

*Power and Productivity: Institutions, Ideology, and Technology in Political Economy*  
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Market democracies struggle with economic insecurity and growing inequality, presenting new threats to democracy. The revival of “political economy” offers a frame for understanding the relationship between productivity and justice in market societies. It reintegrates power and the social and material context—institutions, ideology, and technology—into our analysis of social relations of production, or how we make and distribute what we need and want to have. Organizations and individuals, alone and in networks, struggle over how much of a society’s production happens in a market sphere, how much happens in nonmarket relations, and how embedded those aspects that do occur in markets are in social relations of mutual obligation and solidarism. These struggles at the micro, meso, and macro levels involve efforts to shape institutions, ideology, and technology in ways that trade off productivity and power, both in the short and long term, including through the production and exploitation of atavistic status-hierarchies, primarily race, gender, and immigration. The outcome of this struggle shapes the divergent paths that diverse market societies take, from oligarchic to egalitarian, and their stability as pluralistic democracies.

*1. Introduction*

Neoliberalism was an ideology and institutional transformation program aimed to shrink the role of the state in the economy and “liberate” market actors to pursue their profits in response to market signals. It was a reaction to the post-Great Depression ascendance of high modernism in economic policy (Keynesianism; dirigisme): the idea that expertise and scientific management by the state and managerial elites could provide a stable, growing economy liberated from the boom-bust cycles that bedeviled capitalism in the long 19<sup>th</sup> century.<sup>1</sup> Neoliberal epistemology was Hayekian: markets offer better information about the complexity of human need, desire, and ability than a state administration ever could. Its political morality was libertarian: efforts by the state to get the clear signals it requires to manage the economy necessarily result in oppression. The neoliberal policy packet therefore aimed to shrink the state and expand the market through deregulation, privatization, low taxes, and free trade. It promised economic dynamism in exchange for publicly-governed economic security, and enhanced consumer sovereignty and entrepreneurial freedom in exchange for social solidarity. Together, these promised to increase productivity and sustain growth that would raise all boats.

The reality of the past four decades has been the inverse of the promise. Instead of broadly shared wealth driven by newly dynamic markets, the United States saw less dynamic markets coupled with dramatic rent extraction by a small oligarchic elite. Productivity growth since 1973 has been slower than in the preceding century, excepting the 1995-2004 interlude.<sup>2</sup> Business dynamism and entrepreneurship, measured by firm entry and share of employment in young firms, declined.<sup>3</sup> Industry concentration rose<sup>4</sup> and markups increased.<sup>5</sup> Real median income stagnated<sup>6</sup> while the share of income going to the 1% and the 0.1% skyrocketed.<sup>7</sup> Economic insecurity became widespread. Forty percent of American households report that they cannot cover a \$400 emergency.<sup>8</sup> Americans are the only developed world population that saw declining life expectancy in the past thirty years.<sup>9</sup> Economic insecurity appears to be a driver of the rise of populism.<sup>10</sup>

Understanding neoliberalism as reactionary—an effort to revive laissez-faire against then-dominant progressive and social democratic alternatives—helps us focus on the critical theoretical and methodological elements that distinguished it as an intellectual and political movement. Post-war social-democratic institutions were built on both sides of the Atlantic by harnessing the solidarity and collective efficacy developed through two world wars and the Great Depression. The core tasks of neoliberalism were to replace that solidarity with individualism and undermine the sense of collective efficacy. The “social” was reinterpreted purely as the aggregation of individuals. Social welfare was framed as simple aggregation of individual preference satisfaction. Democracy, as simple aggregation of voter preferences. Preferences, in turn, were exogenous, interpreted as something with which individuals come into markets and elections, and so are pre-political and reflect the individual’s authentic exercise of freedom. The behavior of these individuals could be formalized by rendering them transhistorical rational, self-interested actors operating in perfect markets with perfect information and no power, except in well-defined exceptional circumstances. These same agents came to a state in which gaining and leveraging power were the primary objective, and so these rational, self-interested individuals made well-functioning government impossible. From here, the workhorses of neoliberalism flowed from the abstract to the concrete: rational actor theory; regulatory capture; efficient markets; agency theory; shareholder value; Friedman’s monetarism; Lucas’s micro-foundationalism; Buchanan and Stigler’s assaults on the possibility of public governance; Becker’s rationale for increased criminal punishment; all these were based on these core epistemological and methodological foundations.

The revival of “political economy” as a frame for work on the relationship between productivity and justice in market societies encourages us to reintegrate history, power, and the social and material context—institutions, ideology, and technology—into our analysis of the economy. The economy, in turn, is understood not as “markets,” which are but one crucial part of the economy, but as social relations of production: how we make and distribute what we need and want to have. The “political” in “political economy” stands for two distinct but interrelated ideas. First, power is pervasive *within* economic relations: production and distribution in market societies follow historically path-dependent patterns of conflict, coordination, and cooperation, rather than a single ahistorical pattern of coordination around prices among self-referential agents. Second, the deployment of the polity proper—the legitimate threat of violent coercion—is an integral part of economic relations. The political and economic structure each other and are the arena of conflict and cooperation about both. The implication of these two simple points is that there is no single, natural and efficient equilibrium to which market societies move if regulation is minimized to remove known, neutral and ahistorical sources of market imperfection. Instead, market societies at the same productivity frontier develop along diverse historical trajectories, resulting in large differences in the productivity and justice of social relations of production, sustained over significant periods. Understanding why Denmark and Mississippi, small market societies integrated into larger imperfect political and economic unions at the cutting edge of global technology and productivity, have diverged in justice and human development is the core analytic task of political economy. Harnessing that understanding to pursuing justice is the core programmatic role of the new political economy.

Various chapters in this volume focus on different aspects of the rejection of the neoliberal

frame. Woodly takes aim at the ahistorical, unsituated self as a preference-bearer as the proper basis for determining society's goals, replacing it with "The individual-in-context" who "has their own perceptions, dreams, desires, and agency, but they are nevertheless born into a world that is given and that givenness includes power asymmetries rooted in and reproduced by unjust inequality." Shelbie's proposal for a public-private nonprofit prison management system is expressly anchored in the specific historical context: focusing on how for-profit systems interact with government "under the current unjust background conditions," rather than in individual rights or abstract principles of criminal justice. It is under these conditions, where "social conditions are grossly unjust and the state lacks legitimacy in the eyes of the most disadvantaged," that Shelbie seeks to justify specifically non-profit private institutions, leveraging diverse human motivations and social arrangements to underwrite production by neither market nor state. Henderson's intervention leans heavily on understanding corporate leaders not as they are in agency theory—self-interested actors who must be managed by precisely-calibrated compensation mechanisms—but as socialized individuals who can be persuaded to pursue prosocial goals and shift the behaviors of firms. Salter focuses on the ethical and practical value of reciprocity to argue that more cooperative enterprises will in fact do better, but must be released of the institutions and ideology embodied in shareholder value theory. Schor examines the effectiveness, advantages, and limitations of a new approach to embedding economic production: platform cooperatives. Eaglin takes as his starting premise the observation that firms invest in building and deploying political power. Rahman takes head-on the central programmatic thrust of neoliberalism: shrinking the state, and advocates a committed strategy to construct public capacity. Downey engages in institutional innovation aimed at make the Fed democratically accountable. Rodrik and Sabel challenge the core epistemic claim of neoliberalism—that public administration operates in the dark—designing a good jobs policy that sees the government as not only directly responsible for, but best able to identify training and job placement opportunities through iterative, cooperative models of information exchange, experimentation, and learning that already function across a range of mission-critical public administration fields.

## 2. *Theoretical antecedents*

The new political economy challenges three core theoretical moves that anchored neoliberalism. First, it replaces transhistorical assumptions about human nature with historically-grounded explanations of social relations. Second, it replaces self-interested rational actors with socialized or embedded individuals, while avoiding the fallacy of purely structural explanations. Third, it replaces models that treat power as the exception in markets, and insists on understanding conflict and power as central determinants of economic relations, interacting with coordination and cooperation.

*Historical vs. Transhistorical explanations of the human condition:* From Smith to Marshall and neoclassical economics, markets are conceived as the natural outgrowth of human nature left to its own devices. Individuals interact freely according to their nature, pursuing their rational self-interest and coordinating their desires and abilities through the price system toward ever-more productive arrangements to satisfy their needs and desires. The explanation flows from

human nature, rather than from any particular historical set of facts that could have been otherwise. It explains larger structures (the division of labor in society; production and allocation of resources) as the aggregation of micro-foundational choices of these individual agents.

Marx is the fountainhead of understanding economic relations as historically-specific results of earlier struggles, but the twentieth century saw a sustained flow of economic history that explained the emergence and divergence of market societies as products of struggles along dimensions of class, race, and gender. As Stuart Hall put it, “appeals to ‘human nature’ are not explanations, they are an alibi.”<sup>11</sup> The Webb’s *History of Trade Unionism* in 1894; Weber’s *Protestant Work Ethic* in 1905; the Hammonds trilogy and Beard’s *Economic Interpretation of the Constitution of the United States* in the 1910s; Du Bois’s *Black Reconstruction* and Pinchbeck’s *Women Workers and the Industrial Revolution* in the 1930s; and Polanyi’s *Great Transformation* in 1944 offered sustained analyses of the development and shaping of social relations through struggle over institutions and ideology in the emergence of capitalism. Historical analysis continued to provide a counternarrative to neoliberalism in the 1970s-1990s. Horwitz’s *Transformation of American Law*, Wertheimer’s *We Were There*, Davis’s *Women, Race and Class*, Fields’ *Slavery, Race, and Ideology*, or Berg’s *Age of Manufactures* all offered sustained historical analysis of market societies alongside, and rarely in conversation with, work that continued specifically within the Marxian tradition but developed a more institutional and political version, most prominently Brenner’s *Agricultural Class Structure* and Meiksins-Wood’s *The Origin of Capitalism*. All this work was distinct and opposed to cliometrics, the effort to understand history through the prism of neoclassical economic assumptions, typified by the early Douglass North (though less so by North’s later work). It’s insistence on historical specificity is also different from new institutional economics, most prominently North’s *Institutions, Institutional Change, and Economic Performance* and its most sophisticated present-day version in the work of Acemoglu and Robinson in *Why Nations Fail* and the associated formal papers it builds on. That line of work suggests a cleaner, more consistent alignment of optimal (inclusive) and suboptimal (extractive) institutions across all societies and time, rather than focusing on understand capitalism as a distinctive system or on divergences among contemporary market societies. Indeed, Acemoglu and Robinson describe the Parliamentary enclosures as democratic facilitation of simplifying and reorganizing property rights, rather than as capture of a highly unrepresentative legislature by a handful of emerging landed gentry to extinguish the use privileges used by the majority of the population for subsistence,<sup>12</sup> and go so far as to describe Nordic Social democracies as “cuddly” capitalism that free rides on innovation from more “cutthroat” capitalist economies that are the primary driver of innovation and growth.<sup>13</sup> Countering this line of “false necessity” of a single path to opulence, as Unger called it, is most often found in comparative political economy and the new institutionalism in political science, as Pierson’s *Politics in Time* epitomizes and work by Hacker, Pierson, and Thelen theorizes.<sup>14</sup> Esping Andersen’s *Three Worlds of Welfare Capitalism* and Thelen’s synthesis between that work and the “varieties of capitalism” literature in *Varieties of Liberalization* are central to understanding the divergence among market societies along the dimension of justice without sacrificing productivity.

*Agency vs. Structure.* Perhaps the thorniest problem in social science is teasing out the roles of individual agency and social structure in shaping human behavior and patterns of social relations. Neoliberalism was committed to explaining patterns of economic and social behavior in purely microfoundational terms: the aggregation of individual choices driven by exogenously-given preferences. The intellectual roots of refuting this position are deep and broad. Rejecting the determinism of both early Marx materialism and Durkheim's social facts, the twentieth century saw a flow of efforts, across disciplines, to reconcile the lived experience of individual choice with the obvious force of social structure. In economics, the clearest articulation was Veblen's.<sup>15</sup> But his insistence that beliefs and preferences were always structured by the same institutions that structured markets and were therefore endogenous to market actors' preference-shaping investments destabilized the entire project of welfare economics, and so, was ignored. Contemporary behavioral economics has only flourished by bracketing preference formation and focusing on well-behaved "deviations from rationality" and "misperceptions," ignoring the fact that preference shifting is the object of massive investments by firms (Google and Facebook's business model is selling preference-shaping services to advertisers). Sociology has struggled with this question since its inception. Some will emphasize a line from Goffman's frame analysis to the new institutionalism in sociology.<sup>16</sup> Others will point to Foucault's governmentality or Bourdieu's *habitus* and *fields* as the clear genealogy of understanding individuals as both made by their context and retaining their individuality within it. And of course there is the line of critical theory from Adorno and Horkheimer's "culture industry," through Althusser's interpellation and ideology, to Gramsci's ideology and hegemony.

Understanding the self as socially-embedded and always grounded in a specific historical moment allows us to identify individuals as neither inherently selfish nor other-regarding, but as socialized. Experimental psychology and economics of the past 20 years has shown that in no society do subjects conform to the behavior of self-interested rational actors.<sup>17</sup> Patterns of trust, trustworthiness, conflict, and cooperation vary substantially across societies, and motivations and orientations toward cooperation or competition and conflict are endogenous to the institutional setting within which individuals engage each other.<sup>18</sup> In this volume, Henderson, Salter, and Schor each offer interventions in organizational practices that harness the social-embeddedness of "preferences" for cooperation and depend on the possibility that a change in institutions will foster a change in levels of cooperation and trust.

*Power and conflict.* The final major theoretical feature that the new political economy emphasizes is the need for a systematic integration of power into the analysis of economic relations. Again, Smith vs. Marx is the basic framing, with Smith standing for a natural progression toward optimal division of labor through mutual coordination in the absence of coercive regulation, and Marx putting conflict at the heart of how social relations of production are created. Parallel to continued work in the Marxian tradition, the twentieth century saw sustained non-Marxian efforts to explain economic relations as shaped by the acquisition and use of power. In the 1920s and 1930s, some of the Legal Realists, most prominently Hale and Morris Cohen, emphasized the central role of law in shaping power and exploitation in economic relations. In his 1936 *Black Reconstruction*, W.E. B. Du Bois explained the role of racism in terms of economic power: strategic investment by capital designed to undermine worker coalitions

building economic and political power, and to produce a steady flow of underpaid workers to put downward pressure on wages of all workers. This perspective was later taken up and extended by others, including Stuart Hall, Cedric Robinson, and Barbara Fields. Similarly, Pinchbeck's work in the 1930s formed the foundation of decades of work that emphasized the ways in which patriarchal relations in home and care work were translated into economic power. Work by Barbara Wertheimer, Angela Davis, Maxine Berg, Nancy Folber, and Nancy Fraser developed historical, sociological, and economic understandings of how capitalists leveraged the status-subordination of women to create divisions within the workforce and provide a steady flow of both unpaid care work and low-paid workers, as well as to ramp up production in times of war and tight labor markets, and be pushed back to the home when demand for labor receded. To oversimplify drastically, in Marxian terms we can think of the Black Radical tradition anchored in Du Bois' *Black Reconstruction* as explaining how Western capital exploited black and brown labor domestically and internationally as the quintessential stagnant reserve army of labor, while these feminist authors explained how women were forced to become the quintessential latent reserve army of labor. Both traditions insisted that while understanding gender and race was indispensable to understanding the operation of power in the economy, reducing race or gender domination purely to the economic dimension missed core aspects of power and domination in modern societies. Instead, as Hall put it, one needed to understand the "articulation between different modes of production, structured in some relation of dominance";<sup>19</sup> or as Fraser put it, that feminism needed to integrate maldistribution and misrecognition as distinctive and mutually reinforcing systems of exploitation and domination.<sup>20</sup>

Within mainstream economics the study of power was strictly cabined to the state. Markets were an arena where power occurred in well-defined exceptional circumstances, such as essential facilities or other sources of monopoly. The primary object of the state, however, was the deployment of power, and rational self-interested actors vied to maximize their own payoffs by capturing the institutions of the state. These efforts generally result in inefficient defeat of people's natural tendencies toward efficiently ordering their affairs. Hence Buchanan or Stigler; but even the more sophisticated and historically-informed versions, like Acemoglu and Robinson, insist on state coercion as the primary source of extractive power and locus of power-seeking, rather than integrating power into an analysis of the normal operation of the economy. The primary exception was Schumpeter, who based his theory of growth on continuous innovation (creative destruction) specifically aimed to create market power, and expressly credited Marx as having been the only classical economists who understood this fact. To this day, "neo-Schumpeterian economics" remains the leading discipline in the economics of innovation. But, following Schumpeter's example, this line of work has simply ignored the implications of the insight that power-seeking is the driver of innovation, and hence the core dynamic of capitalism: continuous productivity growth. Beyond these, Marglin's *What Do Bosses Do?* and Bowles and Gintis's work on contested exchange represent high points of efforts to integrate Marxian insights on the central role of conflict and power into mainstream economics. After the 1980s, most of the work in mainstream economics that reflected power in labor markets was focused on analyzing empirical evidence of the impact of union power on wages, following Freeman and Card, most prominently.

As with agency and structure, there is a long and rich tradition within cultural Marxism, from Benjamin, and Adorno and Horkheimer, to Althusser and Gramsci, that focuses on the production and maintenance of power in society, with a clear focus on class exploitation. And, as with agency and structure, each of Foucault and Bourdieu develops his own distinctive version of the construction of power and domination in society, in institutions, in their habituation in body and disposition in ways that convert their mediation of agency and structure into a society that reproduces hierarchy and domination. Scholars who have dedicated their lives to one or another of these traditions or authors will undoubtedly treat my whirlwind tour and collapse of nuance, emphasis, and intellectual innovation with distaste. My purpose, however, is to identify opportunities for intellectual alliance across diverse and radically different traditions all of which, for all their differences, coalesce around core insights useful in diagnosing the flaws of, and providing alternatives to, neoliberalism.

### 3. *A model of political economy: embedded coordination, cooperation, and conflict*

#### a. *Overview*

Synthesizing these diverse efforts to understand political economy allows us to outline a model of the economy as embedded coordination, cooperation, and conflict. Actors and organizations are always already embedded in a material (nature + technology) and social (institutions + ideology) context, in social relations inherited from prior rounds of political, social, and economic struggle.<sup>21</sup> There is no Archimedean point on which to perch microfoundational agents from whose universal, time-invariant nature (e.g., an imagined propensity to truck, barter, and exchange) social structures emerge. The social relations into which we are born shape our beliefs, preferences, constraints; within these we nonetheless are not fully determined by structure, we struggle to understand our condition, imagine alternatives, diagnose intervention points, and struggle, alone and together, to change our social and material context. This microfoundational agent is not the presocial rational actor but the socialized individual. *Homo economicus* is replaced by *homo socialis*, whose motivations are diverse and socialized and whose decisions are situational and reasonable, not formally rational. Because *homo socialis* is already always embedded in a social and material context, the context sets the ratio of economic actors, organizations (firms and nonprofits) and individuals who pursue self-interest to those who pursue pro-social goals, and the extent to which discrete economic actors permit themselves to act purely on self-interested rather than constrained by pro-social considerations. Self-interested and pro-social actors interact to advance their individual or prosocial goals, trading off productivity for power as they act strategically within their institutional, ideological, and material context, and invest effort into shaping future contexts to increase their power in future interactions. Individuals and organizations do so not only at the micro-, but also at the meso-level, as organizations and individuals engage in collective action—the Business Roundtable or Chamber of Commerce, the Consumers Federation of America, unions like the AFL-CIO—similarly bargaining, lobbying, shaping social perceptions, and developing technologies that improve their short term payoffs and long term bargaining position.

It is critical to emphasize, though, that once market society emerges in the transition to capitalism, the dynamic of improved productivity through technological and institutional

innovation is too powerful to permit incumbents to retain their position purely through power-seeking investments. AT&T could not prevent the emergence of voice over Internet protocol any more than canal or turnpike companies could prevent railroads. But within a broad range, institutional power matters: craft producers in Lyon or Northern Italy did succeed in resisting Fordism and maintaining more flexible, less exploitative labor relations at the same technological and productivity frontier,<sup>22</sup> and Danish unions today urge adoption of robots, secure in their power to obtain a fair share of the productivity gains in a global marketplace. Under these realistic market conditions, firms and individuals mix strategies. They trade off investments in improving productivity to stay ahead of the competition for investments in obtaining power. They seek market power horizontally against competitors and disruptive innovators to create larger rents, and bargaining power vertically, against workers, consumers, suppliers, and distributors, to obtain a larger share of these rents from other claimants. And they trade off investments in short term exploitation of the existing material and social context for investments in shifting the long term context toward arrangements that increase their future power.

#### b. *Definitions*

“*Power*” is a property of a relationship between A and B, describing A’s capacity to shape B’s behavior, outcomes, or context so that the respective behaviors, outcomes, or context of A and B’s relations is closer to A’s preferred relations than to B’s, short term (within context) or long term (about context). “*Context*” is the social and material setting within which A and B act and relate to each other. The social context is made of institutions and ideology. The material context is nature and technology. The definition is meant to be general, describing power between a broad range of entities—individuals, organizations, classes or groups, states, etc. It is intended to emphasize an understanding of power as a property of relations describing relative positions of entities within social relations.

“*Institutions*” are *explicit or implicit instructions for who should do what in which social relation*, serving as constraints and affordances on behavior for persons in the social relation to which they apply. Law is a system for producing such instructions susceptible to enforcement by legitimate violence. Social norms are systems of such instructions enforced through social coercion—gossip, shaming, ostracism—or internalized social conformism. Organizational or professional norms are explicit or implicit instructions produced by a given set of social actors, to govern behavior—create affordances and constraints—in the social context for which they are developed so as to constitute the social relations they constitute—the workplace, the profession, etc. Note that this definition distinguishes between an organization, a particular set of social actors constituted by a set of institutions into a durable working collective, from an institution, which is the set of instructions for the formation of social relations, including those of sufficient durability and functionality to rise to the level of “organization.” “The corporation” is an institution. General Motors is an organization. People sunning themselves in Sheep’s Meadow in Central Park are engaged in a social activity that requires cooperation and is governed by institutions (both formal regulation and social norms), but is not of sufficient durability and common purpose to rise to “organization.”



*“Ideology” is that subset of institutions that shape how we understand the world, what causes what, what goes with what, what is valued and what loathed.*<sup>23</sup>

*“Technology” is congealed practical knowledge embedded in material culture.*<sup>24</sup> “Practical knowledge,” knowledge applied functionally to achieve desired outcomes, is a universally adopted element of definitions of technology. I add “embedded in material culture” to distinguish technology from institutions and ideology, each of which is often treated as a form of practical knowledge (how to behave; how to interpret). While some definitions of technology treat any practical knowledge that allows us to do new things or old things more efficiently as “technology,” and others emphasize “socio-technical systems” to underscore that all technologies take their meaning from specific social relations, those definitions are less useful for distinguishing between institutions and technology. Emphasizing the material aspect of technology makes it easier to understand the difference between, say, the clothes dryer or the electronic spreadsheet, on the one hand, and Title VII of the Civil Rights Act or options theory, on the other hand, as contributing factors to the increase of women’s labor force participation in the 1970s or financialization in the 1980s, respectively. Again, I rely not on claims of metaphysical truth, but on practical utility for understanding the distinctive features of the contribution of technology to political economy, whose other major elements are institutions and ideology. “Congealed” underscores the friction and time associated with material embedding, which make technology a distinct battleground worth winning. Once narrow job definitions are built into the mechanical structure of a high-cost assembly line, for example, labor organizing is limited in its ability to demand a reorganization of work along craft structures; the bounds of feasible bargaining about shop floor practices becomes limited for longer than it might be with more flexible workstations or machine tools.

In sum, power in social relations, its magnitude and distribution, is a function of institutions, technology, and ideology. Institutions are the “rules of the game:” instructions about who can do what in which context that define the relation and distribute power within it. The fact that you can touch the ball with your hands, cannot hold it for more than 3 seconds, and must dribble to advance makes basketball a distinct social practice from soccer. Technology describes the material conditions under which a practice so constituted is carried out. The fact that the hoop is of a certain size and located 10 feet off the ground means that taller players are more talented in basketball than they would have been had the same hoop been set at 2 feet. Ideology is the conception people have of what they are doing, the frame through which they understand the practice and define their preferences and beliefs, and understand their constraints in the situation. Basketball is a competitive game, not a comic performance, and if the players imagined that it was the latter rather than the former, their behavior in game would be different (Harlem Globetrotters) even when the technology and formal rules are identical.

### *c. Dynamics*

How the preponderance of agents and organizations act, what outcomes they obtain, and what practices form their competitive environment is shaped by the institutions, ideology, and technology that make up the context of the relation. Firms know this and act strategically in

interactions both within markets and about the institutional, ideological, and technological determinants of power in market relations to increase their ability to extract quasi-rents in all their interactions—horizontally, against competitors or innovative disruptors, and vertically, against workers, consumers, suppliers, and distributors. Workers and consumers know this, and organize to resist and reshape the power relationships, sometimes through market organizations like unions or cooperatives, often through non-market organizations and social movements.

Cyrus McCormick’s reaper was a quintessential productivity-increasing technology, transforming American agriculture in the second half of the 19<sup>th</sup> century. But when Cyrus McCormick Jr. inherited his father’s company, he found himself harnessing technology in a very different way. Soon after inheriting the company, McCormick declared wage cuts, despite the firm’s banner year in 1883. He had not counted on the iron molders union, whose unique craft skills made them irreplaceable, and who had been the driving force of labor organizing in Chicago for twenty years. In 1884, McCormick lost a violent three-week strike against his arbitrary wage cuts. Almost immediately, the company invested in technology and politics to gear up for the next strike. It purchased pneumatic molding machines that enabled it to replace its entire workforce of craft molders with unskilled laborers working the new machines. The new machines produced low-quality castings and required attendance of many common laborers, actually increasing labor costs. But the technological investment served its long-term purpose: the iron molders union was defeated. When another strike erupted in 1886, the striking unskilled workers were easily replaced. McCormick also changed his political position. He supported Chicago’s mayor in exchange for appointment of the new, anti-labor police inspector who would lead the 1886 Haymarket Massacre of protesters fighting for an 8-hour workday, still commemorated as May Day.<sup>25</sup>

More generally, firms deploy technologies that increase their bargaining power over labor in three primary ways—homogenization, monitoring, and fissuring.<sup>26</sup> Automation that standardizes and simplifies labor inputs weakens labor bargaining power, whereas automation that increases productivity more but requires experienced operators strengthens labor. Monitoring similarly alters bargaining power by removing workers’ credible threat to slow down production if treated unfairly. When firms cannot perfectly observe effort or quality, they pay workers a premium to induce them to make firm-specific investments and work beyond what is observable. If technologies make effort more observable, workers’ bargaining power declines, and with it wages. Technology that gives employers finely-honed sticks reduces their dependence on carrots. Levy and Barocas, for example, show how retail firms repurposed data collection systems designed to monitor customers to homogenize experienced sales-people, making them more readily replaceable, monitor employees more finely to impose starker discipline, and externalize the risk of the ebb and flow of business onto workers by forcing algorithmically-set “flexible” work schedules.<sup>27</sup> Finally, employers can deploy technologies that enable workplace fissuring and undermining worker collective action, as Rogers emphasized<sup>28</sup> and Gray and Suri demonstrated by showing how contemporary “artificial intelligence” systems incorporate human “last mile” operations in the United States and India by harnessing individuals operating behind a one-way mirror in which everything they do is observed and measured, while disabling worker coordination.<sup>29</sup>

Similar actions of individual firms abound throughout the history of modern market societies, not only with technology, but institutions and ideology as well. In the 1960s, Kelly Girls and other temporary personnel firms launched a campaign to circumvent then-still-powerful labor union's resistance to temporary workers. They framed their new employment model in patriarchal terms, recruiting married women "to make some pocket money" to fill the ranks of new services industry precursors of the fissured workplace.<sup>30</sup> Dubal's study of a century of labor struggle in the San Francisco taxi industry situates Uber's strategy of spending investor capital to monopolize the market in rider apps, designing its app to evade regulators and control drivers, and lobbying to undermine the municipalities' traditional jurisdiction over livery services and assure the designation of drivers as independent contractors.<sup>31</sup> Schor examines how these strategies produced highly differential outcomes for occasional gig workers, mostly white and working for extra income, and gig workers, mostly minority, who depended on platforms for their livelihood.<sup>32</sup>

This micro-foundational story (what individual firms or agents do) must be complemented by meso-level analysis of collective action, and both only happen in inherited macro-level institutions, ideology, and technology. The 1970s saw a dramatic increase of business lobbying efforts, and these, in turn, supported institutions that weakened the power of government to constrain business and redirected government power towards weakening labor.<sup>33</sup> Unions had played a critical role for three decades during the post-War period, not only on wage setting and enforcement of compensation norms, including managerial compensation, but also as the central countervailing political power over broad questions of economic policy and redistribution.<sup>34</sup> A core focus of Organized Business since the 1970s was to undermine Organized Labor and harvest the rents from that transformation in bargaining power. Its decisive victory was Reagan's breaking the PATCO strike in 1981, and its British counterpart in Thatcher's defeat of the coal miners' strike. Declining union membership since then has been a major cause of median income stagnation in the United States. These decades saw broad, cross-industry collaboration among businesses to reconstruct institutions like antitrust and labor law, and a full frontal assault on taxation in an effort to "starve the beast" led by Grover Norquist's Americans for Tax Reform. Here, in particular, neoliberals leveraged race and gender—from Reagan's "welfare queen" to the stereotyped single Black mother as the banner under which Clinton led the drive to "end welfare as we know it"<sup>35</sup>—to break up potential working class coalitions that might resist dismantling social insurance. These broad, economy- and society-wide efforts were complemented by industry-level collective action as a major determinant of market structure and both horizontal and vertical power in product and labor markets throughout the economy. The structures of the telecommunications industries, both wired and wireless, across the OECD are the fossil record of two-decades-long battles between firms and regulators.<sup>36</sup> So too the structure of the pharmaceutical, automobile, energy, and any other large-scale sectors. But collective action does not necessarily result in exploitation. Where power is symmetric and power-seeking offers few gains, coordination and cooperation between labor, management, and a well-functioning state actually help make high productivity egalitarian arrangements work.<sup>37</sup>

These discrete political battles occurred on the background of a macro-level historical shift in institutions and ideology that responded to the political and economic shocks of the 1960s and

1970s. The ideological work had been in the works for decades, ready to coalesce when the post-War settlement was shocked out of equilibrium by the Great Inflation of the 1970s. Hayek and Friedman were both on the margins of academic and policy circles throughout the 1940s until the 1970s, but they built a network of academics and organizations that would be ready when the winds shifted. Initially funded by ideologically-committed individuals, the neoliberals built organizational capacity through think tanks and special-purpose programs within academia. In some cases, as with Henry Manne's successes in fundraising for the law and economics movement, these involved direct appeals to the self-interest of companies like ITT or U.S. Steel that had direct interest in loosening antitrust law to fund a movement that would nudge law in that direction.<sup>38</sup> Subsequent study confirmed that these efforts were successful, and that judges who participated in Manne's Pareto in the Pines program rendered systematically more pro-business verdicts and tended to rule against regulatory and tax agencies more often for decades thereafter.<sup>39</sup> These appeals fit well the changed political program of business organizations in the 1970s, and were foundational to the victory of neoliberalism as the dominant economic theory of the 1980s through the Great Recession. Some of these organizational beachheads were located in traditional academic departments with a critical mass of members who then influence future appointments to build a "school." The Chicago economics department was one such place, as were Buchanan and Tullock at the Virginia Polytechnic Institute and later George Mason. So too with the Olin Foundation's support of establishment and expansion of law and economics programs at law schools. To this "inside" strategy the movement added think-tanks that housed scholars focused on translational work or academics translating their academic work for consumption of policymakers and elite opinion makers. The American Enterprise Institute and Foundation for Economic Freedom were soon joined by the Heritage Foundation, the Cato Institute, and others who attracted funding to support a steady flow of papers and events criticizing regulation and redistribution at a detailed level of analysis of both policy and politics. To these think tanks, the movement added public-facing programming to educate elites—such as Manne's "Pareto in the Pines"—and mass audiences, as Milton Friedman's *Newsweek* column and television show did so remarkably. By moving from big ideas to technically-well-worked-out details, from academia to think tank to popular culture, and from idea development to education and training, the movement was able to create a large cadre of elite actors who, some more consciously than others, had come to adopt a worldview, a way of interpreting the world, that saw markets as efficient and liberating, and government planning as doomed to fail, corrupt, and tending to tyranny.

These institutional and ideological shifts of the 1970s were complemented by broad technological deployments of information and communications technologies to enable offshoring and outsourcing in the production system, and, in the 1980s, by computers and spreadsheets to enable ever-more complex financial products that led to financialization. In combination, these moves put management and finance in a position to disinvest from labor, adopt short termism, embrace the earnings game, and use newly found legal freedom to suppress competition and extract a larger share of the resulting rents. Free trade agreements that emphasized investor protection and financial flows, but not labor or environmental standards vastly expanded competition in the labor market between domestic and offshore labor, and severely limited the power of labor domestically. Weakening antitrust enforcement since the Reagan administration;

looser financial regulation; weaker labor regulation; and monetary policy aimed at keeping inflation in check by sticking to a relatively high “natural rate of unemployment” that kept labor markets relatively slack all contributed to increased horizontal and vertical power in product and labor markets. These micro, meso, and macro dynamics combine to explain the observed patterns of the American economy over the past forty years—declining business dynamism, increasing concentration and markups, slower productivity growth, and the particular pattern of American inequality—a top 1% and 0.1% takeoff coupled with broad-based income stagnation and economic insecurity.

The emergence of the Internet as the basic infrastructure of twenty-first century, where I focused most of my research, is rife with examples of this dynamic. Microsoft’s suite of antitrust cases in the 1990s revolved around technical choices (intentional incompatibilities with DR-DOS in the early 1990s; intentional incompatibilities with Java or HTML in the mid-1990s) and institutional strategies (licensing terms that made it impossible for PC manufacturers to replace Microsoft’s products with competing operating systems without incurring huge costs) designed to build the firm’s market power horizontally—against potential disruptive innovators or competitors—and vertically, against consumers, suppliers, and distributors. Apple’s App Store is no more technically necessary for loading software on a mobile than it had been for the PC. But it creates a bottleneck that allows Apple to extract rents from complementary app developers and delay or degrade apps that threatened to decrease its rents or bargaining power.<sup>40</sup> Cisco developed “policy routers” in 1999 to enable newly emerging cable broadband providers to extract rents from suppliers of complementary products. The result was two decades of political struggle and litigation over net neutrality. The dynamic is replicated in Google and Facebook’s advertising platforms and Amazon’s relations with sellers in Amazon marketplace.<sup>41</sup> As Julie Cohen masterfully showed, a series of strategic actions, in litigation and legislation, shaped intellectual property, on the one hand, and privacy and data protection law, on the other hand, to make data about individuals a “public domain” free for unconstrained harvesting by the major firms of our era, while making the data aggregations collected by these firms “private property” protected from both competitors and regulators.<sup>42</sup> And as Amy Kapczynski showed, transformations of trade secret and constitutional law since the 1980s have strengthened many companies’ bargaining power in labor markets and increasingly hampering state regulation of firms across a broad range of industries.<sup>43</sup> In all these cases firms engaged not only in technical changes, but in extensive litigation and lobbying to create an institutional setting conducive to their continued power, and in extensive ideological work to reinforce the inevitability and benevolence of unconstrained technological change.

Throughout this period, individuals—acting alone or in networks, or collectively in civil society organizations—tried to push back in both institutional battles and by building technologies. Efforts by organizations like the Electronic Frontier Foundation (EFF), EPIC, Public Knowledge, Free Press, or Fight for the Future were conjoined with periodic mobilization efforts in the “copyright wars,” encryption and privacy, access to knowledge, and, more recently, fairness in algorithms. These institutional and ideological battles were complemented by technological interventions, such as strong encryption tools to protect privacy and decryption tools to circumvent digital rights management, each designed to defeat the efforts of companies and governments to

impose arrangements activists deemed oppressive. Nowhere was this dimension more clearly embodied in practice than in the free software movement.<sup>44</sup> Here, as in the free culture movement that followed it, we saw direct conflict between firms seeking to bring more of the economy into market relations, and a social movement of people seeking to construct a context that allowed more of the economy to function on nonmarket models. Advocates of the commons (myself included) pointed to successful commons-based practices like free software and Wikipedia as existence proof that the economy need not be purely cleared by prices in markets supported by ever-more perfect deployment of property and contract. Indeed, we argued at the time, user innovation, socially-motivated hacking, and norms-driven knowledge production offered important checks on purely market-based information, knowledge, and cultural production.<sup>45</sup>

Battles over privacy or algorithmic use of data are now the dominant front of consumer-oriented struggle in technology politics. Several of the world's most valuable companies are focused primarily on developing technologies whose core task is to extract information from and about, and run behavioral experiments on, consumers. One requires Panglossian optimism to imagine that pervasive surveillance and personalized, experimentally-validated behavioral advertising was designed to inform rather than manipulate consumers. Successfully manipulating demand increases the value of quasi-rents by manipulating users' willingness to pay. It also increases the half-life of the quasi-rents by delaying competitive entry: manipulating information about substitutable products and magnifying perceived differentiation between the manipulator's product and substitutes. Applied to politics, the translation of this power into shaping the institutional dimension of power is obvious. While there is little quantitative evidence showing that these technologies work,<sup>46</sup> it is clear that their purpose is to develop such power over consumers, and that even without evidence advertisers are buying enough of the promise to make these technology companies the most valuable in the world.

Most of the battles of the 1990s and 2000s focused on individual freedom and the market reach relative to nonmarket production, rather than on distributive justice. Nonmarket nonproprietary production was celebrated largely as a degree of freedom from the power of market actors to invade our privacy and set the terms of information, knowledge, and cultural production. The Access to Knowledge movement was a first reorientation toward distribution-sensitive politics of technology, influenced by the Access to Medicines movement.<sup>47</sup> Since the Occupy moment we have seen more efforts to include concerns with economic power, insecurity, and inequality. Platform cooperativism;<sup>48</sup> the purpose-driven QuiShare festivals; the Sharing Cities Alliance; and the National Domestic Workers Alliance are all seeking to reorient technologically-mediated economic practice toward egalitarian relations of production, using different mechanisms to embed production in solidaristic social relations (reflecting the focus of various chapters in this volume: cooperativism in Schor; purpose-driven organization in Henderson; municipalism in Stears; and social mission-driven nonprofit, in Shelbie's). In academia, Cohen's work on the legal construction of informational capitalism,<sup>49</sup> Zuboff's on surveillance capitalism,<sup>50</sup> Schor's work on the sharing economy,<sup>51</sup> Kapczynski's analysis of the cost the price system to innovation and culture,<sup>52</sup> Levy's on monitoring of truckers,<sup>53</sup> or her work with Barocas on impact of consumer data collection on workers,<sup>54</sup> Ajunwa, Crawford, and Schultz's work on workplace surveillance,<sup>55</sup> Dubal's on the precarity of the gig economy drivers,<sup>56</sup> Pasquale's on algorithmic black boxes,<sup>57</sup> Barocas and

Selbst's focus on big data's disparate impact,<sup>58</sup> or Rogers' work on the major dimensions of technological power employers seek as leverage over employees are leading examples of this reorientation. A distinctive feature of this newer work is a call for reviving state power as a counterbalance to market power—nowhere more forcefully than in Khan's work on antitrust<sup>59</sup> or Rahman's call for leveraging democratic governance to contain the domination of market actors.<sup>60</sup>

In contrast to this power-based story, the most influential neoclassical explanations of rising economic inequality centered on technology as an exogenous and politically-neutral force: skills-biased technical change (SBTC)<sup>61</sup> and the economics of superstars in winner-take-all markets.<sup>62</sup> These explanations form the intellectual origin of current arguments that robots will create structurally high levels of unemployment and platforms will casualize work. Technology in these explanations develops exogenously, is roughly deterministic (some things are easier to automate, others harder) and interacts with efficient labor markets to change the relative value of different kinds of labor (skilled/unskilled workers; routine/nonroutine tasks). This interaction makes highly-skilled workers valuable, the super-skilled few superstars, and relegates low- or mid-skilled workers to stagnant or declining wages. These technological explanations naturalize inequality as an inevitable function of the most distinctive dynamic in market society—productivity growth through technological change. Efforts to address inequality must therefore focus on fitting the poorly trained workers to inevitable technological change. The primary weakness of SBTC and winner-take-all theories is that they fail to explain how countries at the same technological frontier embrace these technologies with widely differing social consequences. The Nordic social democracies, Germany, France, and Japan all operate at the same technological frontier as the United States, yet exhibit different patterns of inequality, and none exhibit the escape of the 1% that characterizes American inequality. Political economy offers a more plausible explanation of these divergent patterns than any generalized, apolitical and ahistorical model.

The diversity among market societies at the production frontier is a product of the history of struggle in each society and its resulting social relations of production. These battles shaped how much happened in a market sphere as opposed to through nonmarket relations; how embedded those aspects that do occur in markets are in social relations of mutual obligation and solidarism, and how institutions that diverged between these clusters of democratic market societies shaped power in the economy, both within markets and between market and nonmarket spheres.<sup>63</sup> The differences in productivity and inequality in Denmark and Mississippi are not usefully understood in terms of universals but in terms of specific historical struggles, over class, race, gender, and immigration, and how the social and material context inherited from these struggles determines current distributions of power within markets and dependence on and alternatives to markets for people satisfying their basic needs and developing basic capabilities. One cannot understand the relative weakness of labor in the United States, by comparison to Europe, or the relative stinginess of American social insurance without understanding the central role that enslaved Black workers played as the core workforce of America's leading export industry in its first seven decades and the role racial ideology has played as the central strategy for undermining labor mobilization and social insurance in America ever since.<sup>64</sup> Nor can one understand American capitalism without understanding how waves of immigration and anti-

immigrant sentiment were used by capital to undermine labor organizing throughout the nation's history. It is to these dynamics that I turn next.

#### 4. *Status Subordination and Economic Power in Market Societies*

Central to the new political economy is a commitment to understanding the interaction between economic inequality and other dimensions of domination, most prominently race, gender, and other forms of atavistic status subordination. As Dawson's *Blacks in and out of the Left* made eminently clear, the interaction between activists and scholars focused on racism and racial subordination and those focused on capitalism and economic exploitation has never been easy.<sup>65</sup> Nor will any reader of the debates between Butler and Fraser,<sup>66</sup> or of Williams's critique of how professional and managerial class feminists misunderstand the conditions and priorities of working class women<sup>67</sup> miss the challenges associated with producing a gender-class narrative. And yet, as the section on intellectual antecedents made clear, there is a century of rich work aimed at exploring the articulation of these different dimensions of exploitation and subordination, seeking, in the words of the Combahee River Collective, to develop an "integrated analysis and practice based upon the fact that the major systems of oppression are interlocking," referring to "racial, sexual, heterosexual, and class oppression."<sup>68</sup> I will not presume to offer an original intervention into these longstanding and rich debates. Rather, I sketch how such an integrated analysis could be used within the political economy model I outline here, synthesized from the framework that Du Bois, Hall, and Fields developed for race and racism, Davis for the intersection of racism and sexism, and Fraser and Folbre for gender, and extending it to immigration, the primary target of resurgent ethno-nationalism in democratic market societies.

Recall that we start from the premise that actors and organizations are always embedded in a material and social context: social relations inherited from prior rounds of political, social, and economic struggle. At any given moment, therefore, there will be some people in society who occupy positions of status subordination (borrowing, following Fraser, Weber's distinction between class (economically-derived social hierarchy) and status (social hierarchy derived from non-economic relations)). Status-subordinated people will have fewer and weaker political allies, and hence be more available for aggressive exploitation. This is, for example, Fields' explanation of why Black workers, wrenched from their social sources of counterpower, were unable to resist permanent enslavement in mid-17<sup>th</sup> century Virginia, as compared to English indentured servants whose position was anchored in the successful battles against serfdom in prior centuries in England. Status-subordinated people will have fewer alternatives and fewer kinship resources to fall back on, and observe lower benchmark wages among peers, and will therefore have fewer means to resist exploitative work conditions and lower pay. Women in particular, on the background of patriarchal norms, are forced to accept positions of lower commitment and greater "flexibility" in market relations in order to fulfill embedded expectations for care and reproduction work in the home. As Folbre explained, love and an ethic of care need not be seen as false consciousness, but their articulation in contemporary society has shaped conflict and cooperation in patriarchal market societies.<sup>69</sup> As Pinchbeck and Berg showed, this was as true for the different pathways of girls into service and boys into apprenticeships at the



dawn of the modern era as it is for today's gender imbalance in "alternative work arrangements" typical of the fissured workplace.

Every major transformation in the history of capitalism has in large part depended on harnessing status-subordinated workers to occupy the new positions that higher status workers resisted. In Britain before the 18<sup>th</sup> century enclosures, men were already heavily engaged in wage labor in agriculture, but women produced roughly half of household income relying on commons-based production: dairying, harvesting wood and peat for energy, gleaning, and similar direct production for the household. Enclosure—the systematic use of lobbying to extinguish the legal use rights of the majority of workers in order to create exclusive rights in the hands of a minority of land owners—left women without productive opportunities, and unmarried women and widows destitute. It rendered women the first fully proletarianized workforce.<sup>70</sup> The first industrial revolution, driven by water-powered mechanized cotton textile manufacture, harnessed them. Women and children became the majority of the workforce in the new factories from the 1790s, usually operating in units managed through patriarchal authority, often violently, by a male spinner, sometimes a relative.<sup>71</sup> As Berg showed, almost all labor productivity growth in the first decades of the 19<sup>th</sup> century in Britain, the world's emerging industrial power, came from industries where women's work predominated. Men were better able to resist the exploitative working conditions in the factories, and remained primarily in craft manufacturing sectors. In the American South, the surge in British industrial demand for raw cotton, coupled with Whitney's cotton gin, drove a slew of legal changes designed to deepen enslavement of Black workers, make manumission harder and domestic slave trade from the border states to the empire of cotton easier, while reinforcing status degradation of free Black Americans toward the ultimate denial of humanity in *Dred Scott*.<sup>72</sup> In New England after 1820, the American factory system depended on girls and young women for labor. When these women began to organize unions in the 1830s, they were soon replaced by Irish immigrants who did not have the options to go back to the farm, or the political solidarity built over two decades of work in the mills.<sup>73</sup>

The classic case of the spinning mule offers an example of how technology too, not only institutions and ideology, were oriented toward harnessing status-subordinated labor as a core workforce.<sup>74</sup> Early mechanization of textile spinning took "women's work" in the household and turned it into men's work, because of the physical strength necessary to operate the early spinning mules and a perception that men have the skill to maintain and repair the mule and manage several women and children employed in supporting roles. By the 1790s male mule spinners in England had organized into craft unions, and by 1810 had become the most powerful craft union in England. Following strikes that decade, firms invested substantially to develop a "self-acting" mule—the first automated spinning mule. In 1834 a factory commissioner wrote of the self-acting mule that "[t]he introduction of this invention will eventually give a death blow to the Spinners' Union." Andrew Ure wrote in his 1835 *Philosophy of Manufactures*, that the invention of the self-acting mule "would put an end... to the folly of trades unions," asserting that "when capital enlists science to her service, the refractory hand of labour will be taught docility." The goal of mechanization was to displace unionized adult men with teenagers and women, whose pay by convention at the time was two thirds to one half that of men, and whom the firms believed were more docile workers, less likely to organize. A second dimension of investment was the configuration of

spinning mules. In Glasgow, the second largest center of cotton mills in Britain, a relatively tight-knit group of industrialists was able to circumvent the unions by replacing larger mules usually operated by men with rows of smaller mules operated by non-unionized women and supervised by a male supervisor. The Lowell Mills, set up in the 1820s without a generation of male organizing to contend with, immediately hired girls and young women working rows of smaller mules.

The pattern repeated itself throughout the history of industrial and post-industrial capitalism. In the U.S., the transition from cotton and water to coal, iron, and steam depended on Irish and German immigrants. Irish immigrants built the railroads from the East. Chinese workers built the railroads from the West.<sup>75</sup> All these immigrants' wages were below those of native born workers, and exhibited lower growth.<sup>76</sup> The next transition to high mechanization and unskilled labor associated with the second industrial divide depended on the mass migration from Southern (Italians), and Eastern Europe (over 2 million Jews escaping pogroms in Russia). As World War I and fear of communism led to immigration exclusions, the pull of the new assembly lines for status-subordinated workers combined with the push of the second Klan's terrorism to underwrite the Great Migration. This mass internal migration, in turn, triggered sustained efforts to maintain racial caste hierarchy in the new urban, industrial setting. Be it zoning and restrictive covenants, racialized denial of access to the foundations of middle class wealth through redlining in federal mortgage insurance, exclusion of historically Black occupations from labor protections, discriminatory denial of access to post-war educational opportunities, or weakening labor through Taft-Harley and the emergence of "right-to-work" laws throughout the South, anti-Black racial ideology and institutionalized status-subordination from the 1920s through the 1950s continued to play a central role in maintaining status-hierarchy and depressing the wages of Black workers throughout the "Golden Age of Capitalism."<sup>77</sup> And, during and after World War II, until immigration reform in 1965, the Mexican braceros program filled the need for status-subordinated workers employed at substandard conditions in agriculture.<sup>78</sup>

During the neoliberal transformation, status subordination continued to play a major role in weakening labor and providing the glue for the new coalitions that shaped the divergent patterns of liberalization across various market societies. In the United States, women and immigrants, newly admitted after 1965, formed the primary workforce of the shift to the post-industrial services economy. Labor force participation of married women increased dramatically in response to the successes of the women's movement, but male-dominated unionized workplaces in industrial sectors were blocked and experiencing decline. Instead, women entered the expanding services industries at lower wages, and with lower security packaged as flexibility for workers already differentially-burdened with care work and reproduction. At the same time, loose immigration enforcement contributed to a significant inflow of undocumented immigrants who filled the lowest rungs of agriculture and services with a steady flow of legally-insecure workers with the least bargaining power. Both put downward pressure on wages and terms of employment in services. In Europe, as work by Esping Andersen and Thelen suggests, patterns of integration of women and immigrants into the workforce during this transition were central to the divergence among the three major families of market democracies. By contrast to the broad insecurity that marked American labor, Christian Democratic countries focused on maintaining

unionized male family wage in the industrial core of the economy, and used Turkish and North African guest workers to create a dualized market system with a strong, protected native male industrial workforce and a periphery of insecure immigrant labor providing cheap services to that core. The Nordic social democracies, by contrast, adopted universal care programs that increased public sector unionized jobs, filled mostly by women joining the paid workforce, and provided an expanded political foundation for strong unions. While work patterns were gendered, the class coalition strengthened and underwrote strong economic participation and political power for women by comparison to the other two models of market society.

Arguably the most important role that anti-Black racism in America played during this period was as the foundation of the new Republican coalition that Organized Business funded. Nixon's Southern Strategy, his "law and order" campaign, and the war on drugs legitimated white Southern backlash against the Civil Rights movement and made the GOP the new home for white identity voters. Reagan's "Welfare Queen" revived the racialized rejection of social security, and underwrote the political coalition that eroded social welfare protection and rendered all workers more vulnerable<sup>79</sup> and less able to bargain. Combined with the newly-emerging religious political identity of the fundamentalist backlash against the women's and gay rights movements in the 1970s, dog whistle racial politics and patriarchal religious fundamentalism continued to bring out the voting base in support of policies that directly contributed to the economic devastation of those same voters. These also formed a new media market that made the outrage industry of Rush Limbaugh and Fox News into big business, and the propaganda feedback loop these developments created ultimately transformed the dog whistle of Nixon, Reagan, and the Bushes into Trump's bull horn.<sup>80</sup>

Distinct from the wrongs of misrecognition, we can say that atavistic status subordination plays two primary economic functions in the political economy of market societies. First, it is deployed to divide and conquer efforts to mobilize economic or political labor power. Second, it is deployed to harness labor at lower wages and under more insecure and dominated terms of employment than higher status workers are willing to accept at the time. This pattern is sustained during periods of stability, but plays a particularly critical role at moments of transformation, when status-subordinated workers and animus towards them from more politically-powerful workers were harnessed to introduce new institutions and technologies that shaped the social relations of production in ways detrimental to labor power in the long term.

##### *5. A basic programmatic framework for a post-neoliberal political economy*

Neoliberalism marked a high point in the extent to which markets were permitted to extend to every corner of production and to operate unmoored from solidaristic social relations. As it turned out, both productivity and justice suffered when agents and firms were left to pursue their self-interest in markets unfettered by mutual social obligation, and when access to basic goods and necessities came to depend ever more completely on earning money to buy them in labor markets in which workers' bargaining power eroded. Post-neoliberal political economy will have to embed more of our production system in relations of mutual solidarity, and to recalibrate power between present economic elites and the rest of the population by pushing on all three primary dimensions of context—institutions, ideology, and technology.

*First pillar: Partial decommodification of basic needs and capabilities: freedom from want.*

Understanding the political economy of market societies requires us to focus on market *reach* as much as on market *power*. As Esping Andersen emphasized, the distinctive feature of social democracy is a move toward meaningful, even if partial, decommodification of the basic necessities of life so that more people have a chance to keep body and soul together without being forced to sell their labor and maximize its monetary value.<sup>81</sup> Critically, this pillar focuses on a shift away from means-tested, minimal safety net to broad based provisioning of services at levels satisfying the needs of citizens and residents deep into the middle class. The most comprehensive proposal for such a reform in the United States is Sitaraman and Alstott's synthesis of ongoing debates in American politics: over Medicare-for-all or a healthcare public option, free higher education, a jobs guarantee, postal banking, or increased public housing. All reflect a fundamental drive to shrink the domain of the market, particularly as it relates to provisioning of basic needs and capabilities.<sup>82</sup> These calls for state-centric alternatives to markets are complemented by calls for strengthening and expanding the role of non-profit, commons-based, and cooperative enterprises, all of which are part of this broader push to expand the domain of nonmarket production and reduce the imperative to go to the market for everything.<sup>83</sup>

*Second pillar: actively counteracting status subordination.*

The core lesson of the history of status subordination in market societies is that no workers and working families are secure unless all are secure. In part, a programmatic focus on counteracting status subordination depends on ideology. Current efforts at producing a race-class narrative that emphasizes precisely this dynamic—that race has long been used as a wedge to prevent labor mobilization and drive down wages—offer one example of such an ideology-shaping strategy.<sup>84</sup> In part, it requires that we understand how different policies will affect different populations differentially. As among possible jobs programs, funding a universal cradle-to-grave care commitment will have egalitarian and liberating benefits for women, who by social convention and practice continue to bear the brunt of unpaid care obligations. Policing and prison reform, whether abolition or less drastic approaches such as those Shelbie discusses here, are in part direct liberation from oppressive practices and in part a rejection of core legal and physical practices that embody the ideology of racism, the new Jim Crow, as Alexander put it.<sup>85</sup> Immigration reform too falls into this pillar, for example Allen's proposal in this volume to focus on moderating the stark division of membership that has so long marked immigrants as a subordinate class.

*Third pillar: active institutional design to redistribute power in the economy.*

A central implication of political economy is that institutions play a central role in shaping power in the economy, and power, in turn, determines productivity and justice in both the short and long term. Institutional design must therefore incorporate into consideration the coalitions it will bring into being, and the configuration of power they will facilitate over time, rather aiming purely at the end-state it seeks to enact. Efforts like the Clean Slate Project to transform labor law, the Open Markets Institute to transform antitrust, or proposals from presidential candidates

Senators Warren and Sanders to transform corporate governance with board labor representation or worker ownership represent the kinds of fundamental institutional transformations intended to redistribute power in economic relations.

*Fourth pillar: partial de-commodification of labor and capital and embedding production in social relations of solidarity and mutual obligation.*

Proposals to increase worker ownership and board representation are clear examples. These are complemented by efforts to leverage the state's fiscal power to support cooperativism, such as Sanders' bill to create an employee ownership bank and employee ownership centers to provide both financing and mentorship. These state-led efforts should support the already-existing revival of interest in cooperativism, particularly efforts to leverage digital platforms, as we see in the platform and open cooperativism efforts that Schor describes in her chapter. In parallel, we see alternative efforts to reshape the ideological bases of market production itself, emphasizing relations of mutual solidarity and obligation, as in efforts to revive stakeholder capitalism and establish a newly central role for firms as purpose-driven organizations, as Henderson's and Salter's chapters underscore.<sup>86</sup>

*Fifth pillar: rebuilding state capacity to steer and buffer the economy.*

The Green New Deal frame offers an example of redefining the state's role as central to macro-scale steering of technological and industrial policy; as are proposals for a good jobs guarantee or universal care cradle-to-grave as a major intervention in gender equality. In this category we can think also of technology policy aimed to steer certain critical technologies: supporting the evolution of labor-complementing, rather than labor-displacing automation; reorienting algorithms and AI toward instrumenting corporate accountability monitoring and using the instrumented environment to deploy economy-wide exploitation detection and reporting. Rodrik and Sabel's chapter on good jobs, and Rahman's chapter on building state capacity are the most obvious contributions in this volume along these lines.

*Sixth pillar: democratic accountability.*

Understanding the inherent fallibility of the market and the consequent embrace of revived public engagement in the economy should not come at the expense of preserving the hard-earned lessons about the major sources of state fallibilism—oligarchic capture, bureaucratic decay, and elite groupthink. Many contemporary proposals for democratic reform, assuring proper political representation, and significantly restricting the influence of money in politics go directly to efforts to contain oligarchic capture. Dealing with bureaucratic decay and elite groupthink is marked by proposals such as Rodrik and Sabel's, as are experimentation with cooperative regulation combining civil society and public participation, and various forms of municipalism of the type Stears describes. No revival of the state and the public will succeed if it does not assume fallibilism and build accountability, responsiveness, and adaptive learning into these newly-revived public systems.

## NOTES

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<sup>2</sup> Robert J. Gordon, *The Rise and Fall of American Growth: The U.S. Standard of Living since the Civil War* (Princeton University Press, 2016).

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