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Accumulation via QE: comment on Maja Savevska's "The fictitious commodification of money and the Euro experiment"

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Introduction

Do the actions of central banks since the financial crisis constitute a Polanyian countermovement? This is the question that Maja Savevska's article, "The Fictitious Commodification of Money and the Euro Experiment," poses in respect to monetary governance in the Eurozone. After all, the unconventional asset purchases and other crisis-fighting programs of the European Central Bank (ECB) might legitimately be considered protectionist strategies. More specifically, what they protected was arguably money as such—one of Polanyi's three "fictitious commodities"—from the destructive tendencies of the market.

In posing the problem this way, Savevska makes several important contributions to the study of countermovements. First, by comparison with Polanyi's other fictitious commodities of land and labour, money is relatively understudied from a Polanyian perspective. Yet this neglect is clearly unwarranted in a world of financialized capitalism, where monetary mechanisms shape economic (and social) outcomes to a hitherto unknown extent. Second, the article opens new directions in the study of countermovements themselves. Indeed, Savevska radically expands the scope of what merits attention here by considering central bankers and their bond-buying programs. Were the actions of the ECB to constitute an actual countermovement in the Eurozone, then, we would have to conclude, intriguingly, that the neoliberal ideologues of market dis-embedding (economists in this case) are the *same* agents that now seek to re-embed markets.

Critically, however, Savevska ultimately rejects the possibility that the ECB has produced a full-blown countermovement. Yet doing so, I argue, takes her beyond the Polanyian framework itself, at least in some respects. Central bank bond purchases do not fit neatly into the binary schema of the double movement at all. By way of conclusion, then, I will suggest that we view unconventional monetary policy neither as a countermovement *nor* as its absence, but simply as a qualitatively distinct, historically specific framework for profit-making within capitalism.

The fictitious commodification of money and the ECB

The institution of money has moved to the centre of global capitalism—and the governance of global capitalism—to a truly unprecedented degree. There is, in fact, a good case to be made that money is "the oldest public-private partnership" (Streeck, 2018, 142), necessarily, and from the beginning, a mutual creation of state rulers and merchant traders. In that way, money has always given the lie to the liberal myth of the separation of markets and politics, which actually form an essential unity (Vogl, [2015] 2017). Nevertheless, trends of recent decades have thrown this essential unity into stark relief. These include such intertwined tendencies as financialization, or the massive expansion of the financial sector, and of finance-based profit-making beyond it (Epstein, 2005; Krippner, 2011); the exponential growth in debt, both public and private (Brenner, 2006; Rajan, 2010); the increasing power and independence of central banks (Bowman et al., 2012; Lebaron, 2008); and the very turn to fiat money, completed in 1971 when Richard Nixon ended the gold convertibility of the dollar, detaching money from any physical referent for the first time (Tooze, 2018, 10–11). That the financial crisis of 2007–2009 was not, technically speaking, a crisis of profitability but rather a crisis of bank funding is a particularly profound testament to this fact. As Savevska observes, "it is in the field of money that we saw the last and most far-reaching breakdown of the market economy" (2019, 30).

One might thus expect that the study of money would amount to something of a cottage industry for scholars of a Polanyian persuasion. Indeed, Polanyi's thought has made a major comeback in recent analyses and critiques of capitalism. And money (in the sense of purchasing power) is one of Polanyi's three fictitious commodities, pre-market necessities whose post hoc commodification is intrinsically corrosive to society, activating the Polanyian double movement. As Savevska notes, however, aside from a couple notable exceptions, such has not been the case: Polanyi's "perspicacious insight into the fictitious nature of money has not received the attention it deserves" (2019, 30). To that extent, Savevska is filling an important gap by updating the Polanyian approach to money and the countermovements that its commodification engenders, seen in the contemporary context of financialized capitalism.

But the real novelty of Savevska's approach resides in the way that she employs the concept of money to extend the scope of "agents" and "means" that potentially pertain to the double movement, or at least to more limited "protectionist counter-moves" (2019, 30). Polanyi had never claimed that the latter were the privileged task of the political left[1]. And today's right-wing populisms appear to fit the description quite well. Savevska, however, pushes beyond the realm of overtly political movements altogether. She turns instead to the practices of central banks, in this case the ECB. Quintessential technocrats, central bankers tend to eschew the political as such—in the name of scientific expertise—although their self-described "independence" from politics is better understood as a "politics of a-politicization" (Marcussen, 2009) or, more bluntly, "freedom from … democratic accountability" (Bowman et al., 2012, 457).

Savevska's accomplishment here is to discern elements of Polanyi's "habitation principle"—of protectionist counter-measures—in the lender-of-last-resort activities that the ECB began to pursue as the global economic crisis of 2008 became a crisis of the Eurozone. The implication, at least in passing, is that the technocrats of the ECB assumed the mantle of social protection in a context of European governance where *politicians* proved either unwilling or unable to do so (2019, 37). Of course, ECB crisis-fighting was hemmed in by political and legal constraints—most notably the resistance of the Bundesbank—constraints to which peer institutions were not subject. Nonetheless, like the Federal Reserve and the Bank of England, the ECB engaged in various bond-buying measures and other unconventional liquidity programs from the outset of the crisis. Belatedly, to be sure, it then adopted wholesale quantitative easing (QE) in 2015, initiated with its sovereign bond purchase program (see, for an overview, Tooze, 2018, 321-446, 519-521). Savevska reads these activities as a direct response to the destructive tendencies inherent in the fictitious

[1] See, for instance, his discussion of interwar fascism (Polanyi, [1944] 2001, 245–256).

commodification of money: “If left undisturbed, the market administration of purchasing power, solely governed by periodic shortages or surfeits of money, would have obliterated the productive capacity of the Eurozone society at large” (2019, 33). On this Polanyian account, therefore, “The central bank’s involvement in managing the currency … is a form of protectionism *par excellence*, akin to the habitation measures extended to labour and nature” (2019, 35).

At the same time that she identifies protectionist aspects of the ECB’s unconventional monetary policy, however, Savevska warns against conflating the principle of habitation with the existence of a fully-fledged double movement. Ultimately, she suggests, the ECB’s lender-of-last-resort programs are a means to facilitate the ongoing workings of the money market itself, albeit in ways that save the market from its own excesses. Therefore, they do *not* constitute “a true move towards embeddedness” (2019, 38). In support of this claim, we can observe examples of the ECB helping to punish debtors on behalf of creditors, most famously and tragically in the case of Greece[2]. Viewing the ECB in such a light allows Savevska to formulate a broader critique of those contemporary Polanyians who would see the transformative (emancipatory?) potential—a “Third Great Transformation” (2019, 37)—in every protective measure. As Savevska writes, to do so is to forget “that Polanyi was interested in a society whose organisational paradigm transcends the dialectics between the self-regulating market and social protection” (2019, 38). Polanyi, after all, was a socialist (Burawoy, 2003). In short, the case of the ECB shows just how non-emancipatory some counter-measures can be; far from escaping neoliberal discipline, the ECB would seem to reassert it, although the means involved are novel.

Beyond the double movement

Savevska’s critique is well taken in the way that it corrects for a certain over-eagerness, on the part of some Polanyians, to find evidence of the double movement wherever they look. However, it seems to me that the problem at issue resides partly in the ambiguity of Polanyi’s concepts themselves, at least as they relate to the specific socio-historical context that is our contemporary moment. I would argue that this is especially the case for the concept of “embeddedness.” If Savevska is right to point out that QE does not truly re-embed markets, I am not prepared to call it a “disembedding tendency” (2019, 38) either. Savevska is surely correct that the Eurozone has witnessed “the intensification of both rule-based and institutional depoliticization” since the crisis, and, therefore, that “the latest constitution-building efforts reinforce the vertical separation between politics and economics” (pp. 10–11). But what is being insulated from politics here? It is hardly the market mechanism as such: shorn of *democratic* accountability to be sure, monetary governance remains *political* in a deeper sense because it remains imbricated in the exercise of sovereignty, in uses of public power—more so than ever since the Eurozone’s post-crisis reforms, as Savevska herself shows. That such public power acts firstly to the benefit of *private* interests does not change this fundamental fact.

Of course, this raises the question as to whether the market mechanism has ever existed independently of politics. Yet the ambiguity persists even if one prefers those aspects of Polanyi’s thought in which the market is always, necessarily embedded in society—and “dis-embedding” is an unrealizable, utopian project (see, for instance, Gemini, 2008; Krippner, 2001). For is not clear in what sense the ECB is pursuing a *market* utopia at all. What central bankers appear to be promoting, whether or not they recognize it, is an

[2] As Savevska notes, “The wilful cessation of liquidity provisions to Greek banks in 2015 following the decision of the left-wing Syriza government to call a referendum on the bailout terms is a worrying display of brute economic might on the part of the ECB” (2019, 36).

oligopolistic sort of capitalism in which the leading actors—those "systemically important financial institutions" —increasingly reproduce themselves by *avoiding* competition. As Adam Tooze (2018, 13) has recently noted (with regard to the Federal Reserve, but the same can surely be said of the ECB), given that the "overwhelming majority of private credit creation is done by a tight-knit oligarchy," the unavoidable result of "liquidity support was that it involved handing trillions of dollars in loans to that coterie." In such a context, it is hard to see how the ECB is even trying to uphold the workings of the "price mechanism."[3] Or, to be somewhat more charitable to Mario Draghi and his circle, we might conclude that every effort *aimed* at restoring a separation between markets and politics inadvertently reveals, ever more clearly, just how fused they actually are (see, for two related interpretations, Tooze, 2018; Vogl, 2017).[4]

Perhaps, then, what we are witnessing with the ECB in particular, and central banks in general, falls beyond the boundaries of the double movement framework altogether. Perhaps it is better characterized by what we might call (using the term loosely) a new "regime of accumulation" within the history of capitalism—a qualitatively distinct, historically specific configuration of politico-economic power. Such a regime is characterized neither by the primacy of the market nor its re-embedding; its essence is simply the direct enrollment of *state* power to turn a *profit*.[5] If such is the case, then what we are seeing is indeed transformational, from a descriptive, historical standpoint—it is not just the same old neoliberalism. But it is certainly no more emancipatory for all that.

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[3] For instance, as Savevksa herself points out in a footnote, "haircuts in the Eurosystem are not market determined" for in fact, they are determined by the ECB, which thus enjoys the power to pick winners and losers (2019, 36). If anything, then, it is in the "legalist orthodox" (Lebaron & Dogan, 2016, 34) but increasingly marginal view of monetary policy at the Bundesbank—that is, with those who *resisted* the ECB's unconventional actions—where market utopias might still be found.

[4] It thus follows that those "counter-movements" which do emerge in such a context would orient their attack less to the market, per se, than to an unaccountable elite that straddles both state and economy to produce an uneven playing field, a "rigged game." Perhaps this explains the frequency with which such metaphors appear—despite obvious differences in the conclusions thus drawn—among both the socialist left and the populist right?

[5] Bowman et al. (2012) have hit upon something similar with what they provocatively call "central bank-led capitalism."

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