculative capital. This has raised a number of theoretical paradoxes. International competition between places of production over markets is intensified, while the interpenetration and coordination of capitals also become more important. Furthermore, the internationalization of capital internalizes foreign capital as part of the power bloc of national states, while at the same time domestic capital seeks to internationalize and no longer single-mindedly acts like a 'national bourgeoisie' to protect the national economic space for itself (Bryan 1995; Albo 1997).

This pattern of internationalization tends to produce – and this is a fifth feature of the 'new capitalism' that has been a focus of Marxian research – state policies that mediate and support international competitiveness. Marxists have contended that this has been an integral component of the neoliberal reorganization of state institutions. The departments of the state have been reordered to augment the role of agencies dealing with economic internationalization and subordinate those dealing with welfare and labour

policies. Similarly, a host of state functions concerned with economic matters, such as central banks, regulatory agencies, and special development projects, have been insulated from democratic structures by increasing their operational autonomy. As well, the entire state apparatus has been internally restructured through processes of marketization, privatization, and deregulation (Peck 2001; Panitch and Gindin 2004).

Finally, the adoption of these strategies has not only transformed the social relations and institutional contexts of national capitalisms, but it has also realigned the economic imperatives of the world market. This process captures an essential contradiction embedded in the self-expansion of capital that Marx returned to time and again, between the development of the social relations and material forces of production on the one hand, and the formation of an appropriate world market on the other (Harvey 1999). This has guided the Marxian position that global interdependence is not unique, but that rather neoliberal globalization is a historically distinct phase of capitalism, with particular patterns of competitive rivalry, conflict, and interdependence. The world market of the 'new capitalism' thus embeds distinct hierarchical relations between the imperial centres of the US, Europe, and Japan, and the rest of the state system, with the US attempting to re-assert its economic and political supremacy (Panitch and Leys 2004).

There has been no small amount of variation within Marxian political economy in interpreting these features in this phase of capitalism. Research agendas have differed over the method of analysing national dynamics of capitalism, but just as much over the political meaning and trajectory of neoliberalism. The 'regulation school' (Lipietz 1987; Jessop 2001) and the 'social structures of accumulation' approach (Bowles *et al.* 1990; Kotz *et al.* 1994), for example, have taken as their objective the periodization of capitalism, in terms of the evolution of institutional forms and their capacity to stabilize capital accumulation. This has entailed a research focus on the production and extraction of value in variant labour processes and hence accumulation regimes, such as post-war Fordism, and macroeconomic balance in terms of institutionalized national modes of regulation. Neoliberalism, in this view, increases the capacity to extract value from workers due to increased worker insecurity, but at the same time produces a 'monetarist catastrophe' in producing and realizing value because of its consequences on investment and effective demand. Neoliberalism represents a failure to discover a 'new institutional fix' matching regulatory modes with the new productive regime. Variations of models of capitalism are, therefore, so many possible trajectories blocked by the institutional discordance produced by the power relations of neoliberalism.

Rather than search for functional regulatory mechanisms that have failed to cohere under neoliberalism and kept post-Fordism at bay, the 'open Marxism' position has sought to explain the varieties of neoliberalism in terms of the political right's concerted efforts, and even successes, to resolve

the economic crisis on terms favourable to capital from the 1980 onwards (Clarke 1988; Bonefeld and Holloway 1995). In this view, class relations are always reproduced through particular 'social forms', the institutionalized form of the social relations specific to capitalism. These social forms are themselves constituted by the actions and strategies by which social agents attempt to reproduce themselves. They are created in and through social conflict and thus always express the contradictions of capitalist society. Capitalism is a system of generalized commodity exchange, with both wage labour and private property control of capital assets, but general market exchange is specifically separated from the institutions of the liberal form of the state. Social relations are materially – but also artificially – separated into formally equal market actors and citizens that mask structural inequalities between workers and capitalists. This embeds a contradiction between the global character of capital accumulation and the national form of the state and class relations. For 'open Marxism', this relation is foremost mediated by money, as money under capitalism serves as an abstract form of labour. That is, labour that has been expended and that the world market has valorized as socially useful, and as a social form of power that the national state is committed to preserving. The institutions of the capitalist state are, therefore, inscribed with the rule of capital, even as they are at the same time juridically autonomous from particular interests and formed out of a plurality of national histories and struggles.

In the course of neoliberalism over the last two decades, the crucial problem has not been the lack of regulatory institutions, but the contradictory attempts by the state to stave off crises such as those that punctuated the world market in the 1990s – by credit expansion and increasing the rate of exploitation through austerity. State institutions are the terrain over which these contradictions have been disputed. In this sense, the variation of national struggles over neoliberalism has been struggles over its institutional form. Neoliberalism, for 'open Marxism', is a capitalist class response to an over-accumulation crisis, that is adding its own fuel of surging speculative investment and an asset-stripped public sector, and tendentially leading to political crises and inter-imperial rivalries of its own making (Clarke 2001).

Neoliberalism as a particular class strategy to restore profitability has also been the viewpoint of more 'structural' Marxists, far less concerned with institutional forms and mediations. Indeed, these writers (Brenner 1998; Harvey 1999; Foster 2002; Dumenil and Levy 2003) have seen little in the way of a 'new capitalism' as opposed to continued crisis and stagnation relative to the post-war boom. Theoretically, this conclusion follows from their emphasis on the social logic of accumulation, or rules of reproduction in Robert Brenner's usage, specific to capitalism, on the one hand, and how these economic determinations are historically realized, on the other. Although

explanations vary as to the specific dynamics causing overaccumulation, the continuing symptoms of crisis endure in relatively stagnant growth, overcapacity, mass labour reserves, perilous credit overhangs, and unprecedented international payments asymmetries, with only profitability showing some sustained – if still below peak levels – recovery. Neoliberalism, in this view, has dealt with some of the effects, particularly through attacks on workers and pillorying the public sector, but not overturned the causes of this long period of economic turbulence. Although capital may be differentiated into national contexts (or into David Harvey's socio-spatial fixes), these institutional variations and class relation are increasingly subordinated to the structural imperatives of competition under neoliberalism and a sharpening of inter-imperialist rivalry between the US, a German-led European Union, and Japan. From common economic imperatives to accumulate, and conjunctural constraints specific to this phase of capitalism, divergent institutions and class relations yield divergent responses: but the varieties of capitalism are, in this vision, so many varieties of an enduring crisis and stagnation.

Varied as these research agendas are, they demonstrate the fallacy of generalizing from already-determined institutional variations of individual capitalisms to make claims about comparative capitalisms, without grasping and beginning from the social logic of the whole. But they have also begged several questions. As capitalism has sustained two decades of real accumulation since the turning point of the early 1980s, why is this still a period of economic crisis? From the standpoint of capital, where is the crisis of social relations or power in the resurgent central zones of capitalism located? Why should neoliberalism be considered a mistaken mode of regulation or only a class ideology when it is systematically reproducing – across political regimes and 'national models of capitalism' of all types – forms of accumulation, institutions, and social relations favourable to the rule of capital?

These questions pose a more systematic break in the social forms of rule in this phase of capitalism that go beyond regulatory failures or an open-ended theorization of crisis, both of which begin to lose any temporal specificity and analytical weight, the longer they are invoked. This has been the theme of more 'agency-centred' Marxism (Hirsch 1999; Burkett and Hart-Landsberg 2000; Coates 2000; Saul 2001; Panitch and Gindin 2004; Greenfield 2005). In this view, the agencies of capitalist social relations act through, are constrained by, and transform institutions. Institutions are, in a very real sense, the 'crystallization' of power relations and class struggles of specific social formations; but institutional social forms are not reducible to class relations as their very materiality in terms of rules, norms and resources are quite distinct from class actors themselves. This conception carries two important implications. The social structures and economic imperatives that constrain and condition social agents are the unintended result of these same social

agents acting through institutions, that is, they are relationally determined consequences produced by the actions of social agents and not by 'agent-less structures'. And although social agents are embedded in institutional contexts, their conflicting strategies for reproduction continually transform and reorder these institutions. It is in this dual sense that institutions may formally appear the same, but both the economic imperatives constraining and becoming embedded in them and their social form, in terms of the strategies and patterns of reproduction that social agents are adopting, may be substantively quite different. The varieties of specific social relations and class struggles – and hence institutions – fundamentally both mediate and transform the economic imperatives of the world market.

This Marxian conception radically shifts the understanding of neoliberalism today. Neoliberalism is no longer just a capitalist response to an economic crisis whose adequacy is measured by the appearances of profit and growth rates, debt loads, and current account imbalances. It is also a shift in strategy that transforms the institutional and economic contexts in which the crisis first appeared. This is the sense in which Panitch and Gindin's thesis that globalization has been authored by states, and in particular the American state, should be read: the pursuit of this strategy has transformed the nature of contemporary imperialism and compelled the emulation of the 'American model' in the world market, on terms favourable to the re-making of its 'informal empire'. In more abstract terms, the adoption of neoliberal strategies by capitalist social agents and the defeat of working-class strategies in the 1980s transformed the political terrain and economic imperatives, such that neoliberalism began to consolidate through the 1990s as a new social form of rule moulding the strategies of both capitalist and working-class agents and penetrating the common-sense of everyday life. Slower growth, unused capacity, and debt burdens may have the same appearance (or even have become accentuated), but they are now reproduced as part of the patterns of reproduction and contradictions internal to neoliberal globalization and societalization rather than as symptoms of economic crisis. Thus neoliberal strategies pursued by capitalist agencies have successfully reorganized the power bloc in terms of both the position of financial capital and the internalization of foreign capital, and restructured the hierarchy and modalities of state institutions that crystallize the new configuration of power. Neoliberal globalization is – and this is the radical point of departure from institutional political economy – a quite distinct historical phase of the capitalist world market. And as the strategies of capitalist social agents are forged in specific relations of exploitation and are legitimated in the institutional form of the national state in response to the transformed economic imperatives of the world market, there are many local and national variations and temporalities to be accounted for. For the study of comparative political economy today, the varieties of capitalism are varieties of neoliberalism.

Contesting the 'new capitalism'

There have been many ambitious efforts forwarded over the last number of years to theorize the socio-economic logic of the 'new capitalism'. The most prevalent thesis has come from the neoliberals. They have posited a new convergence towards liberalized markets and property rights enforcing states, as individualized exchange has been extended to encompass the globe. This essentialist and deterministic form of reasoning leaves completely unexplained enduring variations in the institutionalized relations of capitalism, and the persistent hierarchy in the relations between states in the world market. Institutionalists by contrast have insisted that, despite the market, technological and organizational imperatives of the 'new capitalism', there persist important politically determined variations in capitalist models between states. That is, 'globalization is in question' as a singular development path. But the institutionalist analysis reduces the persistent reproduction of the hierarchy of states within the world market to an array of technological and organizational capacities reinforced by strong, weak or failed states, seizing or failing to seize, market opportunities. The question of structural power in the world market is left to the side. Moreover, institutionalism reduces neoliberalism to a particular set of policy choices that may be voluntaristically rejected by selecting an alternate set of policies and models of capitalism to emulate. It fails to conceptualize the variations under which the social logic of neoliberalism has been incorporated into different social formations and national models. This is, indeed, a classic case of missing the forest for the trees.

Marxian political economy, in contrast, has contested that the search for a logic of convergence in exchange, or for empirical generalizations of ideal-typical institutional variations around technological-organizational poles of development, are limiting, if not besides-the-point, research programmes. In this view, capitalism has always been a social system driven by the encompassing accumulative imperatives of a world market, yet also differentiated by spatially specific processes of stratification and the particularities of the class relations necessary for the production of value. Marx captured this point in his comment that capitalism imposes 'one specific kind of production which predominates over the rest, whose relations thus assign rank and influence to the others. It is a general illumination which bathes all the other colours and modifies their particularity' (Marx 1973: 106-7). Capitalist development always spreads through imitation and emulation as competitive imperatives are incorporated into the strategies of social actors – the bourgeoisie fashioning a 'world after its own image' (Marx 1848: 40) – but always with commitments in their own institutional contexts, places, and class struggles.

Theorizing the variations of the 'new capitalism' is, then, a twofold project within Marxian political economy. On the one hand, the determinant

patterns of exploitation, distribution, and reproduction need to be examined and theorized in their own right for this phase of capitalism. This is, in particular, a project of conceptualizing the social forms of rule under neoliberalism and the rivalries and interdependencies of the world market today. On the other hand, specific histories, places and class conflicts need to be explored as concrete cases of the modalities, social relations and class struggles of the 'new capitalism'. This is the project of mapping the varieties of neoliberalism, as institutionalized in states, in particular sectors and in specific workplaces and communities. It is, perhaps, where our knowledge is most lacking, after so much research effort has been spent on examining and advocating so many national models of 'progressive competitiveness', as failed policy recipes to be implemented by social democratic parties (Albo and Roberts 1999). Such research and conceptual clarification are necessary steps for contesting the 'new capitalism', in all its neoliberal variations, and to discern where paths towards more egalitarian and democratic social orders might reside.