

Embedded Neoliberalism, the Global Economic Crisis and Beyond

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For many progressive commentators, the onset of the global economic crisis heralded the prospect of a new economic order: one based upon more humane, progressive and rational principles than the neoliberal order out of which the crisis emerged. It is now clear, however, that with few exceptions, such a new progressive order has not eventuated. Moreover, neoliberal policies are being rolled out by states and supra-national institutions as forms of crisis management across the capitalist world.

This paper seeks to explain the durability of neoliberalism in the face of the current crisis and to assess the prospects of progressive alternatives to neoliberalism in the contemporary political economic context. It does so by deploying insights from Marxist and institutional political economy to develop the concept of “embedded neoliberalism”. In contrast to many accounts of neoliberalism which have viewed it as a process whereby the economy is “disembedded” from its social foundations, this paper argues that neoliberalism needs to be understood as embedded within a distinct set of class relations, institutional structures, and ideological norms. This helps to explain, on the one hand, the discrepancies between, the normative visions of neoliberal polemicists and the reality of actually existing neoliberalism and, on the other hand, the durability of neoliberalism in the face of crisis. It is argued that, while the ideological norms that have buttressed neoliberalism have been challenged since the onset of the global economic crisis, neoliberalism has been afforded substantial inertia through its embedding in state policies and institutions. Moreover, the weakening of the power of labour as a class, and the continuing dependence of firms on neoliberal accumulation strategies, has given further impetus to neoliberalism, even as the global economic crisis continues to unfold. It is argued that movements which seek progressive responses to the current crisis face the challenging task of confronting and overcoming these deeply embedded elements of neoliberalism.