1. Introduction to the Handbook on Critical Political Economy and Public Policy

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Since the first decade of the present century, the field of political economy has seen a significant resurgence of interest not only in the wake of the 2008–09 financial crisis and the euro crisis, but also in response to the deep economic crises triggered by climate catastrophes and the COVID-19 pandemic. Competition among the new great powers, not least in the field of economics, has further reinforced this interest. But what exactly is it that distinguishes the field of political economy? Is there really a need to bring together what divergencies long ago separated into two major disciplines: economics and political science? And what about the emphasis on the word ‘critical’? Are not all scientific endeavors called upon to critically examine the phenomena they study? Finally, has not public policy always been the subject of analysis and focus of contributions in the field of political economy?

Ever since governments have emerged, people have conceived of policies that regulate the livelihood strategies of their respective populations, including policies for securing labor and/or monetary or in-kind contributions for carrying out government activities and supporting the lifestyles of government personnel and ruling elites. Nevertheless, the term ‘political economy’ with reference to such activities did not appear until 1615 when the French author Antoine de Montchréstien coined the phrase in his Traicté de l’oeconomie politique [Treatise on Political Economy]. The work, which today we would call a policy brief, was written as advice to the monarch on how to increase the wealth of France by promoting industry, trade, and exports. Referring to the monarch’s governance of his subordinates and their livelihood activities, Montchréstien used the Greek word oikonomía to refer to the material management of a patriarchal household. In countries such as England and the Netherlands, where the powers of a monarch were constitutionally limited, a preference developed for terms such as ‘national treasure,’ ‘national interest’ or ‘national happiness’ due to the fact that ‘police,’ the English equivalent of politique, carried a negative connotation. However, by the late 18th century, after the Journal Economique had popularized the term économie politique in France, ‘political economy’ also came to be adopted in Great Britain as the name for a scholarly discipline (Muldrew, 2018, pp. 95–120).

Until the 18th century, intellectuals who offered advice on aspects of political economy dealt primarily with issues pertaining to the financial resources of a monarch, not least of which involved their capacity to wage war. They advocated the promotion of industry and exports to facilitate access to precious metals as the means to maintain standing armies and fund war campaigns at a time when the financial system was not yet sufficiently developed to provide the large amounts of credit required to pay for such ventures (ibid., pp. 105–6). Although modern states are no longer feudal, the focus on strengthening state capacities has survived to the present and is found in the writings of geopolitical, nationalist, and even developmentalist political economists (Helleiner, 2021).
During the 18th century, political economists, especially in the classical Anglo-Saxon tradition, turned their attention to strategies for increasing the wealth of property-owning ‘free men.’ In the words of James Steuart, who wrote the first book in English under a title containing the term ‘political economy’:

The principal object [of political economy] is to secure a certain fund of subsistence for all the inhabitants, to obviate every circumstance which may render it precarious; to provide everything necessary for supplying the wants of society, and to employ the inhabitants (supposing them to be free-men) in such a manner as naturally to create reciprocal relations and dependencies between them, so as to make their several interests lead them to supply one another with their reciprocal wants. (Steuart [1767] 1966, p. 17)

Adam Smith’s definition of political economy and its purpose expanded the focus, adding the securing of sufficient revenue for public services to the task of enabling people to provide for themselves:

Political economy, considered as a branch of the science of a statesman or legislator, proposes two distinct objects: first, to provide a plentiful revenue or subsistence for the people, or more properly to enable them to provide such a revenue or subsistence for themselves; and secondly, to supply the state or commonwealth with a revenue sufficient for the public services. It proposes to enrich both the people and the sovereign. (Smith [1776] 1976, Book IV intro.)

Over time, this classical tradition of liberal political economy narrowed its analytical scope and evolved into neoclassical economics focusing on market transactions. With some delay the separate discipline of political science, the study of politics, emerged. While sharing key assumptions of neoclassical economics such as utility maximization and market equilibrium, and applying methods from its microeconomic toolbox, some authors have reverted to the analysis of politics, policies, and polities, thereby establishing the field of political economy within the discipline of economics. The editors of the *Oxford Handbook of Political Economy*, for example, defined political economy as ‘the methodology of economics applied to the analysis of political behavior and institutions’ (Weingast & Wittman, 2008, p. 1). The approach that deals most explicitly with politics, the public choice approach, focuses on how individual preferences shape institutions as well as policies and how individuals interact with political rules and institutions (Buchanan, 1999). While most studies guided by the public choice approach are theoretical, abstract, and deductive, the relatively new field of behavioral economics makes extensive use of experiments with human participants (Banerjee & Duflo, 2011). An interest in assessing connections between individual behavior and the effectiveness of policy decisions is widely shared among the political economists in the realm of economics (Cardinale & Scaczi, 2018).

After World War II, at least in Germany and France, political economy became synonymous with Marxism, although Karl Marx himself had actually formulated a critique of the political economic thought of his time. His criticism was directed against nationalist as well as liberal approaches to political economy for their neglect of history, exploitation, and the endogenous tendencies of crisis (Marx, 1887). Historical materialism as conceived by Frederick Engels and Karl Marx does not share the belief in the primacy of the individual that is common to the liberal tradition. Central to their theory is the concept of class and capitalism as the main feature of the contemporary relationship between state and economy. Societies are historically divided along class lines, which are defined by the division of labor and the ownership of the
means of production. These divisions are the key drivers of social change, and, accordingly, the chief determining factors in the political sphere (politics, polity, and policies) as well as in the economic sector (the material reproduction of humankind). The original Marxist concern with the working class and its suffering as well as its emancipatory potential has nowadays been supplemented, expanded, and sometimes replaced by analyses of a variety of other issues and forms of domination. As can be seen in this Handbook, while capitalism and a multitude of different capitalist relations remain an important part of the broader stream of critical political economy, scholars have meanwhile also begun to explore other lines of societal division such as gender and race.

These three different strands of political economy – economic nationalism, economic liberalism, and critical political economy – cover a broad spectrum of societal topics, causal explanations, and methods as well as ontological and epistemological positions (Wullweber, 2019). The economic nationalist strand that takes the nation-state as its primary unit of analysis (and the respective government as addressee for its advice) is primarily concerned with strengthening the material base (and competitiveness) of the respective nation-state with regard to other nation-states and their subjects (especially corporations domiciled in these other countries). For the most part, it adheres to a positivist epistemology and is open to the integration of mixed quantitative and qualitative methods. The primary unit of analysis for the liberal strand is the individual, whose preferences and behavior are generally modeled after the ideal of the white, property-owning or at least highly skilled male (*Homo oeconomicus*; Habermann, 2008). Its key concern is maximizing individual wealth and purchasing power regardless of economic inequalities. The liberal strand is also wedded to a positivist epistemology. Its methods are mostly quantitative and in recent times also experimental.

The *critique* of political economy, which today also goes by the label of critical political economy (with roots in the Marxist tradition) or heterodox political economy (with roots in the Keynesian tradition), is primarily concerned with analyzing and overcoming economic inequalities among different groups on diverse social levels, from the individual household to the global community. A common ontological position is that humans are social beings that cannot be understood outside their social context. It follows that economics and political economy are an integral part of the social sciences. There is a plurality of epistemological positions, spanning the gamut from the original historical dialectics to positivist and post-positivist approaches, which all seek to gain insight into human societies (Wullweber, 2015; Wullweber & Scherrer, 2011). In critical political economy, therefore, a wide variety of methods can be found, ranging from regression analysis, triangulation, and comparative approaches, to retrodiction and ethnographic methods.

For all their differences, these three major strands of political economy share the same conviction that the spheres of the economy (accumulation of wealth in spaces governed by market exchange) and the political (accumulation of power and legitimation of coercion), while analytically separable, are in practice intertwined and thus require interdisciplinary analysis. The prominent member of the French *l’école de la régulation*, Robert Boyer, has succinctly explained the interdependence of the two domains:

[T]he proper operation of each of the fields makes use of resources coming from the other field, for reasons that are not purely contingent. On the one hand, economic logic in order to operate requires preconditions that can only come from another sphere: a stable monetary and credit regime, commercial and labor laws, a legitimate public authority preserving national sovereignty, and the required collective infrastructures, as many institutions which the economic logic left to itself is incapable of
engendering or even sustaining in the long period. On the other hand, without financial resources and integration into the economy, polity will not be able to satisfy its primary objective, the accumulation of power, which is not directly economic, but needs to be realized through a tax system and public spending. (Boyer, 2018, p. 556)

Citing the failure of a command economy as practiced in the Soviet Union and pointing out the far-reaching implications of the financial crises, Boyer argues that ‘the political regime and the economic regime are condemned to coevolve, since any of the two extreme configurations (i.e., “all is polity” or “all is economy”) are unable to prevail in the long run’ (ibid.).

Our selection of chapters for this Handbook sides with the critical tradition among these three strands of political economy. This is not to deny critical scrutiny of research designs, theoretical elaborations, and findings in the other traditions. As elaborated above, however, their focus concentrates on increasing the wealth and competitiveness of nations and/or enhancing the allocative efficiency of markets. And although topics addressed in a number of more recent writings in the other two strands do also include environmental concerns, the question of how to overcome structures of economic inequality and power asymmetries beyond mere remedial action against egregious forms of poverty does not figure in their agenda. But our preference for the critical tradition is not based on normative grounds alone. Its openness to other social sciences and sensitivity towards societal inequalities without neglecting either interstate rivalries or individual agency promises a more holistic approach and therefore more convincing insights into political economies.

A primary concern of this Handbook is to illustrate ways in which critical political economy finds practical application in everyday life by informing public policies. In areas ranging from the environment and the use of land and water to health, labor, and other factors that affect the quality of life, critical political economy can show how public policies impact different social groups and social classes differently. Policies remain gendered and racialized even when formulated in universal terms (in areas such as environment or health, for example). Moreover, their implications and ramifications vary greatly depending on whether they are implemented in the Global North or the Global South. The key factors to uncover here are for what and for whom public policies are elaborated and implemented. Indeed, it is precisely in the area of public economic policy that the particular strength of critical political economy comes to bear. For this to happen, it is not only necessary but also indispensable to critically engage with various market-liberal dogmas. The idea that the market will reach equilibrium on its own must be abandoned. At the same time, the view that the state should refrain as much as possible from economic activity needs to be questioned. And the often proclaimed dichotomy between state and market must be discarded. The economy does not function without the state, but neither does the state function without the economy. Further, the state is not a monolithic entity, nor is it simply an instrument of the dominant classes. Rather, the state is criss-crossed by class relations and struggles. Specific correlations of forces and struggles materialize in institutional structures and agencies, for the state is the ‘material condensation of the relationship of forces and class fractions’ (Poulantzas, 2000, p. 127) that is tasked with reflecting on how and for whom public economic policies should be designed and applied.

Unlike mainstream economics, critical political economy does not provide policy recommendations that disregard the social context in which the proposed policy is to be implemented. And in contrast to mainstream public policy analysis, it does pay attention to issues of policy compatibility with prevailing capital accumulation strategies. Taking these approaches seriously can open up completely new perspectives and reveal new paths for eco-
nomic policy to lead society out of the explosive dilemmas it currently faces. Critical political economy provides the analytical tools and the conceptual framework to probe conditional relationships among relevant variables while disentangling specific intertwinements between state, economy, and society, and examining their underlying power relations. Herein lies its particular strength. The aim of our *Handbook on Critical Political Economy and Public Policy* is to showcase this strength with examples of policy studies covering the fields of economic development, environment, finance, labor, taxation, trade, and welfare at the local, national, and international levels.

**BOOK STRUCTURE**

**Theory**

Our *Handbook* begins by introducing a diverse range of theories of political economy applicable to the field of public policy. In the first contribution in Part I, Chapter 2, ‘Plurality of political economy approaches to the global division of labor,’ Christoph Scherrer highlights the relevance of the international division of labor for a critical politico-economic analysis of public policy. Traditionally, three analytical approaches have competed for dominance in the interpretation and evaluation of the international division of labor: liberal international political economy, economic nationalism, and historical materialism. Since the 1970s, a fourth approach has been gaining ground: feminist political economy. Scherrer shows that the global division of labor is analyzed quite differently within each of these theoretical frameworks. Not surprisingly, liberal international political economy is very much in favor of the division of labor. Strongly rooted in Ricardian thought and often based on neoclassical economics, liberal approaches hold that the more international division of labor there is, the better it will be for everyone. In contrast hereto, economic nationalism takes global power structures into consideration. Economic nationalist approaches, which go back to Friedrich List, are not critical of economic liberalism per se, but argue that an international division of labor based on free trade primarily serves industrialized states. They take the view that developing countries and ‘latecomers’ should protect their (infant) industries until they are able to compete internationally. The third strand, historical materialism, or Marxian political economy, focuses on power relations embedded in the capitalist mode of production in general. Here, the home domain of analysis is not the unequal power relations among states, but the distribution of power within societies and the capitalist mode of production with a focus on classes – traditionally the owners of the means of production and the wage earners or working class. For the final line of approach, feminist political economy, gender relations are the starting point for analysis. Feminist approaches insist that the international division of labor is already always a gendered division of labor. Through this lens, they are able to shed light on topics such as unpaid labor, the feminization of the workforce, and the gender differential impact of trade liberalization. In conclusion, Scherrer emphasizes the significance of deciding on a certain theoretical framework when it comes to the analysis of public policies. Each approach and school of thought offers very different ways of interpreting and problematizing the global division of labor.

In Chapter 3, ‘The cultural political economy approach to public policy,’ Bob Jessop and Ngai-Ling Sum present cultural political economy (CPE) as a distinctive social science approach to the analysis of public policies that combines critical semiotic analysis and critical
political economy. They argue that the overall CPE approach extends beyond these fields and encompasses cultural and social analysis in general. The chapter illustrates this claim with critical reflections on historical-materialist policy analysis (see Chapter 8) and shows how this approach can be improved by considering the broader theoretical contributions of CPE. With reference in particular to Foucault and his concepts of problematization, objectification, subjectivation, power/knowledge, and dispositive, the authors explain that CPE aims to expand the microphysics of power to macro-level questions of political economy and the state. They then elaborate on these concepts, incorporating Gramscian terms of analysis such as the workings and logics of hegemony, passive revolution, and domination. Bob Jessop and Ngai-Ling Sum point out that CPE is not a closed theory but a ‘grand-theoretical paradigm’ that offers a useful heuristic for empirical research rather than a set of pre-given hypotheses that apply universally. In this way, CPE is especially useful for analyzing policy responses to social problems and crises. The authors conclude by delineating some implications for research in critical policy studies, suggesting four methodological steps. First, such an analysis should begin with a reasoned critique of policy proposals based on flaws in their internal assumptions, categories, problematizations, and argumentations. Second, it is important to identify the ideal and material interests favored by certain political proposals or strategic lines in certain times or constellations. Third, such an analysis should include an account of the role played by politics, the political paradigm or the general strategic line in the reproduction of one or more permanent, structured forms of social domination. Fourth and last, critical policy analysis should produce proposals for alternative interpretations, policies, and strategies to facilitate the emancipation of subordinate social forces (and perhaps dominant forces) from the harmful effects of the pattern of domination naturalized or legitimized by those who are the subject of said critique.

Chapter 4, ‘Institutionalist, regulationist and dependency approaches to transition countries’ economic policies,’ contributed by Joachim Becker, brings forward institutionalist and regulationist approaches to public policy. Arguing that these approaches offer a variety of middle-range concepts that can be directly applied to different policy fields, Becker illustrates this in an application of those theories to the economic policies of countries in transition from a socialist mode of production toward a capitalist economic system. He demonstrates how institutionalist and regulation theory approaches enable an analysis that focuses on the subordinate form of international integration and the resulting peripheral position of transition and post-transition economies in the European division of labor. Of special importance for these approaches is the relationship between growth models, the state, and economic policymaking. Continuities in economic development patterns and institutional structures of the different capitalist regimes are the home domain of institutionalist theories. Regulation theory places the emphasis on different forms of accumulation, making a fundamental distinction between productive and financialized accumulation. Accumulation, in turn, can be either introverted – that is, primarily oriented towards the domestic market – or extraverted – that is, heavily based on exports or imports of goods and capital. In combination with dependency theory, these approaches provide the tools to explore the asymmetric relations between core and peripheral economies. In a comparison of institutionalist approaches with regulation theory, Becker points out that the latter places more emphasis on crises as junctures in economic policy. The broader conceptualization of lines of social conflict, power relations, and the state makes it possible to use regulation theory together with dependency theory to more systematically
analyze shifts in the relationship between different capital fractions, conflicts over strategic state selectivity, and resulting economic policies.

Brigitte Young’s contribution, Chapter 5, ‘COVID-19 and the gender dilemma: blind spots in both macroeconomics and feminist economics,’ holds that many if not most traditional economists rely on macroeconomic approaches that are both gender-blind and data-driven. Arguing that the ‘silencing’ of women in macroeconomic accounting leads, among other things, to the exclusion of household-produced goods and services in economic growth measurements, she sees this lack of gender sensitivity reflected in policy programs. As an example, she cites the EU Recovery Fund, which mainly supports male-dominated industries such as digital technology, energy, agriculture, construction and transport, while underrating or simply ignoring areas of the economy such as care and health, accommodation and food services, social work, the arts, culture, and recreation. This situation is all the more surprising considering the applause received by (mainly) women care workers at least at the beginning of the COVID-19 epidemic. As Young also observes, however, even though many feminist economists do include household activities, the labor market and the care sector in their analyses, they nonetheless demonstrate macroeconomic blindness when they neglect such issues as monetary policy and the global finance sector. While emphasizing the micro level, they largely ignore important shifts in global finance and the new normal of unconventional monetary policies. This, as Young contends, is unfortunate, considering how strongly such macro-policies affect the micro- and meso-levels. At the same time, however, she calls attention to several economists who do, indeed, include all the different levels in their analyses, and concludes by suggesting several strategies to strengthen gender-sensitive economic approaches in more encompassing and holistic ways.

In Chapter 6, ‘Ordoliberalism’s advice for economic policymaking,’ Pavlos Roufos engages with ordoliberalism as a concept and an approach to political economy while exploring the different ways in which this approach relates to public policy. He explains how ordoliberal thought shapes the elaboration and creation of institutional and constitutional instruments intended to provide the overall framework for market-compliant policies. Through the reconstruction of key theoretical concepts developed by ordoliberal theorists, Roufos scrutinizes the crucial role meant to be played by the state in constructing and maintaining a liberal competitive market order. At the same time, he argues that ordoliberalism has never been a self-contained concept but has always also functioned as an ideological and pragmatic underpinning of specific market-liberal policies. Ordoliberals envisioned a state based on a strong administrative and legislative apparatus that would shield it against the influence of particular interest groups including strong capital factions that might undermine competition by establishing oligopolies, for example, or trade unions that could threaten price and monetary stability with excessive wage demands. The goal for ordoliberals, according to Roufos, was to de-politicize economic policy in order to preserve a market-liberal order capable of ensuring the full effectiveness of the market and price mechanism.

The final chapter in Part I on theory, Chapter 7, ‘What is neoliberal about new public management?’, contributed by Sahil Jai Dutta, Samuel Knafo, and Ian Lovering, explores the concept of new public management. The term describes a deep restructuring of the state involving the weakening of the classical welfare state under the guise of increased efficiency and necessary structural adjustments. The authors argue that although the term new public management is widely perceived as the neoliberal approach to public administration, to problematize the notion of new public management and to elaborate its political dimension, the
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contribution critically discusses different explanations of its association with neoliberalism. The authors argue that the relation between new public management and neoliberalism is rather diffuse: first, in many cases, center-left governments have been strong supporters of new public management, both before and after New Right governments of the 1980s. Second, in many respects, public choice ideas and new public management are not compatible. Third, purported ‘business-like’ methods that are often associated with new public management are rather fuzzy and the dualistic framing of private versus public management has always been conceptually empty. To bring deeper insight into the role and politico-economic significance of new public management, Dutta, Knafo, and Lovering trace the emergence of the approach in the 1950s and 1960s. Against this background it becomes clear that the success of the new public management approach was based on its ability to create a market-like environment in public administration. The authors conclude that while the neoliberal context was crucial to the development of new public management, the governance practices introduced with this approach had little to do with neoliberal ideas.

Methods

Part II introduces two different methods, based on critical political economy, to specific realms of public policy. In Chapter 8, ‘Historical-materialist policy analysis of climate change policies,’ Etienne Schneider, Alina Brad, Ulrich Brand, Mathias Krams, and Valerie Lenikus discuss historical-materialist policy analysis (HMPA) to understand, and tackle, climate change. They argue that the aim of HMPA is to analyze how specific policies are formulated against the background of competing and contradictory interests of different social forces and how, if at all, they contribute to social reproduction and the regulation of contradictory social relations and crisis tendencies. As a way to operationalize HMPA for empirical research, they propose a three-step process: (1) context analysis; (2) actor analysis; and (3) process analysis. As they analyze negative emission technologies (NETs), the authors argue that the integration of NETs into EU climate policy is not just a result of ‘rational’ decision-making or the efficacy of sociotechnical imaginaries, but is also shaped by actors, strategies, and interests. Thus, one can observe how fossil capital, and how other capital fractions, contribute to the ‘normalization’ of NETs by adopting ambitious ‘net-zero’ or even ‘climate-negative’ targets. They conclude that HMPA sensitizes us to the inherent contestedness of such policymaking processes and alternative political initiatives to counteract attempts at mitigation deterrence through NETs.

In Chapter 9, ‘Beyond methodological Fordism: the case for incorporated comparisons,’ Alexander Gallas offers a discussion on the limitations of ‘methodological Fordism,’ and argues for an alternative approach, showing us how to conduct empirical research in political economy from a global vantage point. He draws upon McMichael’s (1990, 2000) notion of ‘incorporated comparison’ and outlines a distinct research design for the field of the political economy of labor. For this, Gallas points to critical problems in the process of doing empirical research from a global vantage point: the dangers of subsumptionism; the limitations of approaching global issues from a quantitative angle; the challenge of reconciling analytical breadth and depth; and the need for selecting suitable cases and data. The method of ‘incorporated comparison’ deals with the need to connect a global perspective with a sensitivity to context-specific divergences. The author proposes categories for assessing class formation on the grounds of materialist class theory, putting them to use by mapping non-industrial strikes.
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around the world, and supplementing this mapping with detailed case studies of large-scale strikes or strike waves. He concludes that this research design and the criteria developed for case and data selection ensure that the research process remains open and enables us to move beyond methodological Fordism with its focus on the national state, a small number of core countries and on manufacturing.

Environment

Part III features different analyses on critical issues concerning environment, ‘extractivism,’ development strategies, and its geopolitical implications. In Chapter 10, ‘Land grabbing, financialization and dispossession in the 21st century: new and old forms of land control in Latin America,’ Karina Kato and Sergio Leite examine land grabbing and contemporary capitalist dynamics, the commodification of land and nature, and intensification of dispossession processes. The authors focus on three analytical dimensions: the expansion of extractive corporations in rural areas accompanied by processes of dispossession; the reconceptualization of land as a financial asset by the accelerated financialization of extractive global chains, with impact on regional land markets and on mechanisms of expropriation; and the configuration of a new global governance of land transactions. Thus, the chapter points to how financialization mechanisms related to agriculture and land have resulted from a complex arrangement derived from capital accumulation processes at the international scale with direct impact on different territories and populations in countries in the ‘Global South,’ in particular those located in Latin America. This process relied on the participation of states and multilateral agencies. In an attempt to minimize the strong environmental, social and economic impacts, they ‘contemporize’ these investments by qualifying them as ‘responsible.’ The authors conclude that land has gained a central role in the international political-economic agenda, which prompts a revision of the character and significance of agricultural activity for capitalist accumulation. The rural sector is not just the location of food production. Both land and commodities have also become the object of ever-more sophisticated financial arrangements. It leads to permanent tension in rural areas. In defense of territory, social movements advance different modes of development that provide spaces for differentiated forms of lives and livelihoods.

Chapter 11 takes up the issue of land use and offers a closer look into extractive economies in Latin America. In ‘Extractive economies and public policies: critical perspectives from Latin America,’ Bruno Milanez and Ana Garcia argue that the emergence of neoliberalism and the economic rise of Asia have driven the restructuring of nation-states and public policies towards a deepen dependence on extractivism in Latin American countries. This dynamic resulted in new and complex territorial impacts and conflicts. The chapter points to the main schools of thought on extractivism and economic development; it addresses the main issues involving the economic and political context of mining in Latin America, providing examples of public policies in the extractive sector; and concludes with a synthesis of new conceptual propositions on ‘post-extractivism’ and ‘post-development,’ based on recent Latin American intellectual debates. It argues that, from the public policy point of view, most countries governed by center-left leaders did not achieve substantive changes in their socioeconomic structure, and there were no significant modifications in the tax or land ownership configurations. In some cases, these policies even intensified aspects of inequality, either through tax incentives for extractive projects, or through land concentration in the hands of agribusiness or mining corporations.
In Chapter 12, ‘Ecological perspectives on sustainability in China,’ Lau Kin Chi examines issues of air pollution and water diversion, and reflects on the ways China may confront the dangers of modernization. The author argues that it is necessary to take subaltern and ecological perspectives in challenging statist, elitist and anthropocentric discourses and practices in relation to the question of sustainability in China. The chapter updates data and discusses air pollution and lung cancers in China, and the South-to-North water diversion project. It argues that the modernization paradigm that China pursues has been characteristically privileging industry over agriculture, urban over rural, and middle class over subaltern, hence growth statistics and resource emphases are all geared to such a development paradigm. ‘Modernization’ itself is not questioned, and it justifies the ‘price’ that needs to be paid. In the modernization discourse in China, ‘de-growth’ is almost unthinkable. It concludes that it is necessary to articulate socioeconomic justice with ecological justice, and consider the cultural dimensions of Chinese society and political economy as part and parcel of the development paradigm.

Chapter 13 discusses the geopolitical dimension of nature and development strategies. In ‘Looking south: megaprojects, borders and (in)mobilities,’ Ana Esther Ceceña and Sergio Prieto Díaz reconstruct an image of the territories of the so-called southern border of Mexico, relating the geostrategic character of the megaprojects projected for the region. The authors show the links these megaprojects have with respect to the processes of geopolitical ordering and human (in)mobility, in order to clarify the meanings and implications of the current development policies and its risks. To this end, the traditional notion of border is de/reconstructed in a long-term perspective, which incorporates the analysis of the conjunctures with the historical structures that define this territory, and its sovereign/hegemonic relations with the northern neighbor. Through this problematization, defining elements of the territorial reordering policies are presented and analyzed, with special emphasis on those corresponding to the Mayan Train and the Transisthmian Corridor, but without losing the continental context, as well as their foreseeable impacts in terms of population redistribution and changes in the ways of life.

**Finance**

Capitalism cannot do without a well-functioning global financial system. Accordingly, the question of state regulation and the way this system is governed plays a crucial role in being able to analytically classify and evaluate the current capitalist system. In this respect, Joscha Wullweber’s contribution in Part IV, Chapter 14, ‘Challenges for monetary policies in the 21st century: financial crises and shadow banking,’ assumes a radical change in both the functioning of the global financial system and the way in which the governance of this system is carried out on the part of central banks. Within the financial system, the importance of the shadow banking system has greatly increased. This implies that the part of the financial system that is little or not regulated at all by the state – the shadow banking system – is gaining strongly in relevance. As a result, the crisis-ridden nature of the financial system as a whole has increased sharply and continues to do so. The global financial crisis of 2007–09 forced central banks to react to this new constellation, as well as the financial crisis caused by COVID-19. In both crises, the leading central banks created a whole series of radically new, unconventional and powerful monetary policies to keep the overall system reasonably stable. The problem is, however, that while these measures stabilize the financial system in the short term, they also lead to a strong increase in overall crisis vulnerability. The fundamental problem is that there is no deviation from market-liberal assumptions within monetary policy. The belief in a finan-
cial market that stabilizes itself and tends towards equilibrium continues to dominate. Such an approach, however, is not capable of permanently stabilizing the crisis-ridden financial system.

Chapter 15 by Hans-Jürgen Bieling, ‘Governance of the eurozone in the face of transnational crises dynamics,’ argues that the governance of the eurozone has originally been guided by the view that the European Central Bank is responsible for monetary policy and that national governments can confine themselves to modernizing national models of capitalism and making them fit for the requirements of the single currency. Since the late 2000s, transnational crisis processes – first the financial and sovereign debt crisis, most recently the coronavirus pandemic – have challenged this view. Accordingly, to save the euro and the Economic and Monetary Union, there were repeated negotiations about ‘crisis constitutionalist’ reforms – that is, comprehensive institutional and procedural reforms of economic governance. While these reforms in the so-called sovereign debt crisis were still primarily oriented towards austerity policies, in the coronavirus pandemic, elements of a jointly organized and maybe even solidary management gained in importance.

Jenny Simon’s contribution ‘Chinese capitalism and the global economic order: the impact of China’s rise on global economic regulation,’ Chapter 16, analyzes the impact of China’s rise on global economic regulation in the fields of trade and finance from a process-oriented neo-Gramscian perspective. The analysis shows that the Chinese state neither followed a grand strategy to overthrow the global economic order, nor did China’s rise lead to its fundamental transformation. However, below the level of the grand order, China’s rise led to an incremental transformation of the hegemonic nexus of global economic regulation based especially on China’s development of parallel regulatory arenas and regimes with a regulatory rationale shaped by the Chinese mode of development. This not only limited the reach of the market-liberal paradigm and rulemaking capacities of US or EU actors. It also led to a more fragmented, multipolar nexus of regulating global capitalism.

The final chapter in Part IV, Chapter 17 by Ia Eradze, ‘Taming dollarization hysteresis: evidence from post-socialist countries,’ critically explores dollarization processes in post-socialist countries from a political economy perspective. Although the political processes and dynamics and the economic structures and dependencies are specific to each country, the chapter systematically elaborates common trends, roots, and trajectories of dollarization processes. The analysis is based on a methodological critique of the dollarization literature that mostly draws on neoclassical economics. These studies struggle to capture and understand the problem of dollarization and de-dollarization processes. One of the biggest problems of these approaches is that the role of the state is not or only insufficiently included in the analyses. Accordingly, the author brings the state back into the analysis based on an analytical framework inspired by peripheral state theory, regulation school and dependency theory. In this way, the chapter demonstrates the responsibilities of the state and the role of the central bank. Moreover, it brings the underlying power relations and conflicts of de-dollarization policies to the fore. The author also suggests policies that are more likely to support successful de-dollarization processes.

Labor

The cleavage between capital and labor in modern society raises numerous policy issues. Four chapters in Part V address this divide in different ways. The first chapter traces the increas-
ing power of capital through the organization of global value chains, using agriculture as an example. The second chapter looks at the intertwining of state and capital in regulating the world’s largest labor force. The third chapter looks at the controversies surrounding minimum wage policies, and the final chapter critically examines the concept of ‘just transition,’ the idea that the transition to an environmentally sustainable system of production and consumption should be humane and equitable for the workers and communities affected.

Chapter 18 by Praveen Jha and Paris Yeros, ‘Global exploitation chains in agriculture,’ describes and theorizes the significant acceleration of the transnationalization of production and distribution systems. It places these developments in the context of the emergence of capitalism in the era of colonialism when key raw materials and intermediates were sourced from subjugated territories in the South and production took place in the North. While production is geographically dispersed in the current phase of globalization, value appropriation still resides with transnational corporations (TNCs), most of which are headquartered in the Global North. These TNCs engage in ‘labor–nature–regulation arbitrage’ to the detriment of workers and nature. The resulting divergence between labor productivity trends and wages deepens the processes of exploitation for working people in general, but disproportionately in the South. The authors illustrate these processes using agriculture in the Global South as an example. They show how gross inequalities in the level of government support for agricultural activities, the rules of the current trade regime, and control over intellectual property facilitate and reinforce the impact of global agricultural value chains on the exploitation of peasants and agricultural workers in the South.

Elaine Sio-ieng Hui’s Chapter 19, ‘The development of labor policies in China: from passive revolution to eroding hegemony,’ analyzes class politics in the country with the largest working population in the world. Her key question concerns the strategies of the party-state to keep this huge working class under control. Inspired by Antonio Gramsci, she shows that the Chinese economic reform initiated since 1978 was a passive top-down revolution, not a bottom-up revolution led by the bourgeoisie as has emerged in some Western countries. Labor policies during this economic reform period went through three phases: passive revolution, emerging hegemony, and eroding hegemony. Drawing on her many years of field research in the People’s Republic of China, Hui traces these changes, focusing on the largest group of the working population in China, rural migrant workers. During the passive revolution to integrate China into the world economy under party leaders Deng Xiaoping and Jiang Zemin (late 1970s to 2003), Chinese labor policies served the purpose of introducing capitalism into the country. Thereafter, under the governments of Hu Jintao and Wen Jiabao (2003–13), many labor policies were aimed at mitigating the negative effects of economic reforms on workers and securing their approval of the ruling bloc. According to Hui, these welfare measures contributed to the emergence of an incipient hegemony of the Chinese ruling class. In the current era under Xi Jinping, labor protections have been softened and labor relations made more flexible. In addition, the party-state is tightening control over civil society actors and suppressing independent workers’ groups, compromising the previous hegemonic base.

In Chapter 20, ‘The political economy of minimum wage policies,’ Hansjörg Herr addresses one of the most debated and controversial labor market issues: minimum wages and their adjustment. Since this is also a matter of dispute between economists belonging to different economic paradigms, he presents the two opposing paradigms: neoclassical economics and Keynesianism. According to the neoclassical paradigm, minimum wages and collective bargaining distort the functioning of labor markets. Herr advocates a Keynesian approach based
on original Keynesian thinking rather than the post-war neoclassical synthesis. In this view, labor markets are dominated by asset and goods markets and therefore do not have their own mechanism by which they can increase employment. Nevertheless, labor markets are important for the stability of economies. Leaving the labor market to the market mechanism, combined with flexible wages, leads to a permanent destabilization of the price level and greater inequality. Minimum wages can thus contribute to more stable labor markets. Herr’s chapter also provides an overview of empirical studies on the effects of minimum wages and discusses the political choices involved in setting minimum wages.

Chapter 21, ‘Just transitions: a historical relations analysis,’ by Dimitris Stevis, critically examines various approaches to climate change. Based on the historical relations approach, which pays attention to the power asymmetries inherent in the social division of labor, Stevis historicizes and politicizes the concept of just transition. It was the US Oil, Chemical and Atomic Workers International Union (OCAW) that first raised the idea of a transition program for workers in the 1970s in response to environmental regulations and increased automation. The narratives of the Anthropocene and planetary boundaries largely avoided questions of power and justice in the years that followed. The idea of a just transition resurfaced in the context of green economy proposals following the 2007 financial crisis. While the ecological transition may create more jobs, such as in renewable energy, the shift away from the fossil-fuel-based production and consumption may have a detrimental effect on the labor force. The new jobs may be in other fields, require different skills, and capital may keep unions out of the new jobs. While the just transition discourse recognizes the need to ensure that workers are not disproportionately burdened by the transition, the policies proposed in the name of just transition differ in ambition based on their breadth and depth. Stevis assesses key policy recommendations for just transition against these categories, as well as the range of actors challenging just transition and their worldviews. In the end, he argues for a transformative just transition that goes beyond addressing the (un)just transitions inherent in the capitalist political world economy to an ecosocial political economy in which differences over transitions are a matter of democratic deliberation, not survival.

**Taxation**

A central issue in public policy is, of course, how to finance the modern state, and it is therefore not surprising that taxation has long been a subject of study in political economy. Because of its distributional effects, taxation is a highly contentious issue. The increasing opportunities for tax avoidance and evasion arising from the privileged position of corporations in the era of neoliberal globalization have elevated the traditional national issue to the international level. In Part VI, we have therefore included three chapters dealing with tax trends at the national level, cross-border tax evasion, and responses to the erosion of the national tax bases at the supranational level.

Hanna Lierse’s contribution, ‘Critical political economy of taxation,’ Chapter 22, introduces the key theoretical debates about taxation, outlining the different and competing forms and goals of taxation and how they have evolved throughout history. It also explains key concepts such as progressive and regressive forms of taxation and shows how different tax policies can contribute to different goals. This is followed by a descriptive overview of some of the major tax changes and transformations that have taken place in advanced post-industrial societies in recent decades. She then shows how these changes are explained from different
political economy perspectives and what further insights can be gained from the perspective of a critical political economy. She is skeptical about the extent to which policy preferences can be derived from theoretically determined constellations of interests. Instead, she argues for paying attention to the dominant discourses that shape the perceptions of politicians and the population on tax issues. Her focus is on two main trends in recent decades: the decline of redistributive direct taxation and the recent introduction of regressive carbon taxes. These trends expose the currently dominant understanding of taxation in capitalist societies and highlight how governments prioritize certain societal goals, particularly economic growth, over others, such as curbing inequality or climate change.

Tax avoidance and tax evasion through tax havens is the topic of Chapter 23, ‘Global tax governance,’ by Matti Ylönen and Lauri Finér. The authors illustrate aggressive tax planning with a case study of a British company that eroded the tax base in its countries of operation, demonstrating how tax base erosion undermines states’ revenues and hinders redistribution. This kind of tax avoidance or aggressive tax planning is often legal, taking advantage of differences in national laws and benefits from tax treaties. In contrast, tax evasion means exploiting loopholes in tax control by illegally hiding tax income. So-called tax havens facilitate international tax avoidance and evasion. They thrive, the authors explain, from the loopholes of the international corporate tax system, which relies on bilateral and multilateral tax treaties that determine tax bases and the mechanisms of administrative cooperation. The international corporate tax system rests on the separate entity doctrine and the arm’s-length principle that allow multinational enterprises to transfer profits to jurisdictions with lowest taxes. In recent years, data leaks from tax havens and the fiscal deficits caused by the 2007–09 financial crisis have contributed to calls for greater transparency, information exchange, and tackling tax base erosion. The authors conclude their chapter by recommending, among other things, that the Organisation for Economic Co-operation and Development (OECD) should intensify its cooperation with non-OECD countries to prevent tax base erosion and to strengthen information exchange.

Lyne Latulippe’s Chapter 24, ‘Globalization, international tax policy and the OECD,’ addresses the central role of the OECD in the globalization of tax policymaking. The OECD has developed international tax standards since the mid-20th century. It designed and promoted to both members and non-OECD member countries a model for bilateral tax treaties and provided resources to continuously improve and adapt it to new issues. Since then, a network of over 3000 bilateral treaties has become the basis of today’s international tax system. However, these treaties do not address the problem of tax competition among governments seeking ways to attract capital and investment. The international tax regime has proven very robust over the past 40 years despite increasing failures to deal with tax evasion or avoidance, the financialization of the economy, and the exponential growth of digital economy. It was not until the 2010s, after the financial crisis, that the OECD initiated a more ambitious base erosion and profit shifting (BEPS) project. The BEPS project culminated in 2019 with proposals for a global minimum tax and the allocation of taxing rights to market jurisdictions. Latulippe points out that the OECD’s tax policy analysis and recommendations remain embedded within the economic liberalization discourse and comprise intrinsic limits for the participation of all stakeholders. Furthermore, even if implemented, these recent proposals will be limited to solving some issues related to the taxation of multinationals and leaving other issues also requiring international coordination, such as wealth taxation and environmental taxation, untouched.
Trade and Economic Development

In his contribution to Part VII, ‘Postcolonial critique of economic development,’ Chapter 25, Aram Ziai presents perspectives on postcolonial thinking about development. He begins with an overview of postcolonial concerns such as the impact of the ‘legacies of colonialism,’ the ‘persisting cultural and political ramifications of colonialism in both colonizing and colonized societies,’ and the ‘critique of the process of producing knowledge about the other.’ Ziai then addresses the critique of ‘development’ voiced by some of the postcolonial approaches, especially those known as post-development. The latter challenge the postwar concept of development as a promise of affluence intended to keep decolonizing countries from joining the communist camp based on an interpretation of difference from the US and Western European experience as backwardness. Ziai ends his chapter with a presentation of policy alternatives that build on the preceding critique. While mainstream development recommendations assume an omnipotent and benevolent actor such as the ideal state, post-development recognizes the richness of social relations and is oriented toward communities’ worldviews and priorities. It aims at more emancipatory alternatives.

Chapter 26, ‘Economic cycles and rural policies in the People’s Republic of China,’ by Sit Tsui, Yan Xiaohui, He Zhixiong and Wen Tiejun, traces the changes in agricultural policies since the founding of the People’s Republic of China, the various shifts between supporting rural villages and exploiting them for industrialization and urban growth. Their account begins with the equal distribution of land for nearly 90 percent of the population and moves on to successive policy changes: collectivization, the policy of allowing small parcels of privately cultivated land, granting farmers the right to the rural surplus, the establishment of township and village enterprises (TVEs), the integration of TVEs into the export economy, the recognition of environmental degradation, and finally the trend of capital flow into the rural sector. The account of these changes is placed in the context of urban developments and the challenges of rapid industrialization and militarization in response to external threats from the USSR and US-led capitalist alliances. The chapter concludes that rural China played an important role in cushioning the shocks of cyclical economic crises caused by urban industrial capital.

In Chapter 27, ‘Trade and investment agreements from a critical international political economy perspective,’ Luciana Ghiotto offers a Marxist perspective on international trade and investment protection treaties. The analytical starting point is social antagonism. From there, she describes how the reshaping of state–market relations driven by the internationalization of production has spurred the development of legal mechanisms that provide a measure of security for capital accumulation. These contracts are a legal form by which states guarantee the freedom of capital and private property. In particular, the investor–state dispute settlement (ISDS) mechanism is an extraterritorial form of jurisdiction that provides greater security for capital by guaranteeing protection of investors’ property when states have been unable to fulfill it. Thus, the chapter makes a profound contribution to the development of a critique of international political economy.

In Chapter 28, ‘South Africa’s failed privatization, commercialization and deregulation of network infrastructure,’ Greg Ruiters and Patrick Bond discuss the results of various forms of privatization and commercialization of network infrastructure that occurred in post-apartheid South Africa. These experiences, they argue, confirm the most serious concerns expressed about current weaknesses in state management, ideology, and service delivery. Any socially, economically, and environmentally sound infrastructure project carries significant public
benefits. However, instead of positive multipliers, many more negative externalities have been generated. While social and environmental externalities were increasingly socialized, deregulation allowed for an increase in privatized monopoly profits in areas that were supposed to be provided by the state as ‘natural monopolies.’ However unsuccessful, megaprojects continued to motivate a supposedly developmental approach to state-building, even though the harsh project-based realities exposed systemic corruption as a driver of class formation.

**Welfare**

Part VIII deals with different public policies regarding the social welfare system. In Chapter 29, ‘Care in global value chains,’ Christa Wichterich discusses the reconfiguration of social reproduction across borders and boundaries. She argues that feminist political economists coined the notion of global care chains by extending the perspective on labor and trade chains across countries from the productive sector to the reproductive sphere. The chapter highlights how the global care chain emerged in the context of a crisis of social reproduction and the transnational supply of care; the policies of both ‘sending states’ and receiving countries; and the patterns of migration, care drain and the construction of transnational families. The author concludes by pointing to policy recommendations and to the necessity to address the multidimensional inequalities that cause the export and import of care workers. From the perspective of migrant workers, it is necessary that receiving states offer opportunities regarding labor rights, minimum wage, equal payment, social protection, and organizing to migrant care workers as they provide for citizens of the country; in turn, sending states profiting from outmigration should enable migrant workers and their communities to make informed choices and access legal information and social protection. Thus, it is necessary to rethink the economy from a caring perspective in terms of responding to people’s needs and human rights.

In Chapter 30, ‘The cultural political economy of housing policy in the era of the Islamist Justice and Development Party in Turkey,’ Ismail Doga Karatepe analyzes the Mass Housing Administration of Turkey (TOKİ). Since the conservative AKP came to power, TOKİ’s share in housing provision has drastically increased. The author employs the CPE approach developed by Bob Jessop and Ngai-Ling Sum in Chapter 3, which combines culture with political economy. He considers that CPE represents an ontological turn, defending that the world has semiotic and material properties that are equally important. Yet, the author goes beyond the vocabulary provided by Jessop and Sum’s CPE, and argues that, for a more nuanced analysis, a context-dependent conceptual-theoretical integration is required. The author applies the concept of patronage to highlight the discretionary and preferential treatment in exchange for political and economic support. He points out that the extensive state involvement through the housing provisions of TOKİ was the outcome of a certain discourse that disparaged the gecekondu (squatter) mode of housing provision. Also, it is the outcome of a certain Islamist imaginary that aims to change the urban landscape in a modernist way. Karatepe concludes that the long-standing commitment of Islamist politics to a rapid reconstruction/development through government intervention has finally been realized with TOKİ’s operations.

Chapter 31 discusses the financialization of social policies, with particular emphasis on education and healthcare. In ‘The financialization of social policy: an overview,’ Lena Lavinas, Lucas Bressan, Pedro Rubin, and Ana Carolina Cordilha argue that the concept of financialization is central to understanding current transformations in social policies. The chapter maps some of the ways in which these transformations are occurring across key sectors of social
Introduction

provision, such as pensions, education, and healthcare. The authors show how the advance of this new paradigm of social policy in financialized capitalism is connected to a growing dependence of households on financial markets, especially through mounting levels of debts. They point to the corrosion of social ownership and collective identities that sustained the development of a wide variety of welfare systems in central and peripheral economies, which now engenders an accelerated process of recommodification and re-individualization. Rather than promoting socioeconomic security over the course of individuals’ life cycle, social policy now regulates access to financial markets while it is simultaneously regulated and reconfigured by them. The result of the financialization of social policy is therefore the production of families’ growing dependence on deregulated financial markets. The discussion carried out throughout the chapter aims to critically examine how this paradigm undermines the fundamental goals of social policy by deepening different forms of inequalities and exclusions among individuals, while feeding financial accumulation.

Finally, in Chapter 32, Jameson Martins and Deisy de Freitas Lima Ventura discuss ‘The political economy of global health and public policies.’ The authors argue that global health has emerged as a wide and heterogeneous set of both public and private institutions and their respective agendas concerned with health issues around the world, which has been defined as an ‘open-source anarchy.’ In such a context, we may observe multiple sources of conflict between such forces, which ultimately expose the inextricably political nature of health, beyond its mere biomedical definition and data-based metrics. Among the most overt of those conflicts, one may consider the contemporary debate on the feasibility of health systems: more specifically, the financial foundation to universal health coverage; the disparate landscape of institutions shaping the global governance of health, at the center of which the World Health Organization plays a paramount role; the increasing influence of private institutions, particularly those engaged in what has been defined as philanthrocapitalism, such as the Bill & Melinda Gates Foundation; and, no less relevant, the securitization and politicization of global health issues, such as the latest Public Health Emergency of International Concern (PHEIC) due to the COVID-19 pandemic. The authors argue that an underlying thread of continuity between those phenomena is the persisting tension between the neoliberal market-oriented and the public-funded approaches to health, which has accompanied the expansion and complexity of global health issues from the onset of the field. They consider that the securitarian approach, pervasive in the response to all major global health crises in the early 21st century, focuses too much on the containment of diseases, instead of tackling their structural causes on the ground in the first place. The authors conclude that socioeconomic inequalities and the lack of access to basic health conditions of large swaths of people do not come to the fore when an acute crisis emerges. The neoliberal policymaking cannot deliver on the needs for equity in health and accountable leadership to overcome such challenges.

BIBLIOGRAPHY


