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Countermovements in Europe?

A Polanyian perspective

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Recently, the developments of neoliberal globalization which have emerged since the early 1970s have been framed as a wave of disembedding of the market in the Polanyian sense (see, for instance, Burawoy, 2013 or Dale, 2016). As expected according to Polanyian theory, the marketization of the “fictitious commodities” (Polanyi, 2001, 137) nature, labour and money has led to their degradation and thus the undermining of the very foundations of production and exchange: Today, one can witness the destruction of vital ecosystems on a global scale (Rockström et al., 2009), the (re)emergence of living and working conditions that systematically fall below established social and human right standards (Sassen, 2014), as well as a deep ongoing financial crisis (Tooze, 2018).

Based on his historical investigation, Polanyi states that phases of economic liberalization and free trade have been systematically complemented by political countermovements functioning as a “self-protection of society” (Polanyi, 2001, 136). This has become known as Polanyi’s concept of the ‘double movement’: “What we think of as market societies or ‘capitalism’ is the product of both of these movements; it is an uneasy and fluid hybrid that reflects the shifting balance of power between these contending forces” (Block, 2008, 2). At the same time, critics of such an understanding of a necessary interplay between market forces and counteractions highlight the superiority of global markets over attempts to regulate the economy. As Streeck (2012, 315) puts it, under conditions of neoliberal globalization, “[t]here simply is no ‘primacy of politics’ under capitalism, and cannot be”. Similarly, Burawoy (2013) diagnoses the nonappearance of a cross-border countermovement as resulting from the political weaknesses of actors at the international level (also see Fraser, 2013). Similarly, with reference to Caporaso and Tarrow’s (2009) idea of a counter-movement manifesting itself in the course of European integration, Höpner and Schäfer (2010) identify an inherent weakness of transnational actors in the EU, due to its institutional heterogeneity.

Following these considerations, this special issue poses the question, if and how far the neoliberal globalization of the somewhat last 40 years has caused a countermovement in the Polanyian sense. What are the reasons that, despite years of protest and the emergence of new social movements, no countermovement has appeared? Or should sociologists take on a different perspective? Does the interplay of various measures of international labour regulation aggregate into what can be viewed as a global countermovement? Are there touching points between the agendas of labour and other social movements, adding up to a broader countermovement? Does the on-going crisis in the EU and create an opportunity for new alliances among political actors? And do these initiatives aim at a re-nationalization or Europeanization of measures of re-embedding?

Besides resistance movements from the political left, neoliberal globalization has also provoked “various forms of religious and ethnic fundamentalism that are often reactionary in their political preferences” (Block, 2008, 5). According to Michael Burawoy, historically,

the countermovement “included fascism and Stalinism as well as the New Deal and social democracy” (Burawoy, 2013, 38). And Nancy Fraser notes “that social protection is often ambivalent, affording relief from the disintegrative effects of markets upon communities, while simultaneously entrenching domination within and among them” (Fraser 2013: 129). From this perspective, the rise of right-wing populist parties and politicians in Europe and the US has recently been described as reactionary or authoritarian countermovements against marketization. Is this an appropriate application of the Polanyian concept of countermovement? Or do racism and nationalism in Europe stem from a tradition that cannot only be conceptualised as a mere reaction to current or historic forms of marketization? As there are various possibilities of how political actors can react to globalization, and what can we learn about the inherent tendencies within such reactions?

Our special issue applies a Polanyian framework in order to explore recent (European) countermoves against the marketization of the fictitious commodities labour, money and nature. Additionally, we discuss right-wing populism as a likely ‘reactionary countermovement’ to marketization. Every contribution on the respective countermovement is commented by an expert in the specific field. This organizing principle leads to the following structure of this special issue:

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“Rise of right-wing populism in the Europe of today – outlines of a socio-theoretical exploration”	Hans-Jürgen Bieling (University of Tübingen)	78-91	Floris Biskamp (University of Tübingen)	92-102

These full papers and their respective comments that focus on various (European) countermovements against marketization of society and nature are followed by two further research articles applying a Polanyian framework: Based on qualitative interviews, in “The Economy for the Common Good: a European countermovement against the destructive impacts of *laissez-faire* capitalism?” Klara Stumpf and Bernd Sommer (both Europa-Universität Flensburg) deal with a current civic action movement that developed after the financial crisis of 2009 in Austria and expanded since to various European states. Subsequently, Michael Brie (Rosa Luxemburg Foundation) in “Karl Polanyi and discussions on a renewed socialism” opens a transformative perspective on *status quo* capitalism. The

focus of this special issue on Polanyian countermovements is completed by a “Review of recent literature on Polanyi” by Moritz Müller (Ruhr University Bochum).

Not directly linked to the focus of this issue on European countermovements are the articles “The reality of exclusive solidarity” by Silke van Dyk and Stefanie Graefe (both Friedrich-Schiller-Universität Jena), “Between clarity and disorientation” by Ludger Pries (Ruhr-Universität Bochum) and “Keep it straight and simple, also with respect to migration” by Andreas Nölke (Goethe-Universität Frankfurt). All three pieces are responses to Wolfgang Steeck’s article “Between Charity and Justice: Remarks on the Social Construction of Immigration Policy in Rich Democracies” that has been published previously in *Culture, Practice & Europeanization* (CPE) in 2018. This rather voluminous issue of CPE finally concludes with an interview of Hauke Brunkhorst (Europa-Universität Flensburg) Donatella della Porta (European University Institute) and Fritz W. Scharpf (Max Planck Institute for the Study of Societies) on European Integration (by Monika Eigmüller & Martin Seeliger, both Europa-Universität Flensburg).

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Trade union politics as a countermovement? A Polanyiyan perspective

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The article develops a conceptual proposal for the inquiry of trade unions. On the basis of Karl Polanyi's theory, four patterns of political mobilization applied by trade unions in the current Transformation are pointed out.

Keywords: Polanyi, Trade Unions, Countermovement, Internationalism

1. Introduction

Cross-border interdependencies between far-away places induced through transportation and communication technologies have been enigmatically summed up under the term of globalization, the main consequences of which are taking place in the field of the economy. Under capitalism (i.e. an overall economic system characterized by market-coordination and relative concentration of capital in the hands of only a few), the labor market constitutes the core piece of the economy. This fact is also reflected in the central position of dependent wage-labor in classical sociology.

In modern capitalist societies, the process of negotiating a price and a (relative precise) return service of work to be done, is (usually) set within the triangle of three actor groups; namely labor, capital and the state. In order to conduct their political representative work, labor (and to some degree also capital) constitute interest organizations. From a social science perspective, analysis of trade union politics can be seen as an endeavor for middle-range theories (Merton 1968) from an organization studies' perspective (Child et al., 1973). Under conditions of economic globalization (and also European integration, which in the following, we would like to understand as a special case of globalization) trade unions are increasingly exposed to a de-territorialization of their political reference frame. As one of the central institutional pillars of capitalist economies is the exploitation of dependent workers in the labor market, these developments are causing transformations in the everyday life of working people on a global scale (Walby, 2009). The question over how trade unions represent workers interests under conditions of economic globalization is, thus, not a goal in itself – at the intersection of macrosociology and political economy (Streeck, 2015, 8), it is an essential part of a broader research agenda aiming at the conflictual relationship between capitalism and democracy (Nachtwey, 2016).

In order to apply the middle-range theory perspective of trade union research to such a research agenda, I will in the following be drawing on Karl Polanyi's main book 'The Great Transformation'. With inquiry of the historical pendulum dynamics between market-disembedding and societal counterforces, Polanyi has created a powerful heuristic, which I can use to understand current dynamics in the relationship between economy and society. From this perspective, trade unions do not constitute the ultimate reference point, but

appear as a group of actors within a greater continuum. By drawing on Polanyi, I assume that under conditions of globalization and European integration at the beginning of the 21st century find ourselves in the middle of another Great Transformation in the Polanyian understanding.

After introducing a theoretical framework to understand trade union action under conditions of globalization and European integration (2), the fundamentals of Polanyi's Great Transformation will be sketched out (3). Those insights will then be applied to the object of trade union politics (4). A final conclusion will interpret those considerations against the background of the broader discussion about the role of trade unions within the institutional nexus between capitalism and democracy.

2. What are trade unions and what do they do? A sociological perspective

What exactly are trade unions? According to a traditional definition provided by Sidney and Beatrice Webb (1895, 1), a trade union can be understood as the "continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives". As co-founders of the London School of Economics and protagonists of the socialist 'Fabian Society', they personified a type of scholarship that has left its mark on the sociological study of trade unionism up until today – the dedicated observer. If we look back into the history of academic scholarship, we find – except for a few examples – a general sympathy for trade union concerns. But what exactly are these concerns?

As associations aiming "to fight the threats of capital", Engels (MEW 19, 258) understands trade unions from a perspective of what became known as sociology of conflicts. In order to represent the interests of the wage earners, their task lies in exercising political pressure to maintain and increase labors' share in societal wealth. "Only the fear of the trade unions", Engels (MEW 19, 253) concludes, "can force capital to pay the workers the entire value of their labor power". While this role of trade unions as "cartels of sellers of labor" (Streeck, 2005, 263) is therefore limited to the fields of wage-setting as well as labor and employment standards, political activities of trade unions are secondly extending into other fields. A broader understanding of trade unions as "interest associations of workers in waged employment" (Streeck, 2015b) leads us to their (more general) role as actors within the political system. As the historical examples of the Spanish Confederación Sindical de Comisiones Obreras against Franquism or the Polish Solidarność under Perestroika show, trade unions are setting the political stage also *beyond* those fields of immediate collective bargaining. Thirdly, trade unions can – as in the so-called Ghent System of Unemployment Insurance (Clasen & Viebrock 2006) – constitute internal communities of solidarity. Such "cooperative functions" rest, according to Franz Neumann (1978, 150), "on the fundamentals of mutual help". Fourthly, and here we are not coincidentally entering the field of culture, trade unions play a role for socialization and education of their members. As "schools of war" (MEW 2, 436), trade unions are not only shaping their political conscience. By providing their members with a sense of belonging (also through entertainment and leisure activities), trade unions can contribute to an overall class identity. Whether in the "proletarian general strike" with its "only task of destroying state power" (Benjamin, 1999, 51) or through organizing a local day care initiative – "the foundation of trade unionism involves building a practice of collectivity" (Fairbrother, 2014, 638).

As John Child et al. (1973) have noted in their groundbreaking text, the question on the primary tasks of trade unions has – on an empirical, as well as a political level – called for significant discussion:

"Much of this has centered on the question of whether unions do or should function primarily to perform an economic service for their members, or function primarily as agents for social change and as the institutional means for their members to participate more fully in democratic processes" (ibid., 71).

Facing the interdependent processes of European integration and globalization, again inspired by Franz Neumann (1978, 151), I want to address trade unions under two aspects: As “fighting associations”, trade unions are aiming for “dominance over the labor market”, serving as cartels of wage-earners to challenge the monopolistic power of private capital. A first focus therefore shall be set on wage-policy. Central motives of wage-setting are stemming from the internationalization of the labor market through parallel production (Altvater & Mahnkopf, 1993) and mobility (Wagner & Lillie, 2014), as well as the austerity politics implied in European integration (Schulten & Müller, 2013). A second focus shall moreover be set on trade unions’ ambitions to influence the state. Current framework conditions of trade unions’ attempts to lobby government are – due to the course of European integration – directed at EU institutions.

By influencing the distribution of societal wealth through collective bargaining as well as labor market and social policy, they contribute to regulating the distributional conflict at the center of capitalist societies (Krämer, 2015). By understating trade unions as protagonists of economic democracy (Brinkmann & Nachtwey, 2017, 7), I therefore refer to the field of collective bargaining (e.g. through minimum wage or pension schemes) and to their impact on agenda- and rule-setting within the political system.

2.1 Trade union politics under conditions of globalization and economic integration

The evolution of transport and communication technologies, liberalization of world trade under the Washington Consensus and the growth of population in the urban areas of newly industrialized countries, have over the last years led to a development which social scientists have summed up under the term ‘globalization’. It is easily noticeable that a central commonality of these trajectories stems from their economic dimension. With no polemics involved, it can therefore be stated that globalization has, so far, primarily taken place as a globalization of markets.

Impressively far-sighted, Marx and Engels anticipated these developments in their ‘Communist Manifesto’ in the middle of the 19th century as a central characteristic of the capitalist order. “The need of a constantly expanding market for its products” they (MEW 3, 465) state, “chases the bourgeoisie over the whole surface of the globe.” In search for profit opportunities, the chance to move production facilities overseas does not only grant access to foreign consumer markets, but also increases potential supply of resources and labor power.

From a trade union point of view, consequences for the collective bargaining mandate arise. In order to function as an effective cartel in wage-setting, a trade union has to organize as many workers in a segment of the labor market as possible. In the context sketched out here, two problems arise: Firstly, companies can relocate services and production. In practice, such threats are not only directed at unions, but also in negotiations with local, regional or national government. Instead of collective bargaining agreements, such attempts are normally directed at tax reduction or lowering of social standards.¹

In a globalized world, mobility is a property not limited to capital. In the ‘Age of Migration’ (Castles et al., 1993) migrant labor constitutes an integral part of economic development. Traditionally leaning towards the political left, trade unions are therefore often facing a political dilemma. While universally promoting human rights would require representing the interests of all wage earners (and thus also those of the migrant workers), organizing all workers can easily exceed trade unions’ organizational and political capabilities. Accordingly, through hiring migrants (or supporting liberal immigration policies), capital has historically attempted to increase pressure on wages (be it through employing irregular migrants, subcontracting foreign companies, or simply threatening to do so).

¹ If capital manages to establish a credible threat, these measures do not even require an actual capacity to relocate.

The problems trade unions are facing under globalization therefore center around organizing the workers in an expanding market for labor. While product markets and value chains are increasingly exceeding national territories, national borders at the same time limit the space within which trade unions can successfully organize their particular workforce.

In the research literature, possible consequences of this development have – somewhat schematically – been discussed under the heading of the ‘race-to-the-bottom’ hypothesis (vgl. Fuchs & Offe, 2009, 425). According to this assumption, competition between workers, trade unions (and ultimately also states undercutting each other in terms of tax and social policy) is ultimately causing a systematic downgrading of social standards. While mobile capital can engage in global ‘regime shopping’ in order to play out national unions and governments against each other to find the most attractive investment opportunities, the later ones are even further weakened through the influx of mobile workers. Regime competition and labor migration can therefore be regarded as the two central challenges for trade union politics under conditions of globalization.

If we understand globalization as a general increase of interdependence between events in distant places, European integration can be regarded as a special case in so far as these interdependences are structured through a supranational political system. Through creating a common market on the basis of the four freedoms (free movement of goods, capital, service and labor) and the common currency, European integration has over the last years been qualitatively deepened (Höpner & Schäfer, 2008). From a trade union perspective, the loss of barriers for cross-border services is a particularly delicate problem (Bücker & Warneck, 2010). While international economic relations are made much easier to establish, EU-wide norms designed to maintain national minimum standards have so far not been created. Two additional problems are created through European monetary union, firstly by disabling the option of devaluating national currencies (Matthijs & Blyth, 2015) and macroeconomic adjustment through austerity politics (Schulten & Müller, 2013; Stützel, 2014).

At the same time, European enlargement has, since the beginning of the 21st century, increased the heterogeneity between the national settings among the Member States (Höpner & Schäfer, 2012). Especially through the accession rounds of 2004 (Estonia, Latvia, Lithuania, Slovenia, Poland, Czech Republic, Hungary, Slovakia, Cyprus, Malta) and 2007 (Bulgaria and Romania). Facing the diversity between the EU 28s varieties of capitalism, the task to develop a common political line appears to be a particularly difficult endeavor for European trade unions.

2.2 Trade union research as macrosociology

In order to understand societal change at the beginning of the 21st century, capitalism constitutes the most comprehensive reference frame to understand human action. A macro-sociological perspective, in the sense of the classics of the discipline², has therefore be informed by elements of political economy. In this context, the political sociology of trade unions played an important role for the evolution of the discipline as a whole. In their study of the 'International Typographical Union' in US of the 1950s Seymour Martin Lipset, Martin Trow and James S. Coleman (1956) have addressed the question of political representation in modern societies as a core problem of democratic mobilization. Another classic in this sense is the study on 'Citizenship and Social Class' by British sociologist Thomas Humphrey Marshall, who assigns a key role to trade unions for the evolution of modern citizenship. Also, for the Global South, Eddie Webster (1985) shows the impact of organized labor in overcoming (post-)colonial dominance.

² According to Giddens (1971) these are Marx, Durkheim and Weber.

Against this background, Wolfgang Streeck (2005, 257) formulates the programmatic orientation of sociological trade union research as follows:

“Largely disregarding unions as economic actors in a strict sense, sociologists considered them primarily in the context of work on social mobilization and political organization, or collective action in general, as well as on modernization, nation building, the political-institutional representation of societal cleavage structures in twentieth-century democracies, and the institutionalization and pacification of the class conflict in industrial societies.”

As has been highlighted in the study of corporatism (Streeck & Schmitter, 1999), the stabilizing role of trade unions in the industrialized countries has emerged in the second half of the 20th century under conditions of low unemployment, strong social democracy and comparatively low competition in the world market. Nowadays, however, internationalization of value chains and labor markets has put this constellation into question. If stagnating wage developments can no longer be compensated for through low-priced imports from China or cheap credits from the financial markets, the political challenge for the left becomes the fight against public austerity.

Especially in the European Union, coping with the dogma of austerity (Blyth, 2013) has to be considered a part of the trade unions core business. Therefore, “a self-understanding of trade unions as an offensive counterforce” (Goes, 2016, 93) or the role of a “trouble-maker” (Urban, 2013) would have to be reconnected to the assumption that “the mission of trade unions is always following a political motive” (Neumann, 1978, 164). Against this background, the question arises; how to politicize trade unionism in the course of market globalization and public austerity?

As a basic reference point of trade union internationalism traditionally, according to Bormann and Jungehülsing (2015, 57), it serves the principle of a “worldwide inclusion”. This principle, the authors (*ibid.*, 58) go on to explain, is resting on the following idea: “The interests of those exploited by capital are generally the same on a global scale and the indignation about the injustice should therefore be equally global”. In fact, however, empirical reality does not always fit this conceptual assumption. Although global inequalities have long shaped the organization of work and thus the distribution of wealth, we can – from this – not derive a homogenous set of interests amongst the global working class.³

While aiming to organize all workers in an internationalizing labor market, an important landmark for trade unions has long been reached through the establishment of international associations. If, however, we assume that in order to prevent cross-border competition a global (or at least: international) arena for collective bargaining would be necessary, urgent need for development becomes apparent. The challenges arising from this for the trade unions, we will now to reflect with reference to the work of Karl Polanyi.

3. Karl Polanyi’s The Great Transformation as a macrosociological framework?

3.1 Karl Polanyi as a macrosociologist

“Some books refuse to go away. They get shot out of the water by critics but surface again and remain afloat”. In his review of *The Great Transformation*, Charles Kindlberger (1974, 45) anticipated the impact of the book over four decades ago: The insights about the destructive character of capitalist markets which Polanyi gained under the impression of World War Two can be transferred to contemporary developments of economic globalization (Block & Somers, 2014). At the intersection of anthropology, economic history and

³ Essentially, it seems at least questionable, in how far such a general homogeneity of interests can even be assumed for smaller reference units, such as the nation state.

political economy, Polanyi works on the traditional (i.e. in this context mainly Weberian and Durkheimian) question of the social embeddedness of capitalist markets.

Based on his critique of an “economic fallacy” in liberal economic theory, Polanyi shows how the production and distribution of goods is not only organized through the market, but under more complex institutional conditions. Accordingly, capitalist modernization is evolving as an interplay of the market as the dominant institution (disembedding) and a subsequent complementation through the impact of other social institutions (reembedding). As drivers of this development, Polanyi identifies the social constitution and transformation of three objects, which he calls fictitious commodities; labor, land and money. All of these three ‘fictitious commodities’, so he argues, are not originally produced to be sold in markets. Instead they are gaining their particular character as commodities by political design. The fact that people work to make a living is a constant throughout human history. Furthermore, Rosa (2016, 394) describes work as a “a primary form of human relations with the world”, and therefore “a foundational reason for sociality and sociability”. If, however, men start treating labor as a commodity to be bought and sold in markets, they endanger its use-value. Through increasing commodification of the three fictitious commodities, a society is increasingly undermining the fundament of its own sociality.

For this reason, the commodification of the fictitious commodities has historically caused the emergence of counterforces. From his holistic perspective on economy and society, the capitalist social order appears as a genuinely precarious result of social and political struggles. Since the 19th century, two waves of market disembedding have been complemented through the establishment of social protection mechanisms (i.e. de-commodification). The political subjects behind these developments Polanyi identifies as *countermovements*.

The reform of the poor laws, which terminated the coupling of minimum incomes to the price of bread, as well as the privatization of rural areas, drove the English workers from the end of the 18th century into the cities. Through political pressure exercised by the industrialized working class (and especially through the economic crisis of the 1870s), laws for the regulation of the labor market emerged. Here, the countermovement originally emerged from the regional context of working people’s everyday experience (Kocka, 2015).

A second wave of disembedding started after the dissolution of the gold standard. After World War I, the economic consequences of volatile exchange rates increased the pressure on the working class. As political reaction to this commodification of money, the second wave of re-embedding emerges from the national level. According to Polanyi, the results of this countermovement manifest in Roosevelt’s New Deal, but also in the form of Stalinism and German Fascism. Evidence for an international countermovement, however, can later be found in the Bretton Woods institutions. From the fatal consequences of World War II, as a consequence of liberal economic doctrine, Polanyi finally drew the conclusion that those destructive forces of society could never be mobilized again.

However, his prediction turned out wrong. Initiated through the oil crisis in the 1970s, (re-) and fostered through the internationalization of economic relations since then, commodification of labor, land (nature) and money on an international scale had risen to a new maximum. In the labor market, this constellation translates into multiple patterns of downward competition, that set individuals, companies and even regions or countries into economic rivalry. In this context, over the last decades trade unions have been further weakened through the general liberalization of industrial relations institutions (Baccaro & Howell, 2017), in particular in Latin America and the EU through politics of austerity (Schulten & Müller, 2013).

As Polanyi's perspective on the gold standard reveals, he does consider the international spatial dimension of market embeddedness (Block & Somers, 2014, 61). In the middle of the 20th century, he was, however, unable to properly anticipate the effects of globalization on the institutional transformation of economy and society. Subsequent to the countermovements of the 1930s, numerous authors identified a new wave of disembedding on a global scale (e.g. Seccareccia, 2012; Burawoy, 2010). The next section reconstructs Polanyi's theoretical implications from a sociological perspective

3.2 The Great Transformation – theoretical premises and consequences

In order to understand the theoretical premises, and thus open up the potentials of Polanyi's theory for (macro-)sociological analysis, this section provides a short historical attribution (for a comprehensive analysis, see Dale, 2017). His most important intellectual imprint, Polanyi received in the political environment of 'Red Vienna' in the 1920s. The idea of a just society on the basis of the principles of democratic political design and egalitarian distribution of wealth guided the works of Polanyi already at this early point in time. Consequently, the historical analyses in *The Great Transformation* were directed at the tensions and ruptures that the rise of European fascism had caused across and beyond Europe.⁴

The reception of Polanyi had within the first two decades after his death, had been mainly limited to the disciplines of anthropology and history. However, beyond this his ideas gained – not least under the impression of liberal politics induced by Margot Thatcher and Ronald Reagan – more popularity in the broader field of social science (Dale, 2015) and thus gradually turned into a strong theoretical reference point for (critical) sociology of capitalism. In order to make Polanyi's ideas accessible for the (macro-)sociological analysis of trade unions in the interplay of economy and society in the process of European integration and globalization, a number of premises and conclusions shall be spelled out in the following.

In his reconstruction of societal development as a pendulum movement between the disembedding and reembedding of the market, Polanyi chooses an approach, which – in contemporary vocabulary – could be referred to as 'Historical Institutionalism' (see Skocpol, 1979). To Polanyi, the particular role of markets for societal transformation appears as fundamentally ambivalent. While, to him, the market on one hand constitutes a central coordination mechanism for the production and distribution of goods, Polanyi – at all times – highlights its destructive potentials. The idea of the market being embedded into society for Polanyi serves as an instrument to criticize the ideological fiction of (neo-)liberal thinking, which normatively promotes the 'free market' to the central societal institution. In social praxis, Polanyi proclaims, such ideology serves as a political instrument in the sense of a 'hegemonic project' (Wissel, 2015), aimed to weaken the state as a regulatory instance.

With the concepts of 'economic fallacy' (Marx), 'fictitious commodities' (Tönnies) and 'embeddedness' (Thurnwald), Polanyi makes explicit reference to the historical fundus of macrosociology. His analysis of the cultural preconditions of market-based economies can, moreover, be traced back to the notion of non-contractual preconditions of the contract, as well as Weber's focus on the Protestant Ethics as a historical precondition of the capitalist economy. Especially his focus on the liberal ideology of free markets here constitutes a parallel to Weber's emphasis of ideas as drivers of institutional change. Through this particular focus, Polanyi fundamentally differs from Marx, with whom he is mainly connected through their mutual interest in establishing an evolutionary model of societal

⁴ Remarkably, the publication date of *'The Great Transformation'* falls together with Friedrich August von Hayek's (1994) *'The Road to Serfdom'*, which complements the contemporary critique of totalitarian socialization from a liberal perspective.

transformation. While Marx, under capitalist conditions, preassumes a particular commodity form, Polanyi illustrates how labor (as well as money and nature) are *taking on* this particular form. For us, the important innovation of Polanyi – as compared to his theoretical successors – becomes apparent in his discussion of those political forces, mobilizing against market-based societal coordination.

If, in line with Polanyi, we interpret neoliberal globalization as a movement of disembedding, attention needs to be drawn to the possibility of a countermovement emerging. An optimistic perspective can in this regard be found in the field of Global Labor Studies (Webster et al., 2009). Through increasing international competition as well as under conditions of austerity and liberalization, pressure on the international working class has, according to Silver (2005, 36) for example, led to a new swing of the pendulum to be expected. A similar continuity is realized by Nobel Prize winner Joseph Stiglitz in his Preface to *The Great Transformation: Polanyi's Arguments*, he (2001, VII) explains “are consonant with the issues raised by the rioters and marchers who took to the streets in Seattle and Prague in 1999 and 2000 to oppose the international financial institutions”. Finally, a similar conclusion is also drawn by Jürgen Habermas (2000, 85): “If a ‘double movement’ – the deregulation of world trade in the nineteenth century, and its reregulation in the twentieth – can serve as a model, then we may once again be standing at the brink of a ‘great transformation’”.

Regarding the actual the emergence of such a countermovement, a number of doubts and objections can be found in the research literature. In this sense, Fraser (2013) detects a fragmented workforce, a lack of leadership, and a decreasing importance of the national arena. A functionalist and teleologic interpretation of Polanyi is also criticized by Burawoy (2010, 307), who notes that complex historical sequences cannot be reduced to cyclical mechanisms. The fact that in globalized markets wage earners from distant world regions are set into competition with each other, does not automatically call for a global countermovement.

When trying to apply Polanyi's theory, the perspective of Global Labor Studies, through its designated focus on international phenomena, bears two central problems. Firstly, these are rooted in the fact that Polanyi presumes the territorial framework of the nation state as the unit of analysis to inquire countermovements.⁵ Yet also empirically speaking, constellations of labor regulation are mainly bound to the national level. “Presently” (Streeck 2016), we can observe ‘bottom-up’-attempts of recommissioning democratic institutions to the service of a countermovement against accelerated capitalist modernization” (own translation). Regarding the nexus of trade union politics, this argument shall be taken up further below.

3.3 Applying Polanyi – on the operationalization of the theory

Against the background of socioeconomic effects of neoliberal globalization and informed by the ideas of Karl Polanyi, I attempt to understand trade unions' capacities of political mobilization. The political sociology of trade unions is usually applying a micro- or meso-theoretical focus on what is going on in and between organizations. I am using Polanyi's concept of the countermovement as a theoretical instrument to connect meso-level mobilization to the macro-sociological questions of conflicts over globalization and European integration.

While Karl Polanyi has been taking on a retrospective view on long-term developments within the relationship of economy and society, what is missing in his arguments is an

⁵ “The parameters of the double movement's protective project were therefore clear: in order to manage its national economy, the state needed to mobilize the national purse, which in turn required controlling the national currency” (Fraser, 2013, 125).

explicit theory of class mobilization.⁶ This blank space we would like to fill through setting our focus firstly on the present, and secondly on political action between trade union organizations.

Political action to represent workers interests is mainly taking place in the field of collective bargaining (towards capital) and in the field of lobbying (towards the state). The counterpart on the company level is the particular management. In order to gain political action capacity, workers have to coordinate their particular positions or, as Marx (MEW 23, 319) states in *Capital* “put their heads together” [own translation]. This process of coordinating particular interests into a more general ‘class interest’ we will in the following refer to as ‘mobilization horizon’, consisting of a spatial dimension and a practical dimension.

For the representation of workers interests, the nation state constitutes only one reference frame out of many. For the aggregation of workers’ interests, the question of international solidarity does not arise generally, but only with regards on the effectiveness of various political coalitions. While trade unions have over the last decades managed to establish well-working structures of coordination and representation on an international level, we can – in line with Polanyi – also expect a re-nationalization of political mobilization.

The practical dimension of the mobilization horizon shall in the following be analyzed based on Donatella della Porta’s model of political participation in social movements. In her conception, della Porta portrays a tension between the principles of deliberation and representativity: “Participation and deliberation”, she (2015, 165) explains “are in fact democratic qualities in tension with those of representation and majority decisions and alongside these in a precarious equilibrium in the different conceptions and specific institutional practices of democracy.” As preconditions of deliberative mobilization, she (ibid., 166) identifies the following elements: an interactive practice of preference formation, orientation to the public good, rational argumentations, consensus, equality, inclusiveness and transparency. Political mobilization can therefore vary with regards to its spatial reference frame and its micropolitical dynamics. These considerations shall be applied in the following to four ideal typical patterns of trade union mobilization as a reaction to the global disembedding of the labor market.

4. Trade unions in the Great Transformation – patterns of political mobilization

Based on Polanyi’s ideas in the following we will distinguish four mobilization horizons with regard to their spatial and practical dimensions.

4.1 Elitarian internationalism

If globalization of the labor market from a trade union perspective primarily means an increase of labor supply for the capital-side, the most obvious strategy for the unions could be the extension of the cartel of wage earners in a similar scope. Together with their lobbying towards international institutions (such as the EU or the United Nations) such activities constitute the core agenda of trade union internationalism in the 21st century (Pries, 2010). At the same time, when trying to craft common political positions on a cross-border scale, two important challenges make this endeavor a difficult task for trade union organizations: the economic heterogeneity of the different countries involved, and the weakness of vertical decision-making structures within the political multi-level system. While national (or regional, sectoral or even company- or plant-specific) differences can cause

⁶ It can be assumed that this shortcoming derives mainly from the scholarly context of his time, *The Great Transformation* appeared 1944 almost two decades before the first publication of ‘*The Making of the English Working Class*’, in which E.P. Thompson (1987) primarily reconstructed how political subjectivity emerges from workers everyday routines. With their case study-based focus on trade union action and mobilization capacity, Global Labor Studies are beginning their work on the level below.

diverse interests among different factions of workers, lacking capacity to take decisions makes representation of shared class interests often difficult.

At the same time, an internationalist orientation constitutes a leading value of the labor movement under moral (“All men become brothers!”), as well as under functional (“They have a world to win!”) aspects. As ‘natural systems’ (Scott & Davis, 2006) trade unions are permanently maneuvering between the interests of different status groups (be it representatives of different secretariats, the chairperson, the members, particular regional representatives). Here, the everyday practices of trade unions’ representative work are regularly showing a tendency, which I would like to capture with the concept of an ‘elitarian-internationalist mobilization horizon’.

The systematic decoupling of delegates’ goals from the interests of the political basis constitutes a well-known motive within the internal dynamics of interest organizations, which has already been portrayed by Robert Michels (1911) as the ‘Iron Law of Oligarchy’. Especially with regards their position towards European integration, such tendencies have repeatedly been found among international trade union representatives. As Hyman (2013) or Wagner (2013) claim, a particular mindset is emerging among ETUC-representatives, whose strong identification with the project of European integration translates into general support of the European Commission.⁷ This mindset, according to which problems of European integration can solely be solved through more measures of European integration, Höpner (2015) describes as “integrationism”. While prominent especially among international secretaries of trade unions, it can generally be found among all kinds of political representatives and supporters in academia.

As an example, the problematic consequences of integrationist reasoning can serve a proposal of Loh and Skupien (2016), who claim that “a strong transnational trade union movement and a European unemployment insurance scheme could level the negative effects of forced economic integration.” In the course of turbulent economic dynamics within European Monetary Union, such a scheme can, in regions suffering an economic crisis, where social security systems are encountering increasing pressure, “enable secret transfer payment within the Union” (ibid., 599).

What may appear as desirable when considering the social discrepancies between the Member States, reveals its practical meaning only against the background of its actual consequences. By extending the group of those entitled to insurance payouts, additional distributional conflicts could arise between the national populations of the Member States. To implement such schemes “secretly” (as the authors like to put it), clearly illustrates the motif of decoupling the political interests of a few above the heads of those who are mainly affected. Political initiatives for international redistribution, which are unable to organize parliamentary majorities – as e.g. the recent austerity measures indicate – are not causing transnational solidarity but an authoritarian shift to the political right.

4.2 National-authoritarian mobilization horizon

In any case, a countermovement against the globalization of the labor market is currently emerging not on an international scale, but – in line with the classical Polanyian argument – from the national level. The success of the mobilization horizon which I would like to term as ‘national-authoritarian’ is traced – from a materialistic point of view – back to the fact that “a European or transnational distributional conflict can be reinterpreted into a conflict between insiders and outsiders” (Dörre et al., 2016, 257). The increasing popularity, which right-wing parties encounter in parliamentary elections all over Europe has become an integral element of a new right-wing populism. In line with Dörre (2016, 261), this

⁷ Additional empirical evidence for this argument was provided by Seeliger and Wagner (2018) by drawing on the debate around the Enforcement Directive.

development can be seen as a “movement against the impositions of the market, which have to be born by the wage-dependent and which receives the most support by the workers and the unemployed”. Especially the new waves of immigration in the course of EU-enlargement as well as migration in the course of the refugee crisis have – at least among parts of the working class – supported a worldview, according to which an influx of new migrant workers will only improve the economic position of the capital and bourgeoisie. This distributional conflict is gaining additional shattering power against the background of a sociocultural conflict line, Wolfgang Merkel (2016) has coined with the terms of cosmopolitanism versus communitarian positions. While cosmopolitan positions tend to be held by persons from urban milieus with high education, communitarian positions are likely to be found among people who favor traditional relationships and cultural homogeneity. Economic globalization is from this latter perspective mostly perceived as competitive pressure (and not as an extension of the subjective opportunity structures). The increasing importance of the migration topic (Pries, 2016) symbolizes a “broad and diffuse adversity towards globalization and modern politics in general” (Nölke, 2017). The problems “arising due to a lack of political regulation of global interdependencies”, concludes Geiselberger (2017, 13), “are affecting societies which are institutionally and culturally unprepared”.

According to Hartmut Rosa (2016a, 289) the increasing popularity of right-wing populism can be interpreted as the “expression of a crisis of alienation”, in the course of which more and more people get the impression that “the world is hostile towards them, and that politics do not respond to their particular needs.” As the instance, which traditionally represents the interests of wage earners, the political left has – according to a number of contributions (e.g. Eribon, 2016; Baron, 2016) – been in crisis for significant time already. The success of the political right is from this perspective not least due “to the lack of understanding, lefty and alternative milieus show with regards to the new distributional conflict” (Dörre et al., 2016, 260). While the systematic infiltration of the trade unions does momentarily still constitute an opportunity for the German right-wing populist ‘Alternative für Deutschland’ (AfD), ‘PEGIDA’ or other right-wing organizations, such scenarios could become political reality not very far from today.

It can be assumed that within the current political constellation characterized by the increasing renunciation of precarious workers from the ruling political parties (Schäfer, 2016), trade unions are the organizations most likely to solve or at least mediate political conflicts in both dimensions (class politics, and culturally speaking, cosmopolitan/communitarian). A trade union internationalism, which acts detached from its national basis runs the risk to lose its credibility in the multi-level system of international politics. Under conditions of a growing political right, Streeck (2017, 271) draws the following conclusions: “If you are striving for too much integration, what you’ll get is conflict and less integration.” A decoupled internationalism, however, is not applicable to deal with a new labor movement from the right.

4.3 (Enlightened) institutional nationalism

So what is to be done? In order to most effectively support policies aimed to redistribute societal wealth, trade unions should not limit their strategic repertoires in the sense of a cosmopolitan or communitarian ideology on principle grounds. As the current discussion over the integration of the one million plus refugees in Europe shows, what the Left is lacking is not the willingness or the verve, but the concepts, categories and ideas necessary to develop an innovative position. A “crisis of leftist imagination” (Nachtwey, 2016, 232) was lately taken up by Wolfgang Merkel (2016a, 14) to proclaim necessity of a ‘third way’, “between cosmopolitan generosity in giving up national sovereignty and the retreat into the communitarian refuge of the nation state”.

Instead of advocating neither international labor market regulation, nor a plain re-nationalization of economic communities, it seems promising to discuss the design of such political initiatives and solutions in greater detail. While a general closure towards migration would – under moral and functional aspects – make just as little sense as would a general opening of national labor markets (or social security systems) for everybody regardless of their nationality, capacities for political mobilization and regulation can be found on the national, as well as the international level. The political doctrine directed at the protection of national standards from cross-border downward competition can – in line with Streeck (1995, 120) – be described as a pattern of “institutionalized nationalism”, which accepts internationalization only to a degree which does not endanger stability and autonomy of national institutions and thus does not interfere with national interests.

If in the wake of the European Court of Justice’s (ECJ) jurisdiction regarding the right to strike (Bücker & Warneck, 2010; Rödl, 2013), Scharpf (2008) for example recommends to neglect the legal obligation of national governments to follow the ECJ, this does not imply any of the right-wing demagoguery, which German AfD or French Front National apply, in order to (re-)nationalize policy institutions. Neither, the strategy aims at the creation of comparative advantages. The goal is plainly the maintenance of a fundamental pillar of the German model – the right to strike.

A similar argument can be found in the discussion over the labor market integration of the refugees. While the (at least among most supporters of the left) popular demand ‘Refugees Welcome’ may sound appropriate under humanitarian aspects, it contains an important blind spot, when focused under class political aspects. Here, the dilemma is pretty simple: Who – under capitalism – calls for a world with no borders, automatically raises the question of how to establish a ‘cartel of wage-earners’. Under current conditions, the demand for open borders (no matter if intended or not) therefore contains a neoliberal element, which the Left has so far not found an appropriate answer to. While a strategy of institutional nationalism in the sense of Streeck (1995) aims at the maintenance of national social standards, under normative aspects, the effects on public welfare have to be taken into account as well (della Porta, 2015).

Increasing competition in the low-wage segments of the labor market through the influx of refugees should, from this perspective, not be translated into a reduction of migration. Instead, the question should be posed, which economic segments and status groups are profiting from the additional wage pressure and how the economic costs and benefits could be arranged more equally among those affected. Moreover, the causes of migration and flight should be moved into the center of the debate.⁸ Such an enlightened institutional nationalism would then not serve the cause of the externalization (Lessenich, 2018) of economic and social cost, but the maintenance of national regulatory capacities and welfare.

4.4 Embedded internationalism

However, on an international level there also seems to be room for development for trade union politics. Looking back onto several decades of European Social Dialogue and limited success of interference into EU-decision-making (see e.g. Seeliger & Wagner, 2016), it becomes apparent that the transfer of corporatist patterns from the national onto the European level has brought limited success (Schäfer & Streeck, 2008). One opportunity for further capacity building could lie in setting the trade unions’ focus onto their essential fighting instrument – the strike! Here, the introduction of European strike funds on the sectoral level could enhance especially the field of wage coordination by a power

⁸ Perhaps it might turn out that they are connected resource wars and exports of weaponry, from which the political protagonists of the institutional nationalism have been profiting in the past.

component which the trade unions have so far been lacking to challenge European capital. If, for example, the German IG Metall would open its national strike fund to support the walkouts of their Italian, French or Slovakian colleagues, this would not only mean a material contribution to strengthen collective bargaining.

As a constitutive moment of strike activities, Boll and Kallas (2014, 536) – by taking the view of the participants – identify the components of collectivity (1) and excitement (2). Accordingly, by conducting a transnational strike, trade unions could support the emergence of a European consciousness on the shop floor level – the EU would suddenly become tangible. Similar approaches have on the shop floor-level (especially in the automotive industry) been pursued for quite some years under the title of ‘sharing the pain’-strategies. Here, mass layoffs or other concessions were split between several plants of the company, in order to protect single subsidiaries from closing down (Pernicka et al., 2015). If therefore European Social Dialogue is bringing about little substantial outcome, if initiatives of wage coordination do not work properly either, and if the European Trade Union Confederation loses sight of the sectoral specifics in favor of an integrationist doctrine, it might be time for unions to get back down to their traditional core business of fixing a price of labor through (the threat of) strikes.

5. Conclusion

Attempting to carve out the macrosocial dimension of trade union politics, I have made reference to Karl Polanyi’s concept of the countermovement. Polanyi’s thoughts did not only serve as an analytical framework, but also as passages out of a “crisis of leftist imagination” (Nachtwey, 2016, 232). The four mobilization horizons would overlap in practice. The heuristic proposed here can, however, serve as a tool for future reflection and analysis.

With all of these potential strategies in mind, sociological research on trade unions has to consider two aspects: Firstly, trade unions’ organizational structures are difficult and slow to reform. Following van der Linde (2016, 209) we can assume that trade unions do not even develop in line with the reformist intentions. According to him, unions’ organizational apparati are “generally the outcome of conflicts and risky experiments. Pressure from below (through competitive networks and alternative action models) will be a very important factor in deciding that outcome”.

Accordingly, research on labor relations in general, and trade unions in particular, will have to be conducted as a sociology of political conflict (Dörre, 2010, 912). Facing the interdependent processes of economic globalization and regional diversification of capitalist development, no particular methodological approach could generally be privileged over others. Comparative studies (Hall & Soskice, 2001) or in-depth case studies on the epistemological basis of methodological nationalism (such as Nachtwey, 2016) should play a role here, just as genuinely trans- or supranational approaches. Additional inspiration, such a political sociology of trade unions could gain not only from organization studies (Scott & Davis, 2006), but also through a stronger connection to theories of cohesion (Marshall, 1992), democracy (Lipset et al., 1956) and capitalism (Polanyi, 1957) in general.

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Trade unions and the Polanyian countermovement: a Southern perspective

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Karl Polanyi (2001) in his classic study of the industrial revolution showed how society through the state developed regulations, legislation and policies to protect itself against the disruptive impact of unregulated market growth. He described this as the ‘double movement’ whereby ever wider extensions of free market principles generated counter-movements to protect society. (Polanyi, 2001, 138-139).

Martin Seeliger, in his application of Polanyi’s notion of the ‘double movement’ to Europe, writes that “Political action to represent workers’ interests is mainly taking place in the field of collective bargaining (towards capital) and in the field of lobbying (towards the state)”. This account of the role of unions in politics is in large part true of the Global North. Trade unions and their political parties played a crucial role in the resolution of the social question after the Second World War in Western Europe. The ‘social question’ was ‘solved’ in part and workers’ demands were met to a certain extent by the introduction of a welfare state that began a process of redistribution through state transfers underpinned by progressive taxation and full employment.

As the historical compromise of the North came under pressure in the seventies and eighties – through what became known as the Second Great Transformation (Munck, 2002) – so did hegemonic regimes of control. Burawoy argues that these made way for what he calls hegemonic despotism (Burawoy, 1985, 12). “This implies”, Webster, Lambert and Bezuidenhout suggest “that the institutions of collective bargaining are now utilised to enter into a process of concession bargaining, where workers agree to the re-commodification of their labour under the threat of factory closures or lay-offs.” (Webster, Lambert & Bezuidenhout, 2008, 53) The ideology of neo-liberalism legitimises this.

Table 1: Shifts in regimes of control in the North

First Great Transformation	Countermovement	Second Great Transformation	Countermovement
Rapid marketization and commoditization. Market despotism in the workplace	Emergence of workplace hegemony and construction of a welfare state	Rapid liberalisation and shift to hegemonic despotism	Embryonic global countermovement in the post-Seattle period, new global unionism

Source: Webster, Lambert & Bezuidenhout, 2008, 53

I will argue in this article that to understand Polanyi's Great Transformation in the context of the Global South one needs to develop a distinctive Southern approach that goes beyond traditional notions of work and union politics.¹ Of course there is enormous heterogeneity within the Global South; some countries continue to be based on extractive industries, while others have become important centres of manufacturing industries. But recognizing variations should not obscure the fact that economic and social development in these countries has led to certain distinctive 'southern features' in the world of work and labour. Let me illustrate.

I will make my argument in two parts: firstly, countries in the Global South have followed an economic and social trajectory that differs markedly from the First Great Transformation in Northern industrialized countries described by Polanyi. The history of the South is marked by the colonial experience of political and economic subordination to the needs of the Northern economies. As Barchiese (2006) has argued, at the core of the welfare state of advanced capitalist society was a link between wage work and social citizenship. However, in the South, Barchiese suggests, colonialism could not deal with the 'social question'. Countermovements in the South often dovetailed with struggles for national liberation (Buhlungu, 2010).

These countries lacked the preconditions for the creation of a welfare state as wage labour is often less than 20% of the workforce. (Webster, Britwum & Bhowmik, 2017, 10-15) Work is largely informal or involves unpaid survivalist activities. As an example, let me take care work. In the South, care work goes well beyond looking after the very young and the very old; it often involves the unpaid reproduction of the household as a whole. "In the former South African 'homelands'", Fakier and Cock write, "many people do not have water on site and have to obtain water from natural sources – dams, rivers or wells – which are often polluted. Many women in rural areas still have to walk long distances to fetch water from rivers and dams with 20 litre buckets carried on their heads" (Fakier & Cock, 366). This also includes the collection of firewood, as many households do not have electricity, or if they do they cannot afford to use it (Ibid, 367).

As we have argued elsewhere, in Polanyian terms the Global South skipped a stage. "These societies" we argued, "never secured a welfare state, high waged employment and social citizenship as their own democratic transition occurred at the very moment of the Second Great Transformation. Political liberation was secured within the global environment of market-driven politics and restructuring of work and society" (Webster, Lambert & Bezuidenhout, 2008, 54). This is illustrated in the table below:

Table 2: Shifts in regimes of control in the South

First Great Transformation	Counter-movement	Second Great Transformation	Counter-movement
Colonial conquest and land dispossession. Colonial despotism in the workplace	National liberation movement. Leads to political independence and state corporatism	Structural adjustment, market despotism	Embryonic global countermovement in the post-Seattle period – new global unionism

Source: Webster, Lambert & Bezuidenhout, 2008, 55.

¹ I am using the term Global South not so much as a geographical concept to describe the countries of Africa, South America and South Asia but more of a metaphor to describe the dispossessed and marginalized in the global economy.

In response to these challenges, unions in South Africa went beyond collective bargaining to respond to demands in the townships and in the broader struggles for economic, social and political rights by black South Africans – I called this form of unionism social movement unionism (Webster, 1988). While responses in the North shared certain characteristics with the ‘southern model’, the southern context was quite different. As Seidman demonstrated in her comparison of workers’ struggles in Brazil and South Africa, social movement unionism in the Global South consisted of struggles over wages and working conditions but it also involved struggles” over living conditions in working-class areas- over housing and social services , such as health care , education, transport, and running water ‘ (Seidman, 1994, 2-3) She goes on to argue that “Strikes over factory issues receive strong community support ; conversely community campaigns for improved social services and full citizenship are supported by factory organizations as labour movements redefine their constituencies to include the broader working class” (Ibid, 3)

My second argument is that the heterogeneity of work and the ambivalence of class positions makes it difficult to envisage in the Global South the kind of Northern compromise based on an exchange between capital and labour that took place in advanced industrial societies (Webster & Adler, 1999, 351). The configuration of classes that brought about the ‘southern compromise’ in the wake of decolonization was quite different from the North ; the compromise was struck between the state, urban classes and class fractions (including wage workers, the informal economy workers , the unemployed) and domestic and international capital . The social structure of the labour force differed from that of northern advanced industrialized societies. Where the latter was composed largely of full-time permanently employed workers (represented in the main by national industrial unions), in the Global South a multiplicity of classes and class fractions existed: urban workers, the informal economy, the unemployed, small entrepreneurs., and ‘peasants’. (Ibid, 354). “The industrial working class was a minority, while trade unions did not represent the majority of workers – let alone other strata- and were not always the principal agent of the southern compromise” (Ibid, 353).

Henry Bernstein has captured the complexity of classes in the Global South in this paragraph:

“Classes of labour have to pursue their reproduction through insecure and oppressive—and typically increasingly scarce—wage employment and/or a range of likewise precarious small-scale and insecure “informal sector” (“survival”) activity, including farming in some instances; in effect, various and complex combinations of employment and self-employment... In short, there is no “homogeneous proletarian condition” within the “South”, other than that essential condition I started from: the need to secure reproduction needs (survival) through the (direct and indirect) sale of labour power” (Bernstein, 2007, 5).

The result of this ambivalence of class positions is multiple forms of identity including caste, ethnicity, race, kinship and family. Indeed, power is produced and reproduced at the intersection of race, class, gender and sexuality and other aspects of identity. An intersectional approach is necessary in order to understand the way in which these different dimensions of power interact to reproduce inequality in the Global South. But this approach to intersectionality, Naila Kabeer remarked in a recent lecture, is not the same as Western identity politics that is detached from class (Kabeer, 2018).

To conclude: The starting point for an understanding of Polanyi’s work is his concept of ‘embeddedness’- the idea that the economy is not autonomous, but subordinated to social

relations. We have argued in this article that trade unions need to be embedded in the social relations that exist and shape market relations in the Global South. It is only through embedding worker organization and action in these social relations and evolving class relations, that a coalition to build a countermovement to economic liberalism will emerge in the Global South.

In developing a southern approach to unions, a research agenda has evolved where we have begun to identify the new forms of organization and sources of power that are emerging in the Global South. The focus of these studies has, we argue, not been the institutional setting of labour relations or the overall impact of major trends like globalisation on labour, but rather the strategic choice in responding to new challenges and changing contexts (Schmalz, Ludwig & Webster, 2018, 113).²

We argue in these studies that workers with limited structural power are able to mobilize other sources of power. For example, farm workers in the Western Cape of South Africa mobilized what we call logistical power through street blockades or other forms of joint action by trade unions together with social movements (Webster, Britwum & Bhowmik, 2017, 18-19). In India, a country characterized by a high level of informality, the associational power of street vendors has not been built in the form of a conventional trade union but through associations for informal workers. In this context, the National Association of Street Vendors of India (NASVI) was formed as an association of trade unions, community-based organizations, NGOs and individual members, to successfully advocate for street vendors' rights and policy changes (Schmalz, Ludwig & Webster, 2018, 124).

Similarly, in Uganda the structural adjustment programmes in the 1980s fostered the informalisation of the transport industry. The Amalgamated Transport and General Workers' Union (ATGWU) built informal transport workers' associational power through the affiliation of mass-membership associations of informal workers, notably representing minibuss taxi workers and motorcycle taxi riders. This strategy of building a hybrid organisation has assisted the union in bridging the divide between formal and informal workers, to achieve substantial gains for informal workers and to reduce their vulnerability. Taken together, informal self-employed workers with low structural power tend to create new forms of associational power, which diverge from traditional trade unions (Schmalz, Ludwig & Webster, 2018, 125).

These are modest but significant examples of the new forms of organization and sources of power that are emerging in the South. To what extent they could form a countermovement to liberalization in the Global South remains to be seen. What is clear is that Southern workers are developing innovative responses to the challenge of an increasingly insecure world.

² Many of these studies are the result of an international research project – Trade unions in Transformation – initiated by the Friedrich Ebert Stiftung in 2015, aiming at identifying and analysing innovative forms of trade unionism in different world regions, predominantly in the Global South, See Herberg, editor,

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The fictitious commodification of money and the Euro experiment

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This paper examines money, the least theorized of Polanyi's fictitious commodities, whose value to human's livelihood warrants extensive regulatory oversight in the price-setting mechanism. In doing so, it contributes to the scholarship that explores the variegated nature of countermovements which can be engendered by unforeseen agents deploying various means, often market-based. In light of extensive central bank intervention in the economy, Polanyi's claim about the fictitious character of money deserves credence. This paper argues that the non-conventional policy instrument of quantitative easing in the Eurozone serves the function of protecting society from the commodity fiction of money. The ECB's lender of last resort function is a quintessential counter-measure akin to those extended to labour and land. Yet, despite its protective disposition, the ECB's involvement in managing the currency does not engender a double movement, it rather faces political limits in engendering indiscriminate macro-economic stabilization across an increasingly polarized monetary union.

Keywords: Polanyi, European Central Bank, Monetary Policy, Countermovements, Fictitious Commodities

1. Introduction

Polanyi's double movement thesis has been up for grabs lately (Dale, 2010). The uncanny resemblance between laissez-faire capitalism and the current neoliberal predicament resulted in a frequent recourse to Polanyi's (1944) famous double movement thesis, the process of creating a market economy and the countermovement for social protection against such marketization. His critique of the market society resonates well with many social scientific disciplines. Scholars have used his concepts to make sense of various contemporary developments such as the institutional changes of the welfare state in twentieth century (Blyth, 2002), de-globalization dynamics such as Brexit (Hopkin, 2017), European regional integration (Caporaso & Tarrow, 2009; Hettne, 1994), various labour struggles (Burawoy, 2010; Dale, 2012; Silver & Arrighi, 2003), agrarian countermovements (Vicki, 2005), twentieth-first century deregulation measures (Buğra & Ağartan, 2007) etc.

One Polanyian concept that has enjoyed a steady contemporary relevance is fictitious commodities which denote those aspects of life such as land, labour and money that have been turned into mere objects of commerce governed by market prices (Dale, 2010). According to Polanyi, only in the market economy, governed by the idea of the self-regulating market, any interference with the adjustment of prices in these three domains is prohibited. Polanyi saw the commodification of land, labour and money as fictitious because beyond their exchange value they have wider use value. Any attempt to create a self-

regulating market of these three commodities results in inevitable countermovements aimed at safeguarding the functions of these core elements of people's livelihood.

From the three fictitious commodities, it is labour that has been most widely theorized and applied to contemporary developments in global labour relations. For decades, the commodification of labour has been a reference point in the scholarship on the welfare state; both in those who purport that the welfare state has undergone a restructuring along neoliberal lines, despite the lack of its total retrenchment (Höpner & Schäfer, 2010; Cafruny & Ryner, 2007; Belfrage & Ryner, 2009), and in those who find evidence of decommodifying tendencies in various social policy measures that increase the welfare of workers (Birchfield, 2005; Esping-Andersen, 1990; Caporaso & Tarrow, 2009). Land politics has gotten a somewhat reduced scholarly scrutiny. Few notable contributions are those of Debbie Becher (2014) and Christopher Rea (2017) who focus on the micro-foundations of various countermovements aimed at preserving the land's use value all the while relying on market-based instruments.

While Polanyi's critique of the fictitious commodification of labour and land has enjoyed stable interest, his equally perspicacious insight into the fictitious nature of money has not received the attention it deserves. Two honorable exceptions are Hadrien Saiag (2014) and Christopher Holmes (2014). Saiag (2004) masterfully reformulated Polanyi's critique of Welrasian theory of money; yet even so his contribution is focused on understanding the various functions of money rather than the new practices of monetary governance that underscore the fictitious nature of money. Holmes (2014) goes a little further in his empirical application of Polanyi's concepts by examining how the conflicts between the various functions of money relate to the Eurozone crisis. This paper follows their lead and tries to fill a gap by bringing scholarly attention to an area of interest that has been neglected by the resurgent Polanyian scholarship. Namely, I examine Polanyi's writings on money that enables us to generate a valuable insight into modern day central banking practices. I argue that Polanyi's arguments about the fictitious character of money are relevant to contemporary central bank interventions and they need to be integrated into a Polanyian framework for the twentieth-first century. After all, it is in the money market that we saw the recent and most far-reaching breakdown of the market economy. In doing so, I contribute to the scholarship that argues that protectionist counter-moves come not only from various agents, but also via various means, often market-based (Rea, 2017; Savevska, 2014).

The paper is divided in six parts. Following the introduction, the subsequent sections introduce Polanyi's main thesis and his thoughts on money and central banking. The paper then articulates a Polanyian reading of a new empirical phenomenon, namely the European Central Bank's unconventional monetary policy. Following a brief explanation of the Eurosystem's operations, the paper discusses the ECB's quantitative easing measures, the protection they furnish to the productive organizations, and their political limits in engendering indiscriminate macro-economic stabilization across an increasingly polarized monetary union. The paper concludes by arguing that although the ECB's unconventional measures protect the purchasing power of money from the market mechanism, they do not constitute a turn towards a fully-fledged countermovement.

2. Polanyi's core thesis

Karl Polanyi (1944) is best-known for his book, *The Great Transformation* (TGT), wherein he develops an unconventional narrative about the fascist crisis of the twentieth century, whose root he claims need to be traced back to Ricardian England. His double movement thesis represents a critical appraisal of the institutional transformation that constituted *laissez-faire* capitalism of the nineteenth century (Dale, 2010; Gemici, 2008). By bringing forward evidence that demonstrates the constructedness of the market society, he

debunked the neoclassical economics view that the market emerges out of human's natural inclination for barter (Inayatullah & Blaney, 1999). Instead, he went at some length in trying to show how the idea of the self-regulating market gained predominance, thanks to particular state actions that brought forward the commodification of land, labour and money (Block, 2003). By transcending the conventional class struggle narrative, Polanyi asserted that the commodification of fictitious commodities instigated a countermovement that aimed to preserve the livelihood of humanity and nature through social protections against marketization – the second step of the double movement (Birchfield, 2005; Munck, 2006).¹ In TGT, the narration of the development of *laissez-faire* capitalism is imbued with a nuanced observation of the complex interaction between the measures that constituted the disembedding and embedding tendencies. Therein, Polanyi (1944) presents us a reality constituted by a complex dialectic between the acts that disembedded the economy, such as the enclosure acts and the repeal of the Poor Laws, and the protective anti-enclosure measures.

Polanyi (1944, 138) saw the double movement as a product of a dialectics between two principles of institutional organization, each supported by particular social actors relying on different means (Streeck, 2011). One was the improvement principle of economic liberalism, 'aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely *laissez-faire* and free trade as its methods; the other was the habitation principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and the landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its methods' (Polanyi, 1944, 138). The strength of Polanyi's analysis rests in his invention of two principles, improvement and habitation, and his idea of how they contingently interacted to produce what was known as a *laissez-faire* capitalism. Polanyi (1944) used these two principles to denote the deliberate measures that improved the tools of production and those that dealt with the ramification of such improvement respectively. In his analysis, he made it explicit that the unfolding of economic liberalism was instantaneously followed by social protection. Contrary to the 'belief in spontaneous progress,' Polanyi (1944, 39) underscored the role of government in the extension of both the improvement and the habitation principles. By tracing the historical genesis of the market society, Polanyi (1977) observed that the commodification of land and labour, which was secured through the enclosure movement that created competitive markets for land and labour, engendered counter-measures aimed at securing the well-being of the labour force. The self-protection of society arose as an imperative only in the context of commodification. He identified the labour movement during the industrial revolution as a corollary to the deliberate measures that introduced competitive labour markets (Polanyi, 1944, 73). A similar dynamic can be observed in the enactment of the anti-enclosure policy by the Tudors and Stuarts aimed at curtailing the profit orientation in the market for land.

Polanyi identified land, labour and money as being fictitious commodities because their production is not made for sale (Birchfield, 2005). Land is another word for nature, labour

¹ In his last book, *The Livelihood of Man*, Polanyi took it upon himself to recast the scope of the neoclassical economic inquiry that was merely concerned with the issues of economising and allocating scarce resources. Instead he advocated a reorientation of economic theory towards the livelihood of man, which depends on nature and his fellow humans. 'To study human livelihood is to study the economy in this substantive sense of the term' (Polanyi, 1977, 20). After careful consideration, I decided to replace the term 'livelihood of man' with 'people's livelihoods' in order to avoid the risk of being blamed for reproducing gendered categories, all the while maintaining the exact meaning of the concept that Polanyi had in mind. I would like to thank Lisa Tilley for bringing this to my attention. Polanyi himself used the terms interchangeably and basic 'find function' in the pdf version of his book shows that he used the term human economy, society, race, and livelihood more than 'man's livelihood'.

is just one aspect of the human nature, and money is not a commodity, but purchasing power, whose existence depends on central banking. Polanyi (1944) criticised this reductionist view of land, labour and money present in both classical and neoclassical economics. The attempt to create free market for these fictitious commodities was 'the weirdest of all undertakings of our ancestors' (Polanyi, 1944, 187), which tends to produce dislocations that result in crisis i.e. countermovements.

3. Polanyi's view on money

Polanyi published on a wide-range of topics from the developments of the market society in nineteenth century England, to various institutional orderings of the economy in pre-capitalist societies (Champlin & Knoedler, 2004). In addition to conceptually separating the market from trade, Polanyi (1957; 1977, 123) drew a line between money and markets. Contrary to orthodox thinking, he asserted that money is not a commodity, but it is an institution concerned with debt obligations; hence his reflections resemble the institutional accounts of American economist and sociologist Thorstein Veblen and John R. Commons, the founder of labour economics (Maucourant & Plociniczak, 2013; Baker & Widmaier, 2014).² By analysing the different functions of money (all-purpose money vs. special purpose one), Polanyi (1977) was able to demonstrate how in pre-capitalist societies money was not governed through the principle of exchange, but through norms of reciprocity. He noted how money used in pre-capitalist societies 'was not a means of exchange, it was a means of payment; it was not a commodity, it was purchasing power' (Polanyi, 1944, 205), usually associated with status and rank. Money in pre-modern societies did not have usefulness in itself, but was used for purchasing products, whereas in the market society money is transformed into a sought after commodity.³

His historically grounded assertion that money predates the market, which is further supported by recent research on the origin of money (see Desan, 2014; Peacock, 2004; 2006), stands in contrast to the orthodox view that holds that barter produces money and the different functions of money (unit of account, means of payment and store of value) follow from its function as a medium of exchange. By studying the special-purpose money from early periods, Polanyi (1957, 264) saw the flaws in the catallactic view that sees money as a neutral medium of exchange. He showed how the other functions of money, such as unit of account, and means of payment do not derive from the market, but from 'definite uses' (Polanyi, 1957, 264). By recognising the role of the state in monetising the economy, Polanyi (1977) criticised the catallactic view because of its inability to factor central banking into the concept of money, which is especially pertinent today given the significant role central banks play in stabilizing the economy.

The role of the state was not only crucial to the development of the market for land and labour, but also for money (Peacock, 2004; 2006). The central role of public authorities' management of the economy is most evident in the supply of credit. Polanyi's famous study of the Gold Standard demonstrates the tension engendered by attempts to create a self-regulating global marketplace whereby domestic priorities of macroeconomic stability are subordinated to international currency stability. Although he is wrongly accused by Knafo (2013) for portraying the Gold Standard as a liberal monetary regime that kept states accountable to the market, Polanyi, on the contrary, underscored the importance of

² However, there is difference between Polanyi and the institutionalists (See Watson, 2005).

³ An interesting parallel emerges between Polanyi and Marx. Marx (1906, 165) makes a distinction between two forms of circulation: C-M-C, where commodities are transformed into money and again into commodity, and M-C-M, where money is transformed into commodities and into money again (buying for the sake of selling). It is the latter case that transforms money into capital. In the former case the goal of the circulation is commodity, in the latter it is money itself.

domestic monetary politics that 'reduced the automatism of the gold standard to a mere pretense' (Polanyi, 1944, 204).

Central banking practices are in effect protective measures aimed at insulating the business enterprises from the vicissitudes of the Gold Standard that automated the adjustment of balance of payments among countries.⁴ Central banks played a key mediating role between the commodity standard's imperative of maintaining currency convertibility and the productive sector's need for elastic credit creation (Block & Sommers, 2014). Countries were supposed to play by 'the rules of the game' in order to eliminate balance of payments imbalances, which meant deficit countries should increase interest rates and reduce the money supply via open market operations and vice versa in surplus nations. Nonetheless, the discount rate and the open market operations of central banks aimed to reduce the deleterious effect of the inevitable deflationary pressure. Whether due to the expansion of suffrage (Eichengreen, 1996) or overly independent central banks (Simmons, 1996), monetary policies often responded to the needs of the domestic business cycle rather than let the automatic adjustment expected under the Gold Standard occur. Central bank policy that governed the domestic circulation of token money (fiduciary) i.e. the supply of credit, often responded to political needs rather than external pressures of capital flows. Domestic price stability was priority. Despite its pretence of automatism, the Gold Standard was not self-executing.

Allowing the price mechanism to determine the supply and demand for commodities produced for sale leads to correction of the disequilibrium. However, with fictitious commodities, increases in supply or demand cannot always happen without hurting the bearers of these commodities which have use values beyond their exchange values. In the case of money, deflationary pressures have deleterious consequences on all productive organizations. Commodity money, such as gold, with its inevitable scarcity, is not compatible with expansion of production engendered by the industrial revolution. The increase in productive capacity engendered the creation of money, which was not subject to the automatic market adjustment mechanism, but to steering mechanisms governed by central banks (Polanyi, 1944, 202).

Contemporary monetary policy instruments demonstrate the continued relevance of Polanyi's notion of the fictitious character of money. I argue that the European Central Bank's unconventional monetary policy measures, its asset purchase programs, most accurately capture the limits of the self-regulating market. The lender of last resort function performed by the ECB via its quantitative easing (QE) program, is a contemporary example of protection that showcases the utopian nature of the benefits of undisturbed market mechanism. 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.

The perspicacity of Polanyi's remarks is seen not only in his observation that some counter-struggles can be reactionary as was the case with the fascist movements in the 1930s (Block, 2012), but also in his conclusion that the resistance to the perils of the market-controlled economy comes from a variety of agents; in the case of the Eurozone the protection is supplied by its central bank. However, despite its core protective function of providing liquidity during crises and stabilizing market expectations, the ECB's quantitative easing measures are not without challenges. The next section of the paper explores the drawbacks of the continued centralization of a key monetary function at the European Union level. Within the currency union, the cost of internal adjustment of prices might be too high to bear and impossible to maintain in an increasingly polarized polity.

⁴ Gold Standard was an international monetary system of fixed-exchange rates.

4. The Eurosystem

The Economic and Monetary Union (EMU) is not an overnight project, rather, it has a long history of macro-economic stabilization efforts. Both the EMU and its predecessors, the 'Snake in the tunnel-system' in the 1970s with its band of fluctuations and the European Monetary System I, with its Exchange Rate Mechanism based on European Currency Unit, represent a policy response to the problem of exchange-rate volatility brought about by the breakdown of the Bretton Woods system (Bache et al., 2011; Cafruny & Ryner, 2007). Given the negative prior experience of floating exchange rates and the competitive devaluations it engenders, European policy makers as early as the 1960s with the Warner Report started making plans for a commitment device that would stabilize intra-EU trade (Eichengreen, 1996). The Delors Report in 1989, with its three stage EMU completion plan, was influenced by the new monetarist thinking that gave credence to the idea that the use of exchange rate as a shock absorber is overrated and devaluations in the long-run are suboptimal because they increase the price of imported goods and raise the costs of the inputs in the production which, in turn, provokes a demand for higher domestic wages and leads to competitiveness problems (Hix & Høyland, 2011).

The Maastricht Treaty finally constitutionalized the idea of European monetary integration and member states irrevocably gave up their ability to set their own interest rates and pursue devaluations. A new monetary authority was created, the Eurosystem comprising of a newly created central bank, the European Central Bank (ECB) and the national central banks. However, this constitutionally independent central bank, the ECB, was barred from performing one core task, the lender of last resort function, because the Maastricht Treaty specifically outlawed the monetary financing of deficits (article 123) on the insistence of Germany which feared the EMU would generate perverted incentives among some sovereigns which remained in control of their banking and fiscal policies (Buti & Carnot, 2012; Chang, 2016).

The Eurozone crisis exposed an asymmetry in the monetary policy domain generated by the prohibition of monetary financing. Although we have a common EU policy and central bank, its key lender of last resort function was legally challenged, first for its Outright Monetary Transaction programme and later for its quantitative easing (QE) operations (Brunnermeier, James & Landau, 2016). Unlike its peers, the ECB was delayed in implementing QE via its sovereign bond Purchase Programmes (PP),⁵ and moreover its QE had to meet a number of conditions, such as the limit of purchases per issuer and issue share, which was increased from 25% to 33% (ECB/2015/10).

Like most modern central banks, the ECB is granted constitutionally-backed independence in pursuing its core objective of price stability. But it is in the aftermath of the crisis that the ECB started to perform yet another key function as lender of last resort, which was not fully exercised before 2012, even though the ECB was engaging in non-standard monetary measures such as the Securities Market Program, covered bond purchase program, and fixed-rate full allotments (See Cour-Thimann & Winkler, 2012 for details). Unlike European politicians, the ECB played a more crucial role in saving the Euro by increasing liquidity via various instruments, such as long term refinancing operations (LTFO), targeted long term refinancing operations (TLTFO), and various asset purchase programmes (Schmidt, 2014). These terms, which have a veneer of technocratic complexity, refer to a straightforward practice of providing long-term funding with attractive conditions to credit agencies via the Eurosystem. The recognized hope here is that by providing a cushion of liquidity for banks holding illiquid assets, the process will, on the one hand provide alternative source

⁵ The QE refers to the sovereign bonds PP which started in 2015, but we have to note that the ECB has other PP, such as covered bonds PP implemented in 2009, 2011 and 2014, asset-backed securities PP initiated in 2014, and the more contentious corporate bonds PP which started in 2016, thanks to which its balance sheet ballooned to almost €4 trillion.

of funding to the impaired interbank lending and, on the other hand ease private sector credit conditions and stimulate bank lending to ‘the real economy’.⁶

5. The ECB’s lender of last resort function

The ECB conducted its first LTROs with a three year maturity in December 2011 (Brunnermeier, James & Landau, 2016; Chang, 2016).⁷ The LTROs were followed by TLTROs I with a longer four year maturity starting in June 2014 and TLTROs II starting in March 2016 (the last consignment of the TLTROs was issued in March 2017). In the context of a dried-up interbank system, the LTROs, which totalled €1 trillion, together with the TLTROs provided liquidity to the troubled Eurozone banks (Gros, 2012). In addition to its open market operations,⁸ the ECB has conducted various asset purchase programmes (PP), the so-called outright operations such as the three covered bond PPs which started in 2009, 2011 and 2014 respectively, the asset-backed securities PP which started in November 2014, the sovereign bonds PP which started in March 2015, and corporate bonds PP which started in June 2016.⁹ Thanks to these quantitative easing measures, the balance sheet of the ECB has reached around €4 trillion.¹⁰ Besides its QE, the ECB committed itself to buy an unlimited amount of sovereign debt under the Outright Monetary Transactions (OMT) program that was announced in 2012 and has not been initiated yet since it passed the judicial hurdles (Chalmers, Jachtenfuchs & Joerges, 2016).

Much like during the Gold Standard and the Bretton Woods System, central banks today continue to provide a key function of maintaining the purchasing power of money. In the case of the ECB that role is especially pertinent due to the structural capacity gap, whereby monetary policy is centralized at a federal level while fiscal policy in the aftermath of the crisis has constitutionalized a consolidation state that leads to permanent redefinition of the fiscal capacity of member states (Haffert & Mehrtens, 2015; Braun & Hubner, 2018). The quantitative easing measures which furnish protection to business organizations demonstrate that the idea of the self-regulating market can never be fully realized. The central bank’s involvement in managing the currency, which is a form of social protection *par excellence*, akin to the habitation measures extended to labour and nature, points to the fictitious nature of money as a commodity.

Like all matters of policy, this peculiar domain is imbued with internal political contestations, yet unlike the other two fictitious commodities (labour and land), the ‘saving’ of money from the whims of the self-regulating market enjoyed a broad consensus among the policy-making community. The urgency that we see in saving the money market is nowhere to be found when it comes to saving the environment or labour from degradations caused by the market mechanism. The central bank money injected into the market for liquidity as a way of offsetting the liquidity pull-back, resulted in an expansion of the central bank’s balance sheet of up to €4 trillion. A public backstop of the money markets was provided early on during the crisis in the form of full allotment in its open market operations and later on in the form of the assets purchase programs. This protection of business

⁶ The language of ‘the real economy’ comes directly from the ECB’s website describing the purpose of TLTROs. See European Central Bank (2014) ECB announces monetary policy measures to enhance the functioning of the monetary policy transmission mechanism. June 5. Available from: https://www.ecb.europa.eu/press/pr/date/2014/html/pr140605_2.en.html.

⁷ European Central Bank (2011) ECB announces measures to support bank lending and money market activity. December 8. Available from: www.ecb.europa.eu/press/pr/date/2011/html/pr111208_1.en.html.

⁸ For the specificities of the ECB’s open market operations that consist of lending funds to banks which post sovereign bonds as collateral, unlike the Federal Reserve that buys T-bills outright, see Bagus (2012).

⁹ www.ecb.europa.eu/mopo/implement/omt/html/index.en.html. It has to be noted that the public sector PPs comes with some unfortunate strings attached, such as the 33% limit of purchases per issuer and issue share.

¹⁰ Its €80 billion monthly purchases of public and private bonds in late 2015 and 2016 were scaled back to €60 billion in 2017.

and employment via monetary means, showcases the variety of ways and actors involved in taming the operation of the self-regulating market.

The crisis created opportunity for a correction of the asymmetry in the monetary portfolio because, at the simplest level, the performance of the central bank's core function of providing liquidity to the economy was needed for the stabilization of market expectations (Brunnermeier, James & Landau, 2016). Yet, there are some drawbacks of the continued centralization of monetary authority in a politically contested and polarized monetary union. The ECB yields great unchecked discretionary authority with immense distributive potential, deciding when and how to exercise its lender of last resort function. The ECB can choose to cut off a specific national banking system from its liquidity provisions for political ends and consequently cut the financing of the respective government. It can wield this power through various means. First, through its collateral framework it can make margin calls (Nyborg, 2017),¹¹ raise haircuts or even reject certain sovereign bonds as collateral,¹² both of which were common pro-cyclical practices during the crisis (Gabor & Ban, 2016). Second, it can refuse to purchase certain sovereign bonds under its Public Sector Purchases Programmes, which the ECB threatened to use in order to nudge the Italian Prime Minister Berlusconi into action (Chang, 2016, 85).¹³ Third, it can decline to engage in future OMT unless the affected government has accepted its terms of financing. And finally, it can choose corporate winners via its corporate purchase programmes.

The ECB has the power to transform information-insensitive sovereign debt into information-sensitive debt and bring a member state to a brink of involuntary default in a context of dried-up interbank credit lines and shrinking deposit base, as was the case with Greece in 2015. 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, rather than a rational economic objective. What ensued from the suspension of Greek banks from the Emergency Liquidity Assistance was capital controls, and there is little legal guarantee that the ECB will not once again arbitrarily curtail market confidence in some member states that have fallen out of favour because monetary affairs has been successfully framed as operating in an apolitical realm. It remains to be seen how exactly this scaling-up of prerogatives will make the EMU more embedded in the Polanyian sense. No provision in the existing rulebook guarantees that the ECB will indiscriminately generate market confidence in all member states, some of which already became victims of the improvement that centralization of rule-making was supposed to furnish.

Besides the above concerns of how the ECB exercises its lender of last resort function within its monetary portfolio, there are two issues that deserve attention. The first issue arises from the latest acquisition of banking supervisory powers introduced with the post-crisis reforms of the EMU governance, which puts the ECB within the newly created Single Supervisory Mechanism (Chang, 2016, 72).¹⁴ An eventual conflict might emerge between

¹¹ Central bank collateral frameworks are legal instruments that stipulate the type of eligible collateral that credit institutions can use to obtain central bank money. See Gabor and Ban (2016) for details.

¹² Haircut is the difference between the market value of the collateral and the collateral value of the collateral (the amount of money lend to the credit institution against that collateral). Nyborg (2017, 208) notes haircuts in the Eurosystem are not market determined but by the ECB, all the while haircuts on the secondary market are taken from the collateral framework of the Eurosystem.

¹³ A confidential letter sent by the ECB to the then Prime Minister of Italy was leaked in the media disclosing the central bank's strong encouragement for structural reforms of Italy's stagnant economy in the wake of the spike of the Italian bond yields. A confidential letter of similar content was sent to the Spanish government a month before in August 2011. For details on this incident see: Financial Times (2011) ECB letter shows pressure on Berlusconi. September 29. Available from: <https://www.ft.com/content/3576e9c2-eaad-11e0-aeca-00144feab49a>.

¹⁴ ECB directly supervises 128 Eurozone credit institutions which hold 80% of the Eurozone assets (Howarth & Quaglia, 2016, 93).

the ECB's core function of maintaining price stability, which might require setting interest rate policies that are not favourable for banks with solvency issues. The second issue likewise calls into question the ECB's core priority of maintaining price stability and its involvement in the troika's assistance lending which can be a source of conflict (Pisani, Ferry, Sapir & Wolff, 2013, 110). Additionally, the ECB's denial of access to information to the European Court of Auditors further demonstrates the lack of transparency in the decision-making processes.¹⁵

6. Double movement?

Studying the dialectical interplay between the two principles of improvement and habitation as they relate to current monetary practices, yields interesting insights. However, we need to be wary of the tendency in recent scholarship to proclaim the emergence of a double movement in the Eurozone whenever we see the operation of the principle of habitation (Dale, 2012). I put forward a reading of Polanyi (1944) that acknowledges that the habitation measures are immanent to the improvement ones. In his critique of the market society, Polanyi observed that the commodification of land, labour and money, immediately engendered counter-measures aimed at securing the wellbeing of the labour force, the quality of nature and the purchasing power of money.

Yet, the results of the interaction of the two principles cannot be *a priori* assumed to follow a specific swing order. Social change is contingent on the socio-temporal context, which means that the two principles in nineteenth century England are qualitatively different from the one today. Thus, a proper Polanyian analysis would not simply find evidence of social protection and declare the emergence of a Third Great Transformation, as numerous scholars tend to do (for ex. Becher, 2012; Caporaso & Tarrow, 2009; Gill & Cutler, 2014), but would rather evaluate the quality of those measures on their own terms. The mere existence of the habitation principle does not in any way signify the emergence of a double movement. Notwithstanding the common practice of conflating the two, especially with the growing regressive right-wing forces in Europe and Trumpism in the US, we must make a conceptual distinction between them. While the existence of the embedding tendency is indisputable, the double movement is questionable. According to Polanyi (1944, 247-248), the double movement forms only when certain conditions are met: a) when the market society 'refuses to function', and b) when a 'revolutionary situation' crystallizes and society tries to escape a complete annihilation by the self-regulating market. So, we have to acknowledge that, if anything, the habitation measures furnished by the ECB's quantitative easing practices have ensured the continued smooth functioning of the money market.

Not only should the two principles of improvement and habitation not be read in a functionalist fashion, but they must not be treated as opposites that annihilate each other. Instead there is dialectic that results in a contingent synthesis of two dynamics (Lacher, 2007). A synthesis does not imply a peaceful coexistence, but it can mean disruptive dialectic. A balanced unity is not necessarily the end result. The sublation of a contradiction does not automatically follow from the mere recognition of the contradiction (Brincat, 2011). *We should not* glorify the operation of the principle of habitation because its existence does not transcend the fictitious commodification (Lacher, 1999; Watson, 2014). Polanyi (1944) does not see the self-protection of society as the ultimate progressive solution, because the need for protection arises only in the context of a self-regulating market. When you take away the fictitious commodities protectionism loses its purpose. The

¹⁵ European Court of Auditors (2017) The Commission's Intervention in the Greek Financial Crisis. Special Report (No. 17). This report examined the effectiveness of the Greek Economic Adjustment Programs which were administered by the so-called troika, the European Commission, the ECB and the IMF.

progressive possibilities envisioned by Polanyi lie outside the coordinates of fictitious commodification (Dale, 2012; Watson, 2014). However, most of the scholarship tends to forget this important qualification by misidentifying a third countermovement in each instance of a counter-measure and by forgetting that Polanyi was interested in a society whose organisational paradigm transcends the dialectics between the self-regulating market and social protection. Thus, the paper cautions against reading the recent ECB practices of salvaging the economy as constituting a true move towards embeddedness. Streeck (2011) contends that the attempt to reconcile the two principles is utopian in nature and harbours an inherent contradiction as exemplified in the many crises of democratic capitalism, including the recent economic crisis that shows the intensified dialectic between the two principles.

7. Conclusion

This paper examined money, the least theorized of Polanyi's fictitious commodities, whose value to human's livelihood warrants extensive regulatory oversight in the price-setting mechanism. Polanyi's claim about the fictitious character of money deserves credence nowadays in the context of extensive central bank intervention in the economy. In the aftermath of the latest episode of global credit squeeze, financial enterprises had to be saved from the undisturbed workings of the market mechanism via the massive injection of central bank money into money markets. This paper tried to show how, much like the conventional central bank policies, such as the open market operations and discount windows (lending facilities), the latest non-conventional policy instruments of quantitative easing in the Eurozone serve the function of protecting society from the commodity fiction of money. Yet, in doing so, the latest embodiment of the principle of habitation does not engender a new double movement. On the contrary, the QE prevented the total annihilation of the market-mechanism.

The Great Recession engendered a substantial transformation of the constitutional order of the Eurozone. Contrary to the expectation that the crisis would trigger a re-embeddedness of markets, we witness the intensification of both rule-based and institutional depoliticization not only in the monetary but also in the banking and fiscal domains. And in doing so, the latest constitution-building efforts reinforce the vertical separation between politics and economics. The monetary, banking and fiscal unions increasingly characterized by a technocratic style of governance are the pinnacle of the disembedding tendency. Market-oriented models of governance that are insulated from democratic accountability or public steering are increasingly functioning as the only game in town. And, although some note that the Eurocrats' dream 'is empirically over and normatively unsustainable' (Chalmers, Jachtenfuchs & Joerges 2016, 21), the technocratic ethos persists, often giving rise to populist countermovements.

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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 counter-movement? 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 counter-movements 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 left¹. 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 Greece². 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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The EU emissions trading scheme: protection via commodification?

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Market-oriented approaches to protecting nature like the European Union Emissions Trading Scheme (EU ETS) are often either uncritically embraced or dismissed as neoliberal policy developments that facilitate accumulation and further subject nature to the perversities of markets. I cast doubt on both interpretations. Hewing closely to Karl Polanyi's own logic, I show that market-oriented schemes like the EU ETS are better characterized as Polanyian countermovements that are, in fact, helping to "re-embed" the European economy in more ecologically sustainable relationships with nature. The more general corollary is that Polanyian countermovements reacting to the disembedding effects of markets may themselves include market mechanisms. Ironically, though, it is exactly the embedding effects of market-oriented environmental policy that may undermine its effectiveness for addressing global-scale ecological problems like climate change.

Keywords: Cap-and-Trade, European Union Emissions Trading Scheme, EU ETS, Commodification, Countermovements, Polanyi, Environmental Regulation

The EU emissions trading scheme: protection via commodification?

Contemporary environmental policy in Europe and beyond is riddled with irony. The central paradox is this: markets—those dynamic and resilient means of organizing modern economic life that are linked to so much ecological destruction—are increasingly being used as tools for *protecting* nature. Markets in nature, in short, are being fabricated to protect nature from markets. The situation is ripe for a Polanyian analysis and, equally, for extending his theoretical approach in light of these developments. In brief, Polanyi's ([1944] 2001) original accounting of the perversities of market institutions and mobilizations in reaction to them can help us understand how and why civil society groups and states are creating new and market-oriented means of protecting nature, even as his insights also demand that we rethink oversimplifications about the relationship between markets, on the one hand, and social (and environmental) protection, on the other.

I use the case of the European Union Emissions Trading Scheme (EU ETS) to deepen our understandings of these patterns of "protection via commodification"—that is, cases where market-like institutions are intentionally fabricated to provide social and ecological protections. The takeaway is this: using markets in nature to protect nature from markets is fraught with challenges and the results are likely to be both politically and ecologically imperfect. Nonetheless, it is not clear either a) empirically, that market-oriented regulatory schemes like the EU ETS primarily facilitate accumulation and generate "disembedding" social and ecological effects—indeed, I find evidence of the opposite; or b) analytically, that Polanyi's own insights and analysis preclude regulatory market-making as a means of "re-embedding" economic

activity in social institutions and working towards politically agreed upon goals, like reducing carbon emissions or “greening” the economy.

Instead, exactly in line with Polanyi’s original insights, the case of the EU ETS will make clear that markets in things like “carbon credits” are by no means “natural” economic creatures; that their form and effectiveness is contingent on the dynamics of what Polanyi called the “double movement”; and that building intricate and complex systems of social control over things like carbon pollution, even if by so-called “economic” or “market” means, is central to the project of “re-embedding” economic activity in complex, livelihood-sustaining social institutions. Put differently, carbon markets and schemes like the EU ETS are very far, indeed, from the “free” markets in land (nature), labour, and money that Polanyi saw as evoking counter-movements (see also Lederer, 2012; Vaissière & Levrel, 2015; Vatn, 2015; Rea, 2017). Rather, social institutions like carbon markets and the EU ETS in particular *are themselves* instantiations of Polanyian countermovements. The failure of these institutions to provide robust ecological protection—to substantially reduce carbon emissions, for example—is reflective of larger inequities in power and influence that exist between carbon producers and polluters, on the one hand, and loosely pro-environment, pro-climate factions, on the other—not, as it were, the result of commodification processes and reactions to them that are inherent to market-making itself.

My argument begins with a brief overview of the basic dynamics and apparent ironies of modern environmental policy, wherein markets are understood as both central causes of ecological harm and, at the same time, increasingly called upon and designed to address these same ecological problems. Next, in the second section, I provide a brief review of the historical development and basic guiding principles of market-oriented environmental policy as a whole. I follow this discussion with a brief history of the development of the EU ETS in particular in the third section. After discussing the current functioning of the EU ETS in the fourth section, I return to Polanyi, using his insights to understand the EU ETS in empirical terms in the fifth section and in analytical terms in the sixth section. I conclude by discussing the broader implications of my account, which shows that market-oriented forms of environmental protection may, indeed, be thought of as Polanyian countermovements but that, almost paradoxically, it is exactly this fact that may undermine their effectiveness as “solutions” to global-scale ecological challenges like climate change.

Polanyian dynamics—and ironies—in contemporary environmental policy

Contemporary environmental policy seems to have a deeply ambivalent relationship to markets. On the one hand, actually-existing markets—in real estate, land development, agricultural goods, and most notably, fossil fuels—are increasingly understood as root causes of global-scale environmental problems. The social-ecological prognosis is not good. Natural scientists are evermore confident that planetary warming driven by the combustion of fossil fuels will reshape global-ecological dynamics in transformative and, at least for some people and species, catastrophic ways—and not far into the future, but soon, probably within the next 40 years (IPCC, 2018). Worse, at least as national economies are currently structured, human prosperity itself seems to be tightly coupled with carbon emissions (York, Rosa & Dietz, 2003; Jorgenson & Clark, 2012; Jorgenson, 2014) and therefore with the destructive economic-ecological dynamics that will continue to accelerate global warming and, ironically, undermine human—and non-human—prosperity in the long run. At the same time, good-old-fashioned land development and resource use—bound up with but distinct from carbon emissions and global warming *per se*—seems to be threatening the continued existence of biological life itself. Some ecologists warn that we seem to have entered the sixth mass extinction in all of Earth’s history, with contemporary rates of species loss comparable to rates not seen since the annihilation of the dinosaurs

65 million years ago (Dirzo et al., 2014; Ceballos et al., 2015; Ceballos, Ehrlich & Dirzo, 2017).

In Polanyian terms, we can think of these disturbing trends as one side of the double movement. Processes associated with modern economic growth and, in particular, using markets to manage and allocate natural resources (including the climate itself) has led to the depletion of fish stocks, the levelling of forests, the destruction natural habitats, the related decimation and even extinction of species, and to such severe pollution of the atmosphere with greenhouse gasses that human beings are becoming a geologic force unto ourselves, changing the course and character of life on Earth¹. Despite growing public and political concern, these dynamics show few signs of relenting. 2018, only a few short years after the landmark Paris Agreement to reduce global greenhouse gas emissions around the world, saw the highest levels of carbon emissions in human history (Quéré et al., 2018).

But per Polanyi's thesis, there is another half to the double movement—a countermovement, as it were—concerned with remaking human economic relationships with nature in more ecologically sustainable ways. The most iconic of these efforts to ecologically “embed” the economy are now nearly a half-century old,² made visible in the creation of environmental ministries in western Europe, British Commonwealth nations, and the United States in the early-to-mid 1970s; in the passage of keystone environmental statutes that provide the bedrock of contemporary environmental protection; and in the diffusion of these policies and practices around the globe (Frank, Hironaka & Schofer, 2000; Gottlieb, 2005; Uekötter, 2014). Early exemplar laws aimed at ecologically embedding the economy include the Clean Air (1970), Clean Water (1972), and Endangered Species (1973) Acts in the United States; the Nature Conservation Act (1970) in Norway; the Federal Pollution Protection Act (1974), Drinking Water Regulation (1975) and Federal Nature Protection Act (1976) in Germany; the Forest Act (1975) in Austria; the Control of Pollution Act (1974) in the United Kingdom; and the Wildlife Act (1976) in Ireland. The analytical parallels between the creation of environmental ministries in the 1970s and the earlier founding of central banks as detailed in Polanyi's original analysis (cf. (Polanyi, [1944] 2001, 201–4)) are especially striking: both developments are clear examples of politically-driven efforts to control and “embed” markets in social institutions—institutions focused on political-economic control of money flows in the case of central banks, and institutions focused on political-ecological control of resource flows in the case of environmental ministries.

But efforts to make economic relationships with nature more ecologically sustainable did not stop in the 1970s. The pro-environment countermovement has persisted well into contemporary times and may have even regained some of its original urgency as publics and policymakers—and military generals³—have come to appreciate the threats to livelihoods and even national security posed by climate change.

The twist is this: many recent efforts to more sustainably embed markets in ecological systems themselves rely on market-like mechanisms and institutional architectures. These policy developments are often referred to as “market-based instruments” (MBIs); they

¹ The driving role of humans in these planetary changes is the basis for naming the current geologic epoch the Anthropocene. For discussions of this idea, see e.g. Carey (2016; White, Rudy & Gareau, 2016).

² See Kaup (2015) on the concept of ecological embeddedness, and more broadly, using Polanyi to understand how economies and markets are always embedded in material nature as well as social institutions.

³ Complex linkages between climate change and national security are often noted but relatively poorly understood Barnett (2003; Scheffran et al., 2012). Nonetheless, militaries around the world, including in the United States and Europe, are increasingly interested in the security implications of a changing climate (e.g. (Department of Defense, 2015; Cau-sevic, 2017)); more research is needed on the ways that military concerns may influence climate policy.

represent clear and concrete manifestations of the paradoxical policy shift towards protection via commodification—that is, using markets in nature to protect nature from markets.

Market-based instruments in context

Originally little more than theoretical constructs and pipe-dreams of environmental economists (e.g. Coase, 1960; Dales, 1968a, 1968b), market-based environmental policy instruments have surged in popularity in Europe and North America since the 1980s (for reviews and synthetic accounts, see e.g. Golub, 1998; Jordan, Wurzel & Zito, 2003, 2013; Meckling & Jenner, 2016). Attempts to slow deforestation and protect nature in and around land development and infrastructure projects, for instance, depend more and more upon market-oriented ecological offsetting schemes, where natural ecosystems are restored or “improved” in one location in order to “make up” for ecological harm someplace else nearby. This offsetting approach is particularly deeply institutionalized in the United States and in Germany (Rundcrantz & Skärbäck, 2003; Wende, Herberg & Herzberg, 2005; Robertson, 2006; Darbi et al., 2010; Lave, 2012; Mazza & Schiller, 2014; Rea, 2017; Vaissière, Levrel & Scemama, 2017).

Various payments for ecosystem services schemes are also increasingly prominent examples of MBIs, although such schemes may be somewhat more common in the Global South. At the core, the idea here is that nature and ecosystems provide valuable “services” that help sustain human life and economic productivity. Those ecological services, in turn, can be valued in pecuniary terms when set in relation to the costs of having to replace them with conventional “gray” (i.e. made of concrete) infrastructure, for example, having to build a wastewater treatment plant that would replace the “natural” ecological work that a functioning wetland and watershed might do if properly protected and managed. With this logic in mind, landowners and users can be compensated directly in proportion to the quantity and quality of the ecologically beneficial actions they take on their land by, for example, reducing levels of grazing, retaining forest and riparian cover, upgrading wastewater disposal systems, and so on (Kroeger & Casey, 2007; Engel, Pagiola & Wunder, 2008; Ingram et al., 2014).

Still another class of MBIs are various “green taxes.” Taxing things like carbon pollution or land development, the argument goes, should discourage ecologically destructive behaviour while also generating revenue to support “ecologizing” the economy. Like other MBIs, green taxes do not compel shifts in ecologically destructive behaviour, but instead shift the incentive structures and rates of profitability in markets, thereby encouraging—but not formally requiring—individuals and organizations to behave in more ecologically sustainable ways.

In the context of climate, the quintessential MBIs are cap-and-trade schemes, which rely on the creation and exchange of peculiar, state-fabricated commodities like “carbon credits” in order to account for and to ultimately reduce greenhouse gas pollution. In theory, these schemes work to reduce emissions—and thereby to help “ecologize” modern market economies—in three steps.

First, by legally fabricating and allocating a finite number of emissions entitlements to emit greenhouse gases, cap-and-trade schemes effectively “cap” net greenhouse gas emissions in regulated industries (e.g. large-scale electricity production, aviation, etc.) across a specific jurisdiction (e.g. the European Union). These schemes, in other words, put an upper

limit on the amount of pollution that can be emitted in certain areas and in specified industrial sectors. Penalties are imposed on firms or utilities who violate the cap.

Second, by commodifying and allowing the relatively unencumbered exchange of emissions entitlements, cap-and-trade schemes create a market in rights to pollute that incentives reducing emissions in two ways. First, firms and utilities may have to purchase their emissions credits from the state to begin with, usually by way of an auction, making pollution expensive. Second, even when credits are allocated or “grandfathered” to polluters for free, firms and utilities that have excess entitlements, perhaps because they have reduced emissions, can sell them at a profit to firms that have too few entitlements to meet their emissions needs. This again creates an incentive to reduce emissions, but this time by making emissions reduction profitable. Cap-and-trade, in short, pairs penalties for emissions with rewards for emissions reductions.

Third and finally, by steadily reducing the number of entitlements in circulation (lowering the emissions “cap”), a cap-and-trade scheme creates incentives to further reduce emissions, since, basic economic theory posits, the price for emissions entitlements should steadily grow as entitlements become increasingly scarce. In principle, as an emissions cap approaches zero the price for emissions credits should skyrocket—but those increased costs should be offset by reduced demand as firms switch to alternative non-polluting technologies (e.g. wind, solar, hydroelectric, and even nuclear energy sources).

Like other MBIs, cap-and-trade schemes are evermore prominent. Nations and sub-national units as diverse as California, Quebec, Tokyo, Korea, New Zealand, India, and China have all made cap-and-trade schemes central to their climate policy. The World Bank estimates that, including China, roughly 25% of total global greenhouse gas emissions are now covered by some kind of carbon pricing instrument, including both carbon taxes and cap-and-trade schemes (World Bank, 2016). One of the earliest and most significant cap-and-trade schemes is the European Union Emissions Trading Scheme. Indeed, the EU ETS is an archetypical market-oriented approach to regulating carbon emissions and, by extension, a paradigmatic case of the contemporary trend of using markets in nature, broadly defined, to protect nature from markets. Framed in more explicitly Polanyian terms, the EU ETS is a clear example of the paradoxical, market-oriented turn in the modern pro-environment countermovement.

A brief history of the EU ETS

With the possible exception of China’s recently implemented national-level cap-and-trade scheme, the European Union Emissions Trading Scheme is the largest and most significant carbon market in the world. The Scheme applies to about 45% of all greenhouse gas emissions in Europe stemming from roughly 11,000 “heavy energy-using installations,” which include electricity-generating plants and large-scale industrial facilities. Emissions from air travel in the European Economic Area (the EU plus Iceland, Liechtenstein, and Norway) were added in 2012. Emissions from the transport and agricultural sectors remain conspicuously outside EU ETS coverage. Still, the Scheme covers roughly 5% of annual greenhouse gas emissions world-wide and accounts for approximately one-third of *all* emissions covered by any sort of carbon pricing instrument across the globe (World Bank, 2016).

Like the general principle of using markets in nature to protect nature from markets, the historical development of the EU ETS is filled with a certain level of irony. Meckling (2011) provides a comprehensive political account of the development of the Scheme, but in the briefest of terms, the EU ETS grew out of European and North American efforts to comply

with the 1997 Kyoto Protocol, an international agreement to reduce greenhouse gas emissions which itself grew out of the United Nations Framework Convention on Climate Change negotiated in Rio de Janeiro in 1992. The Kyoto Protocol was to go into force in 2005; as compliance mechanisms for greenhouse gas emissions reductions were negotiated into the Protocol in the early and mid-1990s, many European nations and the European Commission itself pushed for a carbon tax. A carbon tax, the argument went, would raise public revenue, send a clear and steady price signal to reduce emissions across industrial sectors, and would be comparatively simple to administer (Meckling, 2011, 77–80).

A large coalition of transnational business interests and pro-market NGOs, however, led by the U.S.-based Environmental Defense Fund and U.K.-based British Petroleum, and buttressed by support from administrators and politicians in the pro-market Clinton administration in the United States, pushed hard for compliance with Kyoto via something like a cap-and-trade scheme (Meckling, 2011, ch. 4). This more thoroughly market-oriented approach to reducing emissions, they argued, offered greater flexibility for nations and industries to meet net emissions reductions goals (Meckling, 2011, 90–91) since an entity with surplus emissions credits could sell those excess credits to another entity struggling to meet emissions reductions goals, providing a path to net compliance without requiring uniform levels of pollution reduction across firms, industries, or nation-states. A carbon tax, by contrast, at least simply applied, would substantially disadvantage nations and industries (e.g. the U.S. or coal-fired electricity production) where emissions reductions were harder to achieve for either political or technological reasons. Cap-and-trade also added an economic carrot to a carbon tax's stick: by way of grandfathering initial credit allocations, firms would at first face no new costs for their carbon pollution and further, they would be able to profit from any early emissions reductions since they could sell excess emissions credits to other firms and industries who needed them. All of these arguments were grounded in no small part in the success of the U.S.-based market in sulphur dioxide emissions, which had first emerged in the early 1980s and which U.S. administrators and business interests held up as an example of the possible effectiveness of a cap-and-trade scheme (Meckling, 2011, 81). The U.S., after all, had been very successful in reducing sulphur dioxide emissions and thereby helping to reduce harmful things like smog and acid rain, which were especially acute problems in the 1980s and 90s.⁴

The ironic twist is that shortly after European negotiators acquiesced to the demands of U.S. and transnational business interests by agreeing to use a cap-and-trade scheme—not an emissions tax—in order to comply with the Kyoto Protocol, the U.S. backed away from the agreement and, in fact, never ratified the treaty (McCright & Dunlap, 2003; Meckling, 2011)⁵. Europe, then, found itself embracing what was, in effect, an American policy instrument even while the U.S. itself refused to implement the very same policy within its national borders. The European Parliament passed legislation to create the EU ETS in late 2003; the Scheme formally went into effect in 2005, in time to comply with the Kyoto Protocol.

⁴ For a thorough political and administrative history of the development of the U.S. market in sulphur dioxide emissions, see Cook (1988) and also (Ellerman et al., 2000).

⁵ Any hope for U.S. ratification of Kyoto, already a long shot, evaporated when the conservative George W. Bush, rather than staunchly pro-environment Al Gore, narrowly won the presidency in 2000.

The EU ETS in practice

When the EU ETS went into effect in 2005, each of the 15 EU member states at the time were allowed to allocate emissions allowances to firms and utilities free-of-charge based on those facilities' historic emissions levels. This free allocation process, called "grandfathering," was intended to assuage fears of sudden market disruptions like spikes in energy prices that could be driven by electricity suppliers, for example, suddenly passing on the newly added cost of emissions credits to commercial users and consumers. It also satisfied a key tenant of the pro-carbon trading (and anti-carbon tax) business coalition that had pushed for the EU ETS in the first place: that new regulations for emissions would impose little-to-no new cost for emitters, at least at first (see e.g. Meckling, 2011, 121).

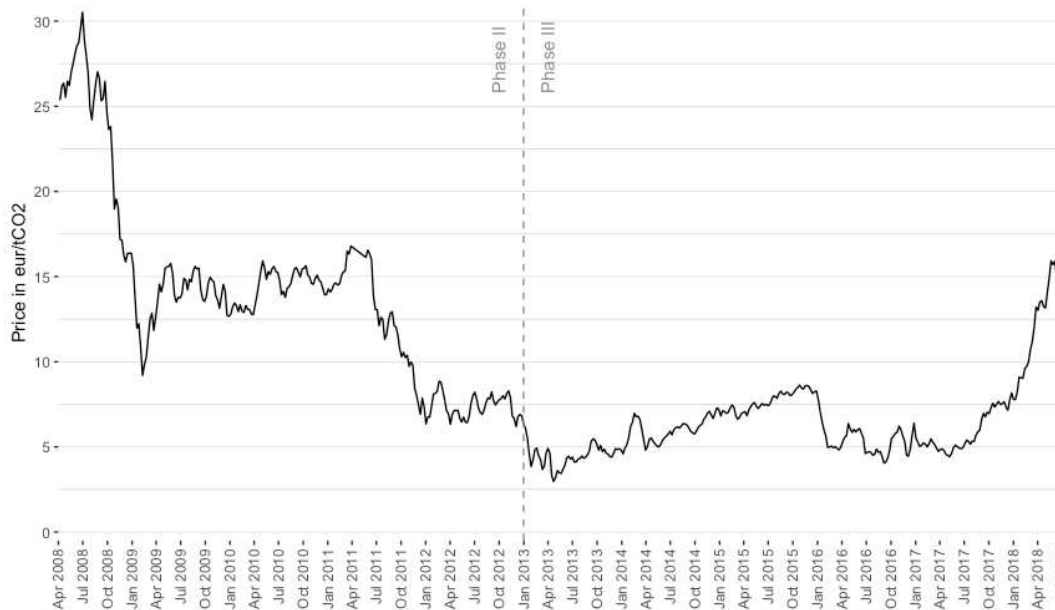
During this first, pilot phase of the EU ETS, which lasted from 2005 to 2007, emissions credits (formally, European Union Emissions Allowances or EUAs) fetched between €25 and €30 per tCO₂tonnes of carbon dioxide) on the open market. As more accurate emissions data became available, however, it became clear that the EU had allocated far too many emissions credits and the price for Phase I credits collapsed (Ellerman & Buchner, 2008; Newell, Pizer & Raimi, 2013)⁶.

Partly in response to this oversupply, in the second phase of implementation, from 2008 to 2012, the EU reduced the number of available emissions credits by 6.5% and increased the penalty for non-compliance from €40 to €100/tCO₂eq (tonnes of carbon dioxide equivalent). The EU also allowed nations to auction—rather than to freely grandfather—up to 10% of emissions credits, meaning that states could begin to generate public revenue by selling EUAs to regulated firms and utilities.

In Phase II of implementation, however, the EU also allowed regulated facilities to purchase emissions credits generated internationally through things like reforestation projects and other emissions reductions programs generally located in the Global South, mostly by way of the Kyoto Protocol's Clean Development Mechanism (Wara, 2007). This new source of credits, in combination with the overall reduction in emissions linked to the 2008 economic crises, again contributed to a substantial oversupply of emissions credits (Newell, Pizer, & Raimi, 2013). The price of EUAs, while temporarily steady at around €15/tCO₂eq between 2009 and 2011, once again declined sharply, dropping to about €7/tCO₂eq in early 2012 and to less than €5/tCO₂eq in 2013, which also marked the start of the third phase of EU ETS implementation. Mostly because of problems of oversupply, the price for EUAs remained very low—less than €8/tCO₂eq—until early 2018. Figure 1 charts these price trends from early 2008 (the start of Phase II) to present.

⁶ Pilot-phase credits also could not be used beyond 2007, which prevented firms from "banking" credits for future use. This also contributed to the price collapse.

Figure 1: European Union Emissions Allowance (EUA) price, April 2008 to January, 2019.



Source: ICE Futures Europe via Sandbag (<https://sandbag.org.uk/carbon-price-viewer/>). Visualized by the author.

The economic and regulatory corollary of nearly a decade of consistently low prices for emissions credits was that the EU ETS put only minimal economic pressure on firms, utilities, and states to reduce emissions output and to do things like adopt renewable energy sources (e.g. wind and solar). Emissions reductions have been relatively dismal if measurable; most studies examining Phase II of the Scheme suggest that emissions reductions attributable to the EU ETS *per se* (as opposed to, e.g., declines in overall economic output) are in the range of 2% to 4% of net capped emissions, which, given that the EU ETS covers approximately 45% of EU emissions, translates into reductions of roughly 1%-2% of total emissions across the entire EU economy (Laing et al., 2013; Newell, Pizer & Raimi, 2013). Bel and Joseph (2015), for instance, estimate that of the 294.5 megatons of greenhouse gas reduction across 25 EU nations from 2005 to 2012, only between about 34 and 41 megatons of greenhouse gas reductions can be attributed to the EU ETS itself. This translates to reductions of between 1.6% and 2.0% of capped emissions and only 0.7% to 0.9% of total EU emissions. Even only considering emissions reductions themselves, the roughly 40 megatons of emissions reductions attributable to the EU ETS amount to a very modest 12% to 14% of the 294.5 megatons of total reductions observed between 2005 and 2012. In keeping with the nature of a carbon-fuelled economy, most emissions reductions in Europe over that time period came simply from reduced economic output linked to the global recession.

Worse, there were several instances of severe fraud, cheating, and perverse incentives that emerged from the EU ETS during Phase II, including some related to the Scheme's linkages to the Kyoto Protocol's Clean Development Mechanism (Wara, 2007; Nield & Pereira, 2011). Infamously, for example, high levels of emissions reductions credits awarded for destroying HFC-23, which is a chemical by-product of producing refrigerants and which is 10,000 times more potent as a greenhouse gas than carbon dioxide, led some firms to *increase* production of the chemical so that they could then destroy it and win profitable credit allocations that they could, in turn, sell to participants in the EU ETS (Newell, Pizer & Raimi, 2013). In other cases, the EU ETS saw large thefts of emissions credits from

emissions registries and tax frauds related to cross-border exchanges of emissions credits (Kogels, 2010; Nield & Pereira, 2011; Grubb, 2012).

Still, nearly 15 years after its initial implementation, the EU ETS remains steadfastly in place in Europe and, in fact, continues to occupy the position of global flagship of emissions reductions and cap-and-trade schemes. Despite its flaws—and partly because of them—the Scheme is looked to as a model to learn from and to improve as new cap-and-trade schemes develop around the world (Grubb, 2012; Frédéric, Oskar & Philippe, 2014). And to the extent that the EU ETS showed weaknesses in the first and second phases of implementation, they seem to have been largely shored up. In the current and third phase of implementation, which began in 2013 and which stretches through the end of 2020, the EU allowed more than 40% of emissions allowances to be auctioned rather than grandfathered, at last transforming the EU ETS into a substantial source of public revenue for EU member states (I discuss this in more detail below). Encouragingly, regulators seem also to have finally gotten a firm grip of problems of oversupply, cheating, and fraud. The price of EUAs has steadily climbed since mid-2017 and now stands at around €25/tCO_{2eq}—a level not seen for more than a decade (Figure 1). These higher prices should put increasingly heavy market pressure on regulated industries to reduce emissions, perhaps at rates far greater than witnessed in phases I and II of implementation.

Looking to the future, prospects for the EU ETS look relatively bright. The fourth phase of the scheme is scheduled to go into effect at the start of 2021 and will extend until 2028, nearly another decade into the future. With EUA prices substantially higher and problems of oversupply finally receding, the EU ETS stands to generate even larger sums of public revenue—and, if proponents are right, to more robustly incentivize emissions reductions. Protection via commodification, it seems, is here to stay, at least for the near-term in Europe—and evermore around the world, e.g., in China.

Returning to Polanyi, part I: empirics

How should we understand this market in rights to pollute—this market in rights to harm nature—in light of Polanyi's original arguments, penned 75 years ago? On the one hand, the political construction and expansion of markets in things like carbon credits seems like the socially corrosive “disembedding” force that Polanyi so fretted about. Efforts to re-embed economic—and ecological—life in social institutions, Polanyi ([1944] 2001, 3–4) tells us, develop in direct *response* to these heavily interventionist market-building efforts—they do not include more market-making itself!

Seen from this point of view, the EU ETS can appear like a concerted effort by business interests and capitalists to expand markets into new and “green” economic realms and which ultimately facilitates capital accumulation at the expense of the greater social and ecological good. And if there is any doubt that business interests have, indeed, pushed for the development of markets in nature—and the EU ETS in particular—see once again Meckling (2011), who shines a light on the critical role of business interests in advocating for and helping to institutionalize this particular cap-and-trade scheme.

As Smith (2007) puts it, then, nature itself might be becoming an “accumulation strategy.” At the very least, the growth of markets in nature, including the EU ETS, and the broader trend towards protection via commodification, would seem to be linked to the widely remarked reassertion of class power by business interests and capitalists that characterizes the past four decades (Harvey, 2005; Streeck, 2014) and that can be understood in relation to the larger patterns of neoliberalization discussed by scholars of political economy (e.g.

Prasad, 2006; Crouch, 2011; Peck & Theodore, 2012; Mann, 2013). Fraser (2014, 552) summarizes this line argument aptly, especially as it relates to carbon markets:

the neoliberal cure for the ills of markets in nature is more markets—markets in strange new entities, such as carbon emission permits and offsets, and in even stranger meta-entities derived from them, ‘environmental derivatives’, such as the carbon emissions ‘tranches’, modeled after the mortgage-backed collateralized debt obligations that nearly crashed the global financial order in 2008... (citing (Lohmann 2010)).

In short, this view suggests, protection via commodification really is an oxymoron: at the core, it is a project of accumulating wealth in the (only thinly veiled) guise of “protecting” nature from economically- and market-driven harm. Things like the EU ETS are examples of “accumulation by conservation” (Büscher & Fletcher, 2015).

But in purely empirical terms, the closer one looks at these fabricated markets in nature, and the EU ETS in particular, the less these schemes look like sites of capital accumulation for accumulation’s sake. True, the market in carbon emissions credits affords opportunities for profit-making. But cap-and-trade schemes generate large sums of public revenue primarily by way of states auctioning emissions allowances to polluters. In fact, in concrete, dollars-and-cents terms, and as other researchers have recently pointed out, the world of “green” capitalism and the financialization of nature has mostly failed to materialize in any meaningful sense; it seems to exist more in a world of pure rhetoric and in the eyes of concerned scholars than it does in real financial markets and investment portfolios (Dempsey & Suarez, 2016; Lave, 2018). Even the “market” character of the EU ETS and many comparable market-oriented governance institutions is complex and muddled at best; most careful students of these institutions question whether they should be thought of as markets at all and suggest alternative classifications (e.g. Lederer, 2012; Vaissière & Levrel, 2015; Vatn, 2015; Rea, 2017; Vaissière, Levrel & Scemama, 2017). In the case of cap-and-trade schemes in particular, many of these schemes are more like complex systems of environmental taxation than they are like markets. What is more, the revenue these “marketized” taxation schemes generate can be—and increasingly *is being*—used to fund projects specifically aimed at “greening” production processes, transportation systems, and means of energy generation.

Seen through a Polanyian lens, then, the EU ETS might be more usefully thought of as a financial engine for ecologically embedding the economy—not a disembedding market institution comparable to, for example, the ecologically destructive markets in land, timber, fish, fossil fuels, and nature more generally that can be linked to many contemporary environmental problems. In the first three years of Phase III (2013–2015) of the EU ETS, for instance, the Scheme generated €11.8 billion in public revenue, or nearly €4 billion annually on average (Den et al., 2017). This is equivalent to about 3% of the annual budget of the European Union as a whole—not an enormous fraction, but for a single revenue stream, a consequential amount.

Even more importantly for a Polanyian analysis, €9.6 billion (82%) of that three-year total revenue stream was used for public projects specifically focused on issues of energy and climate—that is, on projects aimed broadly at ecologically “embedding” the economy. In particular, €7.9 billion of the €9.6 billion funded domestic and EU-specific climate and energy-related work; the remaining €898 million was funnelled into international climate and energy-related projects. Of the funds spent in the EU itself, 40.6% (€2.89 billion) went towards renewable energy projects while 27.4% (€1.95 billion) went to improving energy

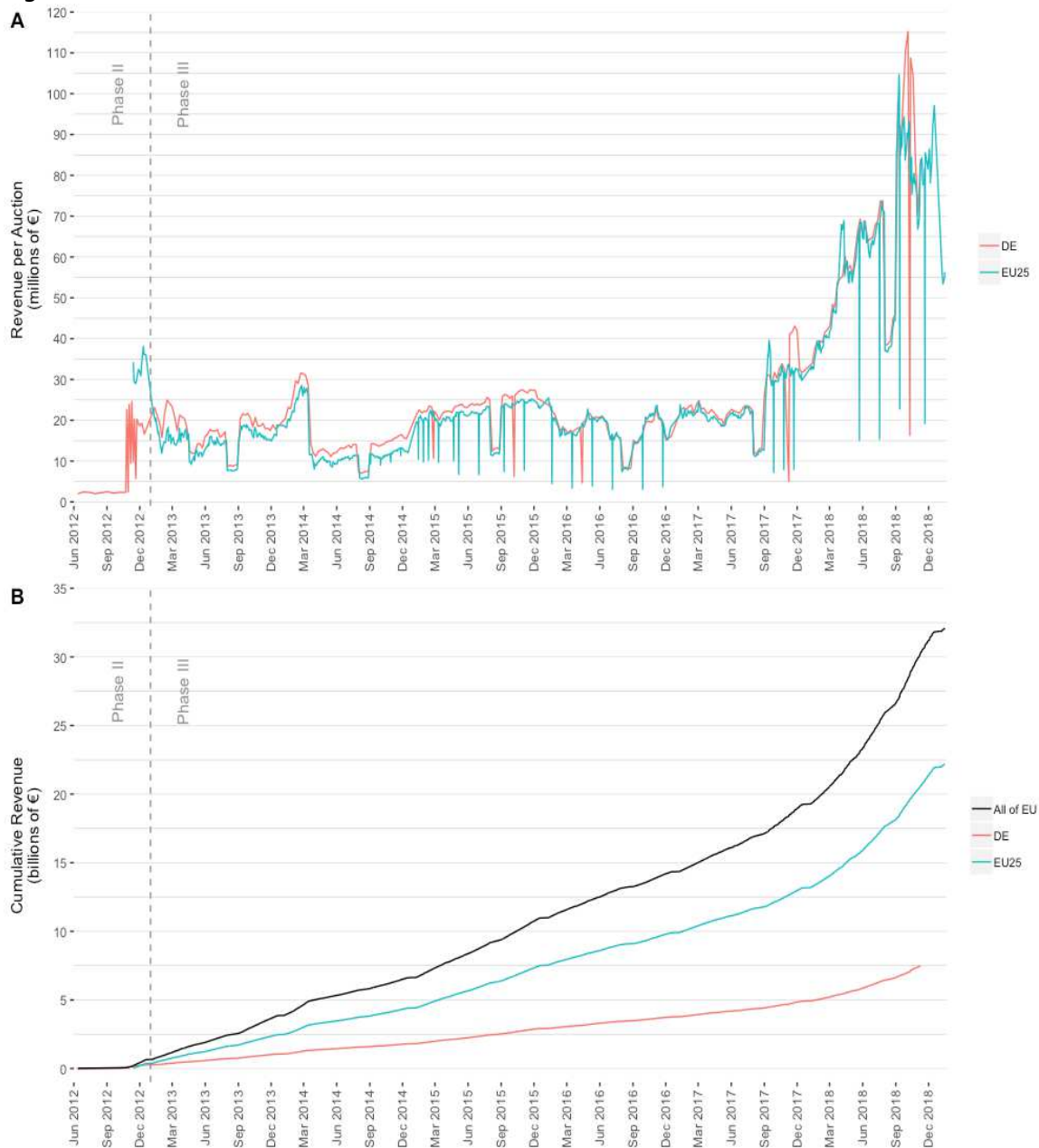
efficiency and another 10.9% (€774 million) to financing more sustainable transport systems. A hodgepodge of other categories make up the balance of public, environmentally-focused spending financed by the EU ETS: funding for carbon capture and storage, research and development to promote higher levels of energy efficiency and to develop new low-carbon technologies, administrative fees for managing the EU ETS in the first place, and so on (Den et al., 2017, 19).

Further, as regulators and administrators have addressed problems of oversupply, fraud, and cheating; as the EU has lowered the overall emissions cap⁷; and as the price of EUAs has steadily grown (see again Figure 1), the rate of revenue generation under the EU ETS has accelerated. Figure 2A documents this growth in per-auction revenue from the start of Phase III of the EU ETS to present (June 2012 to January 2019); Figure 2B shows the accelerating growth of net revenue. The EU ETS generated €12.85 billion in 2018 alone—equivalent to 8% of the entire EU budget of €160.1 billion for the same year—which is more public money than the Scheme generated in the first three years of Phase III combined. As of this writing, in mid-January of 2019, the EU ETS has generated over €32 billion of public revenue in its third phase of operation, the vast majority of it used for projects intended to reduce fossil fuel use and, more generally, to help address the problem of climate change.⁸

⁷ In Phase III, the EU planned to reduce the allotment of emissions credits by 1.74% each year. This rate for reduction was aimed at achieving a 21% reduction in CO₂eq emissions by 2020 relative to a 2005 baseline.

⁸ The channelling of funds to energy and climate-related projects is not a coincidence. Directive 2003/87/EC of the European Parliament mandates that at least 50% of EU ETS revenue generated through auctioning be used for "climate and energy" related activities. Article 10 of the EU ETS Directive further stipulates the kinds of "climate and energy" projects that meet the 2003/87/EC mandates.

Figure 2:



(A) Per-auction and (B) cumulative revenue generated by the sale of emissions allowances (EUAs) under Phase III of the EU ETS, June 2012 to January 2019. Germany (DE) and Poland (not shown) auction allowances independently of other EU nations under the EU ETS. EU25 denotes the 28 EU member states less Germany, Poland, and the United Kingdom. "All of EU" includes all 28 EU member states (including Germany and Poland) except the United Kingdom.

Source: European Energy Exchange (EEX); data available at <https://www.eex.com/en/market-data/environmental-markets/auction-market/european-emission-allowances-auction/european-emission-allowances-auction-download>. Visualized by the author.

In simple empirical terms, then, it is difficult to understand the EU ETS as an exemplar of the kind of market-making and associated social and ecological dislocation Polanyi wrote about. At least in terms of directly observable environmental outcomes and public funds, the Scheme seems instead to be something closer to a financial engine of ecological embeddedness, driving admittedly small reductions of emissions and, perhaps more significantly, funding public work—however insufficient when taken alone—intended to help “ecologize” human economic relationships with nature.

Returning to Polanyi, part II: analysis

The “embedding” character of the EU ETS, however, is not only a matter of modest emissions reductions and generating public funds to help reduce pollution and decarbonize the economy. That is, these processes of ecological embedding are not only a matter of the empirical, materially visible effects of the EU ETS that somehow stand in analytical tension (or contradiction) with the overall “market” character of the Scheme and the pathologies that, per Polanyi, should flow from these market features. The embedding work done by the EU ETS is also *analytically* consistent with a Polanyian explanation—provided that we follow Polanyi’s own logic carefully and take his argument seriously.

The core of Polanyi’s thesis in *The Great Transformation* is not that markets *per se* are problematic institutions that “disembed” people from the social fabric and cause social and environmental ills. His argument is rather more specific. Polanyi posits that treating three specific “fictitious commodities”—land, labour, and money—as commodities *per se*—that is, allocating and pricing land, labour, and money in line with the principles supply and demand as governed by carefully engineered and politically fabricated “free markets”—is apt to produce all sorts of social ills. Such a “commodity fiction,” Polanyi ([1944] 2001, 138) wrote, “disregarded the fact that leaving the fate of soil and people to the market”—really, leaving the fate of *nature* and people to the market—“was tantamount to annihilating them” (*ibid.*, 137).

Polanyi was emphatic on this point:

Robbed of the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime and starvation. Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed (ibid., 76).

The trouble at the root, Polanyi argued, is that although they may be treated as such in modern market economies, “labour, land, and money are obviously *not* commodities” (*ibid.*, 75)—that is, they are not “objects produced for sale on the market” (*ibid.*). (This is a crucial point; I return to it below.) Rather, Polanyi argues, these goods are foundational sources of sustenance for human life and livelihoods and are therefore necessary for the maintenance of a dignified, healthy, and sustained human existence. Land, for instance—which Polanyi (*ibid.*, 75) points out is but “another name for nature”—“invests man’s life with stability; it is the site of his habitation; it is a condition of his physical safety; it is the landscape and the seasons” (*ibid.*, 187). Using politically engineered “free markets” to allocate land to individuals and organizations per the price mechanism, then, absent more complex, culturally and normatively moderated institutions, risks denying people access to a basic source of both material and spiritual sustenance and security. In even starker terms, using market-determined price as the primary means of valuing and allocating land and nature in the economy risks undermining the conditions necessary for the very maintenance of human existence—it risks destroying “the power to produce food and raw materials” and thereby risks destroying the conditions necessary for the material and social reproduction of human life itself.⁹

⁹ Some readers will recognize a parallel here with O’Connor (1988) and his articulation of the second contradiction of capitalism. Arguably, though, there is a distinction: Polanyi is concerned with the ways that a price mechanism and market exchange can unequally and unsustainably allocate resources. O’Connor is concerned with the ways that production *per se*—that is, resource use itself—can have the same effect. The outcomes are analogous, in other words, but the mechanisms are not. See e.g. Silver (2003; Burawoy, 2007, 2010) for more on the relationship between these exchange-focused (Polanyian) and production-focused (Marxian) modes of analysis.

Fortunately, Polanyi argues, people react to the social and ecological dislocations wrought by treating land, labour, and money as commodities valued and allocated in terms of their money prices. This is the theoretical basis for the “double movement,” described earlier. Historically, Polanyi ([1944] 2001, 136) argues, “the market expanded continuously” by way of “an enormous increase in continuous, centrally organized and controlled interventionism” (ibid., 146). But as he also points out, “this movement was met by a countermovement checking the expansion in definite directions,” in particular, by “checking the action of the market in respect to the factors of production, labour, and land” (ibid., 136-7). In short, where market allocations of land, labour, and money result in social and ecological dislocations, people fight back by attempting to re-embed economic activity in more complex social institutions that rely on more than just market-determined price to value and allocate goods and services.

Returning to the EU ETS, then, Polanyi’s theorization points us to a key analytical question: do the market-like dynamics of the EU ETS (and similar institutions) treat foundational elements of economic life as commodities whose market-driven exchange risks undermining the conditions required to reproduce and sustain a dignified human existence? Or are they better conceived as political-ecological “reactions” to the disembedding effects of *other* markets in fictitious commodities? In essence, are institutions like the EU ETS better characterized as manifestations of the movement of the market, or as countermovements that develop in response to it?

Only the latter position, it turns out, provides theoretically stable and analytically tenable ground. To be sure, the perversities of markets can develop out of cap-and-trade schemes and other forms of market-oriented environmental regulation; the case of HFC-23, discussed above, offers an instructive case in point. But just as “labour, land, and money are obviously *not* commodities” (ibid., 75) in the Polanyian sense, things like carbon credits are obviously not *fictitious* commodities as conceived in Polanyi’s original sense. Polanyi’s theorization itself illuminates why this is true.

To begin with, it is crucial to understand what Polanyi means when he refers to “commodities,” and therefore to understand what he means when he asserts that “labour, land, and money are obviously *not* commodities” but are instead their “fictitious” counterparts. Polanyi’s terminology is somewhat confusing and even muddled here; the confusion stems from two basic points.

First, Polanyi’s use of the term “fictitious” is at least a little misleading. After all, in a very real sociological sense, all commodities are in some way or another “fictitious” in that they are socially, politically, and legally constructed by states and so on. I will not belabour this point here; social analysts since at least Marx—and economic sociologists more recently—have very thoroughly elaborated the political and cultural foundations of markets and commodities (for reviews, see e.g. Fligstein, 1996; Fourcade & Healy, 2007; Fligstein & Dauter, 2007).

Second, Polanyi is actually not referring to this general social construction of commodities when he introduces the concept of the “commodity fiction.” As with his entire theoretical account, he is again referring to something much more specific. In fact, contra colloquial understandings of the term “commodity,” in Polanyi’s account, merely assigning a money price to a good or a service and then buying or selling it is not enough to make that good a commodity *per se*. To the contrary, as Polanyi (1957) himself teaches us, all manner of goods and services, including “fictitious” ones, can be—and historically have been—priced

and exchanged in ways that do not require them to be “commodities” in his narrower sense of the term.

Instead, for Polanyi, commodities are goods and services priced and exchanged in a very specific way—in particular, ones that are “produced for sale on the market” Polanyi ([1944] 2001, 75). Here again, Polanyi confusingly smuggles a more specific concept into relatively generic language: by “market” in this definition he is referring not simply to any system or site of exchange—what might be more properly called a “marketplace” by economic historians¹⁰—but to the politically and legally fabricated “self-regulating market” governed principally by a price mechanism—an economic institution that, as Polanyi himself so carefully documents, is an entirely utopian construct with very particular historical roots in the politics and ideology of the nineteenth and twentieth centuries (ibid., 144–157).

Clarifying this understanding of commodities is crucial for putting Polanyi’s theory to work in contexts beyond the ones he originally wrote about in *The Great Transformation*. The most important implication is that the “commodity fiction”—and the associated social dislocation wrought by “self-regulating markets”—does not obtain directly or automatically when goods are merely assigned money prices and exchanged between parties. In Polanyi’s account, to be commodities *per se*, goods and services have to be priced and exchanged within an intentionally crafted “self-regulating” market system. And to be *fictitious commodities* in particular, goods and services (1) have to be valued and exchanged in a “self-regulating market” (like all Polanyian commodities) and (2) also have to be foundational components of social and economic life upon which human life and livelihoods depend, but which were never “produced for sale on the market” (ibid., 75) in the first place. Land (nature), labour, and money fit this bill: in modern, politically fabricated “free markets” these items are often valued and exchanged by way of a market-determined price mechanism, but as Polanyi points out, they are really just the ordinary and ancient bases of human existence:

Labor is only another name for a human activity which goes with life itself... land is only another name for nature, which is not produced by man; actual money, finally, is merely a token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity description of labor, land, and money is entirely fictitious (ibid., 75–76).

Note, however, that in Polanyi’s theorization, efforts to protect people from the whims of the market—countermovements—absolutely do not require dismantling systems of exchange entirely, nor do they require abolishing the practice of valuing land, labour, or even money itself in pecuniary terms. Certainly, the establishment of central banking—one of Polanyi’s most well-developed examples of a countermovement (ibid., ch. 16)—did not do that! As Polanyi himself explains, the principle function of central banking was to rescue capitalism from itself (ibid., 201)—not to dismantle or replace it with a system where economic exchange or pecuniary valuation play little-to-no-role in the economy. The aim was only to insulate people from the *commodity fiction*—the pricing and valuation of currency by a “self-regulating market”—not to abolish commodities or systems of exchange in money altogether. Panels of independent economic experts—not “the free market”—

¹⁰ See Neale (1957, 365–70) for a helpful discussion of the differences between the theoretical construct known as “the self-regulating market” as understood by economists, and actually existing sites of exchange popularly referred to as markets, i.e. “marketplaces.”

would determine the supply of money in a national economy in order to control inflation and interest rates and protect people from things like hyperinflation and currency collapse.

The same is true for labour protections. For Polanyi, establishing laws and programs to insulate workers from brutal fluctuations in wages and the availability of employment did not entail abolishing wages or dismantling “the labour market” itself (*ibid.*, ch. 14). To the extent that these protective countermovements “decommodified” money or labour (e.g. Esping-Andersen, 1990) they did so in an entirely Polanyian sense, not a colloquial one: they aimed to correct the problems of the commodify fiction by “reconstructing” (Klare, 1988; Block, 2013) the rules of exchange for labour such that the value and allocation of these goods was determined by a range of “non-market” processes and not only a price mechanism. In the case of labour protections, minimum wage limits and social insurance would moderate fluctuations in demand for labour and cushion the blow of unemployment. In a word, these social and political interventions made so-called “free markets” unfree, and very intentionally so. As Polanyi ([1944] 2001, 186) himself put it, “social legislation, factory laws, unemployment insurance, and, above all, trade unions” were exactly aimed at “interfering with the laws of supply and demand in respect to human labour, and removing it from the orbit of the market”—not, as it were, abolishing the pecuniary valuation and exchange of labour altogether.

And so it is as well with carbon credits, the EU ETS, and the newly created “market” in carbon-based pollution allowances (EUAs). To be sure, EUAs *are* commodities, in both a colloquial and a Polanyian sense: they are bought and sold in a marketplace (satisfying the colloquial definition) and they are also intentionally “produced for sale” in what can be thought of as a reasonable approximation of a “self-regulating market,” where the supply and demand of EUAs—and thus rights to pollute—are equilibrated by a price mechanism (satisfying the Polanyian definition).

But if EUAs certainly *are* Polanyian commodities, they are certainly *not* fictitious ones, and for three reasons. First, like all commodities, these entitlements to pollute are socially and legally constructed bundles of property rights fabricated and legitimated by states (Lederer, 2012; Vatn, 2015; Vogel, 2018). This legal and political “artificiality” may seem all the more striking given that EUAs are constructed almost literally out of thin air, but to argue that this makes EUAs fictitious commodities is to confuse the social construction of commodities in general, discussed above, with Polanyi’s more specific use of the term. That EUAs are administrative constructions not directly attached to any material good—buying and selling EUAs is, in practice, an exercise in pollution accounting; no “actual” goods are created or exchanged in this process—does not change the fact that ownership confers exclusive rights and entitlements—specifically, an entitlement to emit specified amounts of greenhouse gases. In principle, this is no different than the ownership of any “ordinary” physical commodity, like a car or an apple, which also confers exclusive rights and entitlements.

Second, EUAs and similar ecological commodities (e.g. carbon credits in other cap-and-trade schemes) have no fundamental link to the productive bases of modern economic life in the way that Polanyian fictitious commodities do. Critical discussions of emissions trading and carbon credits sometimes make reference to the “commodification of the atmosphere” or even to that of “nature” as a whole (e.g. Thornes & Randalls, 2007; Lohmann, 2011; Büscher & Fletcher, 2015); I have occasionally made use of such language in this very essay.

These rhetorical flourishes, however, leap past a crucial distinction: things like EUAs are commodified *entitlements to harm nature*, not commodified units of *nature itself*. This difference matters for understanding the effects of treating these two kinds of goods as commodities priced in a “free market.” The Polanyian argument is familiar enough by now: people require land and nature itself in order to maintain a dignified and healthy existence. Treating discrete units of nature as commodities that can be valued and allocated by a “self-regulating market” can have—and historically has had—devastating social and ecological effects. This is the problem of the commodify fiction.

By contrast, no human fundamentally depends upon the availability of carbon credits or EUAs for their material and spiritual sustenance, dignity, and health. A collapse in the price of EUAs may rob a small set of emissions traders of their quarterly profits or reduce the value of a small number of pensions for workers with green investments, but these market fluctuations do not risk sending the working class *en masse*, or even just the members of a particular industry, out onto the streets the way that a collapse in wages might, or the way that early enclosures of land did. True, where EUAs have little-to-no value—as they did for much of Phase II of the EU ETS—they exert little-to-no economic pressure on firms to reduce pollution. Unfortunate as this may be, the result is only returning the cost of polluting the atmosphere to near-zero, where it has been for most of human history. That is to say, a collapse in the price of *entitlements to harm nature* “only” returns the market in *nature itself* to the unregulated and ecologically destructive state that arises from treating nature as a commodity in the first place. Even in the most catastrophic market situations, like when the price of EUAs goes to zero, economic life basically returns to environmentally unfriendly business as usual.

Third and finally, it follows directly from the second point above that EUAs are explicitly engineered to interfere with—to make *unfree*—a market in actual fictitious commodities, namely, fossil fuels, just like labour protections and central banks were intended to interfere with markets in labour and in money. To be clear, units of fossil fuels themselves *do* seem to live up to Polanyi’s definition of a fictitious commodity: unlike commodified entitlements to emit pollution, discussed above, the maintenance of a healthy and dignified human existence *does* require a substantial amount of energy. At present, fossil fuels are the primary and often the only available energy source for maintaining this existence, and the production and use of these energy sources is principally governed by global “free markets” in crude oil, coal, and their numerous distillates and by-products. As discussed at the outset, subjecting these components of nature—fossil fuels—to the commodity fiction has contributed to serious social and ecological problems (O’Rourke & Connolly, 2003), including global climate change itself (IPCC, 2018).

But again, as with all social and ecological dislocations that can be linked to the dynamics of “free markets,” people have mobilized to reconstruct the energy economy along more humane and sustainable lines. Historical efforts to regulate soot pollution early in the industrial era (Uekötter, 2009), modern efforts to “capture” carbon emissions, and broader movements to decarbonize the economy can all be understood as efforts to embed the energy economy in a more complex and ecologically sustainable set of institutions, and to blunt the effects of leaving energy production to “free” and heavily polluting fossil fuel markets. The EU ETS is no different: by capping net pollution levels and commodifying the right to emit greenhouse gases into the atmosphere, the Scheme aims to alter and regulate the dynamics of extant markets, especially in fossil fuels, first by imposing an upper limit on emissions in the first place, and second by creating incentives to reduce the pollution that is allowed.

The more basic point is this: fabricating markets in entitlements to harm nature, like the EU ETS, is fundamentally different than fabricating markets in nature itself. This argument stands on purely analytical grounds built out of Polanyi's own premises and insights; it does not grow out of empirical observations that might, for example, demand a retooling of the Polanyian perspective in light of contemporary patterns of protection via commodification. Instead, these market-oriented trends in policy are basically consistent with the dynamics of countermovements that Polanyi observed in the nineteenth and the first half of the twentieth centuries. The comparison to Polanyi's own account of the development of institutions for regulating money flows is again useful. Just as "central banking and the management of the monetary system were needed to keep manufactures and other productive enterprises safe from the harm involved in the commodity fiction as applied to money," institutional innovations like cap-and-trade—which, at the core, support markets and market economies rather than overturning them—are necessary to shelter nature, people, and capitalism itself "from the devastating effects of the self-regulating market" (Polanyi, [1944] 2001, 138) in nature, and the market in energy more specifically.

Conclusion: protection via commodification as countermovement

Contemporary patterns of environmental protection are ever-more marketized; the European Union Emissions Trading Scheme is a paradigmatic case in point. It is tempting to categorize these developments as examples of post-1970s neoliberalism and, more precisely, the expansion of markets into new economic and ecological spheres with potentially deleterious social and ecological effects (e.g. Smith, 2007; Foster, Clark & York, 2009; Büscher, Dressler & Fletcher, 2014; Fraser, 2014; Büscher & Fletcher, 2015). Indeed, these new forms of governance *are* very much market-oriented and thus at least partly "liberal" inasmuch as they rely on market-like dynamics and economic incentives in particular—not just authoritative commands—to shape and constrain human relationships with nature. Further, these market-like forms of governance are not at all perfect. Like any form of regulation and governance, institutions such as the EU ETS are subject to problems of cheating and fraud, and can create perverse incentives and have unintended effects that undermine their protective intent.

Examined more closely, though, the EU ETS—and by extension, other comparable market-oriented regulatory institutions—seem much more like instantiations of Polanyian countermovements than they seem like the result of movements "of the market" focused primarily on expanding opportunities for capital accumulation and that have "disembedding" effects on economic and ecological life. This conclusion is founded upon empirical as well as analytical grounds.

Empirically, after a stumbling and disheartening start, the EU ETS seems to be generating small emissions reductions and, perhaps more significantly, increasingly large sums of public revenue that are being used to "green" and de-carbonize the European economy. The EU ETS is having modest "embedding" effects, in other words, particularly along ecological lines. Time will tell whether these trends continue, whether they have demonstrably positive and enduring ecological effects, and whether rising prices for emissions entitlements do, as environmental economists and administrators hope, encourage a switch from a carbon-fuelled to a low or zero-carbon European economy. Time will also tell whether other nation states follow suit. China's recent nation-wide adoption of cap-and-trade scheme is a telling development, but the proof of the policy will be in emissions reductions attributable to that cap-and-trade scheme. The adoption of a nation-wide, carbon-based cap-and-

trade scheme in the United States would also be telling, although no such development seems likely as long as conservatives dominate the government there.

Analytically, and following Polanyi's own logic, it turns out that commodified entitlements to harm nature—goods like carbon credits—do not have the same political and economic properties as commodified units of nature. In particular, using market-like mechanisms to price and allocate goods like carbon credits does not seem to have the same disembedding effects as using markets to price and allocate nature or land itself. An interesting implication is that Polanyian countermovements should be much less likely to emerge in response to these marketized forms of governance, since they do not depend so centrally upon the commodity fiction. Even more significantly, this reasoning suggests that marketized systems of environmental regulation, like the EU ETS, are themselves usefully conceived of as countermovements—that is, as political-economic reactions to the disembedding effects of commodifying land and nature itself.

The broader corollary of these observations is that the institutional results of Polanyian countermovements can themselves include market-like mechanisms, so long as those markets do not produce dynamics that might undermine the conditions for the social, economic, and ecological reproduction of human (and non-human) life. That is, we can think of the development of institutions like the EU ETS as the result of Polanyian countermovements so long as these institutions do not subject the actual productive bases of human lives and livelihoods to the commodity fiction, valuing and allocating basic things like nature, labour, and money by way of a price mechanism in a “self-regulating market.” Entitlements to pollute as traded under the EU ETS do not rise to this level; they are not Polanyian fictitious commodities. These commodified entitlements to pollute are instead socially and administratively constructed *real* commodities (at least in a Polanyian sense): they are fabricated for exchange in markets but are not, in any direct sense, foundational elements of economic (or ecological) life.

The sociological and historical implications of all these observations—empirical and analytical—are that new and market-oriented governance institutions like the EU ETS might be less like novel creatures of post-1970s neoliberalism than is commonly assumed (cf. Foster, Clark, and York 2009; MacNeil and Paterson 2012; Lohmann 2011; Büscher, Dressler & Fletcher, 2014; Fraser, 2014; Büscher & Fletcher, 2015; Bohr, 2016). Instead, these and other markets in nature might be closer relatives of mid-century regulatory Keynesianism, albeit wrapped up in a market-oriented institutional veneer. The EU ETS, after all, turns out to be a heavily interventionist regulatory institution engineered to help ecologically embed the economy—at least in terms of reducing greenhouse gas emissions—while also generating sizable sums of public revenue for social and ecological benefit. Carbon markets and emissions trading schemes could reasonably become critical components of newly developing “green” welfare states.

But regulatory Keynesianism does not imply revolutionary institutional transformations. Market-oriented forms of environmental governance like the EU ETS have so far generated relatively disappointing reductions in carbon pollution; these market-oriented approaches to ecologically embedding the economy may offer too little, too late by way of addressing the pressing challenges of climate change. As Carton (2014) points out in an insightful analysis, the problem does not seem to be that institutions like the EU ETS commodify nature and risk further subjecting ecology to the whims of free markets. The problem may in fact be the opposite: that these institutions help stabilize extant market economies and slow ecological destruction to politically tolerable but ecologically untenable rates. In more

explicitly Polanyian terms, projects of environmental protection via commodification might help to produce moderate levels of ecological embeddedness when, in fact, growing ecological crises demand much more rapid and far-reaching social and economic transformations (see e.g. Oreskes & Conway, 2014; Ciptet, Roberts & Khan, 2015; Dunlap & Brulle, 2015; Ostrom, 2016; Nolan et al., 2018). Carbon markets, in short, may help to depoliticize responses to climate change (Felli, 2015; Dempsey & Suarez, 2016). This presents a new paradox: it is exactly their effectiveness as embedding institutions—not disembedding ones!—that may make market-oriented schemes like the EU ETS inadequate as solutions to the pressing problems presented by climate change. One can only hope that politics and countermovements of other sorts speed up the emissions reductions these market-oriented schemes have generated so far.

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Polanyi, markets and environmental protection

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Carbon trading has been envisioned as a kind of Polanyian fictitious commodification facilitating capital accumulation (e.g., Lohmann, 2012; Büscher & Fletcher, 2015). In his paper 'The EU Emissions Trading Scheme: Protection via Commodification?' Christopher M. Rea asks if this is a reasonable understanding. He rather concludes "that market-oriented schemes like the EU ETS are better characterized as a Polanyian countermovement that is, in fact, helping to 're-embed' the European economy in more ecologically sustainable relationships with nature" (Rea, 2019, 48).

While being a somewhat provocative conclusion, I agree that there is a certain validity to the claim. Polanyi emphasized that labour and land was life itself, not produced for trade. Hence, commodifying them and "leaving the fate and soil and people to the market would be tantamount to annihilating them. Accordingly, the countermove consisted in checking the action of the market in the respect to the factors of production, labour, and land" (Polanyi, 1944, 131). How could markets then be part of a countermovement? Before I discuss the claim, I will briefly visit the idea that carbon trading, like other 'neoliberal' conservation efforts, is part of a new wave of expansion for capital accumulation – i.e., dis-embedding.

Büscher and Fletcher (2015) have coined the expression 'Accumulation by conservation' referring to both Marxian and Polanyian perspectives. This form of conservation is "a mode of accumulation that takes the negative environmental contradictions of contemporary capitalism as its departure for a newfound 'sustainable' model of accumulation for the future" (2015, 273). Payments for ecosystem services (PES), biodiversity offsets/habitat banking and carbon trading are all used as examples. Certainly, these developments open up some new frontiers for accumulation, not least for the financial sector (e.g., Sullivan, 2013). Moreover, forms of 'green grabbing' – typically established under contexts of legal pluralism – may imply commodification of land in the standard Polanyian sense with the aim of capital accumulation. Despite this, one may question the basis for seeing 'accumulation by conservation' as a great new frontier.

Generally, carbon trading and biodiversity offsets are based on setting limits for use of natural resources. In the case of carbon trading, the basis is a cap on carbon emissions – largely a cap on how much fossil fuels that can be extracted in a given period of time. Certainly, that limits instead of enhances the possibilities for capital accumulations. This is the effect of any limit on (natural) resource use, and industry understood this – being evident not least in all disinformation and lobbying against any regulations on fossil fuel use (Hoggan & Littlemoore, 2009; Oreskes & Conway, 2010). Similarly, we observe lobbying regarding the rules on carbon trading to make them as 'industry friendly' as possible (Helm, 2010). In the case of PES, there are no limits set. Hence, one could believe that there was more gain to make. However, neither industry nor financial actors are interested; 99% of

the money used for PES comes from the public purse (Vatn, 2015a). This is simply so, because there is little gain for industry.

Nevertheless, turning it all around and claiming that ‘more market’ can be a kind of Polanyian countermovement, is going much further than my critique of ‘conservation as accumulation’. Rea’s argument is basically built on the observation that carbon trading in the form of EU ETS is a way to protect our climate. It has not been especially effective due to various faults of the system. However, it is a kind of countermovement reacting to the disembedding of markets that, according to Rea, may themselves include market mechanisms. He concludes, “Entitlements to pollute, as traded under the EU ETS, ... are not Polanyian fictitious commodities. These commodified entitlements to pollute are instead fictitiously fabricated – socially and administratively constructed – real commodities (at least in a Polanyian sense): they are fabricated for exchange in markets but are not, in any direct sense, foundational elements of economic (or ecological) life” (Rea, 2019, 66).

Thinking this through raises some issues. First, fossil fuels are literally ‘land’ – the result of biological processing of soil and plants over millions of years. Hence, maybe we have to term such fuels as fictitious commodities? They are at least not originally produced for trade. That is showing a limitation in Polanyi’s own thinking. No natural resources are produced as commodities. So, all commodities may have to be seen as fictitious as there are natural resources involved in making any good. Secondly, aren’t carbon caps in reality just caps on how much fossil fuels are allowed to be extracted/used? Leaving aside carbon capture and storage, carbon quotas are in practice formulated on the basis of how much fossil fuels is bought/used. The cap is presented as a cap on emissions, but no emissions are measured. What is measured is the trade of fossil fuels, next with a calculation of how much CO₂ it represents as emissions when used. Therefore, I agree that to the extent fossil fuels are real commodities, emission rights are too. However, one may question if such fuel is not a foundational element of economic life, hence, the fictitiousness slips in through the ‘back door’.

Second, there has been a series of limitations and problems with carbon trading. Rea is well aware of these. In the case of the EU ETS system, it regards not least over allocation of quotas and problems with fraud – see also Helm (2010). While, the net effect of carbon trading is a limitation on capital accumulation, there are moreover opportunities for certain sections of business to gain from ‘markets for conservation’. This is especially the case for financial actors and actors that ‘live off’ the trading itself. Economic transactions are themselves a basis for making profits and those that aspire to become ‘middlemen’ in, for example, carbon trading, have been very actively engaged in pushing for such systems and influencing their set-up (Lohmann, 2012; Sullivan, 2013). Notably, in the case of carbon trading, neither buyers nor sellers are really interested in the commodity. They are after the CERs (certified emission reductions). While this creates demanding incentive problems in general, the problems have been extra visible in case of trading related to carbon storage in forests and other CDM¹ type projects in the Global South. There are several reasons for that. One regards the fact that cheating is easier when the trade is delinked from fossil fuels as a standardized commodity. Another concerns the role financialization has played in case of these products (Lohmann, 2012).

The main issue, I think, regards defining what it means to embed. While I am sympathetic to Rea’s somewhat provocative argument, I am not sure if it carries all the way through.

¹ Clean Development Mechanism

What did Polanyi mean by embedding? Actually, he only used the concept twice in ‘The Great Transformation’. Let me cite from both passages:

“... the motive of truck or barter, is capable of creating a specific institution, namely, the market. Ultimately, that is why the control of the economic system by the market is of overwhelming consequence to the whole organization of society: it means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system... For once the economic system is organized in separate institutions, based on specific motives and conferring a special status, society must be shaped in such a manner as to allow that system to function according to its own laws. This is the meaning of the familiar assertion that a market economy can function only in a market society” (Polanyi, 1944, 57).

Next, a few pages later: “In the vast ancient systems of redistribution, acts of barter as well as local markets were a usual, but no more than a subordinate trait. The same is true where reciprocity rules; acts of barter are here usually embedded in long-range relations implying trust and confidence, a situation which tends to obliterate the bilateral character of the transaction” (Polanyi, 1944, 61).

These passages – as well as the whole book – point towards embedding being more than just avoidance of fictitious commodification. Rea himself seems aware when he states that while “environmental protection via commodification might help to produce moderate levels of ecological embeddedness... growing ecological crises demand much more rapid and far-reaching social and economic transformations” (Rea, 2019, 67). This may point towards a re-embedding that is more in line with the Polanyian perspective than carbon trading.

Over the last few decennia, a substantial literature has evolved showing that human action may be based on different types of rationalities and that markets and money themselves are institutions that strengthen the focus on individual gain as opposed to collectively sound outcomes – see e.g., Vohs et al. (2006); Hodgson (2007); Bowles (2008); Gneezy et al. (2011), Vatn (2015b). This literature points towards the implications of institutional contexts for the kind of motivation that inspires action. The distinction between individual and social rationality growing out of this research may be seen as an extension of Polanyi. It implies that policy instruments like cap-and-trade not only act as external incentive structures. They also influence the way issues are perceived – what they are thought to be about. Therefore, while cap-and-trade systems may be effective to the extent the rules set are ‘tight’ enough, they are internally conflictual as they try to solve a tremendous collective challenge by appealing to self-interest. In my mind, it is here the fundamental limit of markets and dis-embedding lies.

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Rise of right-wing populism in the Europe of today – outlines of a socio-theoretical exploration¹

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This article addresses the political economic and socio-cultural causes and driving forces of today's right-wing populism. For this end, it draws on the concept of the "double movement" developed by the Hungarian-Canadian economic historian Karl Polanyi to explore the rise of fascism in the interwar period. The constitutive elements of the "double movement" at that time were the dialectics of two organisational principles, i.e. economic liberalism and social protection. Also today, such a "double movement" is recognisable. The processes of globalisation and financialisation that are induced by market-liberal dis-embedding generate a variety of forms of social exclusion and socio-cultural identity crises which in turn stimulate processes of social resistance and protection. However, with a view to today's constellation, further socio-structural and political-strategic explanatory components have to be taken into account beyond the perspective of the "double movement".

Keywords: Europe, Social Movements, Democracy, Social Policy, Social Structures

1. Introduction

Right-wing populist movements and parties have experienced enormous popularity for some time now. Their ascent came about in several waves (Priester 2012). The first wave already began in the early 1970s. Supported by the Progress Parties in Denmark and Norway, the Swiss People's Party (SVP), the Front National in France (FN) and the Vlaams Belang in Belgium, their agenda was primarily directed against the existing forms of a fairly comprehensive, centralized welfare state. The second wave in the 1990s took up this criticism – such as the Lega Nord in Italy – but at the same time increasingly turned against the deepening of European integration implemented by the Maastricht Treaty and against the concepts of a multicultural society. For most of the parties – the UKIP in Great Britain, the Sweden Democrats, the (True) Finns, and not least the programmatically reoriented Freedom Party of Austria (FPÖ) – ethno-nationalist to openly racist positions increasingly came to the fore. This also applies to the third wave, i.e. Lijst Pim Fortuyn (LPF), founded in the early 2000s, and, since 2006, the Partij voor de Vrijheid (PVV) in the Netherlands led by Geert Wilders, the Polish Party Prawo i Sprawiedliwość (PiS), as well as other party foundations such as the Movimento 5 Stelle (M5S) in Italy or Alternative für Deutschland (AfD).

¹ An earlier, German version of this paper has been published in WSI-Mitteilungen 8/2017.

The third wave is also characterized by the fact that right-wing populist forces have increasingly turned their programmatic orientation to social problems and insecurities. They seemed to have rediscovered the social question (Dörre, 2016; Becker, 2017). They increasingly (Müller, 2016; Klein, 2016) influence politics by having an impact on political discourses – on the euro crisis, the crisis of the European migration regime or the problems of the multicultural society – and by exerting pressure on established decision-makers, i.e. indirectly affecting their political agenda. In addition, as a result of parliamentary election successes and sometimes landslide changes in majority relations, they are involved in forming government as a tolerating, cooperating or even leading force – for example in Italy (Lega), Austria (FPÖ), Denmark (DPP 2001-2011), Switzerland (SVP), Poland (PIS) or Hungary (Fidesz). Even in countries where majority voting makes it difficult for right-wing populist parties to rise – such as in France (Front National) or Great Britain (UKIP) – they directly influence important political decisions in the context of presidential elections or referendums.

The article, however, does not focus on the far-reaching European and socio-political consequences of the course set – such as the Brexit or the management of the Eurozone crisis and the crisis of the migration regime – but rather on the social (political-economic and socio-cultural) causes and drivers of today's right-wing populism. It is a matter of assessing how profound the change is and which processes potentially counteract it. In particular, the paper reflects to what extent the concept of the "double movement" of economic liberalism and social protection developed by Karl Polanyi (1977 [1944]) with a view to the catastrophe of the 1930s and 1940s is instructive in order to understand the rise of right-wing populism. In the following, it is argued that a "double movement" is definitely recognisable. The processes of globalisation and financialisation that are induced by market liberal dis-embedding generate a variety of forms of social exclusion and socio-cultural identity crises, which in turn stimulate processes of social resistance and social protection. Since the right-wing populist reactions unfold neither everywhere nor uniformly and differ considerably from the developments in the 1930s, it is necessary to take further explanatory components into account: firstly, a structural component that takes a closer look at historically specific political-economic constellation; and secondly, a political-strategic component that explicitly turns to the field of discursive and political conflicts.

2. Polanyi's conceptualisation of the "double movement"

Historical comparisons tend to be rather daring and often produce questionable results. If Karl Polanyi's considerations in the study "The Great Transformation" are used here, this should not be read as a comparative analogy. Too great are the differences to the fascist movements in the inter-war period (Berman, 2016), too serious are the qualitative changes that have taken place since then in the structures and the mode of operation of capitalism, its socio-economic, socio-cultural and political-institutional constitution. Looking back at Polanyi, taking into account the qualitative differences, the focus is less on the concrete phenomena and forms of the "double movement" than on some structural connections and mechanisms of action that can claim a certain explanatory and interpretive power even under strongly changed conditions.

2.1 The conflicting organisational principles

The reconstruction of European crisis history carried out by Polanyi is based on a "pendulum theory" (Silver, 2003, 16ff). That means that he discusses social development as a tension between two conflicting organisational principles:

The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other was the principle of social

protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and the landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its methods. (Polanyi 1957 [1944], 132)

For Polanyi, the development of these two organisational principles is by no means balanced in capitalism. Although the economic-liberal conception of the self-regulating market is a fiction or a myth – markets are always socially, culturally, legally and institutionally embedded – it is politically very powerful. Under capitalist conditions, it is structurally privileged, as it were, and puts the patterns of social organisation under considerable pressure to adapt and to reorganize. The politically generated de-embedding of the economy, that is, the detachment of the market system from society, corresponds with tendencies of commodification. These tendencies cause social and cultural crises (Saval, 2016) and are particularly problematic for the fictitious commodities that were not primarily created for sale – for Polanyi (1957 [1944], 72ff), these are labour, land and money. In the course of the comprehensive transformation of work and everyday life, the traditional ways of life, social ties and values of different social classes are often called into question. In addition to the problems of impoverishment and social inequality, Polanyi particularly points to the socio-cultural distortions, not least the experiences of injustice and disregard articulated politically by those affected and their organisations.

As long as these needs are taken into account through corrective state interventions – for example in the field of financial relations – and labour and social policy concessions, i.e. the establishment and implementation of certain social protection rights and measures of de-commodification, the double movement remains asymmetrical, but will not develop any social explosive force. This actually only happens when tensions in the market system increase and become more acute in the context of conflicting power-political (class) strategies:

(...) when tensions between the social classes developed, society itself was endangered by the fact that the contending parties were making government and business, state and industry, respectively, their strongholds. Two vital functions of society, the political and the economic, were being used and abused as weapons in a struggle for sectional interests. It was out of such a perilous deadlock that in the twentieth century the fascist crisis sprang. (Polanyi, 1957 [1944], 133f)

This addition is important and revealing in two ways: on the one hand, Polanyi makes it clear that the double movement does not unfold as an abstract logic. On the contrary, its concrete course is shaped by the respective historical constellation and the power relations and political (class) conflicts inscribed in it. On the other hand, these conflicts and thus also the forms of the double movement cannot be derived directly from the social problems, but are subject to complex processes of cultural interpretation and discursive mediation (Polanyi, 1957 [1944], 158ff).

2.2 Material and cultural conflict dimensions

According to Polanyi, in order to grasp the political dynamics or explosive force of labour and social policy controversies, it is necessary to turn to what Edward P. Thompson (1980) later referred to as the "moral economy". This sphere forms an important component of social embedding, but in the form of a constitutively effective, permanent, social conflict-driven shaping of the economy through "dynamic combinations of norms, meanings and practices" (Palomera & Vetta 2016, 414). The moral economy encompasses the norms and obligations modernized under capitalist conditions, hence not only the socio-economic relations, but also the socio-cultural processes of the production of meaning. It does not

represent a normative, but an analytical conception. The core values and priorities of the moral economy are subject to the influences of competing forces and social milieus, and can therefore be specifically defined and emotionally boiled up by the populist right.

The perspective developed by Polanyi makes it possible to include class-specific interests and conflicts in the analysis, without too closely linking the development of (new) political orientations to class relations as an expression of social inequalities; this is especially so since inequalities other than class – especially those in terms of gender, ethnic groups, geographical areas, or age groups – also influence relations and conflicts of material distribution (Bieling, 2012). But even if distributional conflicts are conceptualized in a more complex way, it remains unclear how material inequalities in social structures – within and between different social groups – are experienced, perceived and interpreted. Or put positively: Polanyi already addresses the socio-theoretically disputed question of the relationship between social distribution and cultural conflicts of justice or recognition, including the latter underlying experiences of social disregard, very early on and with foresight (Honneth, 1992; Fraser, 1995). His remarks go beyond the analytical separation of socio-economic and socio-cultural processes, which is only partially productive. Instead he focuses on the question of how social inequalities – mediated by concrete everyday experiences – articulate themselves in the arenas of cultural production of meaning and politics.

Under the conditions of serious crises or exceptional situations, the relationship between objective and perceived social problems and political action is often contingent. Contrary to their supposed socioeconomic interests, insecure social groups in extreme constellations, driven by a desire for social protection, often tend to join nationalistic political programs and alliances that undermine the foundations of inclusive social solidarity (Zick et al., 2011; Gidron & Hall, 2017). Insofar as new solidarity structures emerge in such situation, these are usually very narrowly and exclusively defined, and often even – underpinned by racist ideologies or concepts of national superiority – aggressively turn to the outside world. Polanyi (1979, 98f) attributes the attractiveness of the nationalistic, sometimes fascist course, among other things, to the fact that it can rely on anti-individualist discourses, directed against both bourgeois and socialist individualism, without having to fundamentally revolutionize social power relations.

As inspiring and meritorious the concepts developed by Polanyi, including the historical-empirical illustrations, may be, some analytical limits should not be ignored. For the context considered here, it is especially relevant that the “double movement” is conceptualised as a kind of pendulum between the principle of the self-regulating market and the principle of social protection, which opens up only an insufficient view of the qualitative changes in capitalist production relations (Silver, 2003, 16ff). Insofar as Polanyi explores the central features of the specific historical constellation – for the 19th century the system of balance of power, the international gold standard, the self-regulating market, and the liberal state – he does not systematically relate these features to the dynamics of capitalist accumulation. Their reach and depth – for example in the form of internal or external capitalist conquest or penetration (“Landnahme”) – has changed several times with regard to capitalist production structures, labour relations or modes of living. In addition to the socio-structural dynamics of development, also the question of their political-strategic processing, and thus the particular features of the political field, is not really explored by Polanyi. He often turns to everyday experiences and the socio-cultural processes of meaning production guided by them, but not systematically addresses the political-strategic struggles, that is, the public debates and conflicts between competing political organisations.

3. The double movement in Europe today

In the following explanation of the rise of right-wing populist movements and parties, both kinds of weakness or omission are to be absorbed and mitigated: by including the special political-economic quality, in which the principle of the self-regulating market asserts itself; and also by including the programmatic-strategic profiling of political movements as moments of the right-wing populist activation of social protection needs in the concept of the double movement.

3.1 The new quality of capitalist penetration

With respect to the first aspect – the particular quality of the effectiveness of the self-regulatory market – not only the forms of economic cooperation and exchange but also social production relations have undergone an extensive and profound transformation in recent decades; at least, if one assumes with Robert W. Cox (1989, 39) a comprehensive understanding of production that also includes the production of knowledge and social relations as well as the moral concepts and institutional conditions that have an impact on the production of physical goods. Thus, the forms and patterns of political-economic and socio-cultural embedding – and dis-embedding – of production and reproduction have repeatedly changed in history. These changes can not least be attributed to the dynamics of capitalist development. The latter represents an enormous expansive force, as it is characterised by the endeavour of capital to continually open up new, profitable investment spheres and to reorganise these by means of new technologies and market processes. Moreover, not only the priorities and patterns of capitalist accumulation, but also the social struggles and forms of resistance inscribed in it have repeatedly changed in history. In retrospect, following Kees van der Pijl (1998, 36ff), three constellations can ideal-typically be distinguished:

The *first constellation* – to which Polanyi's remarks on the 18th and 19th centuries refer – was primarily marked by "original" or "primitive" accumulation. Living labour was formally subsumed under capital, so that the process of proletarianisation progressed. Many social groups – formerly self-employed craftsmen, farmers or even the previously economically inactive population (many women and children) – were torn out of traditional social relationships and subjected to a previously unknown and unfamiliar control regime. Not infrequently, this new kind of capitalist heteronomy, especially in the process of its establishment, was characterized by considerable potential for violence.

In the *second constellation* – from the end of the 19th to the beginning of the 20th century – the real subordination of labour to capital moved to the centre of capitalist development, meaning a permanent increase in labour productivity and relative added value. As a result, the forms of production and work organisation changed continuously; social struggles more and more shifted into the factories. The workers' resistance to the increasing concentration of labour was relatively successful in the era of Fordism. Supported by increased trade union bargaining power, many societies succeeded in establishing a social regulatory "compromise balance" and in enforcing certain wage, labour, and social protection zones as well as minimum standards.

The *third constellation* refers to the globalisation-induced tendencies of dis-embedding (Altvater & Mahnkopf, 1999). It is characterized on the one hand by the emergence of global financial relations and value chains, but on the other hand also by the fact that capitalist penetration is accompanied by an expansion of service work and is increasingly concentrated on the reproductive sphere. The search for productive resources and investment spheres leads to a comprehensive (re-)commodification of social conditions. Attention is now focused on optimizing the general discipline and availability of the labour force in terms of professional qualifications, family circumstances, housing and eating habits, health and leisure (Voss & Pongratz, 1998). In the form of a "neue Landnahme" (Dörre,

2009), politically supported by legal, administrative and institutional reforms, many areas of everyday life are incorporated into the process of capitalist valorisation and exploitation. At the same time, new forms of resistance are emerging in response to these tendencies – such as the privatisation of public infrastructure or pensions, a further intensification of work, or the commercialisation of everyday life.

The specific dynamics of the constellations listed here cannot – in view of a certain concurrence and overlapping – be empirically separated from each other in the strict sense. Nevertheless, the last-mentioned constellation points to the fact that the dis-embedding of the economy, forced by market-liberalism, is throwing the social structure of European societies into confusion. In this vortex there are also numerous winners, especially among the property owners. More conspicuous, however, is the fact that social upward mobility, which was characteristic of the post-war decades, has weakened, come to a halt or even reversed. The expansion of atypical, often precarious employment relationships has stimulated new fears of social decline within upper labour and middle classes as a result of which the moral norms of solidarity of social groups are shaken and sometimes fundamentally transformed. Due to the sociocultural mediation, i.e. the complex struggles over the creation of meaning, this process of transformation does not present itself unambiguously, and unfolds in different social milieus in quite different ways (Koppetsch, 2018; Gidron & Hall, 2017). Oliver Nachtwey (2016, 167) explains for the middle classes:

The status fears of the middle-classes sometimes lead to economist interpretations, to negative classification and to the disregard of weaker groups [...]. The centre of society partly renounces solidarity with weaker strata, by setting itself apart, ensuring one's own well-being. Where before a certain liberality prevailed, it now gives way to more rigorous ideas about morality, culture and ways of living.

And relevant sections of the working class are also increasingly attracted to nationalist-populist positions. As Didier Eribon (2016, 130) illustrates with the example of France and the rise of the Front National, this reorientation also reflects material uncertainties and emergencies, the processing of which can be very different:

It depends entirely on how the everyday experience in question is structured, whether, for example, practical solidarity predominates in the workplace or fear of competition for one's own job, whether one feels part of the informal parents' network of a school or desperate about the daily difficulties in a 'problem neighbourhood', etc.

It is therefore crucial for the success of nationalist populism that social conditions are perceived as unfair. In general, the increased fears about the future – as a result of the financial crisis and the crisis of the European regime of migration – and repeated experiences of loss of control, perspective, or tradition (Detje et al., 2017) in connection with social disregard ensure that feelings of anger accumulate, which in turn seek political forms of articulation. In many countries the socialist and communist parties had long assumed this function. For some time, however, they have no longer been able to fulfil their role as mouthpieces and identity-forming powers. The reasons for this vary. For many, the communist parties – especially after the collapse of real socialism – appear to be dogmatically frozen and incapable of action. The situation is somewhat different for the socialist and social democratic parties. After the first two waves of revisionism – the acceptance of representative democracy after the First World War and the arrangement with capitalism tamed by the welfare state after the Second World War – in a further wave of revisionism in the 1990s in search of a "third way" between neo-liberalism and big government, they had approached many positions of economic liberalism (Sassoon, 1997, 730ff). This reinforced the impression that the social needs and views of relevant sections of employees are hardly noticed by the public anymore (D'Eramo, 2013, 15ff).

3.2 The role of European integration

Through the process of European integration, the problem constellation described here has been indirectly but systematically promoted. Thus, the new quality of capitalist penetration is closely linked to the integration thrust since the 1980s. Through the implementation of several integration projects – the European Monetary System (EMS), the EC Single Market Project, the Economic and Monetary Union, the eastward enlargement of the EU, and the Lisbon Strategy – a highly integrated economic area has developed. The deepened integration of production and market relations generates internal dynamics of competitive deregulation and liberalisation. Notwithstanding some flanking labour, social, and structural policy instruments, the scope for action of the welfare state, i.e. distributional and intervention policy, has been structurally curtailed.

In recent decades, economic liberalism has favoured the genesis of European financial market capitalism, i.e. the generalisation of various forms of financialisation favors (Bieling, 2013; Nölke, 2016). These are reflected, among other things, in a reorganisation of companies geared to financial markets, including appropriate investment and management strategies. In addition, pension systems, public infrastructure organisation and real estate markets are increasingly subjected to the rationality of financial markets and the interests of financial assets owners. Both dynamics – the change in management and business concepts, as well as the reorganisation of the welfare state and the public sector – promote social inequality and often impair the quality of employment. For example, the proportion of atypical, often precarious forms of employment has increased almost continuously as a result of the pressure of competition and deregulation exerted by the integration process (Schulze Buschoff, 2016).

The cross-border pressure of competition and deregulation, which in some respect is driven by the financial markets, is being perpetuated by European integration in the form of a "new constitutionalism" (Gill, 1998, 5), which establishes the primacy of private property rights, freedoms for investors and forms of market discipline while at the same time tending to isolate the related policy from democratic control. Specifically, there are numerous legal – contractual law and secondary legislation – decisions, specific institutional arrangements and – often quite elitist – networks of policy negotiation. When Marco D'Eramo (2013, 23ff) speaks of a "new oligarchic order," he alludes to precisely this reciprocal conditionality of the oligarchical or financial-capitalist nature and institutionally autonomous political negotiations, while at the same time aspirations of democratic control and influence are refused. The legitimization of such structures follows in part a functional logic that considers the processes of market and competition integration as tending to be depoliticized, but also in part to a realistic logic that regards a comprehensive European design of the economy as too complicated and politically unenforceable. In addition, the course of European integration over the past decades also seems to be oriented towards a superordinate model that can be described as (neo-)liberal-cosmopolitan. The neo-liberal component focuses on individual – economic and political – protection and freedom rights, while the cosmopolitan component insists on transferring the cross-border realisation of individual rights – especially those of economic actors – to supranational organisations. In the words of Peter Gowan (2001, 79f):

The new liberal cosmopolitanism [...] seeks to overcome the limits of national sovereignty by constructing a global order that wants to govern the political as well as economic aspects of both the internal and external behaviour of states. This is not a conception advocating any world government. Rather, it proposes a set of disciplinary regimes [...] reaching deep into the economic, social and political life of the states subject to it, while safeguarding international flows of finance and trade.

At the centre of (neo-)liberal cosmopolitanism are above all economic objectives. However, it would fall short to reduce the cosmopolitan orientation to such objectives alone. Especially for the EU, the removal not only of economic but also cultural, ethnic, religious or institutional and legal discrimination – such as obstacles to freedom of movement within the EU – play a prominent role. In addition, the EU is opposed to state repression and assaults on individual liberties and is therefore anxious to strengthen forms of constitutional organisation and individual legal claims – from freedom of expression to social rights.

The (neo-)liberal-cosmopolitan self-image of the EU has been severely shaken by the crisis processes of recent years: on the one hand, because neo-liberal concepts have contributed to the financial, economic and Eurozone crisis and the crisis management focused on austerity and competitiveness further aggravated the economic and social crisis; on the other hand, because the crisis of the European migration regime has drawn attention to the fact that the transition to a multicultural society was only weakly underpinned by social integration and instead accompanied by many social and cultural conflicts. These have been increasingly broken up in the various social arenas in recent years and have become the subject of public debates and disputes.

3.3 The European crisis dynamics as a window of opportunity: programmatic profiles and reorientation of right-wing populist parties

It is not unusual that political parties – at least for those who are not in government – publicly address social problems and crisis phenomena, and even to scandalize them. Such practices only become unusual and in need of explanation when they are particularly successful and cause significant changes in the political situation. Some interpretations attribute the success of populist forces to the specific practices of political staging in mass media (Wodak, 2015). However, the question of why such strategies are successful and why – apart from the post-fascist societies of Southern Europe – populations are currently reached less by left-wing than by right-wing populist parties through public discourses is not answered in this way.

In the academic discussion on the formation of political parties, two concepts are offered in response to this question. The concept of the “representation gap” is based on the assumption that the established parties in government tend to move to the centre in the fields of economic and social policy as well as in terms of culture (Decker, 2015, 28). As a result, corresponding representation gaps would emerge at the political margins – in the case of right-wing populism on the right-wing side of the political arena – which would then be filled by the establishment of new parties and movements (Patzelt, 2015, 19). In contrast, the conception of new cleavages refers to sustainable structural changes in society (Bieling, 2018, 493ff). Originally, the cleavage theory developed by Seymour Martin Lipset and Stein Rokkan (1967) referred to four cleavages – between capital and labour, between church and state, between city and country, and between centre and periphery. Since the 1970s, attempts have been made to identify new cleavages: culturally, for example, between materialists and post-materialists (Inglehardt, 1977) or between libertarian and authoritarian orientations (Kitschelt, 1997); and materially between the winners and losers of modernisation or globalisation (Kriesi et al., 2008).

More recently, a new cleavage is sometimes conceived as an opposition between cosmopolitan and communitarian preferences (Zürn & de Wilde, 2016). Looking at the strategic and programmatic orientations of the established political forces on the one hand and the populist right on the other, many aspects seem to align quite well along this opposition. More specifically, however, in some regards the cleavage should be defined more precisely: first, by emphasising the specific (neo-)liberal quality of cosmopolitanism as a force partially undermining the nation state, above all the institutions responsible for social

cohesion (Gowan, 2001); and secondly, by emphasising that the central points of reference of the aspirations of community identity formation are the nation and the nation state. In view of the developments and social crisis processes outlined above, the argument can be brought forward that right-wing populist parties and movements articulate a new cleavage between (neo-)liberal cosmopolitanism and ethnonationalist identities. This conflict is driven by the new quality of the first component of the double movement, i.e. the processes of increased social inequality, uncertainty and disregard induced by globalisation, deregulation and privatisation. Against these tendencies right-wing populist forces are now increasingly taking the principle of social protection into account. In doing so, they imagine, irrespective of the progress of globalisation and European integration, a comprehensive national sovereignty and capacity to act. The nationalist orientation is combined with a series of specific discourses and political positions. Beyond all national peculiarities, the following main points can be identified:

First, the ethno-nationalist orientations propagated by most right-wing populist parties and movements are based on an ethnopluralist or cultural-racist worldview (Eckert, 2010). Cultural racism assumes a structural incompatibility of cultures defined in an essentialist fashion. According to the motto: others "are just like that" and we defend our own national core culture, the predominant foils of interpretation and attributions of characteristics and behaviours generate a "second skin" that the ethnically defined group members are supposedly unable to remove.

Secondly, this worldview is condensed in an increasing EU scepticism (Werner, 2013). As explained above, the (neo)liberal-cosmopolitan orientation of the EU generates social conflicts, as a result of which European integration – under the influence of right-wing populism – becomes nationalistically politicised. Thus, in the euro crisis, national economic problems – especially with regard to the crisis-ridden periphery – have often been portrayed as natural and therefore inevitable in order to conclude the impossibility of a functioning common currency or at least to subject one's own membership to a referendum; and in the crisis of the European border regime, actually all populist parties have demanded a strict limitation and control regime with regard to non-EU immigrants, and some – for example, the Front National, the Lega Nord, the PVV, the FPÖ or the Finns – even the renunciation of Schengen, i.e. the reintroduction of EU internal border controls.

In contrast to their clearly neo-liberal economic programmes of the 1980s and 1990s, a third discursive focus of right-wing populism is the linking of the national and the social question (Dörre, 2016). In Germany, this link is still very coarsely presented when, for example, Björn Höcke (speaker of the AfD in the state Thuringia and most prominent representative of the radical right "Flügel" within the party) talks about the fact that the new social question does not address the distribution relations between upper and lower social classes, but between those inside and outside the nation state. However, apart from such statements, the Alternative for Germany (AfD) generally tried to keep issues of social and economic policy in the background – to avoid conflicts resulting from the heterogeneous economic orientations among their social base. Much clearer and more systematic is the linking of the social and national question in programmatically matured right-wing populist parties that try to distinguish themselves in the area of social policy, such as the Front National, the Finns, the Polish PiS, or the Hungarian Fidesz (Becker, 2017). In the mobilisation of nationalist solidarity, these parties increasingly present themselves as defenders of an ethnically focused welfare state that intervenes to protect the national economy and the well-being of families. It is not uncommon that selective protectionist economic and trade policies – for example public criticism and rejection of TTIP – accompany such social policy programmes.

A fourth central point of reference – the criticism of the European migration regime and the ethno-nationalist orientations already point in this direction – is the rejection of the

multiculturalist model of society. This model is mostly seen as an expression of "foreign domination", as a symbol of a loss of national identity, and at the same time as a source of crime and moral decay. In return, the right-wing populist parties not only advocate the strengthening of a national core culture, but at the same time pursue the dismantling of constitutional procedures and the establishment of authoritarian and discriminatory forms of government (Becker, 2017).

Fifth, the right-wing populist parties propagate an anti-Muslim discourse, which – with the exception of the Dutch PVV – is often accompanied by anti-feminist and homophobic components (Mayer et al., 2014). Some observers go so far as to suggest that these unifying elements have already displaced the anti-Semitism of the traditional extreme right (Hafez, 2014). If one takes a closer look at party-internal controversies of the right-wing populists, however, it can rather be assumed that the anti-Semitic elements lose influence due to the negative impact on the public, but in many cases persist and are only superimposed by Islamophobia.

4. Outlook: nationalist populism as a challenge to democracy

This article was based on the question of whether and to what extent the rise of right-wing populism can be explored with the help of the concept of the double movement developed by Karl Polanyi. It has been shown that this conception is quite instructive in the understanding of right-wing populism. It draws attention to the social and cultural uncertainties and experiences of injustice and disregard caused by the market-liberal restructuring of the economy and society. Such developments in turn generate indignation and feelings of rage, which are increasingly interpreted in right-wing populist manner. Although the concept of the double movement – concerning the special quality of capitalist penetration, the modes of dis-embedding associated with it, and the specific dynamics in the political sphere of action – reaches certain explanatory limits, the argument is viable that the right-wing populism of today is to be generally understood as a Polanyian type of movement. This is all the more so since the right-wing populist parties – in contrast to the 1980s and 1990s – have in the meantime often turned to the social question and the mobilisation of nationalistically exclusive solidarities (Kuisma & Ryner, 2014; Goodliffe, 2016). In general, they seem to succeed in significantly expanding their own voter base through welfare state and protectionist discourse elements.

The dynamics outlined above are worrying in several respects: firstly, because the permanent breaking of taboos and the mobilisation of resentment happens at the expense of minorities and constitutional guarantees such as freedom of opinion, science and the press, or independence the judiciary; secondly, because in most countries large sections of the workforce and many union members are also integrated into the right-wing populist countermovement; and thirdly, because in the confrontation with right-wing populism the discursive cleavage between (neo-)liberal cosmopolitanism and ethno-nationalist identities outlined above seems to be reproduced. In fact, both poles of the discourse have an exclusionary effect in different ways: (neo-)liberal cosmopolitanism is structurally socially exclusionary by intensifying market-mediated competitive pressures and by advancing the dismantling of collective social rights. The nationalist identities promoted by right-wing populists may, in the eyes of many, also be useful for the defence of welfare state achievements, but at the same time turn against the claims of migrants as well as ethnic and other minorities. One consequence of the new discursive cleavage is that integrative political options based on inclusionary solidarity find it difficult to gain public attention.

From the point of view of all socially and democratically oriented forces, however, it is precisely this constellation of discourses that must be broken up and overcome. On the one hand, this can be achieved by developing political projects in the national and European context – for example, in the fields of monetary, economic and financial policy, but

also industrial policy, labour market policy and social policy – which are integrative and based on solidarity and appear attractive to large population groups. This would also signal to the socially disadvantaged classes that the existing social and cultural insecurities and feelings of disregard are taken seriously, as it were the real problems serving as crystallization points for the highly fictionalized discourses of right wing populism. On the other hand, the ideological resentment and exclusion practices of right-wing populist forces must at the same time be clearly marked and rejected. This includes revealing the imaginary nature of the right-wing revolt, not least the illusionary expectation of being able to politically re-embed and democratically control the processes of globalisation at the national level alone.

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A great variety of transformations – and populisms

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Hans-Jürgen Bieling makes a convincing case that there are valuable lessons to be learned from Karl Polanyi's analyses of the rise of authoritarianism in the 20th century to understand the rise of right-wing populism today. However, in order to realize the full potential of this approach, some ideas at the margins of his argument should be expanded and re-worked. As I argue in this paper, this is particularly true for three aspects: First, the economic and social transformation processes to which Bieling refers differ strongly from region to region, fostering different kinds of populist mobilization. Second, the idea of a new cleavage is not fully convincing in the form in which Bieling presents it and should be re-worked to account for at least two cleavages. Third, the notion of embeddedness must be understood as a multidimensional phenomenon to account for dynamics of gender and race – which then opens a pathway to overcoming the tired controversy over whether right-wing populism is about the economy or about culture and identity.

1. A great variety of transformations: different gaps, different populisms

Bieling's Polanyian account of the rise of right-wing populism goes as follows: Capitalist societies are always battlegrounds of a political struggle defined by two organizing principles or ideologies: the "principle of economic liberalism" and the "principle of social protection". In the last couple of decades, (not only) Europe witnessed an expansion of the former principle at the cost of the latter – which goes along with an historic process of neoliberalization, financialization, globalization, and Europeanization. The process of disembedding the market from institutions of social protection corresponding to this ideological shift causes increased insecurity and vulnerability among the population, which must be processed culturally, socially, and politically. Thus, the consequences of this process are contingent upon cultural processes of interpretation and political struggles; a turn towards authoritarian and nationalist interpretations is one possible reaction and thusly, right-wing mobilization has increased chances for success – particularly if the left is weak. This historiographic sketch is convincing, but it must be diversified geographically, which can be demonstrated with reference to the concept of a *representation gap*, which Bieling adopts from political science research – and then puts aside a little too quickly. There is a plausible connection between populist successes in general and gaps in political representation. According to Cas Mudde's widely-used definition, populism should be understood as:

"a thin-centered ideology that considers society to be ultimately separated into two homogeneous and antagonistic groups, 'the pure people' and 'the corrupt elite,' and which argues that politics should be an expression of the *volonte générale* (general will) of the people" (Mudde & Rovira Kaltwasser, 2012, 8, italics in original).

Political mobilization building on such an ideology has the best chances of success if parts of the population do not feel represented within the current political system: groups who do not feel represented are most likely to be susceptible to a rhetoric of self-declared outsiders claiming that "the people" were forgotten by "the elites" (Mudde & Rovira

Kaltwasser, 2017, 101; Mair, 2009). While Bieling only refers to gaps on the left being exploitable by left-wing populism and gaps on the right being exploitable by right-wing populism, cross-mobilization is plausible: Social groups that traditionally felt represented by parties of the left but now feel abandoned by them can also be mobilized by right-wing populists (Eribon, 2013, 140-154).¹

To explain populist successes then, one must ask which demographics do not (or more importantly: do no longer) feel represented by established non-populist parties and why this is the case. In the context of the Polanyian framework, one must ask how the processes of neoliberal disembedding cause some demographics to feel politically disenfranchised (be it for very good reasons or not).

In addressing this question, one must account for the fact that the processes of neoliberalization and globalization take very different forms in different regions, producing different gaps of representation and thereby different opportunity structures for populist mobilization – an argument brought forward by Rodrik (2018) and Werner (2013) in different terminologies. The difference is not only one of quantity, referring to the number of people not feeling represented. It is also one of quality, referring to the specific kinds of groups not feeling represented for specific reasons: By definition, Populism claims to speak for “the people” in general; however, each populist project must paint *specific* pictures of “the people” and the problems it faces. Accordingly, different groups will be attracted to different kinds of populist mobilization: Populists picturing “the people” as economically independent small entrepreneurs betrayed by an overbearing tax and welfare state will attract different voters than populists portraying “the people” as workers betrayed by globalist profit-seeking elites. Thus, different gaps in representation are exploitable by different kinds of populist projects. Populists portraying ethnic minorities as dangerous ‘Others’ are unlikely to have electoral success among these minorities etc.

And indeed, the picture of populist successes in Europe is truly heterogeneous. In general, Northern, Central, and Eastern Europe have strong right-wing populist projects while Southern Europe strong left-wing populist projects (Manow, 2018, 38-50); Anglo-Saxon countries seem to be open to both kinds of populism, as is France. If one looks at right-wing populism more closely, the heterogeneity becomes even greater. As Bieling notes, some parties such as the *National Front/National Rally* in France propagate an economic and social programme demanding an economically active state and high rates of redistribution – of course always in a nationalistic, exclusivist fashion. Bieling describes this as an overarching trend among right-wing populist parties in Europe shifting away from their economic liberalism of the 1980s and 1990s. Yet, the right-wing populist scenery remains much more heterogeneous. While the *National Front/National Rally* changed its economic position dramatically, the *Swiss People’s Party* remains closer to the libertarian economic and social programme that was known as part of the “winning formula” of right-wing populism in the late 20th century; the same is true for the Norwegian *Progress Party*. The *Freedom Party of Austria* deployed a rhetoric of defending the welfare state in recent years but engaged in policies of neoliberal reform as soon as they became part of the coalition government. Within *Alternative for Germany*, the conflict concerning the economic and social programme remains undecided at the beginning of 2019. Rather than a general trend towards a right-wing populism championing a strong, yet exclusive welfare state, Europe is witnessing a diversification of populism (Otjes et al., 2018).

The Polanyian approach must be expanded to account for this heterogeneity. The most plausible hypothesis is that the neoliberal transformation of European capitalism affected different regions in different ways, shifting the system of representation in specific forms, producing specific gaps in representation. These gaps open opportunities for specific kinds

¹ Bieling mentions this mechanism but not under the rubric of representation gap.

of populist mobilization (Rodrik, 2018). Some offer better chances for left-wing populism, others for right wing populism with a pro-welfare-state agenda, others for right wing populism with an economically liberal agenda (Werner, 2013). Research into these dynamics has been relatively sparse so far. Philip Manow (2018) argues that the main independent variable explaining these differences is the type of welfare state undergoing the processes of neoliberalization and globalization. According to his argument, depending on the type of welfare state, different groups are opposed to different aspects of globalization: He argues that in welfare states of the northern and continental variant, trade is typically not considered a problem but migration is – and depending on the kind of migration being of concern different groups will be more likely to oppose it vehemently: labour market insiders oppose refugee migration, whereas labour market outsiders oppose work migration. In Mediterranean countries, with their rudimentary welfare states, migration is less of a problem – the more threatening aspect of globalization is the mobility of goods. Since the parties of the political mainstream are overwhelmingly pro-Europeanization and pro-globalization, all these attitudes are possible inroads for populist mobilization – but for different kinds of populist mobilization (Manow, 2018, 61-69).

Manow's research is an important step towards an explanation of the heterogeneity of populism in Europe, but some questions remain open. Most notably, his approach does not sufficiently explain the stark differences between Germany and France.² Both countries are typically categorized as continental/conservative welfare-states, yet both have witnessed very different economic developments over the last 15 years and also feature very different populist dynamics, with only France having strong left-wing populist actors and a right-wing populist party with a clearly exclusivist pro-welfare state programme. The most plausible explanation for these divergent developments is to be found in the neoliberal reform programme of the Schröder government in Germany in the first years of the 21st century, producing an edge in 'competitiveness' for Germany and a big current account surplus (also vis-à-vis France) exporting not only goods and services but also unemployment (specifically youth unemployment) and insecurity and thusly specific mobilization potentials for populism (Flassbeck & Lapavistas, 2013, 9-17). This implies that the developments in France and Germany are not only different, they are also interrelated – and the same is of course true for many other differences between countries.

Thus, the research programme suggested by Werner, Rodrik and Manow should be expanded, addressing more axes of politico-economic difference between countries and regions – including the dimensions of race and gender outlined below. This research can then align very well with Polanyian social theory, painting a picture of the heterogeneous and interdependent shapes that the processes of neoliberal disembedding take in different regions, producing different gaps in political representation and different opportunity structures for populist mobilization – nationalist-authoritarian and otherwise.

2. A new cleavage – or two?

The second concept from political science research Bieling takes up in his social theoretical approach is that of a new cleavage. Ever since Lipset and Rokkan introduced the concept of cleavages in the 1960s, there have been claims about new cleavages. Following some of these concepts, Bieling argues that the neoliberal transformation produces a new cleavage between (neo-)liberal cosmopolitanism and nationalist communitarianism. Two remarks are in place here:

First, it must be noted that, like many other conceptions of a new cleavage, Bieling's argument departs considerably from Lipset and Rokkan's original model: The four original

² Manow (2018, 106) remarks that France bears some resemblance to Southern states but does not fully explore the consequences.

cleavages are defined by the *position* subjects hold within the social structure.³ Many of the newly hypothesized cleavages, however, refer to the *ideological orientation* subjects have. Of course, it can be argued that this shift of perspective is necessary to reflect upon changes in social relations. Yet, it begs the question of how these ideologically defined cleavages relate to social positions – this is particularly true since the “old” cleavages can still be very useful to analyse right-wing populism (Kempin, 2017). So: Which kind of economic position, occupation, living condition, education, geography and so on foster certain ideological orientations towards neoliberalism and cosmopolitanism? Kitschelt and others describe a relation between the type of professional occupation subjects have and their inclination towards more liberal or authoritarian, cosmopolitan or nationalistic attitudes (Kitschelt, 2017; Kitschelt & Rehm, 2014). If one follows this argument, the shifts in the sectoral composition of economies that go along with globalization processes could contribute to the emergence of new cleavages. Such considerations could then also help integrating the concept of a new cleavage with the Polanyian framework.

Second, it does not seem convincing that there is *one* cleavage between (neo-)liberal cosmopolitanism on the one side and nationalist communitarianism on the other side. Rather, what Bieling identifies as one new cleavage appears to be *two* distinct fault lines: There is one ideological split between the proponents of neoliberalism and those of a strong, economically active welfare state; there is another ideological split between the proponents of liberal cosmopolitanism and diversity and those of authoritarian nationalism and traditionalist communitarianism.⁴ When making an argument concerning political philosophy, one might argue that some combinations are more coherent than others; but when addressing social reality, there is no a priori reason to assume that the two fault lines are congruent, creating only two distinct camps. Rather, they allow for four different ideological positions: neoliberal-cosmopolitanism, neoliberal-nationalism, pro-welfare cosmopolitanism, and pro-welfare nationalism. And indeed, there are political projects in all four of these camps. In Germany, for example, large parts of *Alternative for Germany* remain nationalistic and neoliberal (the same is true for the supporters of the Tea Party in the United States) while a majority of the party The Left remains pro-welfare state and cosmopolitan (the same is true for many supporters of Sanders in the United States).⁵ The *Free Democratic Party* in Germany is cosmopolitan and neoliberal, while the right-wing extremist “Flügel” within *Alternative for Germany* is pro-welfare nationalist. Of course, it is possible that these parties misrepresent the attitudes of the population. Moreover, one might argue that the supporters of pro-welfare cosmopolitanism are de facto still products of a neoliberal economy or that their claims are incoherent. But still, the political landscape is not defined by one cleavage between (neo-)liberal cosmopolitanism and nationalist communitarianism. Thus, the question of new cleavages must be reassessed.

³ This is least obvious in the case of the religious/secular-cleavage. Yet, being a religious citizen in a strong sense does not only mean having a certain creed and ideological orientations, it also means being situated within a particular religious community and its institutional structures.

⁴ Looking more closely, one could differentiate even further, distinguishing more lines of conflict: One could differentiate first between economic positions promoting state interventionism and a strong welfare state and positions promoting an economically weaker, less distributive state; second between economic positions with a more nationalist and protectionist outlook and positions promoting free trade and globalization (Trump stands for a programme against the welfare-state *and* against free trade); third between political cosmopolitanism and communitarianism/nationalism; and fourth between cultural liberalism and authoritarianism. The intersection of these differences in four dimensions would already allow for sixteen different positions – and of course this list could be continued.

⁵ Even the undoubtedly cosmopolitan Greens in Germany can hardly be categorized as straightforward neoliberal, if one takes the economic and social policy positions of the party manifesto at face value – which of course have rather low salience for the party.

3. Embeddedness as a multidimensional phenomenon

3.1 Qualitative transformations of embeddedness

A particularly promising aspect of Bieling's Polanyian approach is its potential to overcome the tired controversy between cultural and economic interpretations of right-wing populism. Bieling argues that the economic transformations since the 1970s have had a strong impact on social relations and thereby have prepared the grounds for the rise of right-wing populism. However, he also emphasizes that such political effects of economic development are never direct and inevitable but always mediated by and contingent upon sociocultural interpretation and conflict, which includes politics of culture and identity.

Yet, there are some elements of the Polanyian approach that need to be questioned and expanded to live up to this potential. The most problematic is the implication of one-dimensionality that results from metaphorizing the double movement as a pendulum swinging between the two organizing principles of economic liberalism and social protection: An ideal (i.e. frictionless) pendulum moves back and forth between two positions, not changing its qualities and passing the same locations the same way over and over again. Society does not.⁶ Bieling addresses this problem in the economic realm, explaining that there has not only been a one-dimensional back-and-forth development of capitalism but that the very nature of capitalism underwent qualitative transformations over the course of decades and centuries.

The same is true for many institutions of society that the market economy is embedded in: The market economy is not only more or less embedded in institutions of social protection; these institutions as well as the nature of embeddedness transform qualitatively over time. This could be discussed with many examples. Since these two areas are central to right-wing populist mobilization (Hochschild, 2016, 135-151) but marginal to Bieling's argument, I will sketch the argument concerning gender (3.2) and race/ethnic (3.3) relations.⁷ Finally I address the question of "progressive neoliberalism" (Fraser 2017) (3.4).

3.2 Gender relations

In Western societies, the nuclear family has a central place among the social institutions embedding the market in society and granting social protection. From an economic standpoint, the most crucial function of the family is the reproduction of labour without which the market economy could not exist: In the short run, the immediate physiological and social needs of the individual wage labourers must be met, in the long run the supply of new generations of wage labourers must be ensured, and moreover, the elderly who cannot provide for themselves anymore must be taken care of – and for all three functions, the nuclear family plays a central role. Thereby, this private sphere of the family is also a central institution of social protection. Economic hardships experienced by some individuals can be ameliorated with assistance from family members, the elderly can be cared for by their children or children in law, and grandparents can assist in bringing up the young. However, the according processes are highly gendered, requiring great amounts of unpaid reproductive or care work performed disproportionately by women – which is not to say that women do not also perform wage labour. Therefore, this gendered division of labour requires and constitutes a form of institutionalized subordination of women under men within the family and a (partial) exclusion from the public sphere and the formal economy. The women that did participate in the labour market during the heyday of the post-war welfare-state were often marginalized in less secure and worse paid positions – to

⁶ Physics allows for a pendulum swinging in multiple dimensions. Metaphors typically do not. And even a Pendulum swinging in two dimensions at the same time will repeat the same movements over and over again cyclically, society still does not.

⁷ Bieling (2012) discusses the developments of gender and race/ethnicity in financialized capitalism elsewhere.

different degrees in different welfare-state regimes. This subordination and exclusion can only work, if it is constantly reproduced and reinscribed in everyday practice and culture – i.e. by politics of gender identity. Thus, not only the nuclear family but also the formal economy and the welfare state themselves are gendered institutions, distributing social protection unevenly.⁸

The institution of the nuclear family was weakened and became more flexible in the last third of the 20th century. Many women, particularly from the middle classes, were able to reduce their load of reproductive and care work and now have a greater presence on the labour market as well as in the public sphere. This was made possible not only by political struggles attacking the juridical and non-juridical norms legitimizing the subordination of women, but also by technological progress and by outsourcing care work to (under-)paid care-workers – mostly female and often migrant and/or racialized subjects (Ehrenreich & Hochschild, 2004).

One might claim that these transformations constitute a swing of the pendulum from the side of social protection towards the side of economic liberalism and thusly a process of disembedding: Women that used to be occupied within the households became available to the labour market and activities that were formerly organized outside the market are now provided by the market or by public institutions – by individual (disproportionately migrant) care and domestic workers, by companies employing them, by public kindergartens, by nursery services etc. Of course, weakening the institution of the nuclear family also means weakening its embedding and protecting function. Thus, some authors interpret this transformation as a process of market expansion – or put in Polanyian terms: disembedding. This is true for authors as different as Wolfgang Streeck and Jürgen Habermas. In his historiographic sketch of capitalist crises, Streeck (2014, 29-30, 39) deploys an argument of false consciousness, criticizing women for wrongly celebrating their partial transition from their role in the nuclear family to the public sphere and the labour market. Streeck reads this process not as emancipation from patriarchy but as absorption by the market economy where the newly arriving women became “allies of the employers” (29). Thirty years before Streeck, Habermas (1987, 319, 368-373, 386-389) famously interpreted earlier, yet similar transformations of the family as a “colonization of the life world” by systems forces – the logics of capitalist economy and state administration.⁹

Yet, as feminist scholars have long argued, such interpretations do not hold (Fraser, 1995). The gendered institution of the nuclear family cannot simply be considered an institution of social protection because women suffer subordination, dependency, and thusly a drastic lack of protection within this institution. Subjects with sexual and gender identities beyond the heteronormative frame were excluded from this frame and the protection it offered all along – and the welfare state had ambiguous effects.

On the other hand, the fact that *Other* (mostly migrant and/or racialized) women are filling the care gap and suffer from new kinds of vulnerability, renders any interpretation of these processes as a straightforward feminist success story cynical and particularistic.

All in all, then, there is no reason to romanticize the nuclear family as an institution of social protection unfettered by marked logic as it is implicit in Streeck’s argument. The weakening of this institution cannot simply be described as a swing of the Polanyian pendulum towards economic liberalism – this is true even though the institutions of the nuclear family and the (gendered) welfare state are strongly interwoven and the changes of the one went hand in hand with that of the other. If one addresses the process of

⁸ The role of the family varies (not only) from country to country. For the relation between different types of welfare state and different types of familialism see Leitner (2003).

⁹ Habermas refers to the expansion of the welfare state in the third quarter of the 20th century, Streeck refers to the expansion of the market in the last quarter. Yet their arguments concerning the effects on family relations are similar – as is their omission of the patriarchal character of the nuclear family.

disembedding that took place since the 1970s, one should address it in relation to the changes of family structures and thereby account for the *qualitative* transformation of the institutions of social protection in which the market economy is embedded.

Then, the interpretation of right-wing populism as a reaction to the double movement must be rephrased accordingly. The narrative can no longer simply be that a process of disembedding causes insecurity among the population and subsequently sparks authoritarian protest. One must also discuss – in terms of gender *and* class – which specific groups lost and gained specific forms of social protection, how these losses and gains relate to one another and how the differently affected groups react to the changes. Since right-wing populist voters are disproportionately male, it seems plausible to interpret the recent right-wing successes – *among other things* – as protests against these *qualitative* transformations in the embeddedness. The analysis of social transformation and populism must be gendered (Mudde & Rovira Kaltwasser, 2015; Mayer et al., 2018; Dowling, van Dyk & Graefe, 2017).

3.3 Race and ethnic relations

To address the dynamics of race, ethnicity, and migration, one must make an argument that is similar but not fully analogous to that concerning gender relations.

To conceptualize the embeddedness of the market, Bieling refers to E.P. Thompson's notion of the moral economy. But as Gurminder Bhambra and John Holmwood point out in their interpretations of Thompson and Polanyi, this moral economy was always already racialized and intertwined with (post)colonial power structures – and so are the institutions in which the market is embedded (Bhambra & Holmwood, 2018; Holmwood, 2016). Race relations of course are very different from gender relations: In European countries of the 20th century, they were typically not organized in the form of an institution such as the nuclear family in which a small number of people of different races/ethnicities would have very close relations of direct dependency. Moreover, these relations differ nationally and regionally: In the United States where they significantly rest on the difference between former black slaves and former free whites, they are different than they are in countries where the difference is honed by more recent processes of migration.

Nonetheless, in all cases these relations are deeply intertwined with the institutions of social protection, shaping the concrete forms of embeddedness. In many instances, racialized groups serve as a labour reserve that can be hired and fired more easily than white workers – similar to women. Such a racial division of the labour force strengthens the position of employers vis-à-vis workers; however, it also protects white/majoritarian workers and employees from some immediate effects of crises which are deflected towards racialized subjects who are the first to lose their jobs. Organized labour played an ambivalent role, at times actively affirming this division of the labour force, effectively representing established white workers rather than workers in general, at other times being solidary and inclusive or being transformed by self-organized non-white workers.¹⁰ Thus, the insider privilege often going along with the welfare state of the 20th century to some degree tends to take the form of white privilege. The distinctions of race and ethnicity on which these privileges rest are not naturally given but socially constructed; thus, their reproduction requires a constant process of reinscription in everyday life and public discourse – i.e. politics of racial/ethnic identity (Bhambra, 2017; Bhambra & Holmwood, 2018; Lüthje & Scherrer, 2001).

Similar to the gendered division of labour, the racial structure of the labour market and other institutions never disappeared, but it transformed and became more informalized

¹⁰ These dynamics around race, labour, and migration are best researched concerning the United States (e.g. Scherrer & Lüthje, 2001); for case studies concerning Germany see Huwer (2013) and Schröder (2015), for an overview see Trede (2016).

and permissive over the decades. And just like in gender relations, these transformations in race and ethnic relations can hardly be interpreted as a simple swing of a pendulum from the direction of social protection to that of the free market. They correspond to a process of neoliberal disembedding, but they cannot be reduced to it. Rather, one also must account for the qualitative changes of embeddedness having different effects for different groups. An institutionalized division of the labour market shielding some groups from the woes of the market by disproportionately deflecting them to others has been weakened. Just like in gender relations, the groups that were shielded by this institution disproportionately vote for right-wing populism, while the groups that were subordinated by this institution disproportionately vote against it. Thus, it seems plausible that right-wing populism is – *among other things* – a protest against this qualitative transformation of embeddedness (Bhambra, 2017).

3.4 Not an either-or

This is emphatically not an argument against economic/class based and for cultural/identity-based interpretations of right-wing populism. Rather it is an argument for taking both interpretations seriously, which requires conceptualizing capitalism, race, and gender as deeply intertwined institutions: All actually-existing forms of capitalism have been gendered and racialized; all gender relations in modern societies have been racialized and interwoven with the logics of capitalism; all race relations in modern societies have been gendered and interdependent with capitalism. Any change in one of these institutions tends to be connected to changes in the others and should be analysed accordingly. Taking all three dimensions seriously also means taking them seriously in their contradictions and tensions – particularly the dynamics of welfare state and migration leave no room for a simple morally and politically virtuous position.

Thus, my argument that the transformations of gender and race relations of recent decades cannot be reduced to processes of disembedding does not imply that all three processes cannot or did not go together – but that they should be analytically distinguished. Most crucially, in their liberal forms focused on “diversity”, politics of anti-sexism and anti-racism can be deployed to give neoliberal policies of disembedding a progressive ring and make them acceptable among moderate left voters – these are the politics Fraser (2017) dubs “progressive neoliberalism”. These “progressive” policies are particularly paradoxical and cynical insofar as women and racialized subjects are oftentimes disproportionately affected by neoliberal reform.

Yet, one should be cautious about two common mistakes: First, one should not reduce feminist and anti-racist politics to their neoliberal variant and then blame them for the rise of right-wing populism as it routinely happens in discourses around “identity politics” (Lilla, 2017; as a critique Dowling, van Dyk & Graefe, 2017). Racism and patriarchy are realities of the market economy itself as well as of the social institutions it is embedded in – policies addressing these realities are not per se attacks on embeddedness itself, although they have been regularly mobilized for such attacks. Second, one should not pit explanations of right-wing populism as a protest against neoliberal disembedding and explanations of right-wing populism as a defence of (relative) male and white privilege against one another as it is routinely done from both sides. Neoliberal disembedding is a reality as is the relative decline of male and white privilege. Since the same populations are affected by these developments, it is likely that they are processed within the same cultural interpretation and political mobilization processes. The research of right-wing populist discourses and the everyday consciousness of right-wing populist voters and activists supports such an interpretation as a reaction to transformation of the formal economy *and* of gender and race relations (Hochschild, 2016; Koppetsch, 2018).

In summary, the Polanyian approach suggested by Bieling can help interpreting and explaining the rise of right-wing populism as a reaction to processes of transformation – but to this purpose it should be able to account for the geographic heterogeneity of capitalism and its transformations; it should take the complexity of current political fault lines seriously; and it should consider embeddedness, its transformations, and the political protest against these transformations as multidimensional phenomena that are always gendered and racialized. After the grounds have been analysed, the questions of greatest strategic importance must be addressed: First, further research into the dynamics of authoritarian mobilization is required to understand under which circumstances and by which mechanisms experiences of insecurity are interpreted in authoritarian and nationalistic frames. Second, it is important to understand what other kinds of non-authoritarian mobilization could mobilize the same groups for different purposes. Third, it must be asked what kind of economic and social policies could and should be pursued to overcome the capitalist crises underlying the transformation processes of the last decades: Mobilizing populations without a political economic programme that will benefit them is no sustainable strategy – and there are good reasons to be sceptical about the possibility of returning to post-war Keynesianism (Streeck, 2014; 2017).

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The Economy for the Common Good: a European countermovement against the destructive impacts of *laissez-faire* capitalism?

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The paper discusses the Economy for the Common Good (ECG) as a contemporary European grassroots movement against status quo capitalism. Firstly, we show that the ECG aims at fundamentally altering the relationship between economy, society and state, and – within a Polanyian framework – can be understood as a progressive countermovement against the marketization of society. Subsequently, we draw on qualitative interviews with representatives from companies engaged in the ECG. In this part, the paper focuses on the companies' strategies trying to establish alternative modes of production in order to protect the 'fictitious commodities' of labour, money, and nature from the destructive impacts of commodification.

Keywords: Polanyian countermovement, (Protection of) Fictitious commodities, Economy for the Common Good, Alternative modes of production

1. Introduction

In *The Great Transformation*, Karl Polanyi (2001 [1944]) describes how in the 19th and 20th centuries a previously socially embedded economy emancipated itself from cultural, political and moral constraints. Driven by the rise of industrial capitalism and the dominance of a *laissez-faire* economic doctrine, ever more parts of society became commodified. The consequences were disastrous, especially for 'fictitious commodities' such as labour and land (ibid., 137). After the horrors of World War II and fascism in Europe, the development of the Fordist welfare regime led to a re-embedding of the market. The most negative effects of the 'free play of market forces' became mitigated. However, from a historical perspective, this era of "democratic capitalism" (Streeck, 2014) was comparatively short. Today, as a *laissez-faire* market economy has gained momentum again, one can witness the destruction of vital ecosystems on a global scale (Rockström et al., 2009) as well as the (re)emergence of living and working conditions that systematically fall below established social and human right standards along with the exploitation and devaluation of non-market forms of labour (Raworth, 2012; Barth et al., 2018). In reaction to these developments,

diverse movements aim to ‘protect’ societies and the natural environment against the destructive impacts of a *laissez-faire* market economy. A current grassroots movement challenging the free market orthodoxy is the Economy for the Common Good movement (ECG). This movement aims at aligning economic activity more strongly with democratic values and social and ecological demands. The movement simultaneously works at two levels: First, the level of predominantly small and medium-sized companies, who commit to orientating their economic activities towards the ‘common good’, and who inter alia publish a so-called Common Good Balance Sheet. Second, the political level, where the movement aims at changes in the framework conditions and incentive structures for economic activities.

This contribution discusses the ECG as a contemporary European countermovement against *status quo* capitalism, which aims at altering the relationship between economy, society and state. In the second section of this paper, the Economy for the Common Good movement (ECG) will be introduced; its main ideas will be summarised and empirical manifestations of the ECG will briefly be presented. In the third section, Polanyi’s concept of countermovement will be elaborated. This reconstruction does not intend to be a mere reflection on *The Great Transformation* (2001 [1944]) and further works by Polanyi but also draws on additional literature of more recent analysts who found Polanyi’s ideas useful to understand current developments of global capitalism. In the fourth section, we will discuss how the ideas of the ECG relate to these different interpretations. Finally, in the fifth section, the paper illustrates empirically how enterprises engaged in the ECG movement establish forms of social and ecological production that attempt to emancipate themselves from dominant market forces in order to protect the ‘fictitious commodities’ of labour, money and nature.

2. The Economy for the Common Good as a European movement aiming at a new economic system

Starting from a small group of Austrian activists and entrepreneurs in 2010 (Felber, 2012, 2015), the ECG movement has grown into an international network. The movement consists of small and medium-sized companies as well as local chapters of civil groups. The vast majority of the participants is from Austria and Germany, but chapters can also be found in further European countries. It is also in Europe, where the ECG achieved to organize some support on the level of institutionalised politics (see below). Only a few chapters exist in both Americas, Africa, and Asia.¹

The ECG’s main goal is to re-orientate economic activity towards the ‘common good’ and away from profit-orientation (Felber, 2012). Currently, about 100 companies as well as some Non-Governmental Organizations (such as *Greenpeace Germany*) (Heidbrink et al., 2018, 59f.) are compiling a so-called Common Good Balance Sheet to measure their contribution to the ‘common good’. The Common Good Balance Sheet is generated on the basis of the so-called Common Good Matrix (see Table 1), which describes “20 common good themes” that consist of the intersections between the values of the ECG (“human dignity”, “solidarity and social justice”, “environmental sustainability”, “transparency and co-determination”) and the stakeholder groups (“suppliers”, “owners, equity- and financial service providers”, “employees”, “customers and business partners”, and the “social environment”) (ECG 2018b). Every contribution to the ‘common good’, which extends beyond legal obligations is evaluated positively using a scoring system (the maximum score is 1,000 points; *ibid.*). “Common good themes” include, for example, “human dignity in the

¹ In 2018, local chapters could be found in Argentina, Austria, Belgium, Brazil, Chile, Colombia, Costa Rica, Croatia, France, Germany, Ghana, Great Britain, Greece, Honduras, Italy, Kenya, Luxembourg, Macedonia, Mexico, the Netherlands, Paraguay, Philippines, Portugal, Slovenia, Spain, Sweden, Switzerland, the United States and Uruguay (ECG, 2018a).

supply chain”, “self-determined working arrangements”, “reduction of environmental impacts” or “ownership and co-determination” (ibid.). Additionally, negative criteria such as the violation of international labour standards, hostile takeovers, dumping prices or the prohibition of work councils result in negative scores. Before publication, the Common Good Balance Sheet is peer-reviewed or audited by an external consultant. While voluntary at present, in the long term, the movement aims to achieve a legal obligation for companies to report on their ‘common good’ performance as a complement to the financial balance sheet.

VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice in the supply chain	A3 Environmental sustainability in the supply chain	A4 Transparency and co-determination in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-determination and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with other companies	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

Table 1: The Common Good Matrix (Version 5.0), ECG 2018b.

The political goals of the ECG include advantages for companies contributing disproportionately to the ‘common good’: The higher the score of the Common Good Balance, the more legal advantages a company shall receive. These include tax cuts, better borrowing terms from public banks, and privileged access to public contracts (Felber, 2012, 47). The goal is to reverse the incentive structure within the economic system by offsetting higher costs resulting from ethical, social and ecologically sustainable activities (ibid., 35). Apart from the compulsory compilation of the Common Good Balance Sheet for companies and the institutionalisation of the accompanying legal advantages for high-scoring companies, the ECG seeks to bring about further changes to current legislation. The ECG’s political agenda includes the introduction of a ‘solidarity income’ for the jobless and people unable to work (Felber, 2012, 67), radical limitation of inheritance rights (ibid.: 83ff.) and of profit-making for banks and insurances (ibid., 69ff.), as well as the extension of current representative forms of democracy by elements of direct democracy such as referendums (ibid., 125).

ECG activists have been successful in gaining attention in the political arena, including at the European level: In September 2015, the European Economic and Social Committee (EESC)² adopted an official opinion on “The Economy for the Common Good: a sustainable economic model geared towards social cohesion” (EESC, 2015). It recommends “that the Economy for the Common Good (ECG) model is conceived to be included both in the European and the domestic legal framework in order to advance towards the Single European Market through a more ethical economy based on European values and achievements of social responsibility policies, moreover establishing synergies that reinforce them” (ibid.,

² The EESC is a consultative body of the European Union (EU) composed of representatives of employers’ and employees’ organisations and other interest groups (such as farmers’ or consumers’ organisations).

2). Additionally, the government of the federal state of Baden-Württemberg (Germany) has declared its support of ‘common good economies’ in its coalition treaty and is planning a model project compiling a Common Good Balance Sheet in a state-owned company, with the corresponding aim to support companies who wish to re-orientate their entrepreneurial practices with the help of the Common Good Balance (Grüne & CDU, 2016). At the communal level, for instance, the municipalities Nenzig and Mäder (Austria) as well as Miranda de Azán, Carcaboso, and Orendain (Spain) have decided to become “common good municipalities” (ECG, 2018c). However, up to now, the Common Good Balance Sheet for companies remains the ECG’s most popular and effective instrument.

3. Polanyi’s work and its reception: the relationship between economy, society and state

In *The Great Transformation*, Karl Polanyi describes the idea of a self-regulating market as a ‘stark utopia’: “Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness” (Polanyi, 2001 [1944], 3). Therefore, in Polanyi’s view, phases of economic liberalism and free trade are necessarily accompanied by countermovements that seek to check the impact of market forces, functioning as a “self-protection of society” (ibid., 136). This has become known as Polanyi’s concept of the ‘double movement’: “What we think of as market societies or ‘capitalism’ is the product of *both* of these movements; it is an uneasy and fluid hybrid that reflects the shifting balance of power between these contending forces” (Block, 2008, 2).

Polanyi shows in his analysis that labour, land (nature), and money, though essential elements for industrial production, “are obviously not commodities; the postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them” (Polanyi, 2001 [1944], 75). By turning labour, nature and money into objects for sale on self-regulating markets as if they were commodities like any other, they are, according to Polanyi, doomed to erode, and consequently, the very foundations of production and exchange are undermined (ibid., 137). “Accordingly, the countermovement consisted in checking the action of the market in respect to the factors of production, labour, and land. This was the main function of interventionism” (ibid., 137). As examples for protective interventions, Polanyi mentions “factory legislation and social laws” with regard to labour, “land laws and agrarian tariffs” with regard to natural resources, and “central banking and the management of the monetary system” with regard to money (ibid., 138).

According to Fred Block, Polanyi suggested “that there are different possibilities available at any historical moment, since markets can be embedded in many different ways” (Block, 2001, xxix). In a 1922 article, Polanyi argues that no larger economy can be completely free from market exchanges (Polanyi, 1922, 379). In this article, Polanyi develops ideas for a ‘socialist accounting’, a numerical oversight over a socialist economy. Referring to accounting on the level of an entire economy, he argues that the design of the accounting system should match the goal of the economic system. A democratic socialist society, for Polanyi, aims at ‘technical productivity’ and ‘social justice’ (in German: ‘das soziale Recht’³). The latter includes the just distribution of labour and goods, and the social direction (or common good contribution, in German: ‘Gemeinnützigkeit’)⁴ of production – i.e. production evaluated from the perspective of society, not just from the perspective of individual consumers or groups (Polanyi, 1922, 415). Polanyi criticizes the capitalist economy for not achieving these goals to a sufficient extent (Polanyi, 1922, 388f.). In the “Common Man’s

³ While ‘das soziale Recht’ literally translates to ‘the social right’, Polanyi himself suggested to translate it to ‘social justice’. See the remarks by the translators of Polanyi’s text from German to English (Bockman et al., 2016, 402, footnote 31).

⁴ ‘Gemeinnützigkeit’ may be translated to ‘social utility’, ‘public welfare’, ‘common good’, etc. See the remarks by the translators of the text from German to English (Bockman et al., 2016, 404, footnote 36).

Masterplan”, a book draft from 1943, Polanyi names some steps for a democratic and social transformation after World War II. These include regulated markets – i.e. markets “with no supplementary markets for labor, land and money” (Polanyi, 1943, 2; see also Polanyi, 2015 [1943], 127) – the limitation of profits and support for “public spirited forms of enterprise” (ibid.).

Generally, political constraints for markets and social embedding can refer to at least two dimensions: (1) Excluding areas of life which shall be kept free from market mechanisms, and (2) the potential to shape markets which are socially desired (Herzog, 2014, 26). In what Gareth Dale calls the ‘soft Polanyi’ interpretation, the goal is a regulated form of capitalism, in which markets remain dominant coordination mechanisms, “albeit complemented by redistributive and socially protective institutions” (Dale, 2016, 4), such as in Germany’s ‘social market democracy’ (ibid., 5). In the ‘hard Polanyi’ interpretation, the goal is the transformation beyond the market society towards “a mixed economy governed by redistributive mechanisms” (ibid., 5), including “the complete subjugation of economic life to democratic control and the full decommodification of land, labour and money” (ibid., 6). According to Michael Brie, Polanyi demands to take these ‘fictitious commodities’ out of the market (Brie, 2015, 80).

When Polanyi wrote *The Great Transformation* (at the end of World War II), he believed that “the world had come to recognize the folly of organizing human society around self-regulating markets. He imagined a new era in which humanity collectively chose to subordinate markets to political control” (Block, 2008, 10). Contrary to Polanyi’s anticipation, market fundamentalism has gained new momentum starting in the late 1970s. After the decay of the Soviet empire, a capitalist economy emerged virtually on a global scale and the implementation of neoliberal policies led to the destabilisation of economies as well as nature and entire societies. Nancy Fraser highlighted the structural similarities between today’s crisis and that of the 1930s, described by Polanyi:

“Now, as then, a relentless push to extend and de-regulate markets is everywhere wreaking havoc—destroying the livelihoods of billions of people; fraying families, weakening communities and rupturing solidarities; trashing habitats and despoiling nature across the globe. Now, as then, attempts to commodify nature, labour and money are destabilizing society and economy—witness the destructive effects of unregulated trading in biotechnology, carbon offsets and, of course, in financial derivatives; the impacts on child care, schooling, and care of the elderly. Now, as then, the result is a crisis in multiple dimensions—not only economic and financial, but also ecological and social” (Fraser, 2013, 119).

However, Fraser also points out an important difference between the crisis described by Polanyi and that of today: Historically, despite all differences, political classes in various countries converged “on at least this one point: left to themselves, ‘self-regulating’ markets in labour, nature and money would destroy society. Political regulation was needed to save it” (ibid.: 120). Indeed, Polanyi emphasized that protective measures could be put into effect “under the most varied slogans, with very different motivations [by] a multitude of parties and social strata” (Polanyi, 2001 [1944], 154). Today, however, no such convergence exists anymore among the political elites (Fraser, 2013, 120). Besides resistance movements from the political left, the impacts of global market forces have also evoked “various forms of religious and ethnic fundamentalism that are often reactionary in their political preferences” (Block, 2008, 5). Nancy Fraser notes “that social protection is often ambivalent, affording relief from the disintegrative effects of markets *upon* communities, while simultaneously entrenching domination *within* and *among* them” (Fraser, 2013, 129). Fraser therefore suggests to speak of a triple movement rather than a double

movement, to include struggles for the emancipation of marginalized groups.⁵ In her analysis, the market can sometimes have an emancipatory function, “to the extent that the protections it disintegrates are oppressive” (Fraser, 2013, 129). As Michael Brie argues, however, Polanyi saw neither the market nor social protection as unambiguously emancipative or progressive (Brie, 2015, 51). Integrating Polanyi’s and Fraser’s positions, Brie suggests that there are in fact four possible directions of movement (ibid., 48ff.): movements towards marketization versus social protection on one axis, and movements towards emancipation versus authoritarian domination on another axis (Figure 1). Brie further argues that, more precisely, one should speak of a “room of alternatives” (ibid., 53ff.),⁶ within which actual social movements take different places.⁷

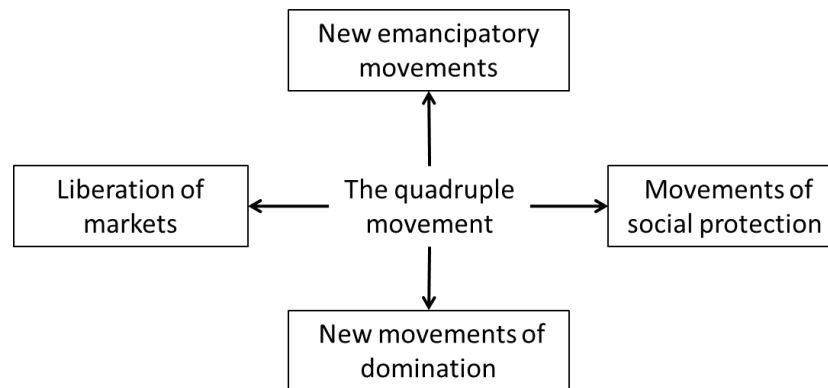


Figure 2: *The quadruple movement, after Brie (2015).*

4. Interpreting the Economy for the Common Good in a Polanyian framework

Where does the ECG fit into this characterisation of Polanyi’s analysis and its different interpretations? The mode of production – including working conditions as well as the protection of the natural environment – lie at the heart of the ECG’s concerns. For instance, the Common Good Balance Sheet rewards measures improving workplace health and safety, the implementation of fair employment and payment policies, the reduction of overtime, the elimination of unpaid overtime, the reduction of total work hours, compliance with minimum and maximum wages etc. Alike, the Common Good Balance Sheet entails numerous indicators and sub-indicators that aim at reducing environmental impacts of production and consumption on an absolute level, addressing environmental protection measures that exceed legal obligations. One can therefore say that the Common Good Balance Sheet aims at shielding the ‘fictitious commodities’ of labour and land (nature) from an unregulated exposure to market mechanisms.

At the political level the ECG calls for the reduction of income inequalities, a guaranteed basic income and for limitations to financial speculation. Among the principles of the ECG movement is that profits may be re-invested in the company or used to ensure the income

⁵ Kemp et al. (2016) also argue for the conceptualisation of a third movement, directed at “the humanization of the economy”.

⁶ Taking up Fraser’s observation that markets can sometimes increase individual liberties (Brie, 2015, 50), Brie places the assertion of individual (negative) liberties on one side, and the access to basic goods on the other side of the horizontal axis of the ‘room of alternatives’. On the vertical axis, he places struggles for solidary emancipation versus authoritarian tendencies. While the vertical axis describes an either/or decision, the horizontal axis refers to a continuum of two desirable but sometimes conflicting goals.

⁷ ‘Trumpism’ can probably be seen as a current example of a more reactionary or authoritarian version of a protective countermovement. By campaigning against immigration and the ‘Washington establishment’ as well as free trade agreements, Donald Trump has managed to become President of United States – largely supported by white males without a college degree (New York Times, 2016), and authoritarian-minded voters (Weiler & MacWilliams, 2016).

of owners and employees over the long term, but should not serve the interests of externals. The political demands of the ECG thus at least hint in the direction of a decommodification of the ‘fictitious commodities’ labour and money. Moreover, demands such as the limitation of inheritance rights and profitmaking, the extension of democratic control and an emphasis on fostering cooperation and solidarity over competition also position the ECG’s economic model beyond a merely ‘regulated capitalism’. In the words of Eric Maskin, the ECG approach aims at a “thorough overhaul of our capitalist system” (Maskin, 2015, xi). However, the ECG does not call for the abolishment of the market economy altogether; instead it strives towards an economic model, where “sustainable companies have an advantage on the market” (ECG, 2018e). Market activities and profitmaking shall no longer be ends in themselves, but rather means to promote the ‘common good’ (Felber, 2012). Polanyi also argues that no larger economy can be completely free from market exchanges (Polanyi, 1922, 379). Though the ECG’s focus lies on the accounting on the level of individual companies (via the Common Good Balance Sheet), the movement, like Polanyi in his article on ‘socialist accounting’ (Polanyi, 1922), also demands measuring the success of an economy with regard to its actual goals, by means of a so-called Common Good Product (Felber, 2015, 20). Having the ECG’s general political demands in mind (such as the introduction of a general basic income, the limitation of heritage rights or democratic control of the economy) as well as considering aspects of the Common Good Balance Sheet concerning ownership, income distribution or co-determination, the ECG-approach could be described as a countermovement that rather fits to what Gareth Dale called the ‘hard Polanyi’ interpretation (see above).

Just because the movement refers to the ‘common good’ as the ultimate purpose of economic activity, the ECG *cannot* automatically be labelled as progressive or emancipatory. The notion of the ‘common good’ is – and always has been – a highly arbitrary concept (Offe, 2001, 459). On the one hand, the ‘common good’ is closely linked to republican ideas, including the definition of virtues and obligations (Offe, 2001, 460f.). Yet, referring to the ‘common good’ inherently entails the danger of paternalism (who defines what exactly the ‘common good’ is?). However, a liberal perspective on the ‘common good’ is also possible. In this perspective, the market is seen as an order under which individuals, by following their self-interests, contribute to the ‘common welfare’. Karsten Fischer and Herfried Münkler call this idea – to serve the ‘common good’ by following private interests – “the semantic coup of liberalism” (Fischer & Münkler, 1999, 247). Due to the ECG’s participatory approach to decide on the goals of the movement as well as the development of the Common Good Balance Sheet, the danger of paternalism appears to be mitigated. Given the openness of the concept the social reference unit for the concept becomes crucial: Who exactly are the people who are addressed by the ‘common good’? Who is potentially excluded? In its Common Good Balance Sheet, as mentioned before, the ECG refers to a wide range of stakeholders as addressees for the consideration of the movement’s ‘core values’: “suppliers”, “owners, equity- and financial service providers”, “employees”, “customers and business partners”, but also the “social environment” including civil society, future generations, and nature. This inclusive approach corresponds to the ECG’s vision according to which the Economy of the Common good is supposed to enable “the common good society” that “offers citizens the right framework to: interact with each other with tolerance and mutual respect for diversity and diverse lifestyles” and “actively engage in politics, making democratic decisions and thus helping shape their own future” (ECG, 2018e). So in terms of the “quadruple movement”, respectively the “room of alternatives” defined by Brie (2015), the ECG moves in an emancipatory rather than authoritarian direction.

5. How do enterprises engaged in the ECG position themselves with regard to the relationship between market, society and state?

Generating a Common Good Balance Sheet does not necessarily mean that compliant companies already orientate their business practices towards the ‘common good’. Therefore, in the following chapter we draw on empirical findings generated from research on companies engaged in the ECG movement and illustrate how these actors do business in line with the ECG’s ideas.⁸ In compliance with these ideas, the companies in our sample do not see mere profit maximisation as their main objective. In order to guarantee decent working conditions and prevent environmental degradation, all investigated companies apply increased social and/or environmental standards in their production and management practices. However, more interesting for our discussion of the ECG as a protective countermovement might be examples of companies that even more fundamentally try to emancipate their economic activities from dominant market mechanisms in order to protect the ‘fictitious commodities’ of land (nature), labour and money. For instance, in order to promote traditional seeds (and avoid industrial seeds and biodiversity loss), an organic bakery from Berlin sources them directly from local farmers. In round tables, prices for their harvest are agreed on, which the bakery does not contest. This procedure guarantees that grain can be grown according to the highest ecological and social standards and that the farmers are not caught in a quote-driven cutthroat competition from which farmers and biodiversity suffer alike (Tsiafouli et al., 2015). The interviewed representative from the bakery explains:

“We are completely decoupled from the market. That’s what we want. Already many years ago, we left this system where prices for agricultural commodities are based on stock exchange. This makes no sense – neither for us nor for the farmers. We agree on a price that is valid infinitely. And only during the next negotiation round we discuss if a higher or lower price is needed.”⁹

In other words, the bakery does not only promote higher regulatory standards for commodity markets but aims at excluding nature from the sphere of free markets altogether. Free market exchange is replaced by deliberation between the group of producers and the bakery – considering aspects of ecological sustainability and social aspects alike.¹⁰

Since the bakery does not seek to maximise their profits, they can sell their pastries at comparatively low prices. They pursue the goal to produce bakery products of a high quality that do not harm the environment and – at the same time – are affordable to the whole population. However, because they do not want to threaten the existence of other (organic) bakeries they avoid dumping, and financial resources are invested alternatively:

⁸ The paper draws on qualitative interviews with representatives from eleven enterprises engaged in the ECG movement. The sample covers companies from all major economic sectors (primary, secondary and tertiary): food makers, production companies but also a retirement home and a national newspaper.

⁹ Own translation of the following sequence from our interviews: „Also wir sind komplett abgekoppelt dann vom Markt. Das wollen wir auch so. Also mit den ganzen aktienbasierten, rohstoffbörsenbasierten Preisen, da sind wir vor vielen Jahren schon ausgestiegen, weil es überhaupt keinen Sinn machte, also weder für uns noch für die Bauern. [...] Wir legen praktisch einen Preis immer fest und die Bauern legen einen Preis fest, der [...] unendlich lang gilt. Und in der nächsten Runde wird wieder überlegt: Kann der so stehen bleiben oder brauchen wir mehr oder brauchen wir weniger?“

¹⁰ Here, again, the observed practices show a striking similarity to Polanyi’s ideas: According to Bockman et al., “Polanyi’s understanding of the market was novel. In a functionally organized socialist economy, ‘in a certain sense buying and selling at negotiated prices, and therefore if you will a »market«, also exist’ (SA, 378). Such a system would have fixed prices and negotiated prices, or, in other words, ‘exchange’ prices negotiated by the production associations and the commune. In contrast to Mises’ markets of isolated individuals negotiating prices, Polanyi’s market has groups representing different ‘subjects’ with different ‘motives’ negotiating prices. Therefore, producers and consumers as institutions, not as individuals, negotiate prices. Polanyi demonstrated quite innovatively how markets could be embedded in, or even constituted of democratic institutions controlled by producers and consumers” (Bockman et al., 2016, 393).

“Or then the prices, where we say: ‘We don’t need a price increase.’ And here, we have to be careful, because we also don’t want to destroy the baking industry in Berlin. [...] And that’s why we considered to [...] try to enter community catering, that means old people’s homes, hospitals, kindergartens, schools. Where a healthy diet is actually needed [...] And then we considered that maybe we shouldn’t give this buffer we have to reduce regular selling prices any longer, but to pass it on into conditions for structures which can only buy cheaply. That way, we try to get into these structures, without jeopardizing the baking industry, the organic baking industry here. [...] That means, theoretically, we could be even cheaper, but we don’t want that.”¹¹

The same enterprise also bypasses a market-based pricing mechanism for their labour forces. Since it does not sell its products directly to the end customer but supplies whole-food shops, kindergartens and retirement homes, they depend on carriers. In this economic sector, pressure from competition leads to comparatively low wages in Berlin. Before the introduction of the minimum wage in Germany in 2015, the bakery agreed with their contracted carriers to pay drivers above the regular level, the bakery covering resulting extra costs. Finally, it also campaigns against the policies of marketization of nature and free trade. They regularly publish a customer magazine that mainly deals with political topics related to agriculture and food production but also topics such as biodiversity loss or the situation of refugees. A recent issue informs about the planned Transatlantic Trade and Investment Partnership (TTIP) between the United States and the European Union (EU) as well as the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU, including about how these free trade agreements will probably erode standards for agricultural and food production.

Within our sample, this bakery most radically challenges dominant market mechanisms, thus shielding the ‘fictitious commodities’ of labour and land (nature) from an insufficiently regulated exposure to market mechanisms. However, similar practices can be found among further companies investigated. A representative from a media agency discusses an idea for a network of ‘common good’ oriented companies with the aim of keeping money within this network:

“And in effect it would be pretty easy, if I could with every economic transaction, every purchase and every order and every bid, just attach the instruction to the money: please stay common good oriented. Then the one to which I give the money, from whom I buy something, can only pass the money on this way, and when I get this money as a company, I also get the instruction: please only spend it in a common good oriented way. This for me has pretty big implications. This requires a network of companies which does not only serve as a platform for self-promotion but where one has accounts to transfer money. Where one ideally also has capital, which is created exclusively in this network and stays exclusively in this network and is employed inclusively there, in a common good oriented way.”¹²

¹¹ Own translation of the following sequence from our interviews: „Oder eben die Preise, wo wir sagen: ‚Wir brauchen keine Preiserhöhung.‘ Und da müssen wir aber aufpassen, weil wir auch ja die Bäcker-Branche hier nicht kaputt machen wollen in Berlin. [...] Und deswegen haben wir uns überlegt, dass wir [...] versuchen, so in die Gemeinschaftsverpflegung einzusteigen, also Altenheime, Krankenhäuser, Kindergärten, Schulen. Wo eigentlich gesunde Ernährung benötigt wird [...] Und da haben wir uns überlegt, dass wir vielleicht diesen Puffer, den wir haben, nicht mehr in der Reduzierung der normalen Verkaufspreise geben, sondern in Konditionen für Strukturen, die sowieso nur billig einkaufen. So versuchen wir, in diese Strukturen zu kommen, ohne die Bäcker-Branche, die Biobäcker-Branche hier zu gefährden. [...] Also wir könnten noch günstiger werden theoretisch, das wollen wir aber nicht.“

¹² Own translation of the following sequence from our interviews: „Und eigentlich wäre es ganz einfach, wenn ich bei jedem Wirtschaftsakt, bei jedem Einkauf und bei jedem Auftrag und bei jedem Angebot einfach dem Geld, den Auftrag mitgeben könnte: bitte bleibe gemeinwohlorientiert. Dann kann derjenige, dem ich das Geld gebe, bei dem ich einkaufe, kann es auch nur so weiterreichen und ich, wenn ich das Geld bekomme als Unternehmen, kriege eben auch

This idea, if implemented, would exclude financial speculation and therefore contribute to the decommodification of money. Money would, in compliance with the ideas of the ECG, be used as a mere means of exchange between ‘common good’ oriented companies.

Though not directly related to the ‘fictitious commodities’ of land, labour and money, more company practices undermining the free play of market forces can be identified within our sample: For example, a textile producer introduced a premium program for small retailers in order to support small businesses, in contrast to the dominant logic of granting big wholesalers better conditions due to their large order volumes. A newspaper offers its articles online open-access. Readers are asked to pay a price for the content they regard as appropriate. Similarly, an investigated printing press charges prices from their customers according to their financial power: While better-off customers have to pay the regular prices (or even more), customers in a financially precarious situation (especially from civil society) have to pay considerably less.

6. Conclusion

Let us summarise some of the findings of this paper: According to Polanyi’s concept of the ‘double movement’, the rise of free market capitalism is necessarily complemented by the emergence of protective movements against the destructive impacts of ‘self-regulating’ markets. The ECG movement, which was founded in Austria and – up to now – found most support in Europe can be seen as a current countermovement for the protection of the ‘fictitious commodities’ of land, labour and money. The movement simultaneously works on the level of small and medium-sized companies that compile so-called Common Good Balance Sheets, which account for the degree to which they act corresponding to certain core values (such as ‘human dignity’, ‘ecological sustainability’, ‘solidarity and social justice’), as well as the political level where the movement aims at changes in the regulatory framework and incentive structures. The Common Good Balance Sheet entails numerous themes and indicators that aim at increasing working and social standards, exceeding legal obligations as well as reducing environmental impacts of production. At the political level, the political demands of the ECG also hint in the direction of a decommodification of the ‘fictitious commodities’. For instance, the ECG calls for the reduction of income inequalities, a guaranteed basic income and for limitations to financial speculation.

Protective countermovements against the marketization of society and nature can manifest themselves in a reactionary or authoritarian manner, but also in more progressive or emancipatory forms. On a theoretical level, this contribution shows that the ECG is a social movement which aims at embedding economic activity within democratic values and at aligning it with social and ecological concerns and, therefore, can be regarded as a progressive Polanyian countermovement. Though the ‘common good’ is a highly ambiguous concept, the ECG draws on republican and democratic traditions and in order to define its core values. Additionally, the ‘commonality’ addressed by the ECG is highly inclusive.

Political constraints for markets and social embedding can be realized by excluding certain societal areas from market mechanisms, and by the regulation of markets that are socially desired. Researching companies engaged in the ECG shows that increased social and/or environmental standards in their production and management practices are applied in order to guarantee decent working conditions and prevent environmental degradation. Some of the companies in our sample even more radically try to keep the ‘fictitious commodities’ – especially land (nature) – out of the sphere of ‘self-regulated’ markets. By doing

den Auftrag mit: bitte gebe es nur gemeinwohlorientiert wieder aus. Das hat für mich ziemlich große Implikationen. Da braucht es ein Unternehmensnetzwerk, was nicht nur als Plattform zur Selbstdarstellung funktioniert, sondern wo man Konten hat, mit denen man Geld transferieren kann. Wo man idealerweise auch Kapital hat, was genau nur in diesem Netzwerk entsteht und genau nur in diesem Netzwerk bleibt und genau nur dort, eben gemeinwohlorientiert, eingesetzt wird.“

so they achieve the protection of land, biodiversity and working forces involved in cereal production.

Overall, the ECG movement can thus be interpreted as a Polanyian countermovement in the progressive, or emancipatory, sense, which aims at changing the relationship between the market, the state and society. By setting higher social and environmental standards in production and by shielding certain ‘fictitious commodities’ from dominant market mechanisms, actors in the ECG movement may be able to contribute to a re-embedding of the economy so that it no longer destroys the very foundations on which it depends.

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Karl Polanyi and discussions on a renewed socialism

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The paper reconstructs Karl Polanyi's search process for a socialist answer to the crisis of capitalist civilization in the first half of the 20th century. Polanyi focused on the question of how the conditions for responsible freedom can be realized under the conditions of a complex society. For Polanyi, this only seemed possible if a new Great Transformation of society were to take place, leaving the capitalist market society behind. Polanyi concentrated on three paths: (1) the diminishing of the commodity character of natural resources, labor and money; (2) the comprehensive democratization of economic decisions on the basis of deglobalization and intraregional cooperation; and (3) the institutional safeguarding of individual freedom at the expense of economic efficiency.

Keywords: *Gemeinschaft* and *Gesellschaft*, Transformation of Capitalism, Neo-Socialism

1. *Gemeinschaft* and *Gesellschaft* – the complexity of society

The last chapter of Karl Polanyi's famous work *The Great Transformation* was titled *Freedom in a Complex Society*. This title itself expresses one of the most fundamental contradictions at the heart of the socialist tradition and in Polanyi's thinking itself – the contradiction between *Gemeinschaft* and *Gesellschaft*. Socialism in general and Polanyi's understanding of socialism in particular are visions of an "association, in which the free development of each is the condition for the free development of all" (Marx & Engels, 1976, 506). From their early beginnings in the aftermath of the Great French Revolution, socialism and communism challenged the emerging modern capitalist societies, demanding that freedom should not be a privilege but accessible to the last favored classes and groups. In the words of one of the most far sighted critiques of socialism, Lorenz von Stein, communism expresses the scandal that in the freest society humankind has ever seen new forms of unfreedom have emerged and one class is exploiting and suppressing the other (Stein, 1959, 8). Society is unable to govern its own reproduction as a society of freedom.

The classical communist solution to this scandal is the transformation of complex capitalist societies into a community of communities based on the common property of the producers (in the broadest sense) or of a *Gesellschaft* with complex institutions of intermediation to a *Gemeinschaft* or association of individuals bound by common property and direct collective self-government. Everybody should become a collective owner and producer in one and the same person. All social relations should become interrelations of persons, directly regulated by rational and purposeful collective action. No hidden hand should steer the development and no private property should withstand solidarity. Money, law, and state would vanish after a shorter or longer transitional period. Revolutionary communism in the tradition of François Noël Babeuf tried to implement this type of society by taking over the state apparatus. Evolutionary communism in the tradition of Robert Owen proposed

and experimented with building-up concrete communities of New Harmony. The result would be the same – rebuilding societies as communities. Karl Marx resumed this position in his main work, *Capital*, as follows: "Let us now picture to ourselves ... a community of free individuals, carrying on their work with the means of production in common, in which the labour power of all the different individuals is consciously applied as the combined labour power of the community. [...] The social relations of the individual producers, with regard both to their labour and to its products, are in this case perfectly simple and intelligible, and that with regard not only to production but also to distribution" (Marx, 1996, 89 f.).

In 1887 Ferdinand Tönnies published his most important work *Gemeinschaft und Gesellschaft* with the not so well-known subtitle "An Essay on Communism and Socialism as Empirical Cultural Forms" (in 1912 the subtitle was replaced by "'Fundamental Concepts in Pure Sociology'"). In this work he introduced the difference between two analytically opposed types of social relations.¹ Beside Henry Maine's works on ancient societies and Otto von Gierke's on cooperatives, Tönnies refers in his foreword of 1887 to Karl Marx as "the strangest and deepest social philosopher" (Tönnies, 1887, XXVIII). Tönnies defines his dichotomist terms in the following way: "All kinds of social co-existence that are familiar, comfortable and exclusive are to be understood as belonging to *Gemeinschaft*. *Gesellschaft* means life in the public sphere, in the outside world. In *Gemeinschaft* we are united from the moment of our birth with our own folk for better or for worse. We go out into *Gesellschaft* as if into a foreign land." (Tönnies, 2001, 18). It should be noted that for Tönnies *socialism* is result of a tendency to bring *Vergesellschaftung* under social control which – becoming total and thus transforming society into a *Gemeinschaft* again – would be self-defeating.² This position had an impact on Karl Polanyi, as we will see (see also Dale, 2010, 34 ff.).

Karl Polanyi's understanding of socialism seems to be fed and enriched by at least three "sources," which made him doubt this identification of socialism with *Gemeinschaft*. Firstly it was shaped by his permanent and lasting reflection of very different currents of socialism and critiques of socialism and communism (see for an overview Cangiani, Polanyi-Levitt & Thomasberger, 2005). Secondly it was shaped by his work as an outstanding analyst of international political and economical affairs working for the *Österreichischer Volkswirt*. His analysis of the crisis-ridden period after WWI and during the late 1920s and 1930s were a rich source of deep understanding of the relations between economics, politics, and the values of complex capitalist societies. More and more he became aware of the problems faced by committed left governments, labour unions, and left parties of combining an orientation toward social justice, individual freedom, and economic efficiency (Polanyi,

¹ Interestingly enough the English translation of the title of Tönnies' work was changed several times: In 1940 Tönnies' work was translated by Charles P. Loomis and published under the title *Fundamental Concepts of Sociology* (*Gemeinschaft und Gesellschaft*), in 1955 the same work was published as *Community and Association* and in 1957 as *Community and Society*. The most current translation of the book title by Jose Harris and Margaret Hollis is *Community and Civil Society*. Frequently in the translation *Gesellschaft* is not translated at all.

² In the concluding remarks of his work. Ferdinand Tönnies writes, "The whole movement, from its first appearance and through all its subsequent stages, can also be understood as a transition from original, simple, family-based *communism*, and the *small-town individualism* that stems from it – through to an absolutely detached *cosmopolitan and universalist individualism* and to the state-based and international *socialism* generated by it. Socialism is already latent in the very concept of *Gesellschaft*, although it begins only in the form of practical links between all the forces of capitalism and the state, which is specifically employed by them to maintain and advance the commercial order. Gradually, however, it turns into attempts to impose centralised control on business and on labour itself through the mechanism of the state – which, if they were to succeed, would put an end to the whole of competitive market society and its civilisation. (Tönnies, 2001, 260) The East-German philosopher Peter Ruben has developed a deep analysis of state socialism and the failure to impose *Gemeinschaft* as the main principle of *Vergesellschaftung* on complex societies (Ruben, 1995, 1998; see also Crome, 2006).

2002a, 2003). A third source became his ever increasing interest in precapitalist societies and their relation to market and non-market forms of regulation (see Polanyi, 1957, 1966). Based on the insights of these three currents of his work, Polanyi started to doubt the orthodox assumption that socialism will be a *Gesellschaft* reduced to *Gemeinschaft*. In *The Great Transformation* this assumption was finally no longer held at all – freedom should be realized in a *complex society* never reducible to *Gemeinschaft* and dealing with very different institutional forms always confronted with the problem of objectifications and relative independence (*Verselbständigung*) and alienation (*Entfremdung*) but having the horizon a community of free individuals acting together in solidarity.

In his debate with Ludwig von Mises, Karl Polanyi³ bases his argument on socialism as a *Gemeinschaft* of individuals organized in functionally differentiated organizations (see Bockman, 2013). In his work *Gemeinwirtschaft*, Mises argued that a economy based on common property is not feasible (or is at least less efficient than a market economy) due to the fact that it would be impossible to establish prices for the factors of production making an efficient allocation of these factors impossible and neglecting opportunity costs (Mises 1932). In line with concepts developed by G.D.H. Cole (1920) and the Austrian School of Marxism (Bauer, 1976), Karl Polanyi tried to prove that even on the basis of common property and united in one *Gemeinschaft* different actors can emerge – the collective producers (*Produktionsverband*), the collective consumers (*Konsumgenossenschaften*), and the communities (*Kommune*). In this "functional socialism" (Polanyi, 2005b, 72) these associations are "functional representations" of one and the same individuals in different roles (Polanyi, 2005b, 97). This functional socialism is clearly distinguished from any type of a centralized command economy based on the assumption of a mono-subject.

In the second half of the 1920s, the focus of Polanyi's search for socialist alternatives shifted from the problem of accountancy to the problem of freedom. This was in line with his earlier critique of corporatism and bureaucratization in the works of the first decade of the 20th century (see Cangiani, Polanyi-Levitt & Thomasberger, 2005, 21 f.). His lecture "On Freedom" in 1927 is centered on the question of how individual freedom can be possible in a complex society. In the liberal market societies, nobody has control over the results of his or her actions, and the consequences of free personal decisions are left to the "hereafter of the market": "The idea of being responsible for our personal share in the life of 'others', that is, in social realities, and incorporating it into the realm of freedom is not possible in the bourgeois world. But it is just as impossible to abjure and thus to voluntarily limit our responsibility and thus our freedom. The bourgeois world's idea of freedom and responsibility points beyond the boundaries of this world" (Polanyi, 2005c, 146).

In this lecture, Polanyi on the one hand still referred to socialism as a society which is an assembly of direct personal relations, as a cooperation of individuals, "when the social relations of people to each other become clear and transparent, as they are in a family or in a communistic community" (Polanyi, 2005c, 150). On the other hand, he reflects on the problem that even in the most advanced socialist society forms of "objectifications" will remain. The state, markets, and law will not vanish but will become much less "*entfremdet*" from the concrete actions of concrete individuals. He resumes his position as follows: "... the idea of functional democracy, of functional representation ... leads to robbing the political objectification *state power* of its reified character to an extent that is up to now unimaginable and approaching the direct expression of the impulses towards *law* of the individual. A complete cancellation of the objectification *law* naturally does not occur here. It is not even thinkable. The congealed will, which we call law, remains forever as a wall between past impulses to law and the fluid impulses to law which are at work today. However, in a functional democracy this wall will be infinitely thin and completely

³ At this point the author is not able to include Karl Polanyi's intellectual life in Hungary until 1914.

transparent – which is the most that our fantasy with regard to social freedom currently lets us imagine" (Polanyi, 2005c, 162).

This discussion of the role of "objectivations" continues in Karl Polanyi's works during his stay in Great Britain while he was involved in discussions in left Christian groups and different forms of workers' education. I will restrict myself here to the distinction he made between society and community (*Gesellschaft* and *Gemeinschaft*). The late 1930s, in other words the years immediately preceding the writing of *The Great Transformation*, were a time of intensive teaching activity for Polanyi, first in the circle of the Christian Left Group⁴ and then in the Workers Educational Association, whose president was R. H. Tawney.⁵ This framework of teaching and discussion represented the decisive space for his thinking before he wrote his main work. This is where the narrative of the book arose and took final shape.⁶ Here he came into contact with England's socialist thought, above all with that of Robert Owen. Here he formulated his specific view of the distinction between society and community, which also underpins *The Great Transformation*. This is also where he developed his position on the limits of Christian attempts to lead society back to community. From here on "recognition of the reality of society," of the complexity of society, became for him an indispensable condition of every emancipatory-solidarity politics. He said both positively and critically: "The Christian axiom about the essence of society is of the utmost boldness and paradox. It can be put in the simple phrase that society is a personal relation of individuals. Now, to regard society thus means to disregard altogether the share of institutional life and of other impersonal forces in social existence. In a sense it is the complete denial of the objective existence of society. [...] Two negative assertions seem to follow from this position. 1. *Society* as such, as an aggregate of functional institutions ... is no concern of Christianity. His concern is with the individual in community, not with society. 2. Neither is *history* as such his concern" (Polanyi, n.d., 1–3). In view of the big catastrophes, however, this double "indifference" is no longer acceptable: "if the claims of

⁴ In this context he published *Christianity and the Social Revolution* (Lewis, Polanyi & Kitchin, 1935) together with John Macmurray, Joseph Needham, and others. Through this he could have also been influenced by Macmurray's positions, who saw community and society as necessary poles of human-social existence, neither of which can be dissolved into each other: "The members of a community are in communion with one another, and their association is a fellowship. And since such an association exhibits the form of the personal in its fully positive personal character, it will necessarily contain within it and be constituted by its own negative, which is society. Every community is a society; but not every society is a community" (Macmurray, 1961, 146).

⁵ Repeatedly, Polanyi comes back to the motif of the "acquisitive society," the subject of Tawney's first influential book (Tawney, 1920). Tawney had criticized an ideology that derived the fulfilment of societal functions purely from "free," egotistical action, and he contrasted this with the vision of a society that rests on the connection between personal responsibility and social functions: "A society which aimed at making the acquisition of wealth contingent upon the discharge of social obligations, which sought to proportion remuneration to service and denied it to those by whom no service was performed, which inquired first not what men possess but what they can make or create or achieve, might be called a Functional Society, because in such a society the main subject of social emphasis would be the performance of functions. But such a society does not exist, even as a remote ideal, in the modern world, though something like it has hung, an unrealized theory, before men's minds in the past. Modern societies aim at protecting economic rights, while leaving economic functions, except in moments of abnormal emergency, to fulfill themselves" (Tawney, 1920, 28 f.). Polanyi later called the model of an acquisitive society ignorance of the reality of society: "It was an illusion to assume a society shaped by man's will and wish alone. Yet this was the result of a market view of society which equated economics with contractual relationships, and contractual relations with freedom. [...] Any decent individual could imagine himself free from all responsibility for acts of compulsion on the part of a state which he, personally, rejected; or for economic suffering in society from which he, personally, had not benefited. He was 'paying his way,' was 'in nobody's debt,' and was unentangled in the evil of power and economic value. His lack of responsibility for them seemed so evident that he denied their reality in the name of his freedom" (Polanyi, 2001a, 266). Polanyi exposed this as a convenient illusion.

⁶ Polanyi wrote in the "Author's Acknowledgments": Its main thesis was developed during the academic year 1939-40 in conjunction with his work in Tutorial Classes, organized by the Workers' Educational Association, at Morley College, London, at Canterbury, and at Bexhill" (Polanyi, 2001b, xl).

community press for change in society, the judgement passed upon society is inexorable. And when history points to the next step in the achievement of universal community, its claim to the allegiance of the Christian is unconditional" (Polanyi, n.d., 3). The aim has to be a "democracy of freedom" (Polanyi, n.d., 16), which simultaneously preserves the institutions of a complex society *and* subordinates them to the free life of its citizen in solidarity.

In the already cited 1937/38 Notes from the Training Weekends of the Christian Left, we find some remarkable utterances: "There is no contracting out of society. But where the limits of the socially possible are reached, community unfolds to us its transcending reality. It is to this realm of community beyond society that man yearns to travel" (Polanyi, 1937, 16). Even in his last letter written, shortly before his death on 23 April 1964, to Rudolf Schlesinger, the editor of *Co-Existence*, the journal he founded, Polanyi stresses again the importance of community and writes: "The essential connotation [to 'nation'] is always about the communion of humans. The heart of the feudal nation was the privilege; the heart of the bourgeois nation was property; the heart of the socialist nation is the people, where collective existence is the enjoyment of a community culture. I myself have never lived in such a society." (quoted in Polanyi-Levitt, 1990, 263)

The interrelationships between the realm of universal community, the habitation and uniqueness of the individual, and his or her freedom with responsibility, together with the irreducible complexity of society as well as, finally, democracy as a mode of life and way of shaping society are key concepts in Polanyi's work and form the matrix of his understanding of socialism.⁷

2. Three ways to deal with the contradiction between the complexity of society and human freedom

In 1831, Goethe, during his final efforts to finish his famous *Faust* after almost 60 years, created a tragic metaphor for modernity. Impressed by the new wave of European revolutions starting in 1830 and reading the works of the French socialist Saint-Simonists (see Jaeger, 2014, 421 ff.), he wrote the concluding parts of his work. Faust – a murderer again, blinded by the ghost of anxiousness, commanding a large-scale project of land reclamation in the new industrial age, unaware of the proletarians as the diggers of his grave under the supervision of the devil – exclaims in this last moments of his life: "A swamp lies there below the hill,/ Infecting everything I've done:/ My last and greatest act of will/ Succeeds when that foul pool is gone./ Let me make room for many a million,/ Not wholly secure, but free to work on./ Green fertile fields, where men and herds/ May gain swift comfort

⁷ We can only go briefly into his specific view of 1920s and 1930s Soviet socialism. Like many of his left-wing contemporaries he blinded himself to the extent of Stalinism's destruction of civilisation. He also refused to acknowledge the gap between his understanding of socialism and Soviet-type socialism, which along with democratic space had also destroyed the bases of individual freedom (for remarkable perspicacity at a very early date see Luxemburg, 2004; in this connection see Arendt, 1993, 39 f.; for my own position Brie, 2014a). His relationship to socialism was mainly shaped by the non-communist left and by Central and Western European experiences. For him, "Bolshevism" was a subform of socialism alongside others. In this way he missed what was specific to the Soviet system of rule. In the 1930s he wrote that "Russian socialism is still in the dictatorial phase, although a development in the direction of democracy has already become clearly visible" (Polanyi, 1979, 124). In 1939 he said "*The working class must stand by Russia for the sake of socialism*. Both parts of the sentence are of equal importance. To stand for socialism and not for Russia is the betrayal of socialism in its sole existing embodiment. To stand for Russia without mentioning socialism would also be the betrayal of socialism, which alone makes Russia worth fighting for" (quoted from Karl Polanyi's 1939 manuscript "Russia and the Crisis" by Nagy, 1994, 99). In 1943 he cited "the French Revolution, the American Revolution, the Russian Revolution, and socialist Britain" within a list of Rousseau's legacy (Polanyi, 2005a, 310), and after 1944 he saw the problems of Soviet socialism in the fact that on the one hand the Russian Revolution "centers rather on the practice of co-operation and the ideal of human fraternity than on liberty and equality" and, on the other hand, that "the Russians are moreover in a different phase of their revolution, [...] far from having reached final fruition" (Polanyi, 1944, 6–7).

from the new-made earth./ Quickly settled in those hills' embrace,/ Piled high by a brave, industrious race./ And in the centre here, a Paradise.../ I wish to gaze again on such a land,/ Free earth: where a free race, in freedom, stand./ Then, to the Moment I'd dare say:/ 'Stay a while! You are so lovely!'" (Goethe, 1832) The greatest vision ever in the midst of destruction and death!

Modernity has many faces and its extremes are the radicalized market-society, the totalitarian rule under the auspices of ideologies, the rational bureaucratic command, and the state-less war of militarized clans in anomic societies. Simple solutions to the complex problems of complex modern societies proved to be traps and nightmares, literally creating not paradise but hell on earth, destroying the freedom it promised to secure. This was true for Bolshevik communism as it was and is true for market liberalism.

Nancy Fraser rightly points out that it is completely wrong to hope for a pendulum swing of the so-called double movement away from market radicalism and toward social protection and to work for it. For this protection can take on authoritarian, repressive, and even barbaric forms under the domination of capital oligarchies or with their active participation. Elements of various sorts of neofascism have been emerging for a long time now. The global surveillance of the communication of citizens is only one such element. The new border regime, drone-based warfare, the massive erosion of social civil rights, and above all the emptying out of democratic institutions are threatening. This kind of 'protection' is the flipside of precisely those tendencies of an unleashed market radicalism against which Polanyi was arguing. The continuation of a double movement is the attempt to stabilize capitalism on its own basis. The decisive strategic task of a transformatively oriented left would be to challenge the foundation of the so-called double movement – the capitalist market society. This in turn overlaps with the goal of "non-reformist reform policies" of the kind that Nancy Fraser asks for (Fraser, 2003, 79 f.). Socially and ecologically oriented entry projects towards a Green New Deal would meld together with entry projects into a solidarity economy in the broadest sense (Dellheim, 2008), into a reproduction economy, based on solidaristic commoning.⁸

In Polanyi's 1943 *The Common Man's Masterplan* a series of "entry projects" are cited, which are also invoked at the end of *The Great Transformation*:

Regulated market means markets with no supplementary markets for labor, land and money. The security is possible in a society wealthy enough to banish want without even raising the question of the motive to work.

The freedom of arbitrary rejection of job to be limited.

The freedom of arbitrary dismissal limited.

The freedom of unlimited profits limited.

The unlimited rights of private ownership limited.

The public spirited forms of enterprise fostered.

The plastic society achieved. The helpless society transcended.

The concept of freedom reformed. Christianity transcended. The philosophy of the common man established (Polanyi, 1943, 2).

Karl Polanyi develops three directions to ensure freedom in a complex society: (1) to take the fictitious commodities out of the markets; (2) deglobalization; and (3) democratization of democracy.

⁸ On the concept of entry projects see Klein and Brangsch (Brangsch, 2009; Brie, 2014b; Klein, 2004). In this context the Institute for Critical Social Analysis has studied, among other phenomena, participatory budgets (Brangsch and Brangsch, 2008), energy-democracy initiatives (Müller, 2012), as well as free public transport (Dellheim, 2011; Brie & Can-deias, 2012). Erik Olin Wright's real utopias project has tracked these kinds of projects within a comprehensive concept of socialist transformation (Wright, 2010, 2013).

3. Taking-out the fictitious commodities of the market

The best known proposal of Karl Polanyi for a radical reform to overcome the market society is the removal of the fictitious commodities (labour, nature, money – and one may add: knowledge and culture) from the subordination to the markets. His empirical observations and theoretical considerations of the 1920s and 1930s have proved that the subsumption of the basic goods of a free life to the markets are self-destructive to the economy, the society, the political democratic system, and the whole civilization. Already in his preparation for a lecture on the *Übersichtsproblem* (the problem of a transparent society) in the late 1920s he wrote:

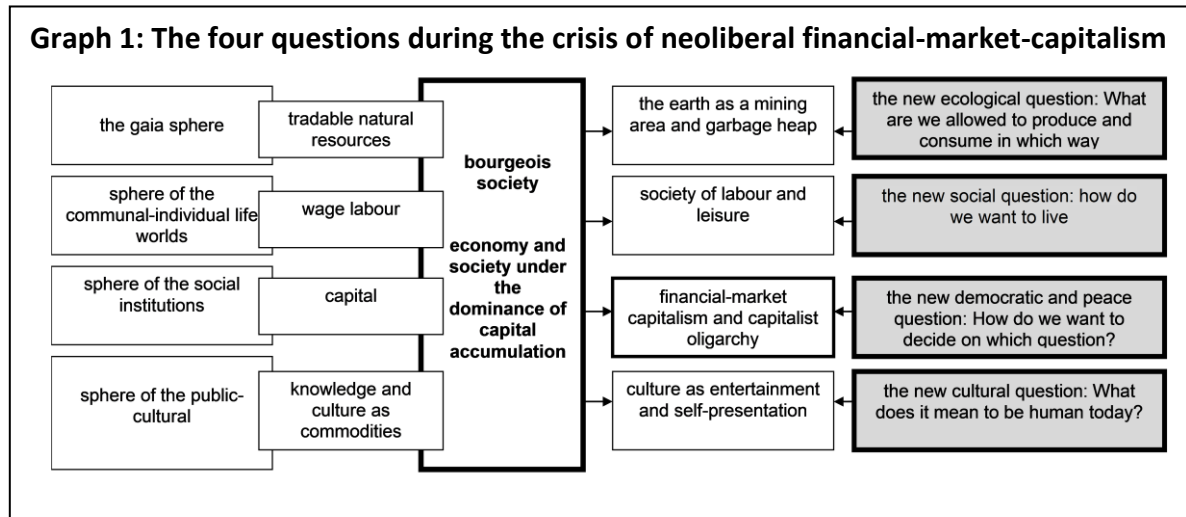
For the socialists it is evident: the labour force isn't a commodity... Humans aren't a final product but are standing at the beginning of the ... production process as its creator. They are situated outside of the economy. Likewise this is true for some raw materials...(Polanyi, n.d., 18)

Polanyi studied the different attempts to decommodify labour, nature, and money starting from the early 19th century and the proposals of Robert Owen to regulate the labour day. In the mentioned lecture script he adds ideas which anticipate *The Great Transformation*: "If the capitalist utopia ever had been true the world had to be at a standstill in the moment it was forbidden to exploit the labour force longer than a fixed number of hours per day" (Polanyi, n.d., 16). Polanyi demanded that the basic conditions of human security and for development should be secured by regulation: "Not only conditions in the factory, hours of work, and modalities of contract, but the basic wage itself, are determined outside the market..." (Polanyi, 2001b, 259) One should be aware that this would include a deep and profound transformation overcoming the concentration of our societies on wage labour. It would be a *care revolution* (Chorus, 2013; Madörin, 2006; Winker, 2012, 2015). The spheres of life beyond wage labour should dominate the cycles of life. Frigga Haug is speaking about a four-in-one-approach combining wage labour, care, social and political engagement, and *Muße* (otium) in a balance (see Haug, 2014).

The ecological question and the deep-rooted globalization of investment and commodity chains are radicalizing Polanyi's ideas concerning land and money even more than before. Not only must the economy be re-embedded into the society and society into a strong civilization but the human civilization itself must be re-embedded into sustainable cycles of life on earth. Polanyi is aware: "The nature of property, of course, undergoes a deep change in consequence of such measures since there is no longer any need to allow incomes from the title of property to grow without bounds, merely in order to ensure employment, production, and the use of resources in society" (Polanyi, 2001b, 260). This implies thinking about the end of the pressure for growth (Daly, 1991; Ax & Hinterberger, 2013; Klingholz, 2014; Mahnkopf, 2013; Paech, 2011). Polanyi sees the "removal of the control of money from the market" (Polanyi, 2001b, 260) nearly completed at the time he is writing *The Great Transformation*: "Since the introduction of 'functional finance' in all-important states, the directing of investments and the regulation of the rate of saving have become government tasks" (ibid.). Neoliberal financial-market capitalism has reversed this tendency (Streeck, 2013). The current multi-dimensional crisis of the capitalist civilization would demand the socialization of a larger part of investment, the euthanasia of the rentier (Keynes, 2003), and deep transformation in all parts of the financial- and tax spheres (Flassbeck, Davidson, Galbraith, Koo, et al., 2013; vgl. u.a. Krugman, 2008; Polanyi-Levitt, 2013; Troost, 2010). Nothing less than a transformation of capitalism going beyond it is on the agenda (Klein, 2013).

The expression "to take the fictitious commodities out of the markets" could be misunderstood, because markets will need the input of labour, nature, capital, and knowledge anyway. It may be better to speak about the removal of the reproduction of these

"commodities" from the *dominance* of the markets. Their development should be steered by their own logic, the logic of their own spheres – the gaia-sphere with regard to nature, the life-worlds with regard to "labour," the sphere of stable and democratic institutions (the sphere of the social) with regard to money, and the sphere of the cultural with regard to knowledge. Without this the deep civilizational crisis will deepen and the new questions of our time won't be answered (see graph 1) (see Brie, 2014c).



For Polanyi to take the fictitious commodities out of the markets does not mean to abolish the markets, rather to change the whole institutional and social framing of the markets. This faces us with a contradiction which is not elaborated in *The Great Transformation*: The regulation of labour, nature, money, and knowledge must be done in a way to secure the stability and safe reproduction of the most important goods of freedom in a socially just way *and* in a way that these fictitious commodities can be used for economic and non-economic purposes without destroying them making constant innovation by the permanent re-combination of these "factors" of production possible (Schumpeter, 1964). The discussions with Mises have shown for Polanyi that markets are necessary "to ensure the freedom of the consumer, to indicate the shifting of demand, to influence producers' income, and to serve as an instrument of accountancy, while ceasing altogether to be an organ of economic self-regulation" (Polanyi, 2001b, 260). But the chances to control the dynamics of the markets are bound to the problem of the spatial dimension of the markets. This leads us to the second direction of transformation – to deglobalization.

4. Deglobalization and the cooperation of large politico-economic and civilizational spaces

In contrast to the broad reception of Polanyi's position on the fictitious commodities and his proposals to remove them from the dominance of the markets, his ideas concerning the pluralization of politico-economic and civilizational spaces are merely taken into account. However, they are at least as important. His close observations of the central European and southeast European development after the disintegration of the Prussian, Habsburg, Ottoman, and Czarist empires led him to work on concrete proposals for a deeper regionalization in Central Europe (see for an example Polanyi, 2002b). In his sketch for a book to be written immediately after *The Great Transformation – The Common Man's Masterplan* – he concentrates on this task. The post-war order should be an order of peaceful empires cooperating on a global scale. In the ten theses summarizing his proposals in the draft for the *Masterplan* the problem of taking-out the fictitious commodities

of the markets is just the last (but not the least). Without first creating the necessary international conditions this step seems impossible, as he saw in the 1920s and 1930s:

"The story of the unresolved problems should drive home the *following recognitions*:

1. *That post war reconstruction is not about "What to do with Germany" but what to do with the unsolved problems of the world. No conceivable treatment of Germany will resolve them*
2. *That these unsolved problems led to World War I and were only partly resolved by the destruction of the feudal empires of the Hohenzollern, the Habsburg, the Romanov and the Sultan-Khalifs; that the between-wars period was entirely dominated by them, including the rise of Hitlerism, British appeasement, the Russian bogey, the collapse of France, the gay twenties, and the wasted thirties in America.*
3. *That these unsolved problems centered around the antiquated international system of absolute sovereignties and an automatic gold-standard on the one hand, of a national life based on unregulated economies on the other. Between them they corroded the civilization with unemployment and unrest, deflations, and super-wars.*
4. *That the Hitlerism crime wave could be successful only because it benefited from these unsolved problems which were bursting the world wide open; in the Hitlerian venture some of the most obstructive features of the old world perished including nuisance sovereignties, the gold standard fetish, as well as chaotic markets. But if Hitlerian barbarism was thus "hitch-hiking on the great transformation," it was only because it could pretend to offer an ultimate solution even though it was that of slavery for all under the heel of the Nordics of the Munich beer garden.*
5. *That the survival of democratic methods depends upon the measure of their success in tackling the global tasks of the time. If freedom fails (a) to restrict the scope of wars, (b) to secure a medium of exchange between increasingly large areas of the planet, then the war-waging slave empire will triumph and ensure peace and division of labour within its confines of death.*
6. *That the greatest single step towards division of labour and the enlargement of the peace area is represented by essentially autarch and essentially peaceful empires the co-operation of which is institutionally safeguarded, empires such as the U.S.A., Latin America, Great Britain, the U.S.S.R., and a similarly peaceful federation of a German Central Europe, China, India, and some other regions.*
7. *That the will to cooperation between the empires must be positive and institutionalized. It is the new form of the peace interest which the 19th century produced, and which we should retain and develop. All but the predatory empires are eligible under the new dispensation. The tame empire is no more a utopia.*
8. *That the 19th century was peacefully imperialistic since under the gold standard the leading powers insisted on spreading their business pattern to all countries and forced them to accept their institutions, without which trade was then not possible. We should model ourselves on China which is and was based on the tolerance of other people's ways of life.*
9. *That self-sufficient empires can regulate their economic life in the way that they please and live at peace with others. The helpless method of free trade*

must be superseded by direct responsibility of the governments for economic and financial relations with other governments.

10. *That internally we must have regulated markets which remove labour land and money from the scope of anarchy. The inevitable increase in centralization that is involved must be met by the positive will to freedom for all minorities – racial, religious, regional, or otherwise – made effective with a single-mindedness modelled on England's achievement."*
(Polanyi, 1943)

After WWII Polanyi observed two different tendencies: On the one hand the (in the end more or less successful) attempt of the U.S. to create a new system of a unified global system as it has existed until 1914 with modified rules and the dollar as the new standard. The dollar itself was linked to gold at the rate of \$35 per ounce of gold until 1971. The Bretton Wood agreement again established a rigid system with one dominant power. On the other hand, were proposals like those of John Maynard Keynes much more in favor of a regulation binding all sides to avoid strong inequalities of international trade and strengthening the ability for a more autonomous development. Based on Keynes' ideas Britain proposed a "use-it-or-lose-it" mechanism. This would have forced creditor nations to import goods from the debtors, build factories in these states or donate part of the surplus to them (Cesarano, 2006, 160 ff.). In this context Polanyi wrote his profound and important article "Universal capitalism or regional planning?" of 1945 and stressed: "The alternative to reactionary Utopia of Wall Street is the deliberate development of the new instruments and organs of foreign trading and paying, which constitutes the essence of regional planning" (Polanyi, 1945, 89). He hoped that the "new permanent pattern of world affairs" would be "one of regional systems co-existing side by side" (Polanyi, 1945, 87). Such large regional systems could make the global market society history with its destructive tendencies and contribute to overcome the side-products of universal capitalism – "intolerant nationalism, petty sovereignties, and economic non-co-operation" (Polanyi, 1945, 88), which he had studied in detail with regard to the Balkan states in the 1920s. Polanyi was convinced that the catastrophe of his time originated in the institutional rigidity ("*Gleichschaltung*") of the utopia of a global market society (linked to free trade and the gold standard). As far as only a few states or only one of them (the global imperial power) are really sovereign and the many are just quasi-sovereigns this leads to right-wing nationalism and fascism – an experience we are making again in our time. The abolition of the global unified capitalist market order is for Polanyi the precondition for true federations of nation-states: "While under market economy and gold standard the idea of federation was justly deemed a nightmare of centralization and uniformity, the end of market economy may well mean effective cooperation with domestic freedom" (Polanyi, 2001b, 262). Deglobalization and the development of new forms of solidaristic cooperation are two sides of the same coin (Bello, 2005). Only under these conditions individual freedom can be secured and democratic planning and control realized.

5. Protection of individual freedom by democratic planning and control of the economy – democratizing democracy

Polanyi's intentions can be summarized in the idea of making the economy and society "compatible" with freedom and democracy. For him, the fundamental lesson of the 1930s is: "The stubbornness with which economic liberals, for a critical decade, had, in the service of deflationary policies, supported authoritarian interventionism, merely resulted in a decisive weakening of the democratic forces which might otherwise have averted the fascist catastrophe" (Polanyi, 2001b, 242). According to his paradigm, in a market society the economic and the social interests, entrepreneurship and labour, international cooperation,

and national sovereignty are in an antagonistic conflict (see Polanyi, 1979, 2001b, 245 ff., 2005a). Authoritarian attempts to defend the globalized market economy and capitalism on the one side and the democratic defense of the interests of the population on the other side (often without taking into account economic stability and competitiveness) had led to a structural confrontation of economy and democracy against which the political system could not hold for long. Fascism emerged as a result of the crisis of the market society. The reluctance to intervene by planning, regulation and control into the economy made fascism possible. Liberalism committed suicide: "Freedom's utter frustration in fascism is, indeed, the inevitable result of the liberal philosophy, which claims that power and compulsion are evil, that freedom demands their absence from a human community. No such thing is possible; in a complex society this becomes apparent" (Polanyi, 2001b, 265 f.).

Karl Polanyi combined his commitment to freedom with the demand to use organized state power in a democratic way to regain control over the economy and to regulate it with the purpose to decrease unfreedom and injustice. From his point of view, liberalism represents freedom as the freedom of the few: "The institutional separation of politics and economics, which proved a deadly danger to the substance of society, almost automatically produced freedom at the cost of justice and security" (Polanyi, 2001b, 263). But it has to be stressed that he is totally aware of those liberal achievements which have to be secured at any price and be made a common good for all. He proposed creating strong institutional guarantees to secure the "right to nonconformity" (Polanyi, 2001b, 263). It would be of utter importance, he wrote, to "create spheres of arbitrary freedom protected by unbreakable rules" (Polanyi, 2001b, 264). This includes the imperative: Personal Freedom "should be upheld at all cost – even that of efficiency in production, economy in consumption or rationality in administration. An industrial society can afford to be free" (Polanyi, 2001b, 264). He demanded the extension of civil and political rights to the sphere of the social: "The list should be headed by the right of the individual to a job under approved conditions" (Polanyi, 2001b, 264). Under these conditions "regulation and control can achieve freedom not only for the few, but for all" (Polanyi, 2001b, 265).

These positions were in accordance with the famous four rights stressed by President Roosevelt in his 1941 State of the Union Address (freedom of speech, freedom of worship, freedom from want, and freedom from fear). In 1944 Roosevelt extended this position in a further address to the people of the United States with the demand to pass a second "bill of rights" (Roosevelt, 1944; Sunstein, 2004). His widow, Eleanor Roosevelt, led the committee of the UN to present a draft of a UN human rights declaration after WWII. The final declaration included social and cultural rights as well as liberal and political rights (Glendon, 2001). In the 1960s and 1970s, new human right declarations were passed (see for a broader documentation and Marxist analysis Klenner, 1982). All these declarations have created a normative framework in deep contradiction to the global economic, political, and social order (Klein, 1997). A "utopian slope" (Habermas, 2010) emerged. The more recent discussion is concentrating on the assumption that the effective defense of human rights demands a protection of common goods as well, namely the "common goods of humanity" (Boff, 2010; Houtart, 2012; see also Brie, 2012). All this proves that there is still a long way to go to ensure freedom in a complex society faced by most urgent global problems and to realize the vision of Polanyi's *Great Transformation*.

Polanyi's late works further developed approaches to a plurality of exchange principles already adumbrated in *The Great Transformation*. The traditional societies, which he investigated, are characterized by reciprocity, redistribution, and a subsistence economy. At the same time, as Polanyi noted, they developed extensive markets, which were subjected to strict control. Despite this, the "safeguards of the rule of law and of the traders' liberty" were impressive. He added: "Similarly, ways were found to reconcile economic planning with the requirements of markets in communities as different as democratic Attica of the

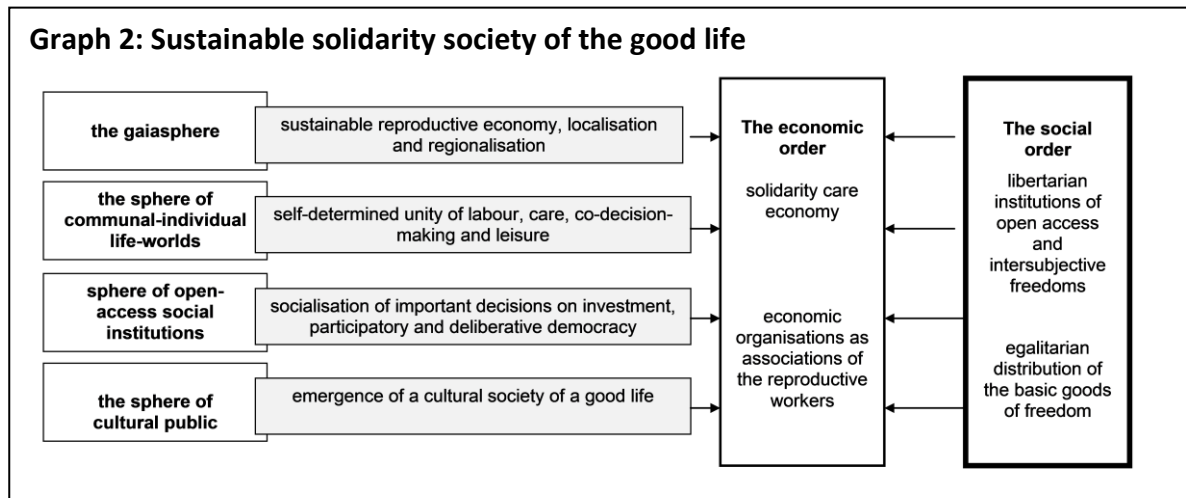
fifth century B.C. and the preliterate Negro Kingdom of Dahomey in West Africa, more than 2000 years later" (Polanyi, 1977, XII). He rejected the alternative "market society or oppression." For him, planning and regulation could be the condition for freedom. His vision was that of a society with a plurality of property and socialization forms, in which a plurality of protagonists shape their own lives in a self-conscious way on the basis of a free agreement on their goals and means. Today's initiatives, either in the form of a socio-ecologically radicalized neo-Keynesianism or, on the other side, of a libertarian commonism, are pre-conditions for it. But he stressed the most important condition: democracy!

Democracy is in Polanyi's understanding the only form in which free communality can still exist within a complex society with "aggregates of functional institutions." He thought that democratization would give rise to socialism as an attempt – however incompletely – to "make society a distinctively human relationship of persons" (Polanyi, 2001a, 242). He was aware that the complexity of society always produces unintended consequences, which can never be fully controlled. Full oversight and transparency is impossible. However, a much higher degree of freedom and responsibility for the consequences of one's own actions can be achieved. It is true that new relations of domination and new exclusions constantly emerge: "No society is possible in which power and compulsion are absent, nor a world in which force has no function" (Polanyi, 2001a, 266). But according to the last paragraph of *The Great Transformation*: "Uncomplaining acceptance of the reality of society gives man indomitable courage and strength to remove all removable injustice and unfreedom. As long as he is true to his task of creating more abundant freedom for all, he need not fear that either power or planning will turn against him and destroy the freedom he is building by their instrumentality. This is the meaning of freedom in a complex society; it gives us all the certainty that we need" (Polanyi, 2001a, 268). Here, as already before in Rosa Luxemburg's thinking, freedom is understood as the merging of socialism and democracy, a goal that is at the same time the way.⁹

The civilisational dimension of Polanyi's vision appears when he writes: "After a century of blind 'improvement' man is restoring his 'habitation'" (Polanyi, 2001a, 257). The horizons this opens up could be denoted by the concepts of landscape, urban community ("polis"), the squares and loci of public communality (the "agora"), and the home. Far too many people remain unaware of the radicality of this task. It is a great, enormously attractive vision, which deserves to live. A great deal of this tomorrow has for a long time danced today, as Dieter Klein has vividly shown (Klein, 2013, 169–202). The philosopher Lothar Kühne formulated this context thus: "In the landscape the individual is not only incorporated into a specific community through the house that is crowned by the landscape; in the landscape he/she also has the incipient spatial form of his/her incorporation into humanity, because the landscape indeed exists because of the house although it is essentially nature and earth. The finiteness of individual life has become negated by/absorbed, in creative everyday life, by the species. [...] Thus the house takes back the values that have been separated out and seigneurially inverted in the church. The house is not seigneurial but is homey and wonderful" (Kühne, 1985, 39). To this end, however, the earth must

⁹ Taking issue with Lenin and Trotsky, Rosa Luxemburg wrote in the summer of 1918 "...socialist democracy is not something which begins only in the promised land after the foundations of socialist economy are created; it does not come as some sort of Christmas present for the worthy people who, in the interim, have loyally supported a handful of socialist dictators" (Luxemburg, 2004, 208). She wanted transformation in the sense of "resolute attacks upon the well-entrenched rights and economic relationships of bourgeois society," but "*in the manner of applying democracy*," "out of the active participation of the masses," "subjected to the control of complete public activity" (Luxemburg, 2004, 308).

become a paradise, which we take care of and cautiously preserve – the old Persian word for garden is *pairi-daēza* (Turner, 2005, 121).¹⁰



The walls must crumble so that everyone can come and go freely in our cities and communities, no one as an outsider but always as a guest or at home, no one humiliated and no one exalted. Responsibility then can really be taken for freedom; solidaristic communality of provision and care would be a daily matter; citizens would put at least as much time and effort into shaping their social institutions and social life as in the production of goods (for an emancipatory perspective on time see Haug, 2009). In the place of a society whose rhythms and spaces are determined by capital accumulation (Harvey, 2006) the reproduction of solidaristic life would be in accordance to the cycles of life in its very different forms. Traditions of pre-capitalist and modern societies could be combined on a new basis in a “city of being.”¹¹ A sustainable solidarity society of the good life would arise (Reißig, 2009, 141 ff.) (Graph 2). Karl Polanyi’s contemporary Ernst Bloch captured this hope in these words: “*True genesis is not at the beginning but at the end*, and it starts to begin only when society and existence become radical, i.e., grasp their roots. But the root of history is the working, creating [and, we should add, caring – M.B.] human being who reshapes and overhauls the given facts. Once he has grasped himself and re-established what is his, without expropriation and alienation, in real democracy, there arises in the world something which shines into the childhood of all and in which no one has yet been: a homeland” (Bloch, 1995, 1375 f.).

¹⁰ In his utopia of a liberated, communist future society, William Morris has a contemporary witness of the great transformation look back and say: “Yes, [...] the world was being brought to its second birth; how could that take place without a tragedy? [...] The spirit of the new days, of our days, was to be delight in the life of the world; intense and overweening love of the very skin and surface of the earth on which man dwells [...] many of the things which used to be produced – slave-wares for the poor and mere wealth-wasting wares for the rich – ceased to be made” (Morris, 2004, 119, 121).

¹¹ This vision was outlined by Erich Fromm who wrote in the conclusion of his work *To Have or To Be*: “Later Medieval culture flourished because people followed the vision of the City of God. Modern society flourished because people were energized by the vision of the growth of the Earthly City of Progress. In our century, however, this vision deteriorated to that of the Tower of Babel, which is now beginning to collapse and will ultimately bury everybody in its ruins. If the City of God and the Earthly City were thesis and antithesis, a new synthesis is the only alternative to chaos: the synthesis between the spiritual core of the Late Medieval world and the development of rational thought and science since the Renaissance. This synthesis is The City of Being” (Fromm, 2008, 164).

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Of (anti-)capitalism, countermovements, and social- democratic bedtime stories. A review of recent literature on Polanyi¹

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This paper reviews some newer and older books and articles that relate to Polanyi's analysis of capitalism, the countermovement, and his own perspective concerning the future after the possible end of market society.

Keywords: Polanyi, Capitalism, Marxism, Social Movements, Neoliberalism

1. The continuing relevance of Polanyi's work

When reading *The Great Transformation*, it "seems as if Polanyi is speaking directly to present day issues" (Stiglitz, 2001, vii). No wonder that his work is one of the most important theoretical references for scholars and activists, who aim to analyse, and, or at least embed capitalism (Aulenbacher et al., 2017). Frank Deppe (2012) has even named one of his latest books after Polanyi's *opus magnum*, implying that we – just as Polanyi – are living in times of a *Great Transformation*. Reason enough to discuss books and articles of contemporary thinkers that make use of Polanyi's arguments and figures to understand modern day shifts in capitalism, analyse social movements and search for possible countermovements capable of taming, embedding or even overthrowing capitalism. Rather than discussing the endless stream of literature referring to Polanyi one after the other, I set the discussion on the most interesting and politically relevant topics that can be found in almost every publication.

2. Manifesto against capitalism or "social-democratic bedtime story"?

In his biography of Polanyi, Gareth Dale (2016a, 9) presents him as a reformist socialist, who wanted to transform capitalism into socialism with parliamentary measures and "piecemeal alterations to existing institutions". Ironically, Polanyi's own life seems to be inseparably linked to that kind of social democracy in the 19th and 20th century. Polanyi was born in 1886, three years before the founding of the Second International, and died in 1964, five years after the Social Democratic Party of Germany officially rejected Marxism, and committed itself to the prosperity of capitalism.

Concerning the relation between Polanyi and Marx, Dale points out that Polanyi would have emphasized on "the contrast between non-market societies, in which economic relationships take immediate and personal forms, and market society, in which human

¹ I thank Ceren Tosun, Martin Seeliger and Sina Samadi for helpful advice concerning the expressions in this text as well as its structuring.

relationships manifest themselves through the impersonal guise of exchange value, yielding, by way of commodity fetishism" (2016a, 137-138). In detail, Polanyi criticizes market societies for dividing the individual from its fellow human beings by processing economic transactions through the market. This would make it impossible for the individual to bear responsibility for his own actions. Furthermore, market society would lead to a destructive "institutional separation of the social spheres" into a political sphere, where responsibility would obtain, and an economic sphere, "steered by the price mechanism, in which it does not." For Polanyi, this would have been the main issue of his time (138). According to him, the proletariat was the representative of the general interest of society in its struggle against the consequences of the market.

Even though Polanyi's critique of marketization has some parallels to the Marxist critique of capitalist societies, it is based on morality rather than economic issues. Polanyi's concept of socialism is, as Dale (223) describes, based on some "core topics of 'socialist economics'": The reduction of the influence of market-transactions on society, the "ideological legacy" of this former dominant principle, the question of how economy might be re-integrated into society, and how science and technology can be democratically controlled. When it comes to the realization of this vision, Polanyi considers the state "as the pivotal agent of social progress" (271). According to this concept typical for "traditional social democracy", the state is neutral and can be seized by the organizations of the working class when they are strong enough. Subsequent to this, Polanyi's and social democracy's concept of socialism centers around the idea that private ownership should be replaced by public and/or cooperative ownership, together with the state's acceptance of its role as the responsible institution for social welfare. Polanyi has paid almost no attention to the various forms, in which the capitalist state itself, has become "systematically geared to the interests and imperatives of capital accumulation". These would be, for instance, enforcing contracts and punishing breaches, maintaining the "walls of property exclusion", the synchronization of the "media of commodity exchange", the regulation of labor's "regeneration, security, and circulation", tailoring the qualifications "to the needs of business" and investments in social infrastructure as well as ideologically legitimizing the process of capitalist accumulation (284). Dale then considers Polanyi's very abstract concept of society "an illusion". In the end, Dale sums up, Polanyi "failed to take stock of the fact that a system based on commodified labor power requires a supportive framework of non-commodified institutions, and that capitalism is capable of accommodating trade unionism, welfare measures, state intervention, and public ownership" (285).

When asked about the ongoing relevance of Polanyi's work, Dale highlights his "diagnosis of the corrupting consequences of the marketization of labor power and nature that gives his work a contemporary feel and explains its continued appeal" (282). Nevertheless, he states that the solutions offered by Polanyi appear out of date. That's why for Dale, Polanyi belongs to a bygone world, created by social democratic organizations at the end of the 19th and the beginning of the 20th century. His *opus magnum*, *The Great Transformation* could therefore, as Dale (2016b, 286) claims, "legitimately be read either as an anticapitalistic manifesto or as a social-democratic bedtime story: a provider of sweet dreams that help chastened idealists to rise in the morning, to get to work on the countermovement, more or less ruefully reinterpreted as a mission to improve, upholster, and repair the cogs of the market machine."

As Dale points out in another book (2016a, 4), the question whether Polanyi's work deserves a "hard" or a "soft" interpretation, is subject of a controversy that's still ongoing. The soft, "social-democratic mainstream"-position seeks to regulate capitalism while the market should "remain the dominant coordinating mechanism in modern economies, albeit complemented by redistributive and socially protective institutions". On the other hand, the hard interpretation of Polanyi's work would describe Polanyi as a "red-blooded

socialist for whom the market could not remain and should never be the dominant mechanism of economic coordination" (5). Dale himself comes to the conclusion that the soft Polanyi might have the bigger fan-base while the hard Polanyi-supporters would better with the 'lyrics': He doubts that Polanyi would have actually believed that the market should stay "the dominant mechanism" and that Polanyi also would not have thought that the "pendular swing" would come automatically, as some kind of natural reflex of society against the market's assaults (6).

Similar to Dale, the German scholar Michael Brie (2017, 9) claims that Polanyi would not have had "hopes for a social protection movement on the basis of market society." For him, the market would have been "part of the problem and not the solution." Brie therefore describes approaches and interpretations that only view and Polanyi as an authority for an embedded capitalism, as "Polanyi faked" (10). Even though it would not have often been interpreted as such, *The Great Transformation* shows the "deeply grounded socialist background" of Polanyi's thought. The reason why the mainstream interpretation of his most famous work ignored those facts would be, as Brie (11) claims, that the last chapter of *The Great Transformation* would be "seldom dealt with" or at least "deprived of its socialist dimension." While Dale (2016b) postulates that Polanyi's work belongs to the by-gone world of the 20th century, Brie argues that *The Great Transformation* should not be understood as "a mere narration of 19th and early 20th century English and Western European history." Polanyi actually tried to convey that mankind has the "strategic choice" between socialism and fascism – a third option was not thought possible by Polanyi (Brie 2017: 11). While Dale (2016b, 282) claims that Polanyi belongs to a "lost world", Brie (2017, 14) reasons that Polanyi could "prove to be a travelling companion even today, who was waiting for us until the moment that the period moved closer to him." He even says that Polanyi might have been "ahead of us the whole time."

One of the reasons why Brie titled his work "a Socialist Thinker for Our Times" is that Polanyi would have "formulated a new radical concept of freedom, which includes both individual responsibility and the necessity of societal transformation." Here, Polanyi might have been led by the question "under what social conditions people can deal with freedoms in such a way that they do not harm others but support them in living their own lives" (16). While Dale (2016a) has already presented Polanyi's critique that people cannot really live their lives in responsibility for their actions as a major aspect of his general critique on capitalism, Brie goes further into detail, and shows that Polanyi tried to figure out how a society would have to be constructed "so that people could be put in a position to act completely responsibly" e.g. where people would be also responsible for the consequences of their actions (Brie, 2017, 16). He quotes Polanyi himself, who wrote that in such a society "no choice is possible, by allowing us to shoulder the finally inevitable burden of our responsibility for coercing and interfering with the lives of our fellows" (Polanyi, 1937, 16). This form of expression is very close to the vision of a communist society described by Marx and Engels (1976, 506), "in which the free development of each is the condition for the free development of all." Brie argues while using cars, airplanes, buying coffee and heating houses, nobody could "escape from this distressing confrontation with a life that cannot be personally controlled" and adds the verdict that such a life "makes people guilty" (Brie, 2017, 16). This situation has recently been picked up and elaborated by Lessenich (2016). Concerning Polanyi's vision of a socialist society, one of the most decisive aspects of Polanyi's critique on capitalism is the impossibility to live life with full responsibility for one's own actions and decisions. In a socialist society, people would not be controlled by the obscure processes of the market but can be masters of their own history – once again a famous Marxist vision.

In the last part of his discussion of Polanyi's work, Brie tries to bring Polanyi into discussion with Nancy Fraser. She criticizes Polanyi's figure of the double movement because social

movements such as the anti-imperialist, anti-war, feminist movement would not fit into the figure because they would neither push social protection nor marketization but emancipation. This is why Fraser has developed her own figure, the “triple movement”, where emancipation has its place. With this concept, Fraser does not simply demand “greater inclusiveness” but instead wants to “capture the shifting relations among those three sets of political forces, whose projects intersect and collide.” Each of the sides of the figure would be able to forge alliances with one of the others against the third (Fraser, 2013, 128-129). According to her, there is “no going back to hierarchical, exclusionary, communitarian understandings of social protection”, since their “innocence has been forever shattered, and justly so.” In the end, she states that there could be “no protection without emancipation” (131).

Brie takes Fraser's critique on the shortcomings of the double movement and turns it against her because the triple movement might include movements aiming at emancipation while completely ignoring the possibility that a countermovement might push for more domination and/or exploitation. PEGIDA, the AfD and similar movements and parties in other countries are examples for the rise of such “right-wing populist and neofascist forces”. Therefore, Brie tries to complete the figure as a “quadruple movement” (Brie, 2017, 20). He argues that for Polanyi, markets would have been “irrefutable [...] in complex societies” and, under the condition that they would be socially controlled, also productive. Consequently Brie reasons that processes of marketization could have “emancipatory or regressive and oppressive” effects, depending on the “social, economic and cultural ‘capital’” of the affected persons and groups. This leads him to propose a scheme “which measures the development of complex capital-dominated societies [...] neither as a pendulum motion between unleashing and taming of the markets nor by conceiving it through the addition of a third, an emancipatory, movement but by seeing the poles in a more general and fundamental way.” While the vertical axis of his scheme consists of the two poles “Struggle for solidarity emancipation” and “Enforcement of exclusionary authoritarian tendencies”, the poles on the horizontal axis are “Defense of inter-subjective rights of freedom” and “Access to the basic goods of a free life” (22). Of those axes, only the vertical one is the “either-or” type. The space between them is described as the “space of possible alternatives” filled by real movements (23).

Brie ends his chapter with the conclusion that there could be no “solidary emancipation without a new synthesis of the inter-subjective rights of freedom and access to the basic goods of a free life, the commons” (24). Finally, Brie formulates a political agenda for our times. He suggests: “We should work at counterposing to the alliance of neoliberalism and authoritarian social paternalism, which is now taking shape, an alliance of liberal socialists and thoroughly libertarian commonists.” The “socio-cultural basis” finds Brie in a “solidary lower-middle alliance” with skilled personnel in the public services, wage-earners in services, industry and commerce as well as precariously employed as its “most important milieu”. Realistically, Brie thinks that his project of a “transformative left” still has a long way to achieve a success (33).

However good Brie's and Fraser's approach may sound, one might ask – and this applies for Polanyi as well – how a society with markets might function without them taking control of social relations. Markets always go side by side with people in control of the market perhaps even using it to their own advantage. If the goods offered to them in exchange or if a person does not have any goods to exchange, this would probably lead to a situation, where the less powerful person will not be able to satisfy his or her needs. Also, Burawoy's critique on Polanyi seems to apply to Brie as well. Burawoy claims that Polanyi would have “believed in the power of ideas”, what made him think that the in his time “discredited ideology of market fundamentalism could not take hold of our planet again” (2010, 301). When Polanyi and Brie both want the market to stay a mechanism for social transactions

but in an embedded, socially controlled way, there is no guarantee that the forces of capital accumulation would not – as they have done in the pasts again and again – rise up and get the double movement back in business. Nevertheless, Brie offers some valuable insight into forgotten or neglected aspects of Polanyi's work and how it might be used today in a way the author himself would have been happy to experience it.

3. Sociological Marxism almost without Marx?

While Brie and Fraser are asking the question how a countermovement to neoliberal capitalism might look like, Michael Burawoy's contribution to the debate is characterized under the heading of two concepts – Sociological Marxism and Public Sociology. Both approaches are results of his critique of Polanyi as well as they are committed to Polanyi's political ambitions. Therefore, Public Sociology and sociological Marxism shall function as allies for a potential countermovement. Aulenbacher and Dörre concretize Burawoy's description and call his approach "sociological Marxism 'after Polanyi'" (2015, 10).² What should Marxism after Polanyi be? Why do they describe Burawoy's approach in such a way?

In his *opus magnum*, Polanyi rejects some central aspects of Marxist theory that cast doubt on the term Marxism after Polanyi. In *The Great Transformation*, Polanyi claims for instance that class interests would only offer "a limited explanation of long-run movements in society", and states that the "fate of classes is more frequently determined by the needs of society than the fate of society is determined by the needs of classes". However, Polanyi never doubts the "essential role" that class interests play in social change and even describes them as its "natural vehicle". Nevertheless, class interests could only prevail when representing "interests wider than their own" (Polanyi, 2001, 159). He claims that challenges are not to sectional interests but "to society as a whole"; its only society's response that would come through "groups, sections and classes" (160). At this point, Burawoy (2010: 301) criticizes Polanyi's concept of society as "nebulous and under theorized". When Polanyi tries to make his point clear by interpreting the protectionist movement after 1870, one might ask how the movement could have "simply responded to the needs of an industrial civilization with which market methods were unable to cope" (Polanyi, 2001, 161), when this civilization and society is characterized by sectional and contradictory class interests. That's why Burawoy states that for Polanyi, "not exploitation but cultural devastation wrought by the market" would have been the driving forces behind Europe's 19th century struggles (2010, 301). This is one of the major differences between Marx's critique on capitalism and Polanyi's.

Furthermore, Polanyi questions the "mistaken doctrine of the essentially economic nature of class interests" as such. He argues that "the motives of human individuals are only exceptionally determined by the needs of material want-satisfaction". In fact, he claims that "questions of social recognition" would be far more relevant to the behavior of a class than "[p]urely economic matters". Although recognition would often be expressed in form of the prize of labor, class interests would "most directly refer to standing and rank, to status and security" and by that be primarily social but not economic (Polanyi, 2001, 160). As Burawoy points out, this question has imminent political consequences when it comes to the question, around what kind of social conflicts a potential countermovement could gather. While traditional Marxism claims that this would still be a class conflict and class-interests, Polanyi's notion puts questions and aspects of recognition in its center: "While a Marxian project of labor internationalism" would try to bring together "working classes across factories, localities, nations, regions and the world, united by their common exploitation"; a "Polanyian scheme" of struggle would try to gather participants "on experience

² All translations from German texts into English were made by the author.

of the market as distinct from experiences of production" (Burawoy, 2010, 306-307). Burawoy himself claims that commodification and not exploitation would be "the key experiences in our world today", because exploitation might be "essential to any analysis of capitalism", but could not be "experienced as such". While being on Polanyi's side in this case, he criticizes him for "rejecting Marxism" and creating a teleology of his own. *The Great Transformation* would reduce "a complex historical account to a single cycle: market devastation followed by counter-movement and regulated decommodification." Burawoy rejects this teleology and in return understands "the history of capitalism as a succession of great transformations and a complex intertwining of marketization and counter-movement, but with no definite end in sight" (307).

Burawoy further claims that there would be "powerful resonances between Marx and Polanyi" as well as "fundamental divergences between their commentaries" (301). He then criticizes Polanyi for refusing Marx's theory of accumulation because the processes of globalization and marketization could not be understood without a proper theory concerning the driving forces behind it (Burawoy, 2015, 44-45). This is important because it is one of the major reasons of Burawoy's critique on Polanyi. The central aspect is the false optimism in Polanyi's work. Since Polanyi didn't see the powers of the accumulation of capital as a driving force of development, but ever more so "believed in the power of ideas", he was able to think that the in his time "discredited ideology of market fundamentalism could not take hold of our planet again" (Burawoy 2010, 301). Other than Polanyi, Burawoy emphasizes "the imperatives of capitalist accumulation that lie behind the resurgence of markets". Another point of critique is centered around the fact that Polanyi would have, in his theory on the countermovement, "too easily reduced state to society, missing their complex interplay" (302).

While Burawoy criticizes Polanyi for rejecting major aspects and advantages of Marxist theory, he himself does almost not refer to specifics of Marxism at all – but ever more so to Polanyi (Neidhardt, 2017). As Dale shows, the focus of Burawoy's analysis does not lie "on production or exploitation". This leads him to criticize Burawoy for divesting Marxism "of its core theses" which would make his approach turn out to be "an essentially Polanyian research programme" (Dale, 2016b, 35). What does Burawoy himself say concerning this verdict? He criticizes so-called "neo-Marxists" for treating Marxism "as a supermarket", from which they think they could "take what pleases them and leave behind what does not." On the contrary, his own approach would respect Marxism as "a living tradition that enjoys renewal and reconstruction". This leads him to the conclusion that Marxism would have to change at the same time the world does (Burawoy, 2013, 35). Regardless of the changes and developments, Marxism would be defined by four "foundational claims": Historical materialism, the "premises of history", "notions of human nature" and "the relation of theory and practice". The trunk of it all would be the Marxist theory of capitalism (36). Sociological Marxism, the variety of Marxism which Burawoy favors, is then described as "based on an expanding and self-regulating civil society" while its predecessors would have been "the projection of an economic utopia" (classical Marxism), or "based on state regulation" (Soviet Marxism, Third World Marxism and Western Marxism) (37).

In his attempt to keep Marxism up to date, Burawoy breaks with the "Marxist claim that production provides the foundation of opposition to capitalism." For Burawoy – just like Polanyi – the market and not production is "the most salient experience today." To justify his thesis, he argues that consent to capitalism would be organized in the sphere of production while exploitation would, in times of a numerous surplus labor-population all over the globe, become more and more of a privilege. To not be misunderstood, Burawoy emphasizes that exploitation would still play a huge role in the process of capitalist accumulation but would not be experienced as such by the exploited laborers. While Marxist theory claims that the "experience of the market appears as the 'fetishism of the

commodities’”, Burawoy argues that it would be more than just a fetishism, since it affects the existence of humans in multiple dimensions (37). This critique leads Burawoy to a reconstruction of Polanyi, because he would, as Burawoy states, have a better understanding of the positive and negative consequences of markets on society but on the other hand, he would not take “the logic of capitalism seriously” (38).

Concerning classical Marxism, Burawoy claims that it “suffered from three fatal flaws”: A wrong theory of class struggle, because instead of organizing against capitalism, the working class would often organize to gain concessions within capitalism. The second “flaw” would be an underdeveloped theory of the state since the state would be “organized to defend capitalism against capitalists as well as workers.” It would recognize and enforce “the material interests of workers, in a limited but crucial way, through trade unions and parties, but it also regulates relations among capitalists so that competition does not destroy capitalism” (43). Here Burawoy is wrong: In his text *Anti-Dühring*, for example, Friedrich Engels has described the state as the “ideal personification of the total national capital”, which – from time to time – also engages against the interests of single capitalists to keep the general process of capitalist accumulation going (Engels, 1978, 265). This makes Marx’s and Engels’ notion of the state not that different from Burawoy’s own. According to Polanyi’s theory of the state, even though Burawoy describes it as more developed than the Marxist theory, the state “is conceived not primarily as a means of political oppression or instrument of bourgeois rule but in the mainstream sense: as the institution through which a community of citizens fashions itself as a collective subject with a common will, as an instrument for the self-regulation of society” (Dale, 2016b, 53). By following Polanyi’s notion of the state, instead of the Marxist’s, Burawoy does not help Marxism to get to a more adequate, contemporary understanding of the state but falls back behind the Marxist state of the discussion.

What are the political perspectives of Burawoy’s sociological Marxism? While the “first wave of Marxism” would be “characterized by the contradiction between capital and labor” (Burawoy, 2013, 44), the third wave would “not emerge through some catastrophic break with the past [...] nor through state-sponsored socialism from above, but through the molecular transformation of civil society.” It would take “real utopias”, “small-scale visions of alternatives such as cooperatives, participatory budgeting and universal income grants” to challenge both “market tyranny” and “state regulation” (47-48). The job of sociological Marxism would then be “to elaborate the concrete utopias found in embryonic forms of throughout the world” and to keep alive “the idea of an alternative to capitalism, an alternative that does not abolish markets or states but subjugates them to the collective selforganisation of society” (48). Again, one might ask, what exactly this vision has to do with Marxism. When Dale (2016b, 35) claims that Burawoy’s research program would be “essentially Polanyian”, the same can be said about the political agenda of his sociological Marxism.

4. The project of Public Sociology

The Polanyian research agenda of Burawoy has direct consequences on his concepts of sociological Marxism and Public Sociology (Burawoy, 2005). The latter project has found some followers in German sociology over the last years (Aulenbacher et al., 2017; Aulenbacher & Dörre, 2015; Dörre, 2017). Burawoy tries to “construct a synthesis of Polanyian theory with Gramsci’s thoughts on hegemony, reinterpreted as an argument for the formation of lasting multi-class coalitions” (Dale, 2010, 241). Dale criticizes both Burawoy and Polanyi for promoting a theory where “society” is defined as the plain “antithesis of the free market” that would mediate “between state and economy” and provide a common ground for the rise of the “solidarity among all classes” (242). This critique becomes clear

when examining the following appeal of Burawoy: “Sociology lives and dies with society. When society is threatened so is sociology” (2007, 366).

Burawoy’s approach for a Public Sociology has first been presented in 2005. Originating from the thesis of a certain “division of sociological labor”, he describes Public Sociology as one variety of sociology near policy sociology, professional sociology and critical sociology (Burawoy, 2005, 9). He further states that he does not propagate a strict separation between the four types and rather wishes for “an organic solidarity, in which each type of sociology derives energy, meaning, and imagination from its connection to the others”. At the heart of every form of sociology, its “professional component” should remain because without such, neither of them could exist (15).

The following notion, where he describes the “Sociologist as partisan”, clearly presents Burawoy as an heir of Polanyi. In a very schematic distinction, he differentiates between the standpoints and tasks of economy, political science and sociology: “If the standpoint of economics is the market and its expansion, and the standpoint of political science is the state and the guarantee of political stability, then the standpoint of sociology is civil society and the defense of the social. In times of market tyranny and state despotism, sociology—and in particular its public face—defends the interests of humanity” (25). He further argues that the different disciplines within the social sciences would “represent different and opposed interests”, especially “interests in the preservation of the grounds upon which their knowledge stands.” For economics, that would be the “existence of markets with an interest in their expansion”, while political science would depend “on the state with an interest in political stability”. Sociology, then, would depend “on civil society with an interest in the expansion of the social.” Accordingly, Burawoy defines civil society as “movements and publics that were outside both state and economy—political parties, trade unions, education, communities of faith, print media and a variety of voluntary organizations.” He adds the thought that “[w]hen civil society flourishes [...] so does sociology” (24).

Facing a “third wave of marketization [...] sweeping the world, destroying the ramparts laboriously erected to defend society against the first and second waves of the previous two centuries” (Burawoy, 2007, 356), sociologists would have the choice to “engage directly with society before it disappears”. This choice would be Public Sociology. Because they are identified as the driving forces behind the third wave, Burawoy claims that Public Sociology must not “collaborate with market and state” (357).

This approach of has been met with sympathy by some of the most influential sociologists in Germany. They, just like Burawoy, want a critical sociology to seek contact to social movements and countermovements. In their approach, Public Sociology should play a part in stopping the “decay of civil society and its organization” while helping to create and stabilize counter-public (Aulenbacher et al., 2017, 27). To do this, Aulenbacher and Dörre (2015: 10) demand that sociology should leave the “ivory tower” and help constitute a “global democratic civil society beyond core state and the market”. Klaus Dörre (2017, 34) goes more into detail and states that we would be witnesses of another *Great Transformation*, characterized by forms of “post-growth”-capitalism in the metropolises that would more and more react in an authoritarian manner to systematic instabilities. In this situation, Public Sociology could help “generate knowledge about the possibilities and difficulties of social change that is indispensable for processes of social transformation” (35-36). He then identifies trade unions, politics and cooperatives as potential allies for this project. In the end, he – similar to Brie – wants to develop “neo-socialist” alternatives that would subject the systematic growth drivers of capitalist societies to forms of democratic control by civil society” (34).

Other German scholars are skeptical about how Public Sociology might function as a powerful ally to social movements and countermovements. As Müller (2017, 114) claims, Public Sociology – as shaped by Burawoy and his German supporters – would “talk pretty big”.

Müller doubts that sociology could again be able to play the role it used to play during the 1960s and 1970s, when it acted like and was by some also perceived as the leading science that could “tell society what to think and what to feel”. Müller argues that sociology would be a “voice among many but not a dominant one” and claims that it would be very unlikely that this would change (115). Similar to Müller, also Neidhardt (2017, 306) is skeptical when it comes to the idea that a “conglomerate of somehow oppositional players” within civil society could turn out to be a “historical subject of social change”. With reference to the history of social movements and social change he then argues that there would be plenty of examples for forces of social transformation that used to be fragmented and bound together lose in the beginning. But instead of learning from such examples, Neidhardt blames “Burawoy and his followers” of ignoring the results of research on social movements. Playing some kind of advisor for the public sociologists, he recommends the theories of social movement-studies as a possible guidance. Even harder is his critique for the public sociologists’ refusal to cooperate with forces of market and state because he claims that this would lead to a “systematical renunciation of politics” and weaken Public Sociology in pursuing its goal to help groups within civil society to progress (308). Despite this constructive critic, Neidhardt rejects the concept of Public Sociology as shaped by Burawoy and his colleagues. He argues that it would hinder “sociology’s inter- and intra-disciplinary orientation” and criticizes it for claiming to represent the interests and standpoint of civil society while accusing political science and economics to represent the interests and standpoints of the state and the market. This analysis would not only be blurred but also tear apart the interdisciplinary context necessary for every sociology that claims to be dedicated to social change (308). The same judgement is made concerning Burawoy’s varieties of sociology that would be a “key element” of his concept and express Burawoy’s contempt for the other existing forms (309). In the end, Neidhardt comes to the conclusion that Public Sociology would be “less of a theory and more of a declaration of intent”. The concept as developed by Burawoy would then function as a “compensation for theory” (310). Even though he does not doubt the integrity of Burawoy and his followers, Neidhardt identifies “ambiguities and contradictions” within their program. These factors and critique would pose a risk for Public Sociology in terms of its scientific respectability (313-314). In conclusion, Neidhardt claims that it would not always be possible to have “knowledge and movement” at the same time (314). For him, Public Sociology is not able to fulfill its own promises and instead lead to a “de-politicization” and “de-economization” of sociology. Finally, civil society, Public Sociology’s object of desire, would not have much to expect from its admirers.

5. Global Labor Studies

Another section of sociology, Global Labor Studies, can also be portrayed as Polanyi’s heir. Burawoy criticizes they would all share four “elements of false optimism” that could also be found in the work of Polanyi himself: The faith in the “power of ideas” while ignoring the “imperatives of capitalist accumulation”, an “under-theorized notion of society”, believing that it would more or less automatically “summon up its own defense in the face of a market onslaught” and, finally, reducing “state to society” without acknowledging their far more complex relation (Burawoy, 2010, 301-302).

But is this critique precise? The authors of the book *Grounding Globalization* (Webster, Lambert & Bezuidenhout, 2008) are in the focus of Burawoy’s critique, who claims that their purpose would without a doubt be important, but nonetheless their “political desires” would “overwhelm their analysis when they claim to see in their case studies movements – Marxian and Polanyian – thwarting the tide of neoliberalism.” In *Grounding Globalization*, the countermovement would become “a mirage, a fantasy” that would disavow the authors “intention to ground globalization” (Burawoy, 2010, 304). Burawoy further

accuses the authors of following a “Polanyi teleology”, since they would homogenize “a malignant past” and then invert it “into a radiant future.” This would not only result in a “false homogenization of history but also of geography” in terms of a “dichotomous north-south distinction”. Eventually, their “flight of fancy into labor internationalism and utopian society” would make them dream “a Marxian dream” as well as a “Polanyian dream” (305). The authors themselves are, unlike Burawoy’s suggestions, quite critical of Polanyi and argue that there would be “major gaps” in his theory of the double movement, especially “his undertheorizing of how a counter movement is constructed.” They even state “the absence of a theory of social movements” in Polanyi’s work and want to “identify the processes through which transnational activism emerges”. Although Burawoy blames them for following a teleology just like Polanyi, their innovative approach is based on the critique that global labor studies would have almost at all ignored “the impact of global restructuring on the non-working life of workers”. The assumption of the authors is that an analysis of the workplace is not enough, and that scholars “need to examine workers as a totality, workers in society”, because changes in the employment relationship would directly impact “worker’s households and the communities of which they are part” of (Webster et al., 2008: x).

The authors emphasize the topicality of Polanyi’s theory, since he would be “profoundly shaped by moral concern over the psychological, social and ecological destructiveness of unregulated markets.” This assessment would also resonate in our times, “because such a relentless drive towards a market orientation” would lie “at the very heart of the contemporary globalization project” and lead to the consequence that “market-driven politics dominates nations across the globe”. Therefore, political discourses center “on the language of the market: individualism, competitiveness, flexibility, downsizing, outsourcing and casualization” (4).

In their book, the authors identify “five areas of under-theorization” or “theoretical shortcomings” in Polanyi’s work (5). The first, the “society problem” would be rooted in the fact that Polanyi doesn’t have a clear concept of what society actually is. Like Burawoy, they argue that “society occupies a certain institutional space between the state and the economy.” But at the same time they claim that Polanyi wouldn’t be able to describe how institutions of the society are related to the state and the economy. Moreover, they claim that the “boundaries between society, the state and markets may be analytically distinct, but in reality these boundaries are not fixed and tend to shift over time” (6). Another problem they determined in Polanyi’s theory is the “spontaneity problem”. Webster et al. (8) argue that countermovements are not spontaneous reactions to processes of marketization but have to be organized. Because Polanyi does not provide any help here, they turn to social movement theory, because it offers “an understanding of the structural conditions, political opportunities and repertoires that movements draw on, and how resources are mobilized when social movements engage in contentious politics.” This approach would show that countermovements are not only “reflex against globalization” but also “shaped by changes in the opportunity structures of international politics.” The third problem they identify is the “labor movement problem” which leads to the question whether this movement can be part of a countermovement. The authors believe that labor studies should not only analyze reasons for the decline of the movement in the past but “explore the contradictions that may create the opportunity for a counter-movement to emerge” (10). For this, the “power problem” (11), they turn to Beverly Silver (2012), her critique of Polanyi and her theory of power. When it comes to the “scale problem”, Webster et al. (2008, 14-15) argue that while Polanyi would have “worked within the parameters of the nation state, which he saw as analytically sufficient and the arena within which countermovements evolved”, a “more sophisticated understanding of how markets, governance

and social responses are embedded in place, and how landscapes of spaces and scale form the basis for contestation”.

What are the findings of their study in Australia, South Africa and South Korea? In all three countries, the authors state that market ideology has pushed politics of privatization, for example of the supply with water and electricity, with a huge impact on the living conditions of major parts of the inhabitants of the cities where they did their research. For them, the privatization is the result of “market-driven politics characterized by the penetration of corporate into the activities of the states, which erodes democracy, citizenship and the public interest” (78-79). When corporations start controlling “key areas of human need”, they reduce social relations “to the status of commodity relations where everything is measured by the market” (103). How do people react to such developments? In their case studies, they find two different responses: A retreat from the market and an adaption to it. While in Orange/Australia, unemployed persons rested on welfare and developed right-wing attitudes, workers in Ezakheni/South Africa stopped trying to be wage-laborers and concentrated on the resources they had in their households as potential sources of income. In Changwon/South Korea, workers started working harder and longer when they were put under pressure by their employers (157). On the political level, the researchers found different responses to the threats of the market as well. People founded new parties, unions forged transnational alliances with workers from their company who worked in other countries and organized irregular workers, and pushed the state to put a quota on imported products. Even though the authors report “innovative attempts by local community organizations and the trade union movement to search for security and ways of protecting society against growing commoditization”, they also claim that the reported responses would “lack an overall vision of an alternative response to the challenge of globalization” (158). If the social movements really wanted to challenge the power of the market, they would need “to involve some notion of an alternative to current power relationships” (159).

Just like Brie, Burawoy and the other public sociologists, Webster et al. follow a political agenda and make more or less detailed suggestions how the problems are described and could be dealt with on a multi-level scale. They talk about “six key areas that inquire imagination and hard work if a democratic alternative is to emerge” (213). Based on the assumption that the destruction of the environment is “the central social issue of the twenty-first century”, they demand the introduction of “a new economic logic that reconnects social needs and nature.” While they claim “the right to certain basic needs such as food, shelter and clothing”, they refuse to accept a right to “those wants that are constantly manufactured and manipulated by the market” (217-218). Here, one might ask, what the society the authors want to live in, should look like – aren’t most of our wants and needs a social construct? Where does the manipulation begin? Taken by their word, one might believe that the authors want to live in a society where only our most essential needs are satisfied while the rest is a sign of decadency.

When they distinguish between basic needs and such that would be manufactured and manipulated, the authors use a scheme of argumentation similar to Polanyi’s distinction between natural and fictitious commodities. For Polanyi, commodities are “objects produced for sale on the market” (2001, 75). Labor, money, and land, three very important commodities in capitalist societies, would not be “produced for sale”, which is why their description as commodities would be “entirely fictitious” (76). This leads Polanyi to the political demand that the fictitious commodities should not be subordinated to market mechanism since this would lead to the subordination of “the substance of society itself to the laws of the market” (75). With commodities that are not fictitious, Polanyi did not see such a problem. Polanyi’s notion of the commodity is another example of his rejection of central aspects of Marxist theory. While for Marx, every commodity is fictitious because

a good becomes a commodity in the very moment where it is sold or exchanged on a market and therefore a “social relation” (Dale, 2010, 77), Polanyi makes a “moral distinction” (Dale, 2016b, 52). With regard to Webster et al.’s distinction between natural needs and manufactured needs, one might argue that they have a fetishized notion of human needs just as Polanyi has a fetishized notion of commodities. Instead of pointing out that there are good and bad needs, a more realistic perspective would emphasize the fact that – besides the need to sleep, eat and seek shelter from climate etc. –, all needs are socially constructed and the result of the development of human societies. Thus, the critique would focus less on needs, but more on the marketization and commoditization of the means to fulfill those needs.

Burawoy’s critique that Webster et al. would underestimate the power of capitalist accumulation is justified when they propose a “new vision” of work. New Technologies could be used to create a better work-life-balance for the employed and lead to reduced working hours and a “breaking of the work-income nexus”. Furthermore, people who earn minimum wages and/or work in the informal sector could benefit from “a social floor of minimum income and social security benefits.” Such a policy of “levelling-up” would strengthen the “market-based bargaining power of working people” and even “make poverty history” – at least that’s what the authors claim (2008, 219). Given the framework of a capitalist society, such a scenario is extremely unlikely. Of course, all those measures could be undertaken, on a very abstract level, to create a better life for everybody. When bearing in mind that capitalist societies necessarily produce poverty and exclusion via the market and are characterized by asymmetrical power relations and class interests, such a scenario doesn’t seem feasible within a market society.

The authors correctly point out that to realize their visions, it would be necessary to “socially embed and regulate the corporation” as the form of organization that “lies at the center of market-driven politics”. But the solution offered by them is revamping corporate law and letting the state “ensure that the corporation is harnessed to meet the needs of society” (219). It is the very state that has in the last decades proven to be so “notoriously hostile to labor” (Burawoy, 2010, 304) that Webster et al. (2008, 221) present as the institution that shall embed the market and help to regulate “trade in a way that brings society back into the economic equation”. This very abstract expression is combined with the demand to transform institutions like the World Trade Organization into institutions which “represent the interests of society” – whatever those interests may be. More convincing is their argument that their approach would have to require an international dimension and “link the global to the local” since any “single nation-state that attempts to move in the direction of an alternative in any or all of the key areas [...] would come up against the power of global corporations and global finance” (222). This is the most realistic vision they design, because it can directly be related to the experience of movements and parties like Syriza in Greece, which started to challenge the neoliberal regime of austerity in the European Union and, after some time, ended up meeting more or less all demands of the forces behind austerity.

All in all, Webster et al. prove almost all critique from Burawoy right. Their approach can be described as typical example of Global Labor Studies that Seeliger has described as “*programmatically optimistic*”. The will of Webster et al. goes as far as letting their political agenda sometimes lose contact with reality and the structural conditions for the agency of the movements they do research on. When they claim that attempts to break free from neoliberalism at the national level would be totally insufficient, Seeliger replies that the “idea that differences between the national and (macro-)regional settings allow for a general political mobilization in the sense of an international working class can, [...] by no means be treated as factual reality and rather – at least to date – constitutes no more than a programmatic hypothesis” (2018, 3). Many aspects of *Grounding Globalization*, one

might summarize, show that for the authors, desire is the father of thought, research agenda and the empirical findings.

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The reality of exclusive solidarity

A response to Wolfgang Streeck's "Between Charity and Justice"

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The introductory words of Wolfgang Streeck's article "Between Charity and Justice" are promising. A political economist and class theorist who positions himself on the left, he considers the question of migration in order to address one of the greatest challenges of the present. How can the social question that is institutionalized in the welfare states of the global North be solved in a highly unequal world and in the face of global migration processes? How can the rights of those to whom nationally constituted social policy offers protection be defended without, conversely, closing the borders and relying on nationalistic, exclusive solidarity? In times of growing "authoritarian national radicalism" (Heitmeyer, 2018), critical spirits are needed who take these contested issues seriously. Unfortunately, as the reader quickly discovers, this is not the concern of Wolfgang Streeck. Rarely have we read such a resentful academic article that does not shy away from carving out the deterrent social figure of a strategically fraudulent refugee from individual cases. How to deal with an article that equates current law with justice, sees xenophobia as a natural impulse and advocates the placement of refugees in camps for reasons of cost efficiency? Our first impulse was not to draw any additional attention to this position with a commentary. Our second impulse was to respond: to respond to a fellow sociologist who in recent years has enriched the critical debate with his work on the crisis of capitalism, but now seems to be standing up for a disturbingly nationalistic position. Unfortunately, he is not alone in this, but fits into a 'left-wing nationalist' current that re-fashions the social question as a national question and thus, ultimately (and even if this is not the intention), provides right-wing populists with support (for more details see van Dyk & Graefe, 2018). Our commentary focuses on four points: (1) Streeck's understanding of ideology and reality; (2) his thesis of the deregulating left; (3) his elaboration of justice and charity; and (4) his remarks on population policy and racism.

1. Ideology versus reality

Right at the beginning, Wolfgang Streeck opens up a fundamental analytical polarity: the contrast between "ideology" (or morality, feeling, religiousness) and "reality" (facts, figures, truth). He assigns himself to the pole of "reality" by promising his readers a "maximally 'realistic' representation of the social world" (2018, 3). While he admits that this could have certain "normative consequences" (ibid.), he claims for himself a clearly non-normative perspective (3). Obviously, what is at stake here is a dualistic concept of social reality that overrides several centuries of dealing with the question of the relationship of (social) phenomena to the way they are (individually and collectively) perceived. In Streeck's text, "economy", "law" and "culture" appear as non-ideological objective entities that can be clearly distinguished from questions of justice, normative legitimation and everyday moral orientations. On this basis, even highly controversial political questions can

be answered easily. For example, the author frames his assertion that the native population in immigration societies must fight for their cultural survival (2018, 12) not as his particular opinion, but as an objective, even "scientific" fact. Furthermore, it is a fact, he claims, that the costs of a "large-scale intake and resettlement of immigrants" will sooner or later exceed "the mode and the limits of social integration" (9). Indeed, according to recent surveys, about a quarter of the population in Germany feels threatened by cultural diversity (Schönwälder, 2018). What Streeck does not mention, however, is that an "overwhelming majority of 72 percent" perceives "cultural diversity as enriching" (ibid.).

Overall, Streeck seems to have a rather strange understanding of "social construction". As is widely known, all concepts of social construction, despite their differences, stress that individuals can only understand social reality through linguistic-symbolic interpretative practices. Social construction does not imply, as Streeck suggests, that we are dealing with illusionary inventions that have to undergo a tough reality check. Based on his reductionist notion of social construction, Streeck then laments that the categories established in migration law are not always congruent with the real motivations and circumstances of migrants (5). However, he does not see this as an inevitable lack of congruence between (juridical) construction and (social) life worlds, as would be obvious from a more differentiated sociological perspective. Instead, he is describing this phenomenon again in terms of truth and lie, or science and religion (2018, 8).

In the same sense, Streeck states that migrants are not only victims but also rational choice actors who adapt their strategies of migration to the prevailing migration regimes. Here it becomes very clear that Streeck, in the dualism of ideology and reality that he himself has constructed, is by no means on the side of the latter, as he claims. Rather, he represents a clear moral position. In his view, the fact that migrants and refugees act strategically disqualifies them from any entitlement to a better life. Streeck states that the rationality of migrants is above all one thing: highly immoral. With hardly concealed disgust, Streeck enlightens his readers about the fact that at the border of immigration countries migrants regularly tell "stories" about themselves and about the escape route they have taken. The fundamentally puritanical trait of the argumentation is obvious: Only the true and righteous may profit from the blessings of welfare capitalism. Streeck, however, seems to exclude *this* norm from his otherwise so harsh criticism of normativism, as well as his thoroughly normative claim that migration is only acceptable if it remains cost-neutral – for the rich countries.

2. The deregulating left: the misconstruction of a new political cleavage

The addressee of Streeck's criticism is what he calls the "deregulating left", driven by the educated middle class, which advocates open borders and global freedom of movement. With its support for the deregulation of national borders, he argues, the left is departing from a historically evolved pro-regulation agenda, "which importantly involved restricting the supply of labor in order to limit competition in labor markets" (2018, 6). According to Streeck, the refugee policy is a welcome occasion for the deregulating left to (finally) break away from the working class and the lower middle class and to enter into a new coalition of deregulation, "now as liberal libertarian Left, fighting side-by-side with the neoliberal Right" (2018, 7). At the same time, he sees workers and members of the lower middle classes being discredited as xenophobically right-wing: The old class struggle, he opines, nowadays laden with moral overtones, is being continued under altered conditions, as a "culture war" (2018, 6) on the lower classes. Although the argument that there are points of overlap between leftists and liberals in immigration policy issues is not fundamentally wrong, Streeck's analysis of the so-called deregulating left is highly polemical, empirically untenable and conceptually misleading.

First, the claim that the left has historically always been in favour of regulation in all areas is just as wrong as the assumption that neo-liberals have always deregulated. Emancipatory forces have often fought against concrete regulations, such as the women's movement against exclusion from politics and work. Conversely, neoliberal actors since Thatcher and Reagan have diligently regulated and steered, whether in the area of domestic security or activating labour market policy. The critique of national border regimes does not, therefore, constitute a move into the deregulation camp, but is part of the emancipatory tradition of constantly questioning existing regulations and rights in terms of their exclusions. The world is too complex to allow regulation and deregulation to be linked to the left or right, regardless of the issue at hand.

Second, the question is who exactly is supposedly part of this deregulating left. According to the title of the article, it shapes debates and politics and is a pivotal actor in the "social construction of immigration policies in rich countries". Is Angela Merkel part of the deregulating left, united with Katja Kipping from the left-wing party *Die Linke* and activists offering asylum in churches? Who is actually in favour of neoliberal deregulation of labour markets *and* open borders at the same time? The latter applies exclusively to parts of *Die Linke*, anti-racist movement groups and some NGOs - none of which, to our knowledge, have been accused of being spearheads of neoliberalism. Conversely, the criticism of a neoliberal turn applies to large parts of the SPD and Greens, but open-border activists are sought in vain here; not to mention the neoliberal FDP, which is happy to welcome migrants with human capital but is closer to the CSU in matters of asylum than to its supposedly left-wing siblings in spirit. The claim of a large neo-liberal open-border coalition, opposed only by a taboo-breaking right (2018, 17), remains false – no matter how often it is repeated.

Streeck's argument also suggests a link between his own argument and sociological analyses that have explored the way in which neoliberalism has succeeded in incorporating positions once considered emancipatory (e.g. Boltanski & Chiapello, 2006). These analyses, however, were always concerned with the structural fit of positions (e.g. with regard to empowerment or self-determination) and less with the active complicity of left-wing and liberal actors. Streeck, however, not only claims active complicity, he goes even further. The emancipatory positions – specifically, the pro-refugees stance – are for him merely a strategic *volte-face*, adopted in order to soothe the guilty conscience of those who have become neo-liberals: "the social figure of the would-be immigrant [...] resurrects the beggar of medieval Catholicism in his function of appeasing the bad conscience" (2018, 8f.).

Third, Streeck presents himself as a political economist who accuses the deregulating left of having abandoned the class struggle and replaced it with a cultural struggle against the lower classes. According to Streeck, the left has pushed the lower classes to defend themselves against neoliberalism and open borders: "[A]s a result, the old working class is forced into a coalition with the protectionist right wing of the capitalist class" (2018, 20). This argument is empirically wrong: although workers and people with little education choose right-wing parties more frequently than average (Sablowski & Thien, 2018), this does not mean that the majority do so. There is a large number of people who do not allow themselves to be forced into a coalition with the right even in difficult circumstances; these people become just as invisible in Streeck's analysis as those who support right-wing politics despite economic and social privileges. Even more decisive is the point that Streeck himself is pursuing a radical culturalization of the conflict over scarce resources. Instead of problematizing the structural conditions in capitalism and the creation of resource scarcity as part of a class struggle from above, he regards scarce resources as a given fact. In his case, distribution battles do not take place between capital and labour, but - for example - between (supposedly fraudulent) underage refugees and Hartz IV recipients (2018, 19); or between the refugees who are placed in camps in the global South and those in the rich countries who allegedly use up many times the resources that the UN lacks to supply

refugees in camps (2018, 10). The fact that nationalism and racism have historically also been a means of dividing the working class is not mentioned by Streeck; for him, class solidarity ends at national borders.

While the heavily criticized deregulating left is the key motor of social change, the xenophobic right appears above all as the imagined enemy of the deregulated left; xenophobia itself is de-problematized by pointing to its supposed historical normality (we return to this below), while right-wing violence and the trivialization of National Socialism are not mentioned. If organized right-wing forces emerge as actors at all, then they are positively connoted as taboo breakers who dare to speak the truth. This is the case, for example, with the supposed social consensus on the recognition of young Afghan asylum seekers, which Streeck strictly rejects: "The only exception [to this consensus] is the far right which, however, is considered not to deserve being heard and answered." (2018, 17) Even though Streeck avoids explicitly joining hands with these forces, the text leaves little doubt that they are closer to his position than the left.

3. Justice & Charity: the rejection of Social Rights in the name of the law

There are many good reasons to problematize charity: it is a kind of care, which does not guarantee any right, and it rests on a hierarchy between helpers and those in need. Often – especially in its Christian guise – charity makes no effort to overcome this social divide. However, these are not the (good) reasons that motivate Wolfgang Streeck to criticize charity. Starting from a strict legal positivism that equates law with justice, he rejects charity as a form of anarchy that is critical of law and bureaucracy. By levelling out the important differentiation between legality and legitimacy, the illegitimacy of charity is justified by the fact that it lacks legal character. In fact, what Streeck means by charity remains obscure. He does not differentiate, for example, between cases where charity is intended to challenge exclusions and regulations in current law (as in the case of asylum given by churches, for example), when it steps in to make up for the shortcomings of the state, and when it is even explicitly promoted by the state.

"Christian ideas of supposedly universal charity and boundless beneficence are called upon to discredit legal distinctions between citizens and non-citizens as well as between categories of immigrants with different legal status." (2018, 7) The fact that it is precisely these legal distinctions that are the subject of political controversy and thus also the subject of legitimate criticism is not acknowledged in this opposition of law and charity. That people also have universal human rights beyond their citizenship and legal status – rights which, for example, can be used to argue cogently against returning refugees rescued in the Mediterranean to the camps in Libya – does not play a role in Streeck's reasoning. Legal positivism goes hand in hand with the commitment to economic efficiency, which sees refugees only as cost factors and therefore seeks the most inexpensive form of care. As non-citizens, they are by definition the undeserving poor for Streeck (in contrast to German Hartz-IV recipients), who use unfair means, strategic deception and support by the deregulating left to gain access to the wealthy regions of the global North. Contrary to the empirical evidence that in many European countries there is a lack of adequate care for refugees, he assumes a consistently high level of care, which at the same time serves as an argument for rejecting the admission of refugees to rich countries as inefficient. Instead, he proposes accommodation in refugee camps close to the refugees' origin. He has no objections to *this* kind of charity.

Contrary to first impressions, then, Streeck does not defend social rights guaranteed by the welfare state against spontaneous and unreliable charity. Rather, he attacks those who question the national "birthright lottery" (Shachar, 2009) and who advocate (often in combination with caritative engagement) guaranteed social rights for refugees – be it in medical care or in access to the education system. Those who ask what transnational solidarity

might look like in a globalized and highly unequal world are a thorn in his side, as are those for whom political economy means something different than calculating where the survival of refugees is cheapest. Instead, he argues for the importance of protecting a national collective whose resources are not to be spent on refugees and whose stability is allegedly threatened by "cultural fragmentation" (2018, 11); he even speaks of societies that are "culturally 'balkanized'" (2018, 12). Here his writing reflects a radical cultural essentialism with racist traits. At the same time, Streeck does not reject every form of immigration, because in his view a controlled influx of skilled workers is indispensable in times of demographic change. In contrast to neoliberal actors, however, he is not exclusively concerned with the individual human capital of the migrants to be recruited, but also with their so-called cultural compatibility. The path to Tilo Sarrazin, whom he quotes without agreeing with or criticizing him, is not far off - as we will see in the next section.

4. Racism and population policy

In a revealing footnote, Streeck suggests it is necessary to distinguish between "racism" as a powerful reproach voiced by the moralizing left and "xenophobia" as an anthropological constant (2018, 6, FN 10). If one puts that in perspective to the above-mentioned juxtaposition of reality and ideology, the connection is as follows: Racism is not a problem because it basically exists only as an ideological fiction, and where it seems to appear objectively in social reality, it is a phenomenon "so normal" and even "reasonable as a precaution" (ibid.) that it need not be criticized. Consequently, neither the inhabitants of refugee camps, threatened by right-wing extremists, nor the growing group of poor people with or without a history of migration in the rich countries are presented as victims of repression and exclusion. On the contrary, according to Streeck the true victim of "repression" in Germany is the "xenophobic right" which suffers "exclusion from political discourse and civil inter-discourse" (2018, 7).

Referring to Foucault, Streeck conceives of migration policy as a kind of "population policy" and an "instrument of modern biopolitics" (2018, 13) that is "beset with moral puzzles" (ibid.). But while he locates biopolitics on the side of "morality", which he otherwise sharply criticizes, he himself argues strictly in a biopolitical manner when he states: "Rich countries with low fertility and insufficient population replacement require mass immigration for compelling economic and social reasons" (2018, 30). Following this argument, immigration is just as much an objective economic and cultural burden as it is a demographic necessity – and bio- and population politics are only problematic to the extent that they argue in moral terms. However, according to Foucault, modern biopolitics are not simply characterized by the inevitable play with demographic calculations and their moral embellishment. Rather, biopolitics are a comprehensive strategy of "making live and letting die" (Foucault, 2001), one which forms the political horizon of liberal democratic societies. The dying of refugees in the Mediterranean is an excellent and at the same time highly topical example: unlike older concepts of race hygiene and eugenics, it does not explicitly call for the prohibition of reproduction or the killing of certain groups of people. However, their dying is more or less accepted in the name of protecting the "good life" and prosperity of a group that is imagined to be ethnically and culturally homogeneous. Foucault was interested in precisely this strange logic, according to which the death of the others is not only accepted in the name of the life of one's 'own people', but is justified with reference to freedom, democracy, prosperity and the like. Following Foucault, this logic always revolves around the question of the "value" of individual or collective human life, and this value is justified just as much biologically as economically or culturally - or all together. In this sense, Wolfgang Streeck's article is a vivid example of current biopolitical discourses on migration. In fact, he demands nothing less than a more precise determination of the value of migrants. This is the case when he complains that "debates about the different value of

people" are prevented (2018, 13). Streeck's own strong biopolitical bias is even more evident when he literally complains that "public rankings of the relative value of immigrants from different countries" (2018, 15) are "forbidden".

In addition to taking issue with such highly problematic ideas (in a normative sense) as these, it is worth criticising Streeck's contribution first and foremost because he seeks to hide his political position behind supposed social facts. Contrary to what Streeck claims, his idea of exclusive solidarity is far from being without an alternative. In fact, it is a clear ideological statement offered with its door half-open to the right.

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Between clarity and disorientation: remarks on the unease of Wolfgang Streeck with the 21st century migration

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In his essay, Wolfgang Streeck as “a sociologist-cum-political economist” and “a non-specialist in a field of social and moral action as highly complex and emotionally charged as migration” expresses his unease with certain aspects of the scientific and political debates on migration, especially in the context of the so-called migration crisis of 2015. He expresses special discomfort with not being able to situate the corresponding discourses and arguments in a classic left-right-spectrum. For the author, during the recent refugee movement in Europe a romanticising and moralising, charity driven and cosmopolitan Left mobilised support and resources for refugees, who illegally entered EU member states and better (and cheaper) would have been looked after in the regions of their origin. He himself argues in a moral way when stating: “committing for allegedly moral reasons scarce resources to a goal that cannot be achieved is not just futile but may be morally wrong as it forgoes more effective alternatives” (4).

This basic line of arguments is developed in a strange mix of stories, accounts and colportage in three steps. In the first section Streeck deals with “immigration regimes as contested institutions” and mixes aspects of labor migration and refugee protection. He tries to analyse – and criticise – the attitudes and statements of what he calls “the pro-immigration Left” (6). Supposedly looking from the standpoint of a highly experienced rational intellectual with no particular interests, experiences and preferences, the text criticizes a supposed liberal-libertarian Left aiming “to open domestic labor markets for everybody from everywhere” (ibid.). The author detects that “Christian ideas of supposedly universal charity and boundless beneficence are called upon to discredit legal distinctions between citizens and non-citizens as well as between categories of immigrants with different legal entitlements” (7). According to this statement, the state is reduced to maintaining a secular order and opposed to the principle of charity.

This is in contrast to the century-old understanding of the social or welfare state and to distinguishing the principles of insurance and neediness (*Versicherungs-* versus *Bedürftigkeitsprinzip*) as both crucial for understanding state activities and responsibilities. The author tends to draw a line between a liberal-deregulatory and charity-driven Left, on one side, and the supporters of the modern, rights-based welfare state, on the other side (9). Nevertheless, things are more complicated, as there are some Leftists in policy (like in the party “Die Linke”) and in science (like Deutschmann, 2016), who argued against immigration in general and against opening the borders for refugees in 2015 reasoning that this would endanger the rights of the lower stratus of the working class. Also, since Thomas Marshall the state could not simply be reduced to guaranteeing civil rights, but has to be considered as committed also to economic and social rights, and actually also to global and international rights (like refugee protection and Human Rights).

Although headlined “immigration regimes”, there is no reference to the complex multi-level governance structure in the field of economic as well as of refugee migration. The Geneva Convention for refugee protection defines basic civil rights for anybody. These rights are signed by almost all nation states, but also integral part of the Aquis Communautaire of the European Union. The German constitution has a special paragraph 16 granting asylum to politically persecuted persons. Besides this refuge-oriented asylum regime with its “Common European Asylum System” there is the principle of free mobility inside the Schengen space which includes almost all EU member states plus some others (Pries, 2018, 85). Discussing migration policy and immigration regimes without even mentioning some of these details could only lead to passionate oversimplification and populist prejudices – even when trying to present oneself as a superior and confident intellectual. The second paragraph deals with the challenges of managing diversity in receiving countries. The basic argument refers to migration in general – again making no distinction between the different governance structures for labor and for refugee migration – and to the supposedly “economic costs of a large-scale intake and resettlement of immigrants (...) and the limits of social integration in a culturally diverse society” (9). There is actually no empirical evidence that for nation states or national societies – because this is the underlying unit of analysis in Streeck’s reasoning – in general costs of immigration are higher than their benefits (Bonin, 2014). International scientific debate concentrates, conversely, on the costs of emigration, especially of well-trained persons, for the countries of origin. In general terms, in the case of labor migrants as well as refugees, better off emigrants are able to organize and finance mobility up to the richer countries of the North. Poor migrants remain in the neighbouring countries that lack economic development or concentrate organized violence. An extensive study of more than a million refugees who arrived in the USA between 1987 and 2016 found higher employment rates, equal income and higher skilled jobs than the average population (Kerwin, 2018). The economic and demographic benefits of immigration for Germany are well documented (Bonin, 2014). Critical assessments of brain drain effects fall short. For instance, at mid of the 2010s, some 600 physicians were trained in Bulgaria and left university – the same amount left the country. The same general tendency holds for integration and managing migration-related diversity. As stated constantly e.g. by the German Expert Council of Scientific Foundations for Migration and Integration (SVR), integration in Germany in general works well. Especially where people have contact to each other, socio-cultural diversity is seen more as enrichment than as a danger. Spatial segregation by ethnic, language or religious groups is higher in many immigration countries like the USA, Great Britain or France than in Germany (Musterd, 1998; Petermann & Schönwälder, 2015, 505). Socio-ethno-cultural grouping or clustering is not challenging by nature, but it depends on the overall societal environment and institutional setting.

In light of empirical evidence and scientific debates of those familiar with the topic, basic arguments presented by Streeck in this second section are mainly those found normally in discourses of right-wing politicians and alleged intellectuals. The author scoffs: “Welcoming les miserable offers an opportunity (...) to demonstrate unconditional compassion: a soft heart” (11). He relates migration and refuge to the “no-go-areas” where “enclaves often police themselves” (11) and terrorist groups may recruit their people. This might be the case in some spatial areas, but in general criminal rates are not significantly higher with migrants (Walburg, 2016). Since the founders of sociology, like Emile Durkheim and Georg Simmel, we know that social cohesion as ‘organic solidarity’ derives not from gathering the ever same socio-ethno-cultural groups, but from the degree of social differentiation and ‘crossover of social circles’. Streeck uses the term parallel societies (Parallelgesellschaften) that “are likely to form” (12) as a by-product of immigration and could lead to increased internal surveillance. The term parallel societies is mainly used by right-wing people like

Thilo Sarrazin and does not address really existing milieus like those of the right-wing extremist “citizens of the Empire” (Reichsbürger), who actually aim at creating parallel state structures (refusing to pay taxes and to obey to public laws, but inventing their passport etc.).

The last section has a promising heading: “migrants as strategic actors”. Nevertheless, what is discussed in science since almost a decade and especially in light of the refugee movement of 2015 as a crucial empirical fact (Pries, 2018; Feischmid et al., 2019), is used by Streeck as a warning “that many migrants are far from having no alternatives – and equally far from being indifferent as to where they receive protection” (16). The subtext of this section could be read as: migrants – again there is no differentiation made between labor migrants and refugees – move in social networks, they have their own agenda, “about sixty to eighty percent of applicants in Germany claim to have on their way lost their passports” (16), for many persons migration is a “business venture (17), they send money back home, being interrogated by officers they tell stories spread by smugglers (18), and they are suspected of “a capacity and inclination for <opportunism with guile>” (18). Streeck uses the term “migrants as strategic actors” not for contrasting to a dominant perspective on migrants as passive victims, but for insinuating that they are cheating and defrauding actors just picking in an opportunistic way the most beneficial entry category and country of origin (15f.).

The author mentions a number of actually worrying events like in New Year 2015/16 in Cologne, where some migrants and refugees capitalized on the relaxed atmosphere for sexual harassment. But this is not the main topic when discussing scientifically the issue of migrants as collective actors. According to scientific evidence, people leave their home and family based on collective decisions and on having almost no economic (labor migrants) or security alternatives (refugees). They have and share some general goals. Nevertheless, migration processes then are sequential and iterative, influenced by contingencies and luck (Pries, 2018, 188f.). Nowadays, and especially since the refugee movement of 2015, refugees use social networks for day-to-day decisions on how to proceed. Most migration movements are mixed migration flows as there is no clear boundary between voluntary and involuntary migration (Pries, 2018, 19f.). As long as no solutions come to the places of conflict and misery, where people are living, they will migrate and look for solutions where they expect them. Streeck relates “refugees’ strategic capacity” (19) to the moral hazard of exploiting wealthier countries’ willingness to help. But the main moral hazard is for the refugees themselves. And the argument that the more rescue ships are cruising in the Mediterranean Sea, the more refugees will feel invited to come to Europe might have some truth, but the conclusion to stop rescue at sea in order to stop refugee movements misses the point of a solution to the legal, social and moral problem.

In sum, as the author confesses from the beginning, he is not a specialist in the topic. In his essay he gathers a huge amount of wordy arguments against the practice of refugee protection. But he fails to actually treat the structural problems that exist. Unfortunately, the used literature is very poor, mainly based on articles of one German (conservative) newspaper. The vague use of terms and concepts additionally weakens the text which at the end has to be read as a defeatist arm chair reasoning and not as a stimulating provocation. The crucial problems and challenges are not addressed: In times of globalization and multi-level transnational entanglements of social spaces, the world still is divided and structured by nation-states as gatekeepers for inclusion and exclusion, for rights and privileges. Although effective and strong democratic nation-states are crucial for guaranteeing rights, welfare and security, they are, as Daniel Bell (1987) mentioned, too small for the big problems of life, and too big for the small problems of life. An example for this is the failure of the European Union to cope with the global challenge of refugee protection at a supranational level. As demonstrated by Streeck’s paper, methodological nationalism, as

the habit to treat the nation-state as the almost natural unit of analysis, is still very strong in social sciences and could lead to nostalgic feelings of former times in which the distinction of left and right based on (national) social classes supposedly was still much easier.

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Keep it straight and simple, also with respect to migration: a comment on Streeck's "Between Charity and Justice"

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Wolfgang Streeck's essay „Between Charity and Justice: Remarks on the Social Construction of Immigration Policy in Rich Democracies“ (2018) contains a wealth of intriguing insights on recent debates on immigration in Germany and other advanced capitalist countries. His sharp, witty and stimulating piece focuses on the views of what he calls a “liberal-libertarian left”. Indeed, there are problematic aspects to the liberal left discourse on migration, which he unerringly detects and comments on in his inimitable scathing style. Streeck should be commended for the courage of his convictions. For a “left case against open borders” predictably provokes a controversial debate, as Angela Nagle recently (2018) experienced.

Streeck's essay makes three main arguments. First, it highlights several inconsistencies in the usual immigration-friendly stance of the libertarian left. In a nutshell, the position of the libertarian left is one of Christian mercy instead of the classical left stance of social progress. Second, it does not shy away from naming the problematical consequences of increased migration for receiving societies. These include, inter alia, the very high costs incurred (particularly if compared to other humanitarian options for helping migrants), the challenges these inflated costs pose for the welfare state, the risk of increased segregation between groups within the domestic population as well as criticism regarding population engineering. Third, it points out that migrants have to be seen as strategic actors. This fact is systematically overlooked by left wing accounts that portrait migrants predominantly as victims of unfortunate circumstances.

Wolfgang Streeck has made a very important contribution to the left debate on migration. Yet I wonder whether his arguments are articulated in the most persuasive fashion. In order to achieve the maximum polemical impact against “leftist liberalism”, Streeck makes use of a diverse and rather disparate set of insights ranging from the discussion of Christian traditions to biopolitical concerns. However, such a broad assault on the left liberal migration discourse must necessarily address several empirical issues that cannot be dealt with in a comprehensive manner and, therefore, can become a matter of contestation as well. Take, for example, his claim that “interests in population engineering are in fact powerfully present in any immigration policy” (Streeck, 2018, 13) that is linked to German debates about immigration and the open borders episode of 2015, which implies that the latter has been motivated by biopolitical concerns. This may or may not have been the case, but it would require a more thorough substantiation than simply a few quotations from a political outsider (Thilo Sarrazin) and a former finance minister (Wolfgang Schäuble). Similarly, on the issue of segregation, Streeck claims that “official police forces strike tacit

agreements with informal community leaders, on the Chinatown pattern, leaving it to them to maintain order in exchange for case-by-case cooperation where red lines are crossed" (2018, 11). Again, no information is provided about where exactly such a pattern can be found and how frequently it can be observed in contemporary European societies.

In my view the focus should be less on highlighting all possible inconsistencies in our colleagues' arguments, but rather on developing our own position based on making explicit our own normative assumptions, carefully analysing the available empirical data and articulating our policy conclusions. Although like Streeck I am neither a political theorist nor a specialist on migration, I will make both a normative argument and derive some policy prescriptions from it.¹ Moreover, it would be important to avoid getting side-tracked on to other related issues. If our concern is with left positions on migration, my suggestion is to take into account the effects of the latter on the less fortunate in our societies, instead of devoting our attention to issues of cultural homogeneity, for instance, a typical concern of right-wing discourses.

In order to substantiate my point, I will first provide some evidence regarding the negative effects of certain types of cross-border migration on some weaker groups in the receiving countries. Based on this brief survey I will discuss some broad normative measures on how to give weight to the legitimate concerns of inward migrants against the latter groups. Finally, I will outline some political implications for the formulation of future immigration policies. Similar to Streeck, I too exclude the uncontroversial issue of the need to provide asylum for political refugees and will, therefore, focus primarily on the issue of labor migration, besides delving briefly into the issue of migration arising out of humanitarian crises.

Cross-border inward migration and labor markets for the less advantaged in rich societies

Wolfgang Streeck begins by taking issue with the liberal stance on large-scale migration adopted by large sections of the left in rich societies. And he is right to do so for a simple reason, namely the negative repercussions of such migration for the weakest in these societies. While additional migration may have broadly positive connotations from a macro-economic perspective – e.g. by way of additional demand by migrants, or by public investments to cater for their needs – it does not necessarily have positive effects on all social groups within the receiving society. Even leaving aside the potential competition for social benefits and, even more importantly, for scarce affordable housing in metropolitan regions, less advantaged groups are subjected to increasing competition on labor markets due to migrants. More specifically, domestic social groups with qualification levels similar to those of the new entrants are more likely to suffer from such increased competition.

Among the most systematic studies of the labor market effects of large-scale migration is the one conducted on the so-called "Mariel boatlift crisis" in 1980, when some 125.000 Cuban refugees migrated to Florida within six months and settling primarily in the Miami region, thus making it a perfect "natural experiment" for studying the effects of migration. The comprehensive empirical study by the Harvard economist George J. Borjas (2017) demonstrates that this large influx of migrants in a short period of time had a serious impact on the wage structure of the domestic population with a similar level of qualification. The majority of refugees were high school drop-outs. After their arrival, the wages of high

¹ Needless to say that I consider this reply as a case of "public", not one of "professional" political science (Nölke, 2017a). For a detailed discussion of my views, see Nölke (2018a, 2018b).

school drop-outs in the Miami region shrank by 10% to 30% over a ten year period, a dramatic decrease unlike any witnessed elsewhere in the United States. Moreover, wage depression due to migrants affected only low-skilled workers, whereas those with higher levels of qualification were not affected at all. These findings for the Miami region are corroborated by an extremely comprehensive general study on “The Economic and Fiscal Consequences of Immigration” by the US Academies of Science (NASEM, 2017). Here too, the impact of immigration on the wages of the domestic population varies according to level of education. While weaker groups within the domestic population, earlier immigrants and native-born high school drop-outs suffered a negative impact on their wages from the new wave of immigration, other groups did not have to bear any negative consequences (NASEM, 2017, 5).

For European rich economies the best “natural experiment” on the effects of large-scale migration on the less advantaged can be documented in the context of the opening up of the Austrian labor market for migrants from Eastern European EU accession countries in May 2011.² A systematic study of these effects demonstrates that migrants were willing to work for much lower wages than domestic labor, or even in the informal sector altogether, which lead to lower wages – or even unemployment – for Austrian labor with low levels of formal qualification. This affected especially sectors such as construction, gastronomy, hotels and other services with low skills requirements. According to a comprehensive study on these developments, negative effects on the local labor market are more severe, if many immigrants enter the labor market in a short period of time, and are especially detrimental, if immigrant labor has a low level of formal education, given the already difficult labor market situation in this segment of the labor force (Schweighofer, 2014).³

Taken together, the empirical evidence on the effects of large-scale migration on the labor market of formally less qualified segments of the population in rich societies indicates that the latter have very good reasons to be concerned about such developments, given that this type of migration usually brings large numbers of workers with a similar qualification profile. The already less advantaged have to bear the brunt of the negative effects of a sudden influx of migrants, whereas the socio-economic position of the better-off section of the domestic workforce is not negatively affected at all. In fact, it may even have positive effects due to lower wages in some service sectors, such as domestic servants, restaurant workers or food harvesters. This should make for a clear case against large-scale migration in left discourses, given that championing the cause of the less fortunate members of society is an important goal for the left.

Some might argue that the empirical data described above is only valid in a situation, where weaker participants on labor markets are not sufficiently protected by adequate social regulation, such as high minimum wages, or comprehensive coverage by collective wage-setting agreements. This is probably true. However, decades of increasing inequality and stagnating wages in the lower deciles of the income distribution are a good reason for being highly skeptical about even a small likelihood of the realization of these conditions in the foreseeable future.

² In contrast to the UK, for instance, Austria (and Germany) imposed in 2004 a seven year ban on labor migration from the new accession countries. Large-scale labor migration from the East European accession countries to the UK arguably was among the prime drivers for the Brexit vote in 2016 (Nölke, 2017b).

³ For additional empirical material on the unwelcome effects of migration on domestic wages in some segments of the workforce in Germany, see Hassel 2018.

Layered obligations as one normative point of departure for left migration policies

Other participants in left discourses on migration would probably accept the need for the protection of the domestic less well-off as a prime task of the left, but would also make the point that in a global perspective most migrants also belong to the less well-off and, therefore, would have an at least equally strong claim for support. Thus there would be a conflict between these two obligations for the left in rich societies. How can we solve this conundrum?

Despite decades of debates on this topic in political theory, there is hardly a consensus on this issue with regard to the appropriate course for political action. Until this fraught matter is resolved satisfactorily, my suggestion would be to turn to the pragmatic concept of “layered obligations” coined by the British author David Goodhart (2013). Goodhart argues against radical universalism, i.e. the claim that we have equal obligations to every human being on the planet. From such a perspective, which is at least implicitly popular in left liberal migration discourses, the protection of weaker sections of our domestic population against unrestricted immigration of those who are even worse off cannot be justified. Against such a radical universalism Goodhart argues that we have a hierarchy of obligations, starting from our family, to our local community and then to the people living in our nation-state and only after that to the rest of humanity.

What shape might a future migration policy take keeping in mind the above considerations and the broad thrust of Streeck’s argument? Clearly, such a policy would not result in a claim for completely open borders given that the social protection of the weaker sections of our society on the labor market and in the social security system would be impossible without borders. Consequently, a restrictive policy on labor migration would be necessary until we are able to ensure that such a development does not lead to a further weakening of the situation of those less well-off domestically. Were the latter issue to be solved, for example, through full employment, decent minimum wages and comprehensive coverage of labor relations through collective agreements, labor migration could be handled in a more liberal manner.

The struggle for social progress in the domestic arena will take a long time to achieve these goals. In the meantime, we still have a degree of obligation towards the less well-off in other countries. However, a more cost-effective and socially less destructive way of supporting those people – compared to the option of cross-border migration – would consist in improving their lot in their own home countries. Again, this involves several courses of action. For want of space let me briefly mention only two priorities here. In order to meet the needs of those forced to migrate due to a humanitarian crisis, increasing the budget of the relevant United Nation institutions such as the United Nations High Commissioner for Refugees and the World Food Program should have absolute priority. An increase in these funds will help many more people abroad than spending the same amount on supporting refugees in rich economies (see also Streeck, 2018, 9-10). At the same time, my suggestions is to reduce incentives for further migration from poorer economies by changing our economic policies to accommodate the needs of these countries. For example, foregoing the imposition of our liberal economic models on developing economies through deep integration trade agreements would prevent the destruction of domestic industry in Africa (Claar & Nölke, 2012, 2013). Similarly ending the current series of Western military interventions abroad would obviate the need for refugees from, e.g., Afghanistan, Iraq, Libya and Syria, to seek security and livelihoods in Europe.

To conclude, I agree with some of Wolfgang Streeck's arguments about left discourses on migration policy. However, I am not sure whether a broad essayistic assault on various features of this discourse is the most compelling way of dealing with the issue. In order to maximize the impact of our critique of this discourse, I suggest focusing on one specific aspect of increased cross-border migration, i.e. its impact on the weaker social strata of the receiving societies. Given that large scale-migration in a short time period has a clearly negative impact on social groups with similar levels of qualification in receiving societies – and that most of this migration so far comprises of people with a rather low level of formal education – I would suggest that the left in rich countries pursue a twofold policy. On the one hand, it should advocate a restrictive policy on labor migration until and unless comprehensive social reforms first safeguard that such migration does not undercut the wages, and worsen the situation, of the less well-off in receiving economies. On the other hand, the left should also work towards reducing incentives for migration by advocating a less aggressive economic and military policy towards migrants' countries of origin as well as by increasing adequately the volume of assistance for humanitarian emergencies.

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A search for alternatives: Hauke Brunkhorst, Donatella della Porta and Fritz W. Scharpf on the state of the European Integration

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This interview is a conversation held by three senior researchers, who have been inquiring the process of European integration for several decades.

“Even if Europe is entrapped, I do not believe however that there is no alternative... quite the opposite: the crisis makes the search for alternatives not only necessary, but also possible.” (*D. della Porta*)

Monika Eigmüller, Martin Seeliger (ME, MS): In Zeiten zunehmender nationaler Protektionismen und schwindender zwischenstaatlicher Solidarität fällt die Beschäftigung mit dem politischen und gesellschaftlichen Zukunftsprojekt „EU“ zunehmend schwer. Glauben Sie, die wissenschaftliche Auseinandersetzung lohnt noch? Oder sollten wir uns anderen Themen zuwenden und das Einigungsprojekt ad acta legen?

Fritz W. Scharpf (FS): Auch unter den gegenwärtigen Bedingungen lohnt die wissenschaftliche Suche nach pragmatisch plausiblen und politisch realisierbaren Verbesserungen der europäischen Politik. Dagegen hat eine „wissenschaftliche Auseinandersetzung“, die in erster Linie die Vollendung des Zukunftsprojekts anmahnt, ihren Sinn verloren. Kritisch gewendet könnte sie allerdings die Fehleinschätzungen identifizieren, die eine proeuropäische akademische und politische Linke dazu verführt haben, alle Weiterungen der ökonomischen Integration und Liberalisierung bis in die gegenwärtige Sackgasse hinein zu unterstützen.

Dontella della Porta (DDP): More than ever.... And especially so in 2019 as we are approaching the most contested elections of the European Parliament since its very beginning. Especially, the permanent crisis of late neoliberalism has challenged existing expectations of a gradual (and relatively uncontested) increase in European integration. Not only narratives of the opposition to existing policies, politics and polity at the EU level as a sleeping giant no longer hold, but also the expectation of a constrained disagreement has been challenged by the blatant increase in EU powers to impose decisions upon the member states. As the meaning and content of European integration is put into question in the political debate, an academic reflection is all the more needed at both the normative and empirical level. Three main visions of European developments might be taken as point of reference in terms of justifications of Europe: one suggests that only a European sovereignty can bring about necessary developments towards peace and welfare; one privileges cosmopolitanism as a complex effort that implies the survival of the nation states with a European vision; the third points at the importance of constructing a socially just system. All three need to be revisited in order to understand the critical junctures in and about the Great Recession.

Hauke Brunkhorst (HB): Die Europaforschung boomt längst. Die EU ist ein hoch integrierter, föderaler Zusammenschluß, der die Souveränität der Mitgliedstaaten aufgehoben hat. Nichts zeigt das besser als der Brexit, in dem es ja wesentlich um die brachiale Behauptung der Souveränität des Vereinigten Königreichs ging. Aber es klappt nicht. Sie kommen nicht raus. Mit Gewalt („harter Brexit“) ginge es, aber nur um den Preis einer Katastrophe für Großbritannien, nicht für die EU. Und dabei fehlt dem Land die engste Bindung an die EU, weil es nicht Mitglied der Währungsunion ist. Wenn ein Land der Eurozone rausginge oder die Zone sich ganz auflösen und zum status quo ante zurückkehren würde, wäre das nicht nur eine europäische Katastrophe, sondern würde eine Weltwirtschaftskrise ungeahnten Ausmaßes auslösen. Gleichzeitig führt die jetzige, immer noch intergouvernemental (und deshalb von der nordwestliche Hegemonialmacht) dominierte Struktur der Union zu einer fast totalen Politikblockade. Wenn es dann zu einer großen Krise kommt, wie sie jetzt in Italien droht, wäre auch das eine Katastrophe, die kein Betroffener diesseits und jenseits der europäischen Grenzen wollen kann. Hier stellen sich eine Reihe von Fragen. Warum wäre die Krise eines Landes, dessen Wirtschaftskraft geringer ist als die Hessens, zur Beinahe-Katastrophe der gesamten Union geworden? Warum konnten die führenden Mächte der weitgehend informellen Eurogruppe dem griechischen Parlament die Gesetzgebung diktieren und das Land ohne Einsatz eines einzigen Panzers besetzen? Warum schafft es die Führungsmacht der Union nicht, einen Flughafen in Berlin zu bauen? – Wenn das alles kein Forschungsgegenstand von höchstem praktischem Interesse ist, was ist es dann?

ME, MS: In seinem Essay *Europadämmerung* sieht Ivan Kristev die Schwäche der EU darin, dass sie - gleich einem Schiff im Eismeer - nur vorwärtsfahren kann und im Fall drohender Gefahr nicht zurückschalten und den Umkehrschub einleiten kann, um den drohenden Untergang zu vermeiden. Und tatsächlich scheint die EU (und ihre Mitgliedstaaten) kaum mehr handlungsfähig zu sein. Stimmen Sie dieser Beobachtung zunehmender Handlungsunfähigkeit zu und wenn ja, was meinen Sie, wie ließe sich eine solche Handlungsblockade überhaupt aufheben?

FS: Ein treffender Vergleich! Die Erklärung liegt in der Konstitutionalisierung des europäischen Rechts und im hohen Konsensbedarf der europäischen Politik. Rückschritte der Integration können deshalb nicht durch reguläre europäische Politik, sondern allenfalls durch Exit oder Non-Compliance erreicht werden.

DDP: There is a similar metaphor that Claus Offe has suggested: entrapped Europe. As he noted, Europe has been legitimised as guarantee for future international peace, economic prosperity cum social inclusion, promotion of democracy and rule of law, counterbalancing US international power, valuable diversity and mutual supervision, as capable of managing EU-wide problems, against the untamed Anglo-Saxon model of capitalism. The very fundamental promises upon which the European narrative tried to build legitimacy became however less and less credible with economic decline, permanent negative integration and no real democracy at the EU level. In Offe's vision, the 'trap' resides then in the impossibility of exiting—as "In addition to being built on the 'wrong' currency area and being endowed with insufficient policy capacities, there is a third flow: the Euro currency is, for all practical purposes, an irreversible arrangement" (2015, 48).

HB: Klar stimme ich zu! Ich habe ja die Gründe schon genannt. Wie Claus Offe sagt, hat Europas Währungsunion eine Zentralbank ohne Staat und 19 Staaten ohne Zentralbank. Die einzige Instanz, die fast gleichzeitig legislativ und exekutiv, fast ohne demokratische Legitimation und mit Höchstgeschwindigkeit und größter Wirkung entscheiden kann, ist die Zentralbank. Aber sie kann sich nur in eine Richtung vor oder zurückbewegen, die Finanzwelt mit Geld fluten oder die Schotten dicht machen. Wenn dann eine kräftige Bö von der Seite kommt, ist sie geliefert und mit ihr Eurozone, die Union, Europa und weit darüber hinaus in konzentrischen Kreisen der Rest der Welt.

ME, MS: Viele Beobachter sind sich weitgehend einig, dass spätestens mit Einführung des Euro nur noch die Wahl zwischen einer Vielzahl „mikroökonomischer“, also technischer Alternativen gegeben ist, während die eigentlich politischen, makroökonomischen Alternativen, die früher ‚links‘ und ‚rechts‘ markierten, gar nicht mehr als Alternativen im demokratischen Wettbewerb angeboten werden. Wie kann in Europa die verlorene demokratische Kernkompetenz, in Wahlkämpfen makroökonomische Alternativen zwischen Links und Rechts entscheiden zu können, wiedergewonnen werden?

FS: Der politische Raum lässt sich schon lange nicht mehr mit dem eindimensionalen Links/Rechts-Schema erfassen. In den achtziger Jahren gewann die Dimensionen post-industriell/industriell an Bedeutung, und heute stehen die Dimensionen egalitär/wirtschaftsliberal und kommunitaristisch/kosmopolitisch im Vordergrund der politischen Auseinandersetzung – wobei die zweite im europäischen Kontext weitgehend mit national/pro-Integration gleichgesetzt werden kann. Hinzu kommt seit Gründung der Währungsunion eine dritte, territorial-strukturelle Entgegensetzung zwischen den basalen Interessen der von binnenwirtschaftlichem Wachstum und der von export-orientiertem Wachstum abhängigen südeuropäischen und nord-ost-europäischen politischen Ökonomien. Selbst wenn es also politische Auseinandersetzungen in einem europäischen öffentlichen Raum gäbe, ließen sich die Fronten nicht mehr im Rechts-Links-Schema organisieren.

DDP: Even if Europe is entrapped, I do not believe however that there is no alternative... quite the opposite: the crisis makes the search for alternatives not only necessary, but also possible. As Antonio Gramsci suggested long ago, crises might help in challenging hegemonic thinking. Some emerging actors on the Left often refer to Gramsci's concept of an organic crisis in which new ideas, perspectives and practices emerge from the weakening of the cementing capacity of the dominant ideology and of the capability for incorporation by the ruling class. As in Gramsci's interregnum, also nowadays the old is not yet dead and

the new not yet born, monsters can rise, but also so can opportunities for oppositional actors.

HB: Um die Demokratie zu retten, müssen wieder substanzielle Wahlmöglichkeiten im politischen Rechts-Links-Spektrum geschaffen werden, vor allem und zuerst in Europa, aber auch in den Nationalstaaten, die sie einmal hatten, aber nicht mehr haben, seit wir in einer Welt leben, in der nicht Märkte von Staaten, sondern Staaten von Märkten beherrscht werden. Ökonomisch sind wir in einer ähnlichen Situation wie Roosevelt beim Amtsantritt im Jahr 1933. Da ist Durchwursteln keine Option und der Status Quo kein Argument mehr. Damals hatten die Amerikaner die Wahl zwischen einer rechten, konservativen und einer linken, progressiven Wirtschaftspolitik, und sie haben zu ihrem Glück links gewählt. Die Linke aber in Europa nicht mehr wählbar. Auf dem Höhepunkt der griechischen Staatsschuldenkrise hat Junker das offene Geheimnis des europäischen Verfassungsrechts spät nachts in einer Hotelbar ausgeplaudert und den anwesenden Reportern von Arte erklärt, eine Regierung, so links wie Syriza, sei in Europa nicht wählbar. Der Nationalstaat kann als Demokratie nicht mehr überleben und Europas Union hat nicht die Entscheidungsmacht, das, was seine Staaten nicht mehr können, zu tun, zwischen linker und rechter Makroökonomie zu wählen. Ohne diese Macht aber gibt es nur noch „Faschadendemokratie“ (Habermas).

ME, MS: In diesem Zusammenhang ist sicher auch das wiederholte Plädoyer für eine Re-Politisierung der EU zu sehen: Würde jenseits öffentlichkeitsferner, weitgehend technokratischer Dauerverhandlungen entlang politischer Linien wieder gestritten und Kontroversen und Konflikte über politische Inhalte auch auf EU-Ebene öffentlich ausgetragen werden, könnten auch politische Parteien und Programme sichtbar werden und zu einer europaweit streitenden Öffentlichkeit beitragen. Was denken Sie – Ist Politisierung die Lösung?

FS: Unter den Bedingungen multi-dimensionaler Konflikte müsste Politisierung die (sehr begrenzten) Möglichkeiten konsensualen politischen Handelns und intergouvernementaler Kompromisse vollends blockieren – und so die Desintegration beschleunigen.

DDP: Claus Offe suggested that in an ‘entrapped’ Europe, the financial, political, social and cultural crises have contributed to disabling the agency of those very forces that might be capable of developing a European alternative. In fact, the previous expectation that integration generates the actors that are capable of producing more integration is disconfirmed by the growing discomfort with the EU. Nevertheless, a re-politicization is already happening, as research has clearly pointed at, through the increase in the topics addressed as connected to Europe, the polarization of opinions, diversity of actors. In the past, neofunctionalist approaches to the EU had assumed that adaptation between problems and levels of governance would bring about more and more integration, through a self-sustaining process. Public opinions about EU integration were considered as not-salient, based on weak preferences and not interacting with broader issues/conflicts. In the 2000s there was then the politicization of European integration through referendums and elections, as the EU was no longer insulated from domestic politics and vice-versa. Initially constrained, dissent became more and more politicized during the financial crisis, as the EU clearly failed to fulfil its promises.

HB: Ja, das denke ich. Wenn wir unsere Situation mit derjenigen der Roosevelt-Regierung von 1933 vergleichen, erscheinen Furcht und Bescheidenheit als der größtmögliche Fehler. Die Roosevelt-Regierung hatte doch überhaupt keine Ahnung, wie man die Krise würde

lösen können. Es gab kein *experimentum crucis* wie später beim Neoliberalismus, den man lieber erst mal in Chile ausprobiert hat. Die Rooseveltadministration aber wußte wie jeder, der es sehen konnte und wollte, um das ungeheure Unrecht, das die Krise zur Folge hatte, und sie wußte, dass es, wollte man die Sache an der Wurzel fassen, massiver Veränderungen bedurfte. Normativ war die Perspektive klar und auch deshalb am Ende erfolgreich. Also verschärften sie die Rhetorik des Klassenkampfes, mobilisierten die Arbeiter und die Gewerkschaften und starteten eine Serie politischer Programme, um wenigstens das größte Unrecht zu beheben. Roosevelt wusste auch, dass es eine neue Weltordnung brauchte, um die soziale Demokratie zu errichten und zu stabilisieren, und dass man politisch handeln musste, um sie herbeizuführen. Auch diese Option war normativ. Es ging um die Aufhebung einer Weltordnung, in der faschistischen Staaten dabei waren, ein Land nach dem andern zu erobern und das „Unrecht wie Wasser trinken“ (Kant). Dieselbe Art von Bedrohung zeichnet sich heute in neuer Form ab, und sie ist eine Folge der postkolonialen Konstellation, in der die reichen Länder des Nordens im globalen Süden zwar (derzeit) keinen Genozid verüben oder billigend in Kauf nehmen, aber trotzdem das Unrecht wie Wasser trinken, dessen Namen Outsourcing, Landgrabbing, Darwin's Nightmare und Giftmüllverklappung sind (Lessenich, 2016).

ME, MS: Den wachsenden Schwierigkeiten auf Ebene der Systemintegration steht auf Ebene der Gesellschaften interessanter Weise eine zunehmende Sozialintegration der Union gegenüber: Trotz wachsender Protektionismen und euroskeptischer Stimmungen in einigen Teilen der europäischen Gesellschaft ist die Identifikation mit der EU gleichbleibend hoch und weisen Studien darauf hin, dass es um die Solidarität der EuropäerInnen untereinander gar nicht so schlecht bestellt ist. Könnte dies ein Hoffnungsschimmer für die Zukunft der EU sein? Können diese zarten Triebe transnationaler Gesellschaftsbildung angesichts der gravierenden institutionellen Fehlstellungen bestehen?

FS: Die geringe politische Belastbarkeit solcher Ergebnisse der Meinungsforschung würde sich zeigen, wenn es um die europäisch-solidarische Rechtfertigung von spürbaren nationalen Opfern – höheren Steuern, niedrigeren Renten oder weniger Beschäftigung in den öffentlichen und sozialen Diensten – ginge. Plausibler als die Inanspruchnahme europäischer Solidaritätsbereitschaft für Transfers zwischen den Mitgliedstaaten wäre vermutlich deren Nutzung für EU-eigene Steuern, die den sozialpolitischen Handlungsspielraum der Union erweitern könnten.

DDP: I do not think the EU can easily rely on international solidarity or identification as Europeans as a basis for legitimation. These trends could help developing cosmopolitan visions of Europe but would not support dominant EU policies of border building. To the opposite: the EU is losing support among young generations that are more oriented towards solidarity because of its cynical position of issues of migration and refugees. In our research on political participation among young people, Europe (as the EU) was not at all taken for granted. For many, Europeanism was too narrow a vision and the EU a fortress. The deals with Turkey or Libya to stop migration at the cost of supporting authoritarian regimes (and very brutal ones), the criminalization of NGOs who help saving lives in the Mediterranean sea, as well as the increasing securitization are producing negative feelings towards the EU among those with more 'cosmopolitan' and inclusive visions.

HB: Das können sie, aber nur wenn wir ernsthaft versuchen, das ganze institutionelle Rahmenwerk der Union zu verändern. Nicht alles auf einmal, aber schrittweise, und in großen Schritten in die richtige Richtung. Erst das Parlament und die Arbeitslosenversicherung, dann das Militär, wenn es denn überhaupt noch nötig ist.

ME, MS: Wenn man nicht nur auf die Parlamente und die nationalen Öffentlichkeiten schaut, sondern auf den europaweiten Konflikt zwischen den in der Eurogruppe unter Deutschland vereinten Nordländern und den südeuropäischen Ländern in der Griechenlandkrise, zeichnet sich da nicht bereits eine neue, noch außer- und vorparlamentarische Unterscheidung von Regierung und Opposition in Europa ab?

FS: Der Nord-Ost/Süd-Konflikt in der Eurozone ist gewiss der Tat eine Dimension potenziell virulenter politischer Auseinandersetzung. Dabei geht es auch um den ideologischen Streit zwischen neoliberalen und keynesianischen Zielen und Instrumenten der Politik, der im Nationalstaat in der Tat zwischen Regierung und Opposition ausgetragen werden könnte. In der Währungsunion allerdings hat der Konflikt eine territoriale Basis in den divergenten und allenfalls gewaltsam zu verändernden sozio-ökonomischen und polit-ökonomischen Strukturen der EWU-Mitgliedstaaten. Dieser Konflikt kann nicht als demokratische Konkurrenz zwischen Regierung und Opposition um die Zustimmung einer gemeinsamen Wählerschaft ausgetragen werden. Er wird derzeit autoritär geregelt. Und falls die Währungsunion in gegenwärtiger Form erhalten werden soll, kann die autoritäre Regelung auch nicht aufgegeben werden.

DDP: The very idea of government and opposition at the EU level is complicated by the increasing power of the least transparent and electorally accountable of the EU institutions. There might be an opposition (probably more than one) inside the European Parliament. There might even be some stronger presence of the Green and the radical Left in the new EP—which might not only compensate the loss of the social-democratic party family, but also push for politics rather than compromise (the choice of the Spitzenkandidat by the European Socialists seems to me a suicidal confirmation of their perverse tendency towards allying with the Popular Party—which is, by the way, the party of Orban). But the problem is that the EU policies are made more and more by the European Central Bank or obscure bodies like the Ecofin, and they proceed by default in the logic of a negative integration in a Europe of the market aiming at further liberalization and forgetting solidarity altogether. Government and opposition are not the more consonant categories to describe these dynamics.

HB: Ja, aber es braucht eine institutionelle Form, eine parlamentarische Demokratie oder ein funktionales Äquivalent, das die wichtigsten normativen Errungenschaften der parlamentarischen Methode der Willensbildung nicht unterbietet, also 1. den Egalitarismus (die Schweizer Direktdemokratie ist Elitedemokratie), 2. die demokratische Gesetzgebung, die alle übrigen Staatsgewalten bindet und 3. die unabdingbare, auf die Gesellschaft im Ganzen zugreifende Allzuständigkeit des Gesetzgebers. Das kann sich dann ruhig über mehrere Ebenen verteilen (Föderalismus). Wenn echte Alternativen da sind und auch offen ausgetragen, breit und kontrovers diskutiert, umkämpft und zur Wahl gestellt werden, muss man sich auch um die europäische Öffentlichkeit keine Sorgen mehr machen. Man kann ihre Struktur aber durch eine einer Vergesellschaftung der kommunikativen Produktionsmittel (Massenmedien) verbessern, die nicht so blöd, repressiv und freiheitsfeindlich ist wie des zurecht untergegangenen Realsozialismus. Wenn Referenden nicht durch Geld und Macht allein bestimmt werden wie beim Brexit, sondern die öffentlichen Räume durch öffentliche Intervention deliberativ organisiert werden wie bei den Volksabstimmungen über Abtreibung und Homoehe in Irland, funktioniert sogar direkte Demokratie.

ME, MS: Wie könnte Europa so stark werden, dass es der Erpressungsmacht des Kapitals, die darin besteht, dass sich die Investoren das Land ihrer Wahl (gerade auch in Europa)

aussuchen können, die Länder aber nicht die Investoren, wenigstens eine gleiche Macht entgegensetzen kann?

FS: Die „Erpressungsmacht des Kapitals“ ist in den Mitgliedstaaten der EU höher als in anderen kapitalistischen Demokratien, und sie ist in den Mitgliedstaaten der Währungsunion noch höher als im Rest der EU. Ein Grund liegt in den harten Liberalisierungs- und Deregulierungsregeln der EU, die zum Zweck der Perfektionierung des Binnenmarktes nicht nur „nichttarifäre Handelshindernisse“ beseitigten, sondern auch die Kapitalverkehrsfreiheit, die Niederlassungsfreiheit, die Dienstleistungsfreiheit und das Beihilfeverbot so extensiv durchgesetzt haben, dass weite Bereiche der öffentlichen Infrastruktur und Daseinsvorsorge, der sozialen Dienste und der sozialen Sicherungssysteme dem Marktwettbewerb geöffnet werden mussten – was außerhalb der EU nirgendwo sonst der Fall ist. Die Investoren können sich deshalb innerhalb der EU nicht nur die Produktionsstandorte, Unternehmen, Unternehmensverfassungen und Steuersysteme ihrer Wahl aussuchen, sondern auch die bisher öffentlichen Aufgaben, deren Privatisierung ihnen profitabel erscheint. Die Währungsunion dagegen hat makroökonomischen Wahlmöglichkeiten der Mitgliedstaaten beseitigt und durch den einheitlichen europäischen Zwang zu fiskalischer Konsolidierung und angebotsseitigen Strukturreformen ersetzt. Zugleich maximiert dieses Regime die Abhängigkeit der staatlichen Politik von den Fluktuationen und Spekulationen der internationalen Kapitalmärkte. Mit anderen Worten: Die EU und die EWU sind gewiss die allerletzten Instanzen, bei denen eine demokratische Politik Schutz vor der „Erpressungsmacht des Kapitals“ suchen sollte.

DDP: I am not sure we need to think about just the EU level if we want to address (check and constrain) the power of capital. The power of capital was checked in the past within nation states. This can still be done to a certain extent. Even the local level is important in the development of policies of protection of the public versus the private: we see it on issues such as housing or transport. Privatization of water supply and other once-public services happened also at the local level and can be reversed at the local level. The so-called ‘Rebel Cities’ network shows the leverage that still exists for local politics. Of course, a different Europe—a Europe of the citizens—could also help constraining the power of speculators—but this would require a very deep change in the normative order the EU is built upon. Pushing for privatization, liberalization and deregulation, the EU has been until now one of the main supporters of the increased power of capitalism.

HB: Die Antwort ist 1. transnationaler Klassenkampf und 2. transnationale Bewegungen, die sich die Inklusion nicht nur aller Klassen, sondern auch Geschlechter (sexuellen Orientierungen) und Nationalitäten („colors“, „races“) auf ihre Fahne geschrieben haben. Für die Gewerkschaften ist das der einzige Weg, die Globalisierung zu überleben. Angestellte von Google haben kürzlich ein globales Walkout organisiert und ihre Solidarität mit den Beschäftigten einer globalen Hotelkette mit dem Slogan ausgedrückt: „Workers Unite!“ Das war zwar die Parole von gestern, aber sie drückte den Internationalismus von Morgen aus. Der globale Streik ist nicht mehr unmöglich, und wenn er erst mal in Europa gelingt, könnte Europa sogar noch einmal zur Avantgarde der postkolonialen Welt werden. Aber es wäre genauso gut und effektiv, wenn es in Lateinamerika oder Afrika gelänge.

ME, MS: Europa hat eine Verfassungsverfassung wie die Vereinigten Staaten. Aber während das Europarecht (wie die US-Verfassung) entgegenstehendes nationales Recht bricht, lässt sich seine Verfassung nicht durch demokratische Mehrheitsentscheidungen (mit supermajority), sondern (wie ein internationaler Vertrag) nur im Staatenkonsens ändern. Was meinen Sie, könnte die europäische Misere gelöst werden, würden solche demokratischen

Elemente in den Prozess der Verfassungs-, bzw. Vertragsänderung und -entwicklung eingeführt werden?

FS: Auch die amerikanische Verfassung ist nur sehr schwer zu verändern. Wichtiger ist deshalb der Unterschied zwischen der „schlanken“ US Verfassung und den detaillierten europäischen Verträgen, die schon deshalb eine exzessive „Konstitutionalisierung“ des EU-Rechts zur Folge haben (Dieter Grimm). Vor allem aber hat das europäische Richterrecht mit der extensiven Interpretation der wirtschaftlichen Grundfreiheiten und des Wettbewerbsrechts eine extrem markliberale europäische „Wirtschaftsverfassung“ geschaffen, die die nationale Politik fesselt und auch die Wahlfreiheit der europäischen Politik sehr eng beschränkt.

DDP: I am skeptical about the wisdom of increasing the power of the existing European institutions. I do not see much democracy at the EU level at the moment, and I do not believe that just allowing to make decisions by supermajorities could help addressing a deep crisis of legitimacy. The risk is to give even more competencies to institutions with very limited accountability.

HB: Hier stimme ich vollkommen mit Dieter Grimm überein. Jedes allgemeine Gesetz, das in die Zuständigkeit des einfachen Gesetzgebers gehört, heute aber in transnationalen und nationalen Verfassungen (Schuldenbremse etc.) steht, muss aus der Verfassung bzw. den Verträgen raus und der einfachen Gesetzgebung unterstellt werden. Dies wäre ein wichtiger erster Schritt. Allerdings nur in Kombination mit einer demokratischen Parlamentarisierung der Eurozone.

ME, MS: Und wie könnte das umgesetzt werden? Braucht Europa doch eine neue Verfassung, oder lässt sich das auf dem Wege stillen Verfassungswandels (also ohne am Wortlaut der Verträge etwas zu ändern) erreichen?

FS: Auch in den USA hatte der Supreme Court im ersten Drittel des vorigen Jahrhunderts eine liberale und politisch restriktive Wirtschaftsverfassung richterrechtlich durchgesetzt (Ehmke, 1961). Sie wurde in der „Verfassungsrevolution“ von 1937 vom Gericht selbst korrigiert – allerdings erst, nachdem das Gericht den New Deal blockiert, Roosevelt einen Wahlkampf zu dessen Verteidigung gewonnen und dann eine Änderung der Gerichtsverfassung angedroht hatte. Eine solche Zuspitzung ist in der EU kaum zu erwarten. Und auch im prinzipiell die „Integration durch Recht“ lobpreisenden akademischen Europarecht sind nur Außenseiter bereit, das expansive Wirtschaftsverfassungsrecht des EuGH in Frage zu stellen.

HB: Einen solchen „stillen Verfassungswandel“ gab es zu Zeiten des New Deal. Der bessere (und für Europa sogar der einzige) Weg besteht meiner Meinung nach in einer grundlegenden Verfassungs- bzw. Vertragsreform, die dann aber nicht mehr an den internationalrechtlichen Staatenkonsens gebunden werden darf.

ME, MS: Wenn (wie im Fall des New Deal der 1930er und die Rights Revolution der 1970er in den USA) ein solcher, massiver Verfassungswandel ohne Verfassungsänderung möglich wäre, ließe sich das noch im bisher üblichen, eher technischen Policy-Modus durchsetzen oder nur im Zuge einer echten Politisierung mit dem Risiko massiver öffentlicher Konflikte (was der EU im Falle des Gelingens auch die fehlende Input-Legitimation verschaffen würde)?

FS: Weder die Währungsunion noch die ultra-liberale europäische Wirtschaftsverfassung könnten im „technischen Policy-Modus“ geändert werden. Eine von den Süd-Ländern betriebene Politisierung des Euro-Regime erscheint nicht ausgeschlossen. Im Erfolgsfalle würde sie die Währungsunion sprengen – was Freunde des europäischen Zukunftsprojekts nicht beklagen, sondern begrüßen sollten. Eine politisierte öffentliche Debatte über die Restriktionen einer richterrechtlich oktroyierten europäischen Wirtschaftsverfassung erscheint mir ausgeschlossen. Das Richterrecht wirkt scheinbar punktuell, trifft mal diesen, mal jeden Staat, und die konkreten Fälle finden selten politische Aufmerksamkeit. Außerdem erfordert erfolgreiche Politisierung erreichbare Ziele. Hier aber wären politische Abhilfen ausgeschlossen, und ohne massive Unterstützung durch das akademische Europarecht wären auch Forderungen nach einer Selbstkorrektur der Rechtsprechung aussichtslos. Bliebe also nur die Ermutigung der Mitgliedstaaten zu passiver Resistenz oder offener Non-Compliance, was die Freunde des Zukunftsprojekts kaum erfreuen dürfte.

DDP: I do not see mass public conflict as a risk. European institutions and scholars who saw the EU as a regulatory body hoped to increase the power of the EU while keeping a benignant support for it. They tried to legitimize the EU by the outcomes, as advantaging equally all member states. But the Great Regression challenged that idea, especially but not only for those countries that were on the losing side on an international economic competition that is of course happening also within the EU. In terms of declining trust in European institutions, the drop was much sharper in the European periphery that was most hit by the crisis, but discontent spread also in other areas. The electoral earthquake also at the core of Europe, the advance of right-wing populist parties in Northern Europe, the deep loss in support by the French president (that had tried to build his support on pro-EU stances) as well as the Brexit situation are all signs of the failure of a narrative of legitimation by the output that had pretended one could give power to EU institutions without admitting its political nature.

HB: Wie schon gesagt, sehe ich keine andere Möglichkeit. Sie ist äußerst risikoreich, aber das Risiko, am Status Quo festzuhalten, ist viel größer. Es ist erschreckend, zu sehen wie Europas politisch-mediale Eliten angesichts der drohenden Existenzkrise Italiens auf Wegsehen und auf Durchzug schalten. Dasselbe bei der sogenannten Migrationskrise. Wir sagen nix. Wir geben nix. Wir tun nix. Wir heben einfach das rote Telefon nicht mehr ab, wie Steinbrück und Merkel in den ersten, alles entscheidenden Tagen der großen Weltwirtschaftskrise, die 2008 ausbrach und immer noch andauert (Tooze, 2017). Europa belügt sich selbst, ist, wie Habermas sagt, zu einem Kontinent des mauvaise foi geworden. Die trostlose Mischung aus mauvaise foi, informellen Absprachen (am Recht vorbei) und rechtlich-politischer Handlungsblockade, die das Europa der deutschen Exportindustrie bestimmt, setzt einen fatalen Prozess der Selbstradikalisierung in Gang, den Hans Mommsen am Beispiel des deutschen Faschismus analysiert hat. Der Mechanismus ist aber allgemeiner. Wenn keine klar bindenden Rechtsnormen zustande kommen, wird von denen, die vor Ort entscheiden, immer die radikalste (und ihrem dumpfsten Vorurteil entsprechende) Alternative gewählt, und so entsteht jetzt an beiden Seiten unserer Südgrenze diesseits und jenseits des Mittelmeeres eine weitgehend rechtsfreies System KZ-artiger Lager, und dazwischen eine riesige Todeszone auf hoher See, in der die Rettung Schiffbrüchiger faktisch verboten und für die Retter lebens- und freiheitsgefährdend geworden ist.

ME, MS: Was ist Ihre realistische Utopie für Europa? Haben Sie die (noch)? Braucht es eine solche?

FS: Meine reale Utopie für Europa postuliert drei Prinzipien: (1) Differenzierte Integration durch Politik statt einheitliche Integration durch Recht. (2) Wenn der EU bestimmte Aufgaben politisch übertragen werden, muss sie auch in die Lage versetzt werden, diese mit eigenen Mitteln und in eigener politischer Verantwortung effektiv zu erfüllen. (3) Zu den Aufgaben der EU gehört es nicht, die Mitgliedstaaten bei der politischen Wahrnehmung ihrer eigenen Aufgaben rechtlich zu beschränken oder zu regulieren.

Ziel der Utopie wäre eine europäische Mehrebenen-Verfassung, unter der effektives und demokratisch verantwortetes politisches Handeln in der Union und in den Mitgliedstaaten ermöglicht wird.

DDP: I would not call it a realistic utopia—but I still think it is important to reflect on European alternatives. Our research has shown how difficult it became, on the Left in particular, to even talk about Europe. Comparing contemporary social movements with those at the beginning of the millennium, we note nowadays a much more critical vision of the EU: rather than a growing acceptance and legitimation, there is increased disinterest and mistrust. The discussion on Europe is also avoided as there is too high a risk of division inside the various groups, especially on issues such as the Euro. Even if the activists are not pushing for a return to the nation state, rather stressing their principled internationalism, there is more and more disenchantment with the European dream. Europe is considered as more and more authoritarian, with the European governance increasing rather than reducing its democratic deficit. From the territorial point of view, there are claims to go ‘beyond Europe’. Yet, constructing ‘Another Europe’, a Europe of solidarity, as going beyond the nation state is considered as a necessity. As mentioned when addressing your first question, the European elections, being the most politicized ever, will require taking a position. I do not know how much chance there is to deeply transform the existing EU institutions so they can respond to expectations of reduction in social inequalities and democracy—but I think that proposals like the introduction of a tax on capital, or criteria of social protection and solidarity, or increasing forms of citizens participations need to be developed and discussed.

HB: Ich glaube nicht, dass utopische Projekte realistisch sein können. Kants Seitenhieb gegen die politischen Realisten ist immer noch zutreffend: „Denn nichts kann Schädlicheres (...) gefunden werden, als die pöbelhafte Berufung auf vorgeblich widerstreitende Erfahrung, die doch gar nicht existieren würde, wenn jene Anstalten (die Verfassungsinstitutionen – HB) zu rechter Zeit nach den Ideen getroffen würden (...).“

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