1. Introduction

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The past two decades or so have witnessed the coming to dominance of neo-liberalism, its influence on economic policy and the promotion of the expansion of the market into new areas of the economy. The essays in this volume, written from the perspective of political economy, address many issues raised by the rise of neo-liberalism.

In Chapter 2 Euclid Tsakalotos focuses on the political economy of the expansion of the market. As he notes, sceptics of the market and the use of the market mechanism have, in recent years, been on the defensive: the argument has been put forward and advanced in many areas that markets will bring about significant efficiency gains. Tsakalotos is concerned with what kinds of argument should carry weight in any discussion about the scope of the market. He argues that, in most cases for both proponents and opponents of an expansion of the scope of the market, there are important ethical and political economy issues that need to be engaged with and which are all too often ignored.

The use of the market (or market-type processes within the public sector) is often justified along the following lines: expansion of the use of the market will increase efficiency, and then any issues of distribution (of income and so on) – or other ethical considerations – can be dealt with separately with other appropriate policy measures. Indeed, since efficiency gains imply that more preferences are satisfied, the implication is that this can but be considered an incontestable good. It is this argument that is the primary target of Tsakalotos's contribution.

He argues that the market system is a complex phenomenon, which encompasses far more than a system of rules and institutions for the allocation of goods and services. It is for this reason that an expansion of the market generally entails much more than a change in efficiency, where efficiency is defined as the best possible satisfaction of existing preferences. For institutions, such as the market, do not merely influence the relationship between things – that is goods and services – but the nature of individuals, including their preferences and their relationships with others.

Michael Howard and John King in Chapter 3 are also concerned with issues of the expansion of the market, and they seek to provide a materialist explanation

of the rise of neo-liberalism in advanced capitalist economies. They seek to explain neo-liberalism in a technologically determinist manner, although not one which is primarily derived from the 'new economy' of information technology. Their approach also contrasts with other materialist accounts of the rise of neo-liberalism which view it as a ruling class reaction to the upsurge of workers' militancy, the retardation of productivity growth and the decline of profitability that began in the late 1960s. The triumph of neo-liberalism is seen to represent a comprehensive refutation of one of the most important predictions made by Marxist theoreticians over the course of the previous century, which was also widely accepted by non-Marxists: that is, that the technical and social development of capitalism was inherently market-eradicating.

Neo-liberalism has involved commercialization or commodification, with the boundaries between what is and what is not capitalist production shifting. The notion of capital has been extended to encompass human capital and social capital. In Chapter 4, entitled 'From Bourdieu to Becker: economics confronts the social sciences', Ben Fine's first purpose is to examine how diverse analytical traditions have been brought together around the notion of social capital. He argues that the structure and movement of capital itself promotes ambiguity and illusion in the way in which it is perceived. Fine then applies these insights to the work of Pierre Bourdieu and his understanding of social capital, and then undertakes a similar exercise for James Coleman.

The second purpose is to examine the wider use of social capital within other disciplines and sets this against the second and broader purpose of this contribution. This is to examine the extent to which, and how, economics is colonizing the other social sciences through the example of social capital. In particular, reference is made to the rapidity with which it has been applied to problems of economic development.

It is not only the market which has been spreading in an imperial fashion but also the economic analysis based on methodological individualism and rational economic behaviour. In Chapter 5, Ben Fine discusses the nature of this economic imperialism. He argues that the debate around the Kuhnian approach is useful in being able to shed light on economics imperialism. He argues that although the debate around Kuhn was drawn to the conclusion that his approach was fundamentally flawed, he still considers that it is fruitful to consider economic imperialism against the debate that Kuhn's notion inspired. He proceeds by providing an overview of the Kuhnian stance on scientific progress and then discusses some of the features of the current phase of economics imperialism. The question of revolutionary science and how there are shifts between schools of thought are discussed, leading to consideration of the question as to why schools of thought change.

One specific aspect of the growth of neo-liberalism has been the introduction and spread of central bank independence, which takes key decisions out

of the hands of elected politicians and into the hands of experts. It is also based on a view that the market quickly gravitates to a supply-side equilibrium based on markets clearing. In Chapter 6, James Forder considers the political economy of central bank independence, and specifically considers the theory behind such independence, as well as evidence on the performance of independent central banks, and considers their political legitimacy. He concludes that the advocates of central bank independence have failed to advance a theoretical account of the benefits of independence, have not been able to provide evidence supporting it, and have failed to make a persuasive argument that any restrictions on democratic decision-making are a price worth paying.

Forder begins by seeking to identify the arguments that have been advanced by the advocates of central bank independence. He points to the asserted neutrality of money, and the expectation that low inflation comes from central bank independence, along with claims on the existence of the natural rate of unemployment. In section 2 of his chapter, he considers the arguments for independence based on the alleged relationship between it and inflation, supported by this view of the natural rate of unemployment.

The validity of the deduction from the asserted existence of the natural rate of unemployment that there are no normative issues to be faced by monetary policy makers is challenged in section 3.

Another argument for central bank independence comes from the claim that democratic control actually results in poor policy, which is used to suggest that this particular policy area might properly be removed from democratic control. Forder argues that there is plenty of democratic theory which argues that the desirability of independence does not follow from the failings of democracy. Some proponents of central bank independence argue that certain proposals can avoid the danger of being inconsistent with democratic government by instituting some form of limit or safeguard on the central bank's independence. In section 5 Forder argues that those proposals that can properly be understood as avoiding serious concerns about democracy are also proposals for arrangements that would not be called 'independence' in the rest of the literature.

In Chapter 7, George Katiforis considers some of the relationships between two of the giants of political economy, Keynes and Marx, who differed on many things but who both saw many faults in the ways in which unfettered markets would operate. Catephores postulates that Keynes can be viewed as a bourgeois Marxist. As he says, showing that Keynes was bourgeois is a straightforward matter, but to sustain that he was Marxist appears impossible in light of Keynes' dismissal of Marx's works and his lack of references to Marx's writings. Contemporary Marxists generally returned the feelings with a hostility to the works of Keynes. Yet Keynes could look forward to 'a regime which deliberately aims at controlling and directing economic forces

in the interests of social justice and social stability'. (Keynes, 1972, Vol. IX p. 305).

Katiforis argues that 'the right end to begin with Keynes, as with many other great writers, is not at the end but almost right at the beginning, at the moment in life when a man of genius, on the threshold of maturity but still youthful in intent and purpose, decides to break with conventions, the hypocrisies, the moral bankruptcy, the falsehoods, the criminal devices of a whole decrepit order of things and stake his claim at changing the world'. Marx similarly was such a man: 'The philosophers have only interpreted the world in various ways; the point is to change it'. Keynes was another such philosopher, determined to change the world. Finally, the rise of neo-liberalism raises the issue of economic imperialism related to the issue of the extension of neoclassical concepts into the terrain of other social sciences.

REFERENCE

Keynes, John Maynard (1972), *Collected Writings: Vol. IX, Essays in Persuasion, Social Consequences of Changes in the Value of Money*, London: Macmillan.