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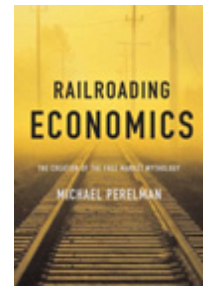
Debating and Contesting the "New Economy"

by Greg Albo

For some time now, students of radical political economy have been preoccupied with interpreting the new phase of capitalism that has followed the postwar 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 forth. And, on the other hand, numerous forecasts of a "new economy" -- 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 economy" (or "new capitalism"). First, what is the character of the new processes and activities of adding and realizing value? Second, what have 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 -- including industrial relations systems -- in these developments and are these relations tending toward convergence or divergence of national "models of capitalism"?

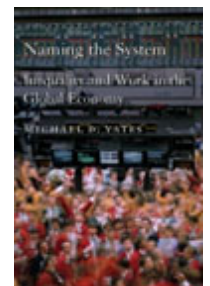
The theoretical stakes in addressing these questions about the new economy -- with their focus on specifying the spatial and temporal variations of capitalist development -- have always been high. They have guided the neoliberal defence of *exchange* as the essential expression of human nature and thus the necessity of global convergence toward an institutional regime protecting capitalist property rights and liberalized markets, as in the recent books by **Jagdish Bhagwati**. 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, points argued vigorously by **Peter Hall** and **David Soskice** across numerous industrial relations journals. And they have informed the Marxist concern, as powerfully put by authors such as **Sam Gindin** and **Ellen Wood**, with historically specifying and locationally situating capitalist *social relations*, the balance of social forces, the limits of liberal democracy, and potential agendas for

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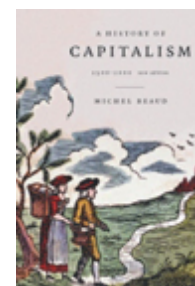
NEW
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USWA and the
New Economy
Greg Albo and
Dan Crow

structural transformation.

These initial premises of understanding capitalism have served as the starting point for many ambitious efforts forwarded over the last number of years to theorize the socio-economic logic of the "new economy." The most prevalent thesis has come from the neoliberals. They have posited a new convergence toward liberalized markets and property-rights-enforcing states as individualized exchange has been extended to encompass the globe. But 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, that have also been an essential feature of the "new economy."

Institutionalists have insisted that, despite the market, technological, and organizational imperatives of the "new economy," there persist important politically-determined variations in capitalist models between states. That is, "globalization is in question" as a singular development path: the "new economy" allows variations in the path of development of national economies. But the institutionalist analysis has reduced 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. The "new economy" is not tied to any particular logic of a "new capitalism." Institutional political economy 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 beside-the-point, approaches to understanding the "new capitalism." 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 statification and the particularities of the class relations necessary for the production of value. Karl 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 modified their particularity."** Capitalist development



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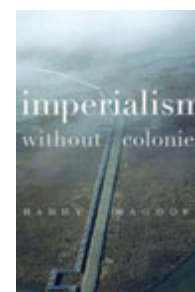
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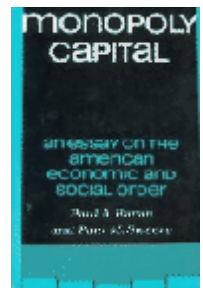
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always spreads through imitation and emulation as competitive imperatives are incorporated into the strategies of social actors -- the bourgeoisie fashioning a **"world after its own image."** But this always unfolds according to commitments in specific institutional contexts, places, and class struggles.

Theorizing the variations of the "new economy" is, then, a two-fold 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 economy." This is the project of mapping the varieties of neoliberalism that have been inseparable from the "new economy," 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 attempting to implement failed policy recipes of "progressive competitiveness," from Clinton's "new deal" to Blair's "New Labour" to the German **Agenda 2010** introduced by Gerhard Schröder's SPD government. These policy approaches have advocated strategies of wage and labour market flexibilization, or one-dimensional strategies of training workers for high value-added production and fostering innovation to boost exports. Rather than posing as alternatives to current market-driven policies (never mind socialist alternatives), these strategies have only brought so many varieties of neoliberalism. There is need on the left for much greater conceptual clarity -- a necessary step to contesting the "new economy" in all its neoliberal variations. Neoliberalism, it needs to be underlined, is not simply going to go away, as much as we wish this to be the case, and no matter how often we foretell the impending crisis of capitalism. The "politics of spontaneity" and the alleged genius of "organizational chaos" that has swept across the progressive movement has impeded our efforts to see clearly the structures of power that have emerged and consolidated, and the kinds of political agencies that we need to create to challenge this horrific social order. Only when we, the most militant sections of our societies standing against the present ruling order, combine such creative re-thinking with active new political agencies, which are equally educative and combative, will we again be able to discern where paths toward more egalitarian and democratic social orders might reside within the context of the "new economy" and the many varieties of neoliberalism today.



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Greg Albo teaches political economy at York University.

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