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## **A New Theoretical Mapping of the State-Economy Relationship**

Transformations in the global political economy of the last thirty years have created deepening anomalies for the most influential theories of state-economy relations. Both mainstream economics and a range of critical theorists have anticipated growing international convergence in the institutional forms of market societies, but there are many indications that the political and economic trajectory of the United States is both unique and increasingly divergent from the other major market economies.

These anomalous developments call for a reconstruction of critical theory on new foundations. This paper will argue for a distinctly Polanyian critical theory of market societies rooted in a careful reconstruction of Polanyi's argument in The Great Transformation. Developing this new theory requires a systematic "unthinking" of some of the fundamental premises of 19<sup>th</sup> century social science. Most importantly, in this theory, it is politics, not economics, that is determinant in the last instance.

The paper will elaborate some of the key elements of this Polanyian critical theory. It will show how Polanyi's concept of fictitious commodities can be used to generate a new understanding of the coordination problems that face all market societies. It will seek to explain the reasons for the divergence between the U.S. and European models of market society and it will suggest different imageries for conceptualizing the workings of both particular market societies and the global economy itself.