THE VERTICAL AND THE HORIZONTAL IN CAPITALISM

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The central theme of critical political economy—from Hale and the Legal Realists through to Bowles and Gintis and beyond—has been an emphasis on the presence of "power" in capitalism, as a corrective to mainstream blind spots. From Hale's emphasis on the role of law in (and hence partial state authorship of) market outcomes to Bowles and Gintis' analysis of "short-side power" in non-clearing markets, through to critical race and feminist analyses of the role of racialized and gendered asymmetries, the consistent drumbeat of critical analysis has been an insistence on the persistence of "vertical" relations of power or asymmetry as a central feature of capitalist economies. Indeed, this focus on vertical distortions of markets may be traced back to the classical origins of political economy, most obviously to Adam Smith's attack on mercantilist rent-seeking and monopolist collusions, but even more significantly to Ricardo's analysis of property-based rents, which served as the model for Hale and the Realists. Indeed, it is often thought that Marx's own contribution was simply to take over and extend the Ricardian analysis, into a general class-based analysis of power in capitalism.

Mainstream or neoclassical economists, for their part, have been quick to point to the pervasive prevalence of "competition" in markets as a counteracting force that tends to dissipate all such power. Indeed, it is precisely this leveling or "horizontal" effect of markets that has been heralded, from Smith on, as the signal virtue of markets, the way in which forces of supply and demand tend to eliminate any local or temporary forms of asymmetrical advantage. And so debate within these terms has largely proceeded on two fronts: (a) first, as a positive matter, whether critics can persuasively show persistent and large-scale, rather than merely episodic and localized, forms of power in markets; and (b) second, as a prescriptive matter, whether there exist in any case viable policy solutions (other than antitrust) for such ills, ones not so hobbled by informational and capture deficits of the state as to make the solution worse than the problem (the neoliberal view).

Left out of this entire framework of debate, however, are the central themes of Marx and Polanyi. The key distinguishing feature of Marx's analysis of capitalism is not a class-based account of power, nor an overlooking of competition, but precisely the point that capitalism consists of an *inextricable coupling* of such "vertical" and "horizontal" relations. On the Marxian analysis, the distinguishing feature of capitalism is precisely that it is neither "class" *simpliciter* nor "markets" *simpliciter,* but a system of "generalized markets" whereby the separation of all economic agents from direct, noncommodified, access to various means of life institutes a system of generalized competition that, in turn, invariably generates class differentiation. Corresponding to this explanatory framework is the programmatic one advanced by Polanyi: if the problem lies not with "power" or "markets" simpliciter, but rather "generalized markets," then the solution lies not with simply decentralizing power or regulating markets, but rather with "socializing markets"—i.e., structurally transforming them by "embedding" them in decommodified social relations, reflecting political judgments of the affected interests and values.

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