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**Regionalism as a societal double movement against universalisms past and present
The prescience of Polanyi's regionalist vision**

Introduction

By the mid-1940s, World War II (WWII) was coming to an end. Fascism, and in particular Nazism, its most virulent expression, had been practically dismantled and a new era of civilised coexistence of peoples and nations loomed in the horizon.

The Age of Catastrophe was drawing to a close and humanity was about to enter the Golden Age of the Short Twentieth Century, as Eric Hobsbawm (1995) characterised those periods. Indeed, after enduring its first systemic crisis during the Great Depression, capitalism was in the way of emerging refurbished and reinvigorated from the war to experience its longest period of sustained growth where it would mature as a societal order with claims to universality for its founding principles and the power to spread into all the layers of societies around the world.

In a parallel course, socialism was consolidating itself as an alternative ideological and societal model flashing universal values as well and displaying the potential for challenging capitalism. This was possible as the Soviet Union was emerging from WWII as a top-rank military power after the decisive role this country had played in the defeat of Germany and the conquest of Berlin.

The remaining pieces of Pax Britannica were thus disappearing and a new Pax Americana was hatching with the rise of the United States as a major power that had proved to be capable of assuming a hegemonic role and so of replacing Great Britain on the international stage. A new global order was on the make whose contours were being defined by the outcomes of WWII and the negotiations its victors would soon conduct in Yalta. The Soviet Union and the United States were in the way of becoming the two superpowers that would vie for world hegemony for the following half a century under the framework of an unprecedented bipolar geopolitical order.

The Age of Empire had ended with World War I, as Hobsbawm established, and a post-colonial era had ensued where a deep-rooted Eurocentric view of the world had nonetheless

remained and was still in place in the mid-1940s, legitimised by an alleged universality of European values and beliefs (Wallerstein, 2006). It was new kind of European universalism (Chibber, 2014) that competed with those heralded by capitalism and socialism in those years.

It was in the context of those convulsive times that Karl Polanyi set out to reflect on the changes brought about by the collapse of what he called 19th century civilization and to formulate his radical critique of laissez-faire and the market mechanism, its prime functionality. A point that has not been sufficiently highlighted, this paper holds, is that he also meant to direct his critique to the various forms of universalism he perceived to exist in the mid-20th century and the dangers they posed to peoples and nations at that time.

He undertook that critique in *The Great Transformation* and followed on it in his article "Universal capitalism or regional planning?" published in 1945 where he addressed more explicitly the threats posed by universalisms and the options a regional expression of their manifestations can offer for their containment. Half a century later Björn Hettne took up Polanyi's insights and reedited his analysis of that conflict taking regionalism this time as a response to the threats posed by market-led globalisation as the dominant form of universalism in the 1990s.

Contrary to what previous accounts concluded, though, this paper develops the argument that Polanyi did not refer in that article to regionalism as a grassroots process but rather to the regionalisation of those universalisms into domestic contexts and discusses the implications of this precision. Notwithstanding, he planted the seeds for Hettne to develop a full argument of regionalism as a double movement societies can perform to ward off themselves from the dislocating effects of universalist forces and mechanisms in general.

On the other hand, the claim is put forward that the most valuable part of Polanyi's contribution was his implicit advocacy of a territorial approach to those universalist trends and forces, which entails a territorial conception of societies that propounds the preservation of the social, cultural, ethnic, and geographical singularities of countries and nations. This approach was adopted and further developed by Hettne who, like Polanyi, opposed it to the functional view assumed by universalist ideologies which perceive societies as undifferentiated masses of individuals and national territories as a tabula rasa for the market to function without hurdles or restrictions.

Such territorial perception, this paper contends, condenses the essence of regionalism for it enables societies to activate the double movement mechanism they have embedded and thus their political agency to level the required responses to global forces that threaten their social fabric, their culture, and their way of life. From this perspective, the case for regionalism is made as desirable model of world organisation which rest in the restoration of territorial political control to harness the pounding waves of transnational capital and trade flows, on the basis of Hettne's formulation.

Polanyi on Universalisms in the Mid-20th Century

A fact seldom acknowledged is that Polanyi developed his critique of the market and laissez-faire largely in the context of his examination of the rise and fall of British hegemony and Pax Britannica, the geopolitical setting under which 19th century civilization flourished. The three pillars on which this civilization rested, he documented, were the balance of power, the gold standard and the liberal state, and the principle of the self-regulating market the “fount and matrix” of all three.

The collapse of that civilization occurred when the attempted was made to build an international economy based on that principle by means of the gold standard and *Haute Finance*, “an institution *sui generis*, peculiar to the last third of the nineteenth and the first third of the twentieth century [which] functioned as the main link between the political and the economic organization of the world in this period” (Polanyi, 1957: 10). The failure of this utopian project, Polanyi interpreted, is what led to World War I and two decades later to the abrupt fall of 19th century civilization when the gold standard was finally abolished in 1931 after an ephemeral restoration in the 1920s.

Fascism and socialism were two universalisms that, in Polanyi’s view, had exerted a substantial influence in the civilizational transformation that ensued and actually in the framing of his monumental account of this transformation. As Goldfrank (1990) observed, Polanyi’s struggle against the “market mentality” began with his essay “The essence of fascism” published in 1935,¹ where he stated that fascism is “entrusted with the double function of resisting both the individualistic and universalistic poles of the idea of humanity as a community or persons” (Goldfrank, 1990: 88). Fascist ideology was for Polanyi the ultimate representation of labour as a commodity, as it deprives human beings from their will and their soul.

Both fascism and socialism found in Germany and Russia, respectively, a potent means for the spread of their doctrine to the extent that these countries became their representatives before the world. At the same time, capitalism was also spreading as a societal system legitimised by universal principles that were forged when “compassion was removed from the hearts, and a stoic determination to renounce human solidarity in the name of the greatest happiness of the greatest number gained the dignity of secular religion” (Polanyi, 1957: 102). This occurred when the Speenhamland Law was abolished and the Poor Law Reform was promulgated in 1834 paving the way for a competitive labour market to finally take form in England.

Since then, liberal capitalism was legitimised on the basis of the alleged existence of “a law as universal in society as gravitation was in Nature” and the force of principles such as universal suffrage and the universal beneficence of profits and “mental forces” like fear, psychology, self-interest, and utility (Polanyi, 1957: 114). In fact, it had been spreading through

¹ Polanyi, Karl (1935) “The essence of fascism”. Pp. 359-394 in John Lewis, Karl Polanyi, and Donald K. Kitchin (eds.) *Christianity and the Social Revolution*. London: Victor Gollancz [cited in Goldfrank, 1990].

its “supreme vehicle”, the gold standard, into all the layers of societies around the world irrespective of the ethnic, social and cultural singularities of their members and the modes in which they carried out their productive activities.

Polanyi was perceptive enough as to observe that the disruptive effects caused by that process had led the most directly affected sectors of societies to react and undertake protective measures:

“...on the one hand markets spread all over the face of the globe and the amount of goods involved grew to unbelievable proportions, on the other hand a network of measures and policies was integrated into powerful institutions designed to check the action of the market relative to labor, land, and money” (Polanyi, 1957: 76).

Polanyi characterised those reactions as a double movement played out by societies which are driven by the principle of social protection which compels societies to preserve people, nature and productive organization by taking counteracting measures such as factory legislation, social insurance, labour regulations, trade unions, trade tariffs and other means of defence and resistance. The “universal ‘collectivist’ reaction against the expansion of market economy in the second half of the nineteenth century” (Polanyi, 1957: 150) attested to the existence and functioning of this countervailing mechanism. It is not triggered by socialist or nationalist ideals or projects, Polanyi noted, but simply by the instinctive reactions of broad sectors of societies that see their interests affected by the expansion of market operations.

From the outset, what Polanyi called economic liberals combated those initiatives on grounds that they are deliberate actions undertaken by individuals as social actors, whereas laissez-faire is a natural order that developed spontaneously and which therefore should be left to work unfettered so that it can deliver its promises of plenty and prosperity for all societies.

Although it was a widely observable phenomenon and the struggles of labour vindication and demands for social protection had been studied profusely in all the strands of Marxist scholarship, Polanyi was the first non-Marxist intellectual to discern the workings and operating logic of that counteracting mechanism and to comprehend the critical role it plays in societies to check the excesses of an unrestricted market and to countervail its negative effects.

This concept, as Shroyer (1991) noted, constitutes a non-Marxist notion of dialectical movement which comes close to the status of a theorem that provides the framework for studying the re-embedding of fictitious commodities. Despite its significance, however, Polanyi was wise enough as to not to turn it into “either a teleological or functionalist tautology” or to claim that a double movement could return societies to a sort of stable equilibrium, as Bienefeld (1991: 7) rightly pointed out.

Accordingly, this notion proved to be a suitable tool for Polanyi’s critique of universalisms in *The Great Transformation*, which he elaborated upon in his 1945 article in connection with an emerging phenomenon he was the first to discern: regionalism.

Regional integration and the rise of regional formations were a characteristic trend of the interwar period. From the 1930s on, world trade shrank dramatically as a wave of protectionism extended across the capitalist world giving rise to the rise of large trade blocs around existing currency blocs (the sterling bloc, the yen bloc), which turned into largely autarchic regional entities incarnating a sort of auto-centric regionalism (Mittelman, 2000). The contraction of trade flows occurred in spite of major initiatives like the Reciprocal Trade Agreements Act (RTAA) passed by the U. S. Congress in 1934 to enable Franklin Roosevelt to promote international trade and negotiate trade agreements with other countries via reciprocal tariff reduction. The principles and negotiating procedures established in the RTAA were so widely accepted that they were used as the basis for the design of the General Agreement on Tariffs and Trade (GATT) in 1947 (<https://history.state.gov>).

However, a different kind of regionalisation was also occurring and Polanyi was the only western thinker that perceived it. He attributed its emergence to the simultaneous breakdown of the three dominant forms of universalism he identified to exist at that time: liberal capitalism, world-revolutionary socialism, and Hitler's creed of racial supremacy and world domination. Liberal capitalism had collapsed with the abandonment of the gold standard and Hitler's dream was being crushed on the battlefields of WWII; world-revolutionary socialism, in turn, was being overcome by what he called "regional' socialism" (Polanyi, 1945).

As a result, new, local forms of socialism, capitalism and planned economy were taking form in large regional polities the Soviet Union, the British Commonwealth, and the United States, in a process that Polanyi deemed as identical to the process that led to the establishment of the system of European states at the end of the 15th century and which, as this paper posits, in fact corresponded to the regionalisation of those universalisms. The trend and their consequences were so clear that he concluded that "The new permanent pattern of world affairs [was now] one of regional systems co-existing side by side" (Polanyi, 1945: 87).

The home of liberal capitalism, the United States still upheld a universalist conception of world affairs given that Americans enjoyed a way of life that rested on a universality that drove them to reconquer the globe and "restore the pre-1914 world-order, together with its gold standard..." (Polanyi, 1945: 87). Actually, this was attempted via the implementation of programs like the Allied Military Government for Occupied Territories and the United Nations Relief and Rehabilitation Administration under the framework of the Atlantic Charter and the direct control of the United States.

In contrast, Polanyi claimed that Britain and the Soviet Union heralded new ideas that transcended those that had underpinned 19th century civilization. He was particularly sympathetic of the Soviet Union which he perceived as capable of reaching the "level of industrial efficiency and standards of life" attained by the United States and even surpass them. By ruling out universalist solutions like those promoted by the League of Nations, he noted, the Soviet Union had increased the chances for democratic socialism to succeed by giving a regional character to Russian socialism. He even acknowledged Stalin as "a daring innovator" for shifting Soviet foreign policy from the rigid universalism calling for world revolution advocated by

Trotsky to the regionalism “bordering on isolationism” established by Stalin himself (Polanyi, 1945: 87).

Although admitting that it was not a panacea, Polanyi saw that kind of regionalism as the cure for the endemic diseases that were plaguing Eastern Europe at that time such as intolerant nationalism and petty sovereignty, both inevitable by-products of the market economy.

On the other hand, the abolition of the gold standard and the resulting breakdown of the international economic system that had been erected upon it had forced capitalist countries to take control of their economies and so to manage their currency, their foreign trade and their international financial transactions, in a word, to plan for their “foreign economy”. This was most encouraging for Polanyi given that he firmly believed that free trade and the reign of free markets had been a primary cause of instability and conflict among trading countries, a remark that matched one made in this regard by John Maynard Keynes a decade earlier (Keynes, 1933).

As it was in rigour no longer a free-trading country for it was not on the gold standard and had been intervening extensively in its economy, Great Britain had to manage its foreign economy too if it wanted “to reap the huge economic and political advantages of the new regional organization of the world” (Polanyi, 1945: 89). Thus, regional planning —the “instruments and organs of foreign trading, lending and paying”— was for Polanyi the best alternative to “the reactionary Utopia of Wall Street” entertained by the groups that sought to restore universal capitalism in order to preserve their privileges (Polanyi, 1945: 90). The battle over the gold standard, the “great symbol of universalism”, was therefore a struggle for and against regional planning.

In sum, as shown, Polanyi did regard the critique of the destructive effects of universalisms as an essential part of his broader critique of laissez faire and the market mechanism. Accordingly, he linked this critique to his notion of the double movement as a defence mechanism that is activated when broad sectors of societies are affected by those effects and react by undertaking counteractive measures. A most transcendental insight in this regard that had not been understood and so properly acknowledged and which this paper highlights, was his observation that universalist societal models and forces can be harnessed by way of their regionalisation into the territorial and institutional framework of large polities, as it occurred in particular with socialism in the Soviet Union.

The regionalisation of liberal capitalism, in turn, took the form of a “localisation” of economic flows and operations into the geographic confines of capitalist countries which, in the absence of the gold standard, were forced to practice what Polanyi called regional planning to manage their economic transactions. As a result, more local forms of capitalism appeared in Great Britain and the United States. Therefore, and contrary to what most authors that have studied his work have interpreted, the fact is Polanyi he did not think of regionalism as the emergence of a new kind of regions as a result of the initiative of two or more countries to

integrate themselves into larger regional polities, as this phenomenon is commonly understood.

The other invaluable part of his contribution was his adoption of a territorial approach to universalisms as opposed to the functional one entertained by universalist doctrines and their proponents, and so his implicit prescription of a territorial response to those forces and their concrete manifestations. In this way, Polanyi showed that societies can resist the universalisms that appear from time to time in history by adopting a regionalist strategy, as kind of double movement, to protect themselves from the deleterious effects of those universalisms.

Those insights were taken up by Björn Hettne did half a century later to study the conflict between universalism and regionalism and developed a full argument in pro of the eventual configuration of a regionalised pattern of world organisation.

Hettne's Elaboration and Regionalist Scenario

At the beginning of the 1990s the world was in flux. The bipolar order that had emerged from WWII and had prevailed during the long years of the Cold War had collapsed and a new one was taking shape after the implosion of the Soviet Union and the ensuing emergence of the United States as the only remaining superpower. The new was a rather multipolar order where the new hegemon —the Lonely Sheriff, as Huntington (1999) dubbed the United States— had to share power and initiative with other lesser powers in order to maintain peace and stability.

Interpreted as the triumph of western democracy, the fall of the Berlin Wall triggered a generalised sense of euphoria that even led to far-fetched absurdities like Fukuyama's proclamation of the end of history. A new economic and political ideology that condensed those sentiments was setting in as an updated version of the liberal capitalism Polanyi so intensely critiqued and combated.

The technological breakthroughs in transport and telecommunications achieved during the later stages of the Cold War had, on the other hand, created the conditions for an unprecedented intensification of the movement of people and capitals and so for the geographical expansion of markets and the spread of market operations across the globe. The age of globalisation had begun, where capitalism had entered its transnational phase and re-emerged redux with the ability to operate everywhere via commercial transactions and the agency of foreign direct investment in the clothes of multinational corporations.

A new form of universalism was thus taking hold under the aegis of neoliberal globalisation as an inexorable force that was effecting "...a historical transformation of a collectivity's livelihoods and modes of existence, a lessening of political control, and a devaluation of its cultural achievements and perceptions of them" (Mittelman, 2000: 225).

Another overarching trend was also emerging, though, in the form of a new wave of regional integration initiatives undertaken by countries of all latitudes. After a first wave from the 1950s through the 1970s, when large arrangements like the European Economic Community (EEC), the European Free Trade Association (EFTA), and the Council for Mutual Economic Assistance (CMEA) were established along with a host of regional trade blocs among developing countries, during the 1980s the trend intensified so that by the end of the 1990s more than half of world commerce was being conducted within the framework of regional preferential trade arrangements (Mansfield and Milner, 1999: 600). Thus, by the end of that decade regionalisation had become, along with globalisation, one of the two epochal trends that characterised the world of the late 20th century.

In that context, regionalism appeared both as a response and as a challenge to globalisation (Mittelman, 2000). It was in fact a new kind of regionalism as it had a truly worldwide reach and did not tend toward the formation of territorially based autarchies as in the 1930s. As a result of the extensive programs of economic deregulation and privatisation that were implemented in most countries in the 1990s, by the end of that decade a neoliberal kind of regionalism had emerged which entailed the reduction of the ability of countries to control their trade and monetary transactions and where “regional groupings [were not]...either building blocks or stumbling blocks to world order” (Mittelman, 2000: 113).

Making sense of such a complex historical conjuncture and its significance and long-term implications was not an easy task. Only a theoretical framework with a sound methodological approach and a wide intellectual reach could serve as guide for that purpose. Polanyian thought proved to be such framework. As Mittelman acknowledged, Polanyi’s seminal work was pivotal for his probings as “a useful point of entry for exploring the underpinnings of globalization” and as “a holistic approach to global restructuring [and as]...the basis of a conceptual reformulation” (Mittelman, 2000: 7-8).

It served the same purpose for Björn Hettne who contributed his own account of the post-Cold war conjuncture and formulated what is arguably the most coherent and articulate argument on regionalism on Polanyian lines.² Unlike Mittelman, though, Hettne drew not only on *The Great Transformation* but also on Polanyi’s “long forgotten” 1945 article.

The collapse of the Cold War order, Hettne noted, had made regionalism a relevant issue again as it was for Polanyi in the 1940s. The struggle that took place in those years between capitalism, as the most pervasive universalism at that time, on the one hand, and regionalism, on the other, was being reedited in the 1990s as one between globalism and regionalism and, more precisely, between the “globalist challenge” posed by neoliberal globalisation and the “regionalist response” presented by countries in all latitudes in the form of regional integration initiatives (Hettne, 2000).

² A Swedish political scientist, Hettne carried out most of this work under the framework of the United Nations University World Institute for Development Economics Research (UNU-WIDER) Project on New Regionalism, which he coordinated.

Hettne viewed neoliberal globalisation as a Second Great Transformation as it aims at taking to completion the institutionalisation of the self-regulating market on a global scale. Ultimately, he saw it as “an enforced global culture of middle-class consumerism and mass poverty” against which the regions could serve as protective shields (Hettne, 2000: 62).

A global consciousness, he argued, could beget the will to stop globalisation and the drive to launch a process of “deglobalisation” through what he called the New Regionalism. The latter was for him the best strategy to handle the turbulence, the instability and the conflicts engendered by globalisation and the coexistence of Westphalian and post-Westphalian rationalities in the world at the turn of the 20th century.³

This New Regionalism differed from the old in that: 1) the latter took form in the context of a bipolar order, while the former did in a multipolar one; 2) the old was built from above — by the superpowers—, the new from below by a collection of large and smaller powers; 3) the old was inward-oriented and protectionist, the new advocates openness; 4) the old was issue-oriented (security, trade), the new was comprehensive, multidimensional; 5) the old involved only sovereign states, the new included non-state actors as well (Hettne, 2000).

From the outset, Hettne adopted the vision of a “benign mercantilism” propounded by Gilpin (1981) which envisaged a system of large, inward-looking blocs where protectionism is motivated by considerations of domestic welfare and internal political stability and which thus avoids the problems of trying to run a global economy “in the absence of political institutions on a similar scale” (Hettne, 1991: 150-151). This vision, Hettne claimed, corresponded to the regionalist scenario perceived by Polanyi in 1945 and stands for a regime of political cooperation where the region is promoted as an economic, cultural, and ecological unit. This regime is the spinal cord of what he called “new regionalism”.

Hettne conceived of regionalisation, the concrete manifestation of regionalism, as a process similar to the formation of nation states in that it is politically defined and involves the creation of a regional identity shaped by historical, ethnic and geographical factors and so not simply the result of economic integration initiatives. Nonetheless, the process is initiated by the political agency of regional actors and aims at establishing territorial control of global forces all driven by the dialectical tension between “the forces of market expansion and the need for political control” (Hettne, 2000: 68).

The point, Hettne stressed, is that regionalisation is governed by a logic grounded in territory, while globalisation responds to one of that is defined by function, that is, by the sectoral view of global corporations; accordingly, the New Regionalism involved an increased territorial control over transnational transactions. In this way, he saw regionalism as a global

³ Hettne stressed the need to distinguish between the concepts of *international order* (relations among sovereign territorial states in a Westphalian system) and that of *world order* proper. The latter alludes to a more complex post-Westphalian arrangement involving both state and non-state actors where the concept of government is replaced by that of governance (Hettne, 2002).

trend that can drive the construction of a post-Westphalian order where the state is replaced or at least complemented by regional polities and the locus of power moves up to the transnational level.

On those bases, Hettne postulated regionalism as superior to market-led globalisation, for the latter is predicated upon a world of nation-states whereas the former advocates a more regulated, more exclusive form of world organisation where territory prevails over function as access to regional groupings is determined by geographical proximity (Hettne, 2004).⁴

The possibility for a regionalised world order to take form will therefore depend on the outcome of the tension between the imperatives of market expansion (function) and the need for political control (territory), the latter being a double movement societies can take recourse to protect themselves from the adverse effects of the former.

The other side of the rationale for that order was that a regionalised world economy is more compatible with peace and sustained growth than a liberal one dwelling in a world of nation states. In this Hettne invoked Keynes who, as Polanyi, doubted that a liberal world order could maintain peace and stability; but, while Keynes advocated self-sufficiency “Polanyi saw the solution in regionalism” (1991: 149).

On those bases, Hettne propounded a reorganisation of the world into largely self-sufficient, introverted regional blocs, as propounded by Gilpin’s benign mercantilism, instead of the more aggressive, equally introverted trade blocs advocated by malign mercantilism that praise an extended economic nationalism and express the logic of the nation-state. What makes these self-sufficient regions viable and potentially enduring is that they are to be created and sustained by the soft power of civilian action in contrast with those inspired in “malign mercantilism” and Pax Americana based on the hard power exercised by the remaining superpower (Hettne, 2004).

Other advantages of that configuration include that: 1) regional systems imply a political authority more distant from parties in conflict; 2) regions are not based on nationalist principles although in some respects are similar to nation states; 3) regions are large enough to have a reasonable degree of economic efficiency and avoid perversions caused by an excessive specialization and/or an overly elaborated division of labour; 4) interregional trade would be subordinated to territorial principles rather than to the functional principle of the global market; 5) regionalism enables small countries to achieve economic viability and a stronger collective bargaining power.

⁴ He defined world order as constituted by structure, mode of governance, and form of legitimization, and distinguishes between *unipolar*, *bipolar* and *multipolar* structures as well as between *unilateral*, *plurilateral* and *multilateral* arrangements. He thus differentiates between exclusive groupings of actors (plurilateral) and inclusive groupings (multilateral), and posits that regionalism, as a plurilateralism defined by geographic proximity, is the most recommendable organising pattern (Hettne, 2004).

It is a post-Westphalian order with a multipolar geopolitical structure formed by means of the voluntary pooling of sovereign states which thus turn into composite regional polities (Hettne, 2004). The European Union is the most mature instance of this kind of and, moreover, the only exemplar of a fully institutionalised regional polity to date (Hettne 2007).

Hettne specified that these are self-centred but not autarchic regional polities which are rooted in historical civilizations and so are the constituent units of a multipolar order with the capacity to counteract the homogenising tendency of neoliberal globalisation. Moreover, these regions “should be internally multicultural, similar to the historical empires which have provided humanity with a relevant polity for a much longer time than the homogenizing nation-states system” (Hettne et al. 2008: 53).

Although he did not acknowledge it, its use of the concept of civilization to define post-Westphalian regional polities finds an antecedent in the fact that the subject matter of *The Great Transformation* is precisely a particular civilization, i.e. that of 19th century Europe. It also echoes the conceptualisations of other authors like Cox (1996), Strange (1997), and Huntington (1998) who also stressed the decisive role played by cultural —ethnic, religious— identities and civilizations in defining the way in which the world organises itself and the forms of coexistence and interaction among its constituent units. Their reference to empires, in turn, concurs with interpretations of the post-Cold War order as a new imperialism entertained by authors like Steven (1994).

Finally, Hettne formulated a set of interlocking concepts on the basis of which he characterised the process whereby regions form and a regionalised world order can emerge. The main concepts are those of *actorship*, which is a measure of regional agency as distinct from state action, and *regionness* which refers to the degree of internal cohesion, integration and identity reached by a geographic area at a given point in time (Hettne and Fredrik, 1998; Hettne, 2007). He specified that regionalism is the ideology and the project of building regions whereas regionalisation is the actual process or region formation. Thus, as its regionness increases “a geographic area is transformed from a passive object to an active subject —an actor— increasingly capable of articulating the transnational interests of the emerging region” (Hettne, 2007: 110).

In sum, as shown in the foregoing paragraphs, Hettne developed a coherent, articulate argument on regionalism as the most desirable model of world organisation and arguably one of the most elaborate conceptualisations of the processes of region formation and world order configuration in general, which actually is what comes closest to a theory of these phenomena.

He followed on Polanyi’s insights and seminal vision and contributed an articulate account of the rationale beneath societies’ reaction to the blows delivered by the universalism that has haunted the world at the turn of the 21st century in the form of a market-led globalisation, by undertaking regional integration initiatives aimed at securing territorial control of transnational flows and market operations.

Nevertheless, it is proper to point out that Hettne interpreted Polanyi in his 1945 article as if he was referring to a trend toward the configuration of large regional formations as harbingers of a wave of regionalism that would lead to the configuration of global order constituted by large regional polities like the British Commonwealth and the Soviet Union. This interpretation led Hettne to comment that “It is interesting that [Polanyi] would conceive of a regionalist scenario on such weak foundations” (Hettne, 1991: 149). However, as shown earlier, the fact is that Polanyi referred to the regionalisation of world revolutionary socialism into countries like the Soviet Union and of liberal capitalism into the domestic realm of national economies like Great Britain and the United States. That is, the point is that Polanyi did not refer to regionalism as the rise of multi-state regional polities as a result of a bottom-up process of region formation as Hettne himself characterised this phenomenon.

In any case, the fact is also that what he interpreted of Polanyi’s insights and vision was enough for him to develop the most thorough argument in pro of regionalism as a world order model and organisation pattern, as stated above.

The Case for Regionalism

As discussed, the axis of Hettne’s argument on regionalism is his distinction between territory and function as the dimensions that underpin the notions and ideological substrata of regionalism and globalisation, respectively. In this Hettne followed closely Polanyi’s insight on this regard.

Indeed, the whole question of universalisms and the threats they pose on societies is ultimately rooted in the tension between territory and function. In the late 1970s John Friedmann postulated these as the two fundamental forces that shape social and economic integration (Friedmann, 1977; Friedmann and Weaver, 1979). In permanent conflict with but at the same time complementary to each other, *territory* involves “ties of history and sentiment that bind the members of a geographically bounded community to one another”; in turn, *function* refers to “linkages among entities organized into hierarchical networks on a basis of self-interest” (Friedmann, 1977: 29).

Even though he was writing at a time where globalisation did not yet exist and national economies and societies looked inwards, Friedmann called for a strategy of selective closure of regional —i.e. subnational— economies on grounds that “The centrifugal forces of the international economy had to be controlled, corporate forces had to be subordinated to a territorial will” (Friedmann and Weaver, 1979: 7). This is the crux of contemporary arguments on regionalism in times of globalisation.

From the 1990s on the relevant form of regionalism moved up to the international level and so the conflict between territory and function. Now the conflict was between market-led globalisation, with multinational corporations (MNCs) as its main carriers, and regionalisation with nation states as its protagonists which seek to establish political authority in their

territories. First discerned in the 1940s by Karl Polanyi, this conflict has been also perceived and studied by other authors like Spindler (2002) and Sassen (2006).

Ultimately, the territorial perception of universal trends underpinning regionalism implies the return of the “political” as the central element of global governance given that a regionalised world order is to be sustained by both the soft power of civilian agency and by a strengthened global civil society (Hettne, 2005), under all what Falk (2002) calls a new “normative architecture” of world order values.

A range of scholars have made the case for regionalism along the lines of Hettne’s, including notably Falk (1995; 2004), Gamble and Payne (1996; 2004); Fabbrini (2009), Pollio (2009), Riggiozzi and Tussie (2012), Ghemawat (2011), and Bøås et al. (2004). In particular, Falk observed that regions can be either containers of negative globalism or promoters of positive regionalism, but also instruments for reaching world order goals such as peace, social justice, human rights, and democracy. Fabbrini posited that regionalism is one of the predominant manifestations of today’s world of inter-governmental networks, as characterised by Slaughter (2004), for it is giving rise to regional blocs that can be the basis of a new world order. Bøås et al. go as far as to assert that a regionalised world is not a new idea but an integral part of human history.

Actually, regionalism has been a powerful trend over the last two decades. economic integration processes in operation today include: the North American Free Trade Agreement (NAFTA); the ASEAN Free Trade Area (AFTA); the South American Common Market (MERCOSUR); the Central Asia Regional Economic Cooperation Forum (CAREC); the South Asian Free Trade Area (SAFTA); ASEAN+3 (China, Japan, South Korea); ASEAN+6 (China, India, Japan, South Korea, Australia, and New Zealand); ASEAN+8 which in addition includes Russia and the United States; and, the Asia Pacific Economic Cooperation forum (APEC) which epitomises post-Cold War economic regionalism.

In addition, over 40 major regional economic integration accords were in force across the world by 2008 (ADB, 2008; www.caexpo.org; www.europa-eu-un.org). Also as many as 338 regional free trade arrangements had been reported by the World Trade Organisation (WTO) to be in force by mid-2012 (<http://rtais.wto.org>).

On the other hand, a number of political integration initiatives have given rise to the most advanced instances of regional integration. The most mature of these include the European Union, which combines features of both economic and political integration; the African Union, a continent-wide body that has erected an elaborate organisational structure similar to the EU’s (www.africa-union.org); the Union of South American Nations (UNASUR); the South Asian Association for Regional Cooperation (SAARC); and the ASEAN Regional Forum.

In sum, regionalism is a widespread global trend which is giving rise to large multistate entities with the capacity to modify and eventually transform the current variant of the post-Cold War order, especially the EU. Moreover, this trend is poised to continue and to intensify in

the future for, as the U.S. National Intelligence Council (NIC) has foreseen, regionalism will increase, new global players will emerge, and multipolarity will consolidate in the world by 2025 (NIC, 2008).

Therefore, it can be stated that Hettne's argument and vision for a regionalised geopolitical order are being validated by the facts, as regional integration processes are underway in all corners of the world. This attests to the pertinence of Hettne's formulation and its Polanyian foundations.

Concluding Remarks

As documented, Polanyi addressed the question of universalisms as he perceived them in the 1940s as part of his critique of laissez-faire and the market mechanism in the context of the collapse of 19th century civilization. In so doing, Polanyi implicitly postulated a territorial approach to universal trends and forces, which privileges the preservation of regional diversity, as opposed to the functional view embedded in universalist ideologies which perceive the world as a tabula rasa for the market to expand and set in as the dominant mechanism of social and economic integration.

That territorial perspective is one of Polanyi's valuable contributions to the understanding of these phenomena. For it represents the essence of regionalism which enables societies to respond to global trends and forces according to the interests and aspirations of their members as a double movement they can perform to that end.

Even though he did not refer to the formation of large regional polities by virtue of the economic and political integration of two or more states, as Hettne understood, Polanyi planted the seeds and provided the vision for the former to develop a full argument in pro of regionalism as a model of world organisation and even to formulate a theory of the formation of regional polities of that kind and the resulting configuration of a regionalised post-Westphalian geopolitical order.

Those developments attest to the prescience of Polanyi's seminal vision and his legacy to social thought. For, that vision enabled subsequent generations to understand the workings of capitalist societies and the mechanism they can activate to keep at bay the market, as a double movement they can perform to this end, regionalism being one of its most powerful manifestations.

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