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Karl Polanyi for Latin America: Development and Social Transformation

Abstract

Karl Polanyi’s increasingly influential theories of development and social transformation have had, until recently, relatively limited impact in Latin America despite their clear relevance to development and social transformation in the region. Polanyi was an early critic of modernization theory and articulated an alternative structural historical perspective. His work on ‘primitive’ or pre-capitalist societies also has clear resonance in a continent actively rethinking its Amerindian past. Above all, Polanyi’s searing critique of the effect of an unregulated market economy on humanity and nature adds to our critical understanding of neoliberalism in Latin America. Likewise, his strikingly original theory of a counter-movement from society to protect itself from the market greatly illuminates the politics of Latin America over the last twenty years with the rise of left-of-centre practically across the continent. The unfolding of Latin American development and social transformation might, conversely, enrich Karl Polanyi’s theory and political vision from a global South perspective.

Introduction

Karl Polanyi was born in 1866 into a well-off Jewish family in a Hungary which was industrializing rapidly and going through a political radicalization which would culminate in the Soviet Republic of 1919. This was always a ‘view from the periphery’ even when he moved to Britain in 1933 and the US in 1940 from where his *magnum opus* *The Great Transformation* was published in 1944. While strongly influenced by Marxism, and very sympathetic to the Soviet Union, he never affiliated to the Second or Third Internationals. His ‘Liberal Socialism’ (as it was then known) was akin to the socialism of the British Fabians and Marxist ‘revisionists’ such as Eduard Bernstein. Later he was to be found in the orbit of Christian Socialism and that of G. D. H Cole and other British ‘guild socialists’ associated with the Workers Educational Association, where he found employment and which led him to an intense study of Britain’s Industrial Revolution which formed the basis of the Great Transformation. In one of his last letters before he died in 1964 Karl Polanyi told of how “My life was a ‘world’ life - I lived the life of the human world..... My work is for Asia, for Africa, for the new peoples”. It is from that non-Eurocentric perspective that I take up his work in relation to the Latin American problematic.

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The basic thesis of *The Great Transformation* was “that the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society” (Polanyi 2001:3). While previous societies were organized around principles of reciprocity, exchange and redistribution, under capitalism (though Polanyi called it industrial society) market based exchanges would be the sole form of socio-economic integration. This self-regulating market was based on the ‘fictitious commodities’ of land, labour and money. For the market and commodification to rule supreme it was necessary for it to subordinate society to its principles: “A market economy can exist only in a market society” (Polanyi 2001:74). However while this tendency to create ‘one big market’ (culminating in what became known as “globalization”) “simultaneously a counter-movement was afoot” (Polanyi 2001:136) which receded against the dislocation of society by the market mechanism. This movement towards social protection would take the form of the welfare state in the global North and the national development state in the global South.

In the 1950’s, from his US academic post, Polanyi turned towards an intensive research programme, with a number of collaborators, into the nature of pre-capitalist societies. This project was aimed at placing the market in its true historical context. Polanyi thus turned to anthropology to explore the role of cultural belief in structuring economic activity and to categorize the institutions that guided this activity in non-market societies. Self-interested economic behaviour would undermine the sense of community (*gemeinschaft*) on which these societies depended. Clearly there is more to human life than the market which is not ‘natural’ in any sense. Reciprocity, involving sharing the burden of labour through the exchange of equivalencies, was almost always more important. Land and labour were thus integrated into the economy through the norms of reciprocity and redistribution. It is only at a particular point in history - the Industrial Revolution essentially- that “exchange becomes *the* economic relationship, with the market the sole locus of exchange” (Polanyi et al 1977:169). In conclusion, economic life cannot be reduced to market based exchange, and not only is “another world possible” but these alternative worlds existed throughout human history.

Polanyi’s concept of ‘social embeddedness’ has been influential in Latin American peasant studies and, in particular, research on subsistence growers (see Roseberry 1983 and Smith 1990 for example). Latin American peasants historically, and to some extent still today, are embedded in social relations based on redistribution and reciprocity as well as being subject to the pressures of a market economy. Market discipline became the primary economic and political regime under neoliberalism in the 1980’s and 1990’s and here Polanyi’s thesis of the great transformation has proven truly illuminating. It also provided some degree of hope that the long night of neoliberalism, often imposed by military force, would at some point reach its limits and society would regain its role after the era in which “There is no such thing as society” or so we were told. In a broader sense Polanyi’s perspective would have encouraged a minority political economy focus on ‘internal’ capitalist development processes rather than on the ‘external’ conditioning as favoured by the dependency theorists. In political terms, the dominant Marxism of the 1970’s and 1980’s in Latin America (marked by strong version of Althusserianism) would have discouraged interest in a non- orthodox Marxist, even ‘Weberian’

such as Karl Polanyi. That dogmatism is no longer an issue in general, and many recognise that an 'open' Marxism has much to learn from Polanyi.

If the Polanyian problematic can add to our understanding of development and social transformation in contemporary Latin America so that continent may serve to enrich Polanyian thinking. The Inca and Maya pre-conquest civilizations and socio-economic regimes provide a rich supplement to Polanyi's own case studies. Today's political interest in 'Inca communism' especially in the Andean countries, confirms Polanyi's essential intuition that the unregulated capitalist market is not a timeless institution. His key, and most influential, work on the disastrous social impact of the unregulated market, found full confirmation in the early adaptation of neoliberalism under military regimes in Latin America from 1973 onwards. Above all, Polanyi's brilliant intuition of a counter-movement emerging to contest the free market finds in contemporary Latin America a rich laboratory which can add complexity and historical depth to this basic Polanyian insight. In terms of Polanyi's political perspective-socialist but not Marxist, Christian but not theological- Latin America's unprecedented political experiments in alternative forms of governance and economic policy provides us with rich material from which to develop a progressive Polanyian perspective fit for purpose in the 21st century.

Polanyi as development theorist

When Kari Polanyi told her father Karl about her newfound interest in development economics in the late 1950s his response was "Development, Kari? I don't know what that is" (Polanyi Levitt 2012:11). It is also known that he was extremely hostile towards the founding text of the 'made in USA' modernization theory-Walt Rostow's *Stages of Economic Growth* (Rostow 1960). Polanyi's was a holistic and anti-deterministic approach to development. His work forms part of a broader tradition of comparativist research which recognised the importance of human agency, such as Eric Wolf's economic anthropology (Wolf 1959), E.P. Thompson's cultural labour history (Thompson 1963) and Barington Moore's broad brush treatment of development and revolution (Moore 1966). Polanyi's consistent critique of 'the economic fallacy' and his emphasis on the importance of the social could only but make him a critic of Rostow's 'stage of economic growth' model, and he would be aware of the Cold War context of Rostow's approach and how it served to further U.S imperialism in Latin America as elsewhere. While not active in party politics (except for a very brief early engagement) Polanyi remained a lifelong socialist and thus committed to indigenous forms of social development.

Polanyi was also entirely consistent in fiercely criticizing the mechanical development theory dominant in the Marxism of this day. Echoing the later 1970s critique of modernization theory in Latin America, Polanyi was writing in 1949 ("Economic history and the Problem of Freedom") that "Marxist determinism is based on some kind of railway time-table of social development: Upon slave society follows feudalism, upon feudalism - capitalism and upon capitalism-socialism" (Polanyi 1949:2). This schema is, indeed, mirrored in Rostow's stages of economic growth through 'take off' to something approximating the U.S.A. This mechanical Marxism (at one point, interestingly, Polanyi calls it "Marxism" in distancing quotes) did see

history as pre-determined, the economic base was seen as determinant (albeit “in the last instance”) and there are phrases of Marx supporting Polanyi’s critique of a technological determinism wherein “irrigational technique not only produces a slave-holders society, but such a society must also ultimately produce fetish ideology, the handmill not only produces a feudal society, but such a society must also ultimately produce a church religion; the steam-engine not only produces bourgeois society....etc (Polanyi 1949: 3) and so on. There was always, of course, an alternative reading of Marx available but Polanyi’s critique is still a pertinent one, as relevant today as when it was written.

Marxism in Latin America took its approach to development from what it understood to be Marx’s theory of modes of production. This was an evolutionist model in which slavery → feudalism → capitalism. One variant held that Latin America’s participation in a global market meant it was always- already capitalist and thus ripe for socialist revolution. This model elevated what were really notes of Marx on pre-capitalist economic formations into a canonical model to be applied a-historically and without any cognisance of cultural specificities. Current historical materialist work in Latin America, as elsewhere, recognises that relations of production are not reducible to forms of labour exploitation, which can take many complex and hybrid forms. For Jairus Banaji, historical materialism needs to go beyond the ‘motionless paradigm’ of modes of production theory “to a construction of the more complex ways capitalism works” (Banaji 2012:359). Capitalist world trade, following the Industrial Revolution, created a global economy which articulated various forms of capitalism and non-capitalist forms of labour exploitation.

Polanyi’s approach to development in a holistic/comparativist view may well take us beyond the impasse in development theory between modernization theory and the Marxist influenced dependency theory which is still important in Latin America. These two approaches are both teleological (the end is predefined) and hold essentially economic conceptions of what development means. Interestingly Polanyi referred to how “a social calamity [such as the Industrial Revolution] is primarily a cultural not an economic phenomenon which can be measured by income figures or population statistics” (Polanyi 2001:164). In this sense Polanyi’s thinking is very much at one with the Latin American ‘post – development’ school which is based centrally on a cultural reading of development. The emphasis is on a reading of development discourses as primarily disciplining difference-establishing what the norm is and thus deviance from that model which leads to ‘under-development’. As Polanyi was (arguably before his time) acutely concerned with the destruction of nature by the market, so the post-development approach (eg Escobar 1995) is very focused on the rights of nature as part of his emphasis on the development project of the indigenous peoples which is not the same as national economic development.

Polanyi was somewhat silent on the question of colonialism, and while his emphasis on Britain’s Industrial Revolution does not make him Eurocentric, his approach to the ‘primitive’ and ‘archaic’ seems rather dated today. Be that as it may, Polanyi would probably not have been opposed to the deeply critical stance of postcolonial theory to the ‘Western development project’. Polanyi’s whole approach to comparative development would have led him to oppose

what postcolonial theorists see as “the dominant, universalizing, and arrogant discourses of the North” (Mc Ewan 2009: 27) in relation to development. Polanyi and post-colonialism are equally critical of all forms of ethnocentrism and evolutionism. Polanyi’s fierce critique of market fundamentalism would have made him a critic of neoliberalism in Latin America and elsewhere. The notion that there could be a universal blueprint for economic development, for example one based on the ‘magic of the market’ would be totally alien to him. His research into the pre-capitalist or pre-market social formations would have made him very sympathetic to current struggles against commodification and the search for another form of development.

Polanyi on pre-capitalist societies

Polanyi’s research programme around ‘primitive’ and archaic economic systems sprung from his need to contest neo-classical economics on the timeless nature of capitalist markets. From neoclassical to neoliberal economics there is an unshakeable belief that economic relations spring from innate human proclivities. Rational self-interested individuals should see how competition and abiding by the rules of the marketplace are the best option for all concerned. As von Mises put it “All rational action is economic. All economic activity is rational action. All rational action is in the first place individual action. Only the individual thinks. Only the individual reasons. Only the individual acts.” (Mises 1951:83). The role of the state, as this rational individualistic system emerged, was simply to act as ‘night-watchman’, that is to make sure all play by the rules. For Polanyi it seemed quite clear that we could not project into the past analytical categories of the present. Instead he embarked on a broad comparative research project on what were then known as ‘primitive’ and archaic societies. In particular, he examined how key economic processes such as market, trade and money were institutionalized in these pre-capitalist societies. Building on the work of Ferdinand Tönnies, Max Weber and many anthropologists, he successfully deconstructed the economic fallacy at the core of neoclassical economics.

Material goods and their trade have been part of human life for most of known history, but ‘the market’ in the economic science sense is fairly recent. Prices have also existed for a long time but they have not always dictated value. Most pertinently we are more likely to ascribe a ‘use value’ to a good and not just treasure it according to its ‘exchange value’. The market, to use Polanyi’s term, does not have ‘a timeless predominance’. Thus, of course, non-market forms of social organisation are possible. As Polanyi writes in *The Livelihood of Man*, it was “only the nineteenth century which universalised the market [and] would experience economic determinism in its daily life and incline to assume that such determinism was timeless and general” (Polanyi et al 1977: ixvi). Unless we divest ourselves of ‘obsessive economy-centred notions’ and understand that these reflect “timebound conditions” we will not be able to find “the solution to wider problems, including those of the adjustment of the economy to new social surroundings” (Polanyi et al 1977: xivii). We need only think of the dominant response to global warming through the offering of ‘carbon credits’ which make sure the economic institutions that caused the environmental problem continue to benefit even as we seek to address it.

Polanyi's research and writing on pre-capitalist societies had a marked influence on economic anthropology and the Columbia University programme he led in the 1950s achieved considerable impact. In some areas subsequent research findings have invalidated some findings and relativized other. Overall, however, as Gareth Dale concludes after reviewing this phase of his work, his comparative and non-ethnocentric 'general economic history' has established "a framework capable of making sense of modes of economic organization even where systems of interconnected price-making markets are absent" (Dale 2010:185). The internal contradictions of the autarchic societies are sometimes downplayed, and there is more than a hint of retrospective utopianism at times. His ideal-type methodology-very much in the tradition of Max Weber - does not lead Polanyi to engage productively with the Marxist dominated debate on the transition to capitalism. However, along with the double movement thesis (see section *Polanyi on market society* below) Polanyi's substantivist economic anthropology is a major achievement and its impact is now felt for example in the debates around the sociology of innovation and embeddedness (see Granovetter 1970).

In Polanyi's joint work with Arensberg and Pearson "*Trade and Market in the Early Empires: Economies in History and Theory*" (Polanyi et al 1957) there is one chapter on the Amerindian civilizations by Anne Chapman (Chapman 1957). This influential essay examined the relationship between markets, money and trades in the Aztec (and Maya) civilizations, in particular the 'ports of trade' enclaves. The Aztec long-distance traders, the *pochteca* operated to a considerable extent outside the normal market mechanisms. Nor did the rules of 'the market' extend much beyond the marketplace, contrary to the theories of the formalists whom the substantivists around Polanyi contested. The ports of trade through which most long distance trading took place were controlled directly by the Aztec Empire or by the trading communities themselves. These traders were directly implicated in the extension of Empire and were far from being the peaceful merchant with a purely economic role some imagined. Chapman subsequently (Chapman 1980) developed a theory of the barter economy neglected theoretically by both Marx and Polanyi, but interestingly she became much closer to the Marxist anthropology which flourished in the 1970's after the end of the formalist-substantivist debate.

An earlier analysis by José Carlos Mariátegui of the Inca civilizations had served the purpose of de-naturalising capitalist development, as it were, in Peru (Mariátegui 1970). The Inca civilization was based on a kinship social system with well-established exchange mechanism based on reciprocity. The basic social unit was the *ayllu* that held the grazing land in communal ownership and allocated available land to each family. This was a society based on self-sufficiency and social solidarity. The production process was based on mutual aid, a system that allowed people to call on their neighbour's labour in a reciprocal manner. Land distribution, consumption patterns and labour use were all regulated by equitable reciprocity norms. The higher social level was much more hierarchical and inequitable, with the forced labour system, the *mita*, being used to create the economic infrastructure. As Wachtel puts it "the Imperial Inca mode of production was based on the ancient communal mode of production which it left in place, while exploiting the principle of reciprocity to legitimate its rule" (Wachtel 1984:46) Mariátegui in the 1920s sought to harness the energy and creativity of

the Amerindian social order during a period of indigenous revolts when the notion of an Inca 'primitive communism' found a powerful echo.

Karl Polanyi's broader relevance today, for economic sociology in particular, lies in his model of the "forms of integration" which is anti-evolutionary and demonstrates the multiplicity of forms for transforming material and immaterial goods. While recognizing that the market is indeed one such form, Polanyi analyses in details reciprocity, redistribution and (in some cases) house-holding as historically more important forms. As Harry Pearson (who was the editor of *The Livelihood of Man*) put it "Polanyi's ultimate aim at this theoretical level was to create a substantive nonmarket economics which would, indeed, provide a general conceptual framework 'for the whole range of earlier societies where patterns of integration other than exchange have been found to prevail' " (Pearson 1957: XXV). While the overall objective was not met, this work has provided rich inspiration for a wide range of contemporary studies. Its global coherence, as Steve Topik puts it "allows Latin Americanists to see the interrelationship of many apparently remote concepts and issues such as concerns with precapitalism both in archaic civilizations and later, less complex peoples, the household economy and sexual division of labour [and] the evolution and consequence of the markets" (Topik 2001: 83).

What Polanyi shows is how 'the economic' is instituted within societies in differing ways. As Polanyi puts it "The study of the shifting place occupied by the economy in society is therefore no other than the study of the manner in which the economic process is instituted at different times and places "(Polanyi 2001: 256). This process produces a social structure and is the focus of different values and policies. In brief, the human economy is embedded in economic and non-economic institutions. In the pre-capitalist societies Polanyi studied during the Columbia project "The economic system is, in effect, a mere function of social organisation" whereas under market capitalism "instead of economy being embedded in social relation, social relation are embedded in the economic system" (Polanyi et al 1957: 57). We can, of course, question whether the implicit dualism in this schema is suitable for a current analysis in terms of "far more pluralist institutional settings: of the mixing of different instituted modes of economic integration and a plurality of forms of (market and non-market), centrally organised, or 'reciprocal' forms of exchange" (Randles 2002: 17) but Polanyi's original intuition still stands as a pivotal point.

Polanyi's writing on pre-capitalist relations of production and distribution is highly relevant in contemporary Latin America. For a long time this debate had been dominated by a rather abstract and very polarised contest between those who believed colonial Latin America was feudal and those who deemed it was really capitalist. It is hard to maintain today that colonial Latin America was subjected to a form of transplanted Iberian feudalism. Likewise the Gunder Frank focus on the pressures of the world reproduction process of capital as sufficient to prove a specifically capitalist mode of production on the word scale is not convincing either (Banaji 2012). It is perhaps not an articulation of modes of production (see Wolpe 1980) we should be looking for but a complex combination of relations of production in the capitalist periphery. Polanyi's model of the different forms of economic institutionalisation- reciprocity,

redistribution and exchange- can thus be merged with Marx's emphasis on the different ways in which labour is both controlled and exploited. Polanyi- as Weber before him- has perhaps always been arguing with the ghost of Marx to some extent anyway. A reconciliation might well be in order.

Contrary to the neo-classical conception, the state played an extremely active role in the development of the market in Latin America as elsewhere. As Polanyi has argued for ancient societies, the state through its armies and bureaucracy, created the condition for production and distribution, often without recourse to market mechanisms. When Latin America began to throw off the yoke of Iberian colonialism in the early 19th century, the concern of the leaders was to build a strong state and not a market. Economically rational man, the core of the neoclassical mode, was not part of their calculus, but rather the creation of national citizens. As Topik argues "many early liberals were convinced that only when national political power was recognized as legitimate and social peace reigned would the free market and its blessings appear" (Topik 1999:8). Rather than the 'magic of the market' these early nation-state builders looked to the 'magic of citizenship' as the means to peace and prosperity. It was the state that would create the market and seek to forge the economically rational man- pulled away from the sway of pre-capitalist relations and customs- and not the other way round. So when neoliberalism emerged one hundred year later it would need to invent an earlier free market utopian period to look back at.

Across the global South we can find today norms of reciprocity prevailing in what is known as the informal sector. This alternative economy is often characterised by non-market forms of solidarity and it is clearly embedded in dense social networks. While partly a mode of survival, this 'third sector' has awoken enthusiasm on both the right and the left. For the first it shows that we are all entrepreneurs however small the scale. For the left, on the other hand, it shows the decline of market principles and the strength of an alternative economic model. While some Polanyi scholars have taken a quite optimistic view of this sector as betokening the emerging counter-movement others are more sceptical. I would probably agree with Gareth Dale for whom "decommodification may be symptomatic of social disintegration rather than the emergence of vital and durable relation capable of reproducing and sustaining themselves in opposition to capital" (Dale 2012: 201). While the evidence from Latin America points clearly in this more critical direction, it is important to note that Polanyi provides us with a framework and with the tools to analyse these complex economic, political and social modes of human organization and relationships of production.

Polanyi on market society

At its most basic the Polanyi problematic was based on the notion of a 'great transformation' at the start of the nineteenth century leading to the dominance of free market principles. But this social transformation led to a counter-movement through which society protected itself from the effects of untrammelled free market expansion. History thus advances in a series of 'double movements', according to Polanyi, whereby market expansions create societal reactions. We can posit that the emergence of 'globalization' in the last quarter of the twentieth century

represents the belated fulfilment of the nineteenth phase of human history characterized by 'an attempt to set up one big self-regulating market' (Polanyi, 2001: 70).

According to Polanyi, who was writing during the cataclysm of the Second World War, 'the fount and matrix of the [capitalist] system was the self-regulating market' (Polanyi, 2001: 3).

Polanyi traces the birth of market society as we know it to Britain's Industrial Revolution of the nineteenth century. Previous societies had been organized on principles of reciprocity or redistribution or householding, now exchange would be the sole basis of social and economic integration. Markets were previously an accessory feature in a system controlled and regulated by social authority. Henceforth, the market ruled unchallenged and changed society in its image: 'A market economy can exist only in a market society' (Polanyi, 2001: 74). Economic liberalism was the organizing principle of the new market society where economics and politics were, for the first time, split up. What is remarkable about this economic discourse is that: 'The road to the free market was opened and kept open by an enormous increase in continuous, centrally organized and controlled interventionism' (Polanyi, 2001: 146). As with neo-liberalism in the 1980s, laissez-faire economics was nothing if not planned.

Polanyi's self-regulating market was to be based on the 'fictitious commodities' of land, labour and money. That labour should become a commodity that could be bought and sold was essential to the logic of the market economy. But, as Polanyi (2001: 75) argues, 'labor, land, and money are obviously not commodities . . . 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; actually money, finally, is merely a token of purchasing power'. Polanyi goes further than Marx to argue that 'labour power' is but an 'alleged commodity' precisely because it 'cannot be shoved about, used indiscriminately, or even left unused without affecting also the human individual who happens to be the bearer of this peculiar commodity' (Polanyi, 2001: 76). This is more than a moral critique of capitalism, however, because Polanyi goes on to argue that trade unions, for example, should be quite clear that their purpose is precisely 'that of interfering with the laws of supply and demand in respect of human labour, and removing it from the orbit of the market' (Polanyi, 2001:186). Any move from within society to remove any element from the market ('decommodification') thus challenges the market economy in its fundamentals.

When Polanyi distinguishes between real and fictitious commodities he is going beyond the moral principle that people or nature should not be treated as though they could be bought and sold. The project of creating a fully self-regulating market economy required this fiction but if fully implemented then society and the environment would both be destroyed. In practice, against the basic tenets of liberalism (and in our era's neo-liberalism), the state plays a continuous, intensive role in regulating the flow of labour across frontiers; educating and training workers, dealing with unemployment, and so on. The use of land in rural and urban areas is tightly controlled by the state. In actually existing market societies the state plays a guiding economic role and is never 'outside' of the market in any real sense. As Polanyi argues: "Undoubtedly, labor, land and money are essential to a market economy. But no society could stand the effects of such a system of crude fiction for the shortest stretch of time unless its

human and natural substance as well as its business organization was protected against the ravages of this satanic mill". (Polanyi, 2001: 76–77)

The self-regulating or self-adjusting market was, for Polanyi, a 'stark-utopia' in the sense that it could not be achieved: '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: 3). In modern terminology, the self-regulating market was neither socially nor environmentally sustainable. Neo-liberals today have developed a similarly fundamentalist discourse based on the 'magic of the market'. Central to this identity is the notion that government interference in economic affairs must be reversed and that the individual market agent or 'entrepreneur' should be given a free hand. In this grand schema society does not exist and nature is seen simply as a factor of production. This market system and the associated laissez-faire ideology 'created the delusion of economic determinism' (Polanyi, 1947: 70) against which Polanyi calls for 'the reabsorption of the economic system in society, for the creative adaptation of our ways of life to an industrial environment' (Polanyi, 1947: 143).

For Polanyi, in his day, but probably even more so today, 'The true implications of economic liberalism can now be taken in at a glance. Nothing less than a self-regulating market on a world scale could ensure the functioning of this stupendous mechanism' (Polanyi, 2001:145). Globalization, in the broadest sense of the word, can thus be seen as inherent in the free-market project. The world, naturally enough from this perspective, becomes just one giant marketplace where everything and everybody can be bought and sold. Social relations are reduced to market relations. The 'opening up' of the world market becomes the *raison d'être* of development, with only some token gestures paid to social and human development. What Polanyi analyzed for the national level—in terms of a separation of the economy from the social and political domains of human life—is now becoming realized and empowered on the global terrain. Even the proponents of 'globalization with a human face' in the United Nations and elsewhere simply take this free-market project and ideology for granted.

Central to Polanyi's non-economistic understanding of the contemporary economy was the notion of 'embeddedness' that has since led to a copious literature in economic sociology. For Polanyi the economy is normally embedded in social relations; it is not autonomous. Prior to the emergence of the modern market society, 'The economic system was submerged in general social relations. Markets were merely an accessory feature of an institutional setting controlled and regulated more than ever by social authority' (Polanyi, 2001: 70). The self-sufficient pre-capitalist peasant household was not regulated by the market but, rather, by a moral order. Even when mercantilism began to free trade from localism, it was very much regulated. In fact, according to Polanyi (2001: 71), 'regulation and markets, in effect, grew up together'. Economic relations had always been subordinated or submerged within social relations that were at the core of human existence. Even today, at the height of globalization as dominant development matrix, we find many spheres of social life, such as the household, not subordinated to the logic of the market.

The contemporary analysis of 'embeddedness' demonstrates that there is no clear-cut and decisive break between embedded pre-market and disembedded market societies. Indeed, there is now a flourishing pro-capitalist literature such as Fukuyama on 'trust' (Fukuyama, 1996) that builds precisely on the social and moral ties that bind the ostensibly purely rational agents of the market today. The rise of the liberal order does require, however, the systematic 'disembedding' of the economy from society. This is an order in which 'instead of economy being embedded in social relations, social relations are embedded in the economic system' (Polanyi, 2001: 135). There are long-term tendencies under capitalism towards marketization, commodification and what we could call 'economization'. They all entail a 'disembedding' of the economy and economic relations from social, community, cultural, or religious forms of regulation. What Polanyi analyzed in terms of the 'great transformation' wrought by the Industrial Revolution of the nineteenth century we can see, in magnified and more intense form for the Globalization Revolution of the late twentieth century. As Altvater and Mathkopf (1997: 451) put it: 'The intensity of the process of disembedding is . . . increased due to . . . the money form taking on a life of its own *vis-a-vis* the "disembedded market" and . . . the economy becoming globalised'. The dynamic of disembedding has now taken on a global character for the first time, with momentous consequences.

A final, and politically highly relevant, conundrum is whether it is possible to achieve 'disembedding'. In Polanyi's writings there is a contradiction between the arguments for disembedding and the recognition that this would be impossible to sustain. Polanyi is most often read as arguing that the liberals had successfully 'disembedded' the economy and that we now need to 're-embed' it. But Polanyi also appeared to be saying that the market liberals wanted to embed society in the economy, a project that was 'utopian' in the sense of unrealizable. Not least because of the counter-movement from society that it engenders as society seeks to protect itself from the market. This protective counter-movement, however, weakens the ability of the self-regulatory market to function effectively. Fred Block tries to get round this ambiguity by arguing that 'Polanyi discovers the idea of the always embedded market economy, but he is not able to name his discovery' (Block, 2001: xviii). This argument would imply that today's neo-liberal globalizers will inevitably fail in their bid to create a global marketplace where society is embedded in the economy and thus effectively ceases to exist.

The Polanyian counter-movement

Polanyi's problematic poses the possibility that history advances through a series of 'double movements'. So market expansion, on the one hand, leads to the 'one big market' we call globalization today. Yet, as Polanyi argued in his day and we could argue today, 'simultaneously a counter-movement was afoot' (Polanyi, 2001: 136) that reacted against the dislocation of society and the attack on the very fabric of society that the self-regulating market led to. The 'double movement' consisted of economic liberalism driving the extension of the self-regulating market on the one hand and the principle of 'social protection' on the other hand defending social interests from the deleterious action of the market. This can be through protective legislation or various collective associations such as trade unions for Polanyi. As a new way of life spread over the planet—'with a claim to universality unparalleled since the age when

Christianity started out on its career' (Polanyi, 200: 136) so a diverse counter-movement began to check its expansion. This involved specific social classes—directly engaged in the process—but was also a generalized societal reaction. It was largely a defensive movement; it was for Polanyi 'spontaneous' and there was no agreed societal or political alternative involved.

Taken in its broadest sense, Polanyi's notion of a social counter-movement could be seen as an incipient theory of counter-hegemony. That is certainly the argument of Michael Burawoy (2003), for whom Polanyi provides a necessary counterpart to Antonio Gramsci's influential theory of capitalist hegemony. For Gramsci (1971), modern 'Western' class orders are able to pose 'hegemony' over society as a whole, with consent being as important as direct control or repression. It is through the organs of civil society—such as the churches, schools, trade unions and the media—that capitalist hegemony is constructed and maintained. Gramsci, in practice an orthodox communist, saw the proletarian party as the agent of counter-hegemony. For Polanyi, on the other hand, who had broken with communism and was more influenced by the socialist Guild and Christian socialist traditions, it was a social reaction to the market that would spur a counter-hegemonic movement. Not only the subaltern classes but also powerful capitalist interests would be threatened by the anarchy of the market and would thus react. For Polanyi, 'This was more than the usual defensive behaviour of a society faced with change; it was a reaction against a dislocation which attacked the fabric of society, and which would have destroyed the very organization of production that the market had called into being' (Polanyi, 2001: 136).

Today, as Stephen Gill puts it, 'we can relate the metaphor of the 'double movement' to those socio-political forces which wish to assert more democratic control over political life, and to harness the productive aspects of world society to achieve broad social purposes on an inclusionary basis, across and within different types of civilisation' (Gill, 2003: 8). Movements struggling for national or regional sovereignty, those seeking to protect the environment and the plethora of movements advancing claims for social justice or recognition are all part of this counter-movement. In different, but inter-related ways they are bids to re-embed the economy in social relations. Challenging the movement towards commodification they seek to 'decommodify' society and reassert moral and cultural values. Against materialism and market-determined values, the social counter-movement generated by neo-liberal globalization brings to the fore the democracy of civil society and the social value of all we do. As Polanyi put it for his era: 'The great variety of forms in which the 'collectivist' counter-movement appeared [was due to] the broad range of the vital social interests affected by the expanding market mechanism' (Polanyi, 2001: 151).

There are many ways in which the self-protection of society can operate. For example, the Western welfare states that emerged following the Great Depression of the 1930s and the social dislocation it produced was one such self-defence mechanism. Likewise, in the post-colonial or 'developing' world, the post-Second World War years saw the emergence of the development state, also a mechanism of defence against the self-regulating market. The development state of the 1950s and 1960s was a conscious bid to temper the free market to create national development based on state-led industrialization behind protectionist barriers.

While not to the same extent as the 'developed' Western state with its strong social protection mechanisms, the development state also introduced a degree of social security, the concept of a minimum wage and respect for trade union rights. Since the neo-liberal offensive (or counter-counter-movement in Polanyi's terms) of the 1980s and 1990s both the above elements have been severely curtailed or reversed. The development state has been forced to 'open up' the developing economy to powerful transnational capitalist interests. And even the advanced industrial societies that can of course afford it see their welfare states and welfare rights cut back on the basis that marketized individuals should provide for their own future.

In a little known article written immediately after the Second World War, Polanyi raised the possibility of 'regional planning' as a counter-movement to 'universal capitalism', as he called it (see Polanyi, 1945). This debate prefigures the development of the European Union and current discussions on regionalism as a counter to or expression of globalization. While recognizing explicitly that 'regionalism is not a panacea' (Polanyi, 1945: 89), Polanyi did see the potential of new forms of capitalism and socialism after the cataclysm and the collapse of totalitarian ideologies that would inevitably take on a regional form. Eastern Europe, for Polanyi (1945, p. 88), would overcome 'intolerant nationalism' and 'petty sovereignties', those 'inevitable by-products of a market-economy in a region of racially mixed settlements'. Britain, in the post-war period, was 'breaking the taboo on non-interference with industry' as the country 'left the atmosphere of liberal capitalism, free competition, the Gold Standard, and all of the other names under which a market society are hallowed' (Polanyi, 1945: 90). Only the United States, in post-war hegemonic mode, remained committed to the utopian strategy of 'universal capitalism'. These thoughts resonate today as a European alternative to the US model of freemarket capitalism is debated and different forms of regionalism are articulated in the West, the East and across the South.

Against all forms of economic determinism and the 'class reductionism' of classical Marxism, Polanyi stresses that social class is not always determinant. This critique resonates with the contemporary transition towards 'new' social movements mobilized around non-class issues. For Polanyi 'class interests offer only a limited explanation of long-run movements in society. 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' (Polanyi, 2001: 159). Certainly Polanyi recognized the essential role played by class interests in social change, but he refuses a narrow class logic: 'There is no magic in class interest which would secure to members of one class the support of members of other classes' (Polanyi, 2001: 160). This is particularly the case in times of social crisis—'those critical phases of history, when a civilisation has broken down or is passing through a transformation' (Polanyi, 2001: 163)—when new options for society are being debated, sometimes in extremely short periods of time. In this dramatic situation no narrow class interest can well defend one's own class interest: 'Unless the alternative to the social setup is a plunge into utter destruction, no crudely selfish class interest can maintain itself in the lead' (Polanyi, 2001:163). These are precisely the types of consideration lying behind current concerns with 'global governance' from above and they should inform any articulation of 'good globalization' from below.

Does then a classical Marxist understanding of how the working class develops and struggles for socialism have no relevance under the 'new capitalism' and globalization? A response could start from the distinction drawn by Beverley Silver (2003) between 'Marx-type' and 'Polanyi type' forms of labour unrest. The 'new international division of labour' in the 1960s and 1970s had led to the forging of an industrial working class in many parts of the 'developing' world. They were much like Marx's proletariat created by the Industrial Revolution. Today, new working classes are being created by the 'new capitalism' and they will form trade unions or similar associations and probably develop class interests. But, there are also Polanyi-type forms of unrest emerging across the globalized world, these being defined by Silver as: 'backlash resistances to the spread of a global self-regulating market, particularly by working classes that are being unmade by global economic transformations as well as by those workers who had benefited from established social compacts that are being abandoned from above (Silver, 2003: 20). So, for example, the blue-collar workers in the West displaced by the shift of investment to cheaper labour locations, or those affected by the collapse of manufacturing and other sectors typical of the 'old' capitalism would engage in defensive and even reactionary labour struggles.

More broadly, this distinction between different types of reactions to globalization confirms the point made by Gill, that 'some of today's counter-movements involve attempts to reassert democratization, whereas others are highly reactionary: the neo-liberal globalisation tendency is being challenged in complex ways' (Gill, 2003: 10). It is precisely the Polanyi problematic that allows us to grasp the complexity and tensions between the different reactions to globalization. An example would be the various forms taken by the 'new localisms' that can be extremely reactionary (backward looking) or progressive, sometimes at the same time. Whether it is anti-immigrant ideologies in post-colonial France, or the so-called Patriot movement in the United States, the struggle against the impact of the self-regulating market and the onward march of globalization can easily take a reactionary form that seeks a reversion to exclusionary social patterns identified as the source of stability and social cohesion. Whether reactionary or progressive, it is important to recognize the growing contemporary importance of struggles against dispossession by the expansion of the 'free market'. David Harvey (2003: 171) argues coherently that 'struggles against accumulation by dispossession were considered irrelevant' by most Marxists, and that the anti-globalization movement today 'must acknowledge accumulation by dispossession as the primary contradiction to be confronted' (Harvey, 2003: 177). A modernist Eurocentric Marxism finds it difficult to acknowledge the effectiveness, or even legitimacy, of struggles against globalization that are not recognizably socialist. The Polanyi problematic, on the other hand, is well equipped to understand the way in which the counter-movement against economic liberalism is 'a spontaneous reaction' against 'a threat to the human and natural components of the social fabric', expressing 'an urge on the part of a great variety of people, to press for some sort of protection' (Polanyi, 2001, p. 186).

Polanyian politics

Karl Polanyi's political vision has eluded easy categorisation. Never a member of a political party (bar his 1914 engagement with the Hungarian Radical Party) nor affiliated in any way to the social democratic or communist movements he was still unmistakably a socialist.

There are many diverse strands within socialism and he would have been influenced by the field socialists (in the Robert Owen tradition) and also the Christian socialists who were an important component of the early British labour movement. He always admired revolutionary activists and would remember the Russian revolutionaries who would have sheltered in the home of family friends. Overall it only makes sense to place Polanyi's politics in opposition to Marx Weber's 'disenchantment of the world' through bureaucratic rationalization and market reification. He refers in a late article on the Soviet Union to Robert Owen as "the 'utopian' who ranked high in the eyes of Karl Marx" (Polanyi 1962). It would not be misconceived to see Polanyi's politics (and his writing style) in the utopian tradition and his whole double movement thesis as part of a commitment to the re-enchantment of the world.

When commentators say that Polanyi was not a 'Marxist' they ignore his continuous engagement with the 'young Marx' who was side lined by Soviet and social democratic orthodoxy. Thus we find many and continuous references to Marx on self-estrangement and alienation. In a 1938 article called *Marx on self-Estrangement* Polanyi starts by noting that "the study of the earlier works of Karl Marx is of a great importance" (Polanyi 1938). Self-estrangement results from the loss of an "immediate relations between producers, since the goods they produce are exchanged through the medium of the market". Socialism 'implies a change in the organization of production which will remove" this market-barrier, causing an estrangement between people or a self-estrangement. When self-estrangement is overcome, human individuality is free to develop or, put most simply "In a socialist society the freedom of man is fulfilled". In Latin America this 'young Marx' was practically obliterated by the Althusserian 'revolution' in the 1960's which relegated this approach to humanistic errors to be overcome by the mature Marx of *Das Kapital*. Polanyi's world-view would also have been dismissed during this period for the same reasons which might explain his delayed reception in Latin America.

In Latin America, Karl Polanyi's thinking could find parallels with the politics of Peruvian socialist writer and activist José Carlos Mariátegui who died in 1930. Both shared a very unorthodox support for the Russian populists (excoriated by Lenin) especially in relation to their commitment to community. Neither thus adopted the mechanistic Marxist faith in 'development' and might even be categorised as 'romantics' in the sense of a cultural movement to re-enchant the world through the values of *gemeinschaft* (community) as against an industrial *gesellschaft* (society). Polanyi and Mariátegui were also committed in much the same way to the study of pre-capitalist socio-economic formations in theorising which would be relevant for a transition to a post-capitalist order. In this venture they would be in the company of the late Karl Marx who in correspondence with the Russian Populists in the 1880's referred to "the return of modern societies to the 'archaic' type of communal property "or, to put it another way," a revival in a superior form of an archaic social type" (Marx 1881). This view is a long way from the mechanical Marxism of Plekhanov et al but entirely consistent with another revolutionary romantic strand of Marxism.

Polanyi, furthermore (like Mariátegui), saw no contradiction between socialism and Christian faith-based views. In a talk to a Christian Left training weekend in 1937, Polanyi

referred to how “The positive side of the teaching of Jesus is the explanation of what community is...at the root of the love relationship lies the structural ideas of equality and freedom. These are ideals that may or may not be achieved, but are essential to any relationship which is a human relationship” (Polanyi 1937). While an ‘official’ Marxist disdain for religion has probably prevailed overall in Latin America, it is much more common to see religion as a progressive form of utopian belief. It is an essential element in the will of the popular masses, expressed particularly through the Latin America ‘liberation theology’ from the 1970’s onwards. Today we could say this strand of radical catholic thinking has been mainstreamed with a Latin American Pope (Francis) expressing a critique of capitalism in essentially Polanyian terms (Boff 2013). The critique of capitalist developmentalism (and its Marxist mirror image) in Polanyi finds powerful support in a faith-based critique of the market fundamentalism which characterises the neoliberal order.

Recently Nancy Fraser has called for a “post-Polanyian” politics based on a triple rather than double movement covering market social protection but also emancipation. She argues that the double movement schema does not allow for the new anti-racist, feminist and anti-imperialist movements which have emerged in recent decades. These new social movements are placed in opposition to the “hierarchical, exclusionary, communitarian understandings of social protection” (Fraser 2013) and we should not lament the failure of a great counter-movement to materialize henceforth, for Fraser, “no protection without emancipation” (Fraser 2013). While welcoming this extension of the Polanyian framework we might be wary, from a global South perspective to simply reject community and social protection as conservative impulses. Nor is there anything in Polanyi’s political philosophy which would oppose the new social movements and their emphasis on personal autonomy and freedom. Polanyi’s political sociology is one that is opposed to all forms of class essentialism or class reductionism. Political agency, and the freedom to choose between different courses of action, is central to Polanyi’s humanist theory of social transformation.

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