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The Double Movement, Opportunity Structures and Social-Democratic Dilemmas

Karl Polanyi sought to understand the past in order to create a more desirable future. Specifically, he aimed to expose the illusion of the dominant liberal ideology of his age – that, if individuals were freely permitted to pursue their self-interest through market exchange, the broader public good would be well served. To the contrary, Polanyi contended that the movement toward a self-regulating market system wreaks severe cultural, social and environmental damage. These destructive tendencies inevitably activate a counter-movement of societal protection. Polanyi thus identified a central dilemma: a self-regulating market is, in practice, unrealizable owing to the destruction occasioned by its commodification of labour, land and money; yet the counter-movement’s protective actions ensconce constraints that undermine the profit-based logic of a market system. The result is an eventual economic crisis, an accompanying political crisis, and the danger – realized in the 1930s - that a fascist movement would take advantage of the chaos to force through a xenophobic, expansionist and authoritarian solution. To avoid repeating this catastrophe and build a freer and more humane society, Polanyi advocated “socialism” in *The Great Transformation*. However, he defined socialism ambiguously as “essentially the tendency inherent in an industrial civilization to transcend the self-regulating market by consciously subordinating it to a democratic society” (2001: 242). This ambiguity has encouraged some to assert that Polanyi had a Scandinavian-type social democracy in mind (Block & Somers 2014), whereas others contend that Polanyi’s life-long commitment was to a more radical form of democratic planning (Lacher 1999; Adaman, Devine and Ozkaynak 2003; Drahokoupil 2004; Mendell 2007).

Whatever one’s stand on this issue, we can agree that Polanyi’s simple concept of the double movement provides remarkable leverage in his historical and holistic explanation of the origins of Europe’s civilizational crisis: the Great Depression, the rise of fascism and the two World Wars. But can this explanatory device be treated as a model of broader applicability? I argue that the double movement indeed has explanatory power in modelling the dialectical dynamics of liberal capitalism more generally. Polanyi tended to see the double movement as involving an irreconcilable contradiction that came to a head in the early-to-mid twentieth century. I contend, however, that hindsight leads us to conceive of the movement-counter-movement conflict as a persistent tension within capitalism that periodically breeds crises but, for considerable periods, may be accommodated through societal accords. The Keynesian accord, for example, survived for a quarter-century until a resurgent liberal movement displaced it in the late 1970s and the 1980s. Yet such compromises, though sometimes long-lived, can only be provisional; the relative strength of the movement and the

counter-movement waxes and wanes in response to economic performance, the unity of capital and its allies, ideological shifts and geopolitics.

This paper focuses on the difficult choices that confront the Left in power in dealing with the double movement while advancing an emancipatory agenda. Casting the double movement as a continuous tension intrinsic to capitalism, when combined with Polanyi's implicit concept of opportunity structures, yields considerable explanatory and prescriptive leverage.

Although the parties of the left form part of the counter-movement while in opposition, they must grapple with democratic capitalism's inherent conflict when they assume power. The movement demands accumulation via liberalizing policies and distribution in accord with market principles, whereas the disparate counter-movement champions secure livelihoods, social protections, egalitarian measures, participatory institutions and/or environmental safeguards. Progressive parties must either seek (or impose, in the case of fascism and Stalinism) a *modus vivendi* between the movement and the counter-movement, or transcend the dialectic altogether by abolishing market society. Whatever path they choose in dealing with this conflict, the organizations of the left confront pitfalls and dilemmas.

Understanding these pitfalls and dilemmas and how they may be avoided brings us closer to ascertaining the realm of the *possible* in a particular era or country. This approach is consistent with Polanyi's concern to reflect on what might be ("freedom in a complex society"), based on an explanation of what is. My analytical focus is the democratic left in the Global South, where innovative progressive strategies are currently to be found, though similar conclusions would probably apply to the left in the Global North as well.

Identifying the Democratic Left

The driving force of progressive movements everywhere remains the belief that capitalism in general or free-market capitalism in particular perpetuates unacceptable injustice and dislocations. Rectifying these ills involves both an end – primarily the building of equal freedom – and the primacy of solidarity and participatory politics in attaining this goal. Equal freedom, in brief, entails a society in which all citizens are accorded an equal opportunity to experience freedom. People should be able to live long and worthwhile lives of their own choosing, rather than have their fates determined by circumstances of birth, family standing or initial market position. Taking this vision seriously has radical implications, needless to say, in highly inegalitarian societies.

The centrality of democracy to the left's project, both as means and end, was brought into sharp relief by the descent of communism and state socialism into authoritarian caricatures of socialism in the twentieth century. But what kind of democracy is envisaged? It should clearly involve a greater degree of participation than that afforded by liberal democracy, for mass poverty and high inequality have proven quite compatible with the latter.

Disagreement arises on the scope of democratic decision-making: should it be limited to political life or include economic institutions as well? Divergent responses to this issue separate moderate social democracy from socialist strategies.

It is useful to distinguish the varieties of the democratic left in the developing world according to two criteria: the degree of institutionalization of the leftist party or parties and the degree of class conflict. *Institutionalization* is important because weakly institutionalized parties, by definition, are less cohesive, less organizationally competent, more dependent upon loyalty to the supreme leader, and thus less stable, consistent and powerful than highly institutionalized parties. Insofar as struggles for equal freedom normally take place over extended periods and democratic continuity is central to the success of the democratic left, well institutionalized parties are more likely to achieve lasting redistributive success than their weakly institutionalized counterparts. The degree of *class conflict* is also a crucial distinction. Progressive movements divide into two types. On the one hand, there are leftist parties with a moderate strategy that aim, or at least resign themselves, to implement redistributive programs with the acquiescence of the elites (by means of an accord or class compromise). On the other hand, one finds parties proclaiming that only unrelenting confrontation of existing power structures and inherited privilege will bring the desired results. The division between class compromise and class struggle is thus fundamental. Employing these two criteria, I arrive at four potential varieties of the democratic left: moderate social democracy, a radical social-democratic strategy of socialist transition, old-style populism and Left populism. Each approaches the intrinsic tension between the movement and the counter-movement in a distinctive way, and each confronts distinctive pitfalls.

Although it would be optimal to consider the relevance of the double movement in relation to each of these four types, available space limits my analysis to only one: moderate social democracy. This variety, in any event, is the preponderant form of the democratic left in the developing world today, especially in Latin America. As soon as social-democratic parties or coalitions accede to power, they become entangled in the double movement. It is time to bring this latter dynamic into focus.

Interpreting the Double Movement

An inherent conflict at the heart of capitalism – a double movement – presents progressive forces with difficult choices. This concept was originally employed by Polanyi as a heuristic device for understanding a particular historical experience, but it may fruitfully serve as a general model of democratic-capitalist dynamics. The double movement, however, is not a deterministic model; it does not relate independent to dependent variables to yield firm forecasts of the outcomes of the movement-counter-movement clash. Instead, the outcomes – a deadlock and persistent chaos, a fascist reaction, a socialist transformation, or a lengthy societal accord – emerge in response to a variety of contingent factors (which I consider later). What the model does offer is a systematic framework to aid comparative historical analyses of

capitalist evolution and, in combination with the concept of opportunity structures, a way to estimate what is politically possible in particular cases.

Polanyi employs the double movement in analyzing the conflicting forces that, in his view, led to the disastrous denouement of the first great transformation in the early and mid-twentieth century. In the earlier non-capitalist systems, economy had been submerged in spiritual, political or social obligations and regulations; this immersion provided some protection for families and other social institutions. But the disembedding of the economy inherent in creating a self-regulating market strips away the web of social obligations. The liberal movement, in pursuit of its ideal, not only separates economy from society with the rise of markets, but also subordinates society and nature to material motivations and economic imperatives. The main imperative is the quest to expand profits via ever deeper commodification.¹ This process exposes human beings and their habitat to the mercenary calculations of opportunistic actors, leading inevitably to the rise of a counter-movement of societal protection.

Although the disembedding of economy from society is central to the liberal movement's project, this concept remains ambiguous in Polanyi's writings. Certain sociologists have objected that Polanyi overstates his case because markets are always and necessarily embedded (Polanyi Symposium 2004; Block & Somers 2014). Fred Block and Margaret Somers (2014: 92-4) claim that Polanyi is inconsistent in *The Great Transformation* (2001) because he retained some of his earlier Marxist understanding of the inherent contradictions in capitalism while shifting to the view that markets are "always and everywhere" embedded. In short, "if a purely self-regulating market system is an impossibility, how could it be that the lack of purity produces a crisis?" (Block & Somers: 83). In their view, market regulation is inevitable to stave off instability. Unfortunately, this formulation of embeddedness buries the central Polanyian dilemma, thus neutering the critical thrust of Polanyi's analysis. However, the reality that (most) markets are embedded through actions of the counter-movement does not mean that the movement-counter-movement tension that Polanyi identifies is non-existent, nor does it mean that Polanyi was inconsistent. To the contrary, he identifies an acute Catch-22 situation confronting market society. Yes, the market's emergence and survival depend upon the state's capacity to create and sustain a conducive institutional and normative framework. But accepting this view does not undercut Polanyi's conceptual distinction (embeddedness-disembeddedness). Polanyi himself emphasized, paradoxically, that "laissez-faire was planned" – that markets, far from being a spontaneous and natural development, were "instituted" through the power of the state (Polanyi 1957: 243-70). *But what is instituted is a disembedded economy.*²

What disembedding the economy fundamentally implies, therefore, is not only the stripping away of pre-capitalist social obligations, but also institutional and normative change that subjects society to the imperatives and economic motivations of the market, thereby instituting a "market society." Formal or informal institutions that build a fully commodified market order are part of the liberal movement. Liberalization, deregulation (or, better, re-

regulation) and privatization convert labour, land and money to (fictitious) commodities. Markets, not the state or civil society, take principal responsibility for allocating income, wealth and other benefits. Free trade, liberalized foreign investment rules and unimpeded financial cross-border flows foster the conditions for a global market economy. Structural adjustment in Africa and Latin America in the 1980s and 1990s, for example, aimed to build a market order in these countries through state-directed liberalization, privatization, commodification, the building of conducive educational, political, judicial and administrative institutions and the fostering of an entrepreneurial and economizing outlook. This program, together with the austerity that macro-economic stability was thought to require, has met with growing resistance from a disparate counter-movement.

The counter-movement, like the movement, seeks institutional and normative change, but change that expresses a contrary, protective logic to that of the liberal movement. The counter-movement, which can emerge at the local, national or global level, reacts to the growing insecurity and dislocation by struggling to “re-embed” markets in society - that is, to limit and undermine market society. It does not, for Polanyi, arise solely from material interests nor does it involve only classes. A disparate set of social groups responds by way of social movements, civic associations, religious communities, lobbyists, protests, occupations, rebellions, coups d'état, revolutions, strikes and/or political parties, to forge regulations, legislation, progressive taxes and social orders reflecting a protective logic of redistribution, welfare, cultural and religious revival and, above all, decommodification of the fictitious commodities. The heterogeneous composition of Polanyi's counter-movement makes his concept fully appropriate to the Global South, where classes typically are fragmented and other bases of identity remain strong. However, Polanyi's insistence on the spontaneous emergence of the counter-movement from an organic society is unfortunate; effective political action on the part of the constituent groups with their dissimilar single-issue concerns demands attention to organizational strategies and obstacles (Evans 2014).

The resistance of the counter-movement has particular weight within liberal-democratic systems inasmuch as it has the numbers, and (in theory) the majority rules. Polanyi does not conceive of the state as merely the executive committee of the bourgeoisie. If it was that, the liberal movement would invariably hold sway in capitalist societies. Instead, both the movement and the counter-movement vie to control the state and its legislative agenda (Polanyi 2001: 243-4; Dale 2010a: 87-8). On the one hand, the strength of capital and its allies flows from their control of production and the concentration of economic power in fewer and fewer hands. On the other hand, employees and the other elements seeking protection from untrammelled markets are numerous in a democratic system where universal suffrage obtains. Inevitably, conflicts arise because the requirements of efficient markets run counter to the flourishing of the majority. The double movement thus involves, in a sense, a clash between the economic sphere and the political sphere whose outcome, at the worst, involves a paralysis of the organs of industry and/or the state. To avoid this calamity, as we shall discuss, governments look for accords that will accommodate the movement and appease a large segment of the counter-movement. But can societal accords create stability?

The key issue from the viewpoint of the left's strategy concerns whether Polanyi identifies in the double movement an ineluctable and ultimately irreconcilable contradiction in capitalism, or rather an inherent but potentially manageable tension. If the former, the only way out of the impasse between the movement and the counter-movement is a socialist transformation. I suggested earlier that this "hard" position is probably closest to Polanyi's life-long commitments and the logic of his analysis in *The Great Transformation*. But, later in Polanyi's life, a "soft," reformist position sometimes vies with this "hard" view.³ If the double movement constitutes only an inherent tension in capitalism, we might expect that governments of the left could successfully manage this conflict. This option assumes that the movement and the countermovement are, at least potentially, not wholly incompatible. In this case, social-democratic governments, regardless of whether their long-term goal was socialist or not, might be able provisionally to tame the destructive propensities of markets within capitalism while still promoting competitive industries.

This latter possibility is more persuasive than the "hard" position for four reasons. First, it is unconvincing to hold, as Polanyi seems to do, that embeddedness either exists or not. He argues in *The Great Transformation* that the logic of a market system necessitates free markets/self-regulation (disembeddedness); anything less will lead to economic crisis and ultimately disaster. But the real world rarely produces such pure or textbook situations: disembeddedness is more accurately conceived as a *continuous* than a dichotomous variable (Hejeebu and McCloskey 1999: 301–2; Block & Somers 2014 is also consistent with this view). If disembedding is *a matter of degree*, rather than an either-or condition, decommodifying and commodifying tendencies can co-exist in the same society. They will wax and wane in tune with economic cycles, ideological currents and geo-politics.

Secondly, we know that, in actual practice, *modus vivendis* between the movement and the counter-movement have worked successfully – for a time. The Keynesian accord, alluded to earlier, achieved major gains for the working and middle classes in the golden age of capitalism (circa 1948 to 1973) while allowing corporations to make profits. This feat depended on an interventionist state that ensured that productivity gains were passed on to employees via higher wages and a tax-supported welfare state. Stoking effective demand for goods and services by redistributing income to working people worked well for at least a quarter century. The accord represented an incomplete re-embedding of the economy in society by subordinating markets to social needs and by partially decommodifying labour, land and money. The stagflation of the 1970s undermined this compromise, suggesting that all accords are provisional even if 25 years is a long time relative to a person's life-span. The notion of an irreconcilable conflict between the movement and the counter-movement seems unduly procrustean.

Thirdly, certain of the counter-movement's demands today are, in principle, compatible with profitability in a largely market economy,⁴ and thus the basis for an accommodation exists. It is true, of course, that firms more commonly pursue competitiveness and profitability on the basis of price alone in this neoliberal era. This approach requires business to keep costs low by pressuring governments to ensure that labour markets are "flexible," unions weak and taxes

low. Depending on the relative wages, firms may out-source labour-intensive processes to lower wage countries or relocate productive facilities to these jurisdictions. In this strategy, one generally finds a close relationship between power and wealth: the political power of capital leads to policies that concentrate wealth, which in turn reinforces the power of the corporate elite to shape the policy agenda. But there is another approach, championed by moderate social democrats, which protects people and nature *while fostering profitability*. Governments, in brief, promote competitiveness in higher value-added industries on the basis of superior human capital, advanced physical infra-structure and motivated workers. Some welfare-oriented policies demanded by the counter-movement - such as accessible and reasonably high-quality public educational, health and nutritional services – can promote productivity via enhanced human capital as well as equal freedom. Even such welfare-state policies as cash transfers in the form of public pensions, child allowances and conditional cash transfers can serve the interests of capital accumulation by legitimating private property and market relations. Generous minimum wage and industrial relations legislation enshrining basic labour rights can augment productivity by motivating workers to work hard and employers to invest in productivity-enhancing technology. Green capitalism, based on carbon taxes and environmental regulation, not only protects nature; it also prods firms to innovate in ways that not only save energy and minimize pollution, but also lower production costs. Although most of these policies circumscribe markets to protect society, they may still be conducive to profitable business. A major issue is cost; will the corporations and the wealthy be willing to pay the taxes required to support a comprehensive welfare state?

Finally, it should not be assumed that capital is necessarily and unanimously a stalwart champion of the liberal movement, or invariably opposed to state intervention on behalf of the counter-movement. Some firms are threatened by free-market doctrine. Opening up hitherto protected domestic markets to foreign competitors challenges uncompetitive national firms either to adjust rapidly to competition or join the counter-movement in pressing for protectionist measures. Other firms are willing or eager to compete in export markets, but demand extensive governmental assistance (see below). We thus need to distinguish between a “pro-market” and a “pro-business” orientation on the part of government.⁵ A *pro-market approach* is self-explanatory: according with Polanyi’s interpretation of the liberal movement, business presses government to liberalize, deregulate, privatize and open up the economy to foreign investment, imports and cross-border financial flows. In this case, capital bets on the efficacy of spontaneous market forces to expand its opportunities for profit-making, and presses the state to institute the necessary measures. This is precisely how *laissez-faire* is planned.

But a *pro-business agenda* is quite different. The term signifies a directive state that intervenes in market forces to shift incentives in such a way as to open new opportunities for national firms within national and/or export markets. To assist existing firms in becoming more competitive and profitable, the state pro-actively eases the supply-side and demand-side constraints they face (while trying not to appear to flout WTO rules on free market competition). Supply-side measures may include the provision of cheap credit and tax and other subsidies, the building of the necessary infra-structure, the promotion of state-sponsored

technological innovation and the supply of relatively low-cost yet educated labour. Government may also seek to expand demand for domestic production by devaluing the currency to raise the price of imports, and containing inflation and tax burdens. Confusingly, neoliberals often conflate the pro-business and pro-market approaches, presumably in order to attribute credit for “success stories” to free markets rather than pro-active states. South Korea, Chile and India are examples of economies whose success has misleadingly been attributed to free-market forces by neoliberal agencies such as the World Bank and the IMF. The key to their high-growth performance, rather, is a directive state as much as the unleashing of free markets (Kohli 2004).

All these factors – the reality that disembeddness is a continuous rather than a dichotomous variable, the prior existence of successful accords, the compatibility of certain demands of the counter-movement today with the needs of capital, and the allure of a pro-business strategy for capital – indicate the potential for a class compromise reconciling market competitiveness with social citizenship. Such accords will usually center on a project of industrialization. Old-style populism in Latin America, for example, involved loosely organized parties headed by charismatic leaders who engineered an alliance of classes, principally organized workers and the industrial bourgeoisie, to carry through a programme of import-substitution industrialization. The populist leaders – Juan Péron of Argentina and Getúlio Vargas of Brazil from the 1930s to 1950s are the classic cases – co-opted left-wing slogans and distributed patronage in order to maintain a populist coalition (Jansen 2011: 87-8). Economic nationalist policies provided a protected market within which both sectors of the masses and the economic elite could prosper –for a considerable time.

In the neoliberal eras, this highly protectionist import-substitution strategy is impractical for countries wishing to partake of free trade and foreign investment. Yet, as we shall see, it is still possible for left-of-centre governments to employ pro-business policies to accelerate growth along with redistribution and partial decommodification of the fictitious commodities. Although the conflict between the movement and the counter-movement in this case is mitigated rather than erased, the provisional class compromise may nonetheless be quite stable. Whether a reconciliation is achieved, moreover, depends on politics and policy, not the working out of an economistic logic of a market system.

Having sketched an interpretation of the double movement that takes account of recent developments and clarifies certain ambiguities, I turn now to compare the Polanyian framework to similar approaches to understanding the intrinsic contradictions of democratic capitalism.

Alternative Models

James O'Connor's *Fiscal Crisis of the State* (1973) and Samuel Bowles and Herbert Gintis' *Democracy and Capitalism* (1987) are classic studies of the inherent conflicts in such a system. The Polanyian model just discussed stands up well in comparison. Bowles and Gintis' work usefully supplements Polanyi's brief analysis of the additional tensions introduced by liberal

democracy, whereas Polanyi's concept proves more attuned to the complexity of intergroup struggles than O'Connor's classic study.

O'Connor (1973) contends that the state in a capitalist system is called upon to fulfil two functions that are mutually contradictory in most circumstances. On the one hand, the state "must" involve itself in maintaining the conditions for capital accumulation on the part of the dominant class. On the other, it must legitimate the social order, thus maintaining social harmony. The latter task involves winning the loyalty of exploited and poor classes and strata to state policies and to the imperatives of accumulation in a capitalist order. But the two imperatives are often in conflict. If the state appears too closely associated with promoting accumulation on the part of the wealthy, it risks undermining the liberal-democratic system's legitimacy. However, it must also not focus too heavily upon the welfare needs of workers and others because, in disregarding the conditions for profit-making, the state undercuts the material basis of its power by curtailing economic growth. In practice, party competition within a political democracy pushes governments toward expanding "social expenses"- expenditures primarily on the welfare state to gain the support of voters – at the expense of expenditures directed to raising productivity. Consequently, growth weakens, with the result that tax revenues fall short while expenditures inexorably rise. The outcome is the fiscal crisis of the state.

Although this elegant and parsimonious theory is justly renowned, in several ways the Polanyian model (as interpreted above) is more telling. First, O'Connor's scheme suffers from the usual shortcomings of functionalist approaches, which the double movement avoids. Whereas it is clear why the counter-movement emerges to struggle with the liberal movement, it is unclear why the state in a capitalist society "must" play these two particular functions. In addition, O'Connor depicts a certain inevitability in the conflict producing a fiscal crisis. Polanyi, in contrast, avoids determinism in holding that the provisional or ultimate resolution of the double movement depends on a range of contingencies (discussed below).

Secondly, Polanyi attributes a more flexible and complex role to the state than O'Connor. While the former understands the state to be present at the *inauguration* of capitalism – that is, the economy is a process "instituted" by the state – for the latter, the state emerges from class struggles to respond to the exigencies of liberal-democratic capitalism. More generally, O'Connor assumes the primacy of the economic: classes, the primary actors, emerge from shifts in the relations of production, the state is ultimately shaped by material forces, and consequently its functions reflect the needs of capitalism. In contrast, Polanyi assumes the primacy of the social in historical change: webs of social, political and religious obligations play a central role, and people are motivated by ideal as well as material ends. The state, therefore, plays a more open-ended role. The counter-movement sees the state not only as part of the problem – in instituting a destructive market order - but also, potentially, as part of the solution – in protecting society from untrammelled markets. According to this viewpoint the movement and the counter-movement struggle to control the agenda of the state, and the outcome of the struggle is not predetermined. Analysts who have wanted to bring the state

back in as a structure with some leeway in policy-making will lean toward the Polanyian perspective.

Finally, the class basis of O'Connor's analysis, based as it is on advanced capitalist societies of the 1960s and early 1970s, cannot incorporate the complexity of the social forces operating in the Global South, whereas Polanyi's more nuanced group analysis can.⁶ As already indicated, class for Polanyi accounts for only one set of actors in the counter-movement. And classes in the Global South tend to be fragmented. The notion of "capital" as a class is misleading where capital is divided between the movement and the counter-movement. Some capitalist firms welcome market fundamentalism whereas others do not. Certain capitalists are typically rent-seekers within a protected patrimonial or neo-mercantilist systems; they form part of the counter-movement in opposing moves toward a self-regulating market system. Others, in ascendant industries with potentially lucrative local and foreign markets, will press for liberalization and so-called deregulation (which is actually more in the way of *shifting* regulations to their advantage). "Working class" is also a more problematical category than a Marxist analysis would suggest. Workers are usually divided between a minority employed in the formal sector under rules and compensation that accord them a relatively favourable position, and the majority who labour in the uninstituted informal sector in precarious and poorly paid work (Silva 2012: 10-11). The unemployed form another closely related group who, owing to limited or unavailable unemployment protection, must eke out a living as best they can in petty trade or day labour. It is a difficult task to organize the labouring poor in the informal sector. The middle class, which vastly expanded during the decade of high growth following 2002, is also fragmented into precarious and more stable segments (Standing 2011; Birdsall 2014). Some professional and secure segments may champion the liberal movement whereas others oppose it. Middle-class people in precarious livelihoods and threatened by urban crime and/or perceived imperialist assaults on national sovereignty may even support radical social movements and parties (as during the Chávez era in Venezuela).

In addition, the expanding commodification of land, labour and money typically mobilizes many non-class actors into the counter-movement: indigenous peoples, pensioners, environmentalists, feminist groups, human-rights campaigners, and religious bodies (on Latin America, see Silva 2012: 7, 11-12). Demands for decommodification and protection may intertwine with demands of ethnic and indigenous groups for respect and greater regional autonomy. In sum, the Polanyian approach is more attuned to the fragmented class structure, new social movements and communal structures of countries in the Global South than the sort of class analysis that derives from O'Connor's model.

Bowles and Gintis's study (1982; 1986) of the tension between liberalism and democracy in liberal-democratic capitalism has much in common with Polanyian analysis, though the authors make only one passing reference to Polanyi in their book. The parallels to Polanyi's work include the following:

- Bowles and Gintis are critical of both liberalism and Marxism.
- They treat labour as a fictitious commodity, though they do not use that term.

- They focus on the contradiction within liberal-democratic democratic systems, though they phrase it in terms of rights.
- They do not accept class and material interests as the only drivers of history.
- They are concerned to extend democracy into the realm of the economy.
- Their notion of “postliberal democracy” has much in common with Polanyi’s reflections on freedom in a complex society.

Principally, what *Democracy and Capitalism* offers the Polanyi scholar is a perceptive elaboration of a topic that Polanyi does not develop at length: how specifically liberal-democratic institutions affect the double movement and the struggle to control the state’s agenda. Bowles and Gintis eloquently supplement Polanyi’s account.

For Bowles and Gintis, the contradictory nature of democratic capitalism stems from the clash between two distinct and well-entrenched sets of rights: private ownership rights and the personal rights of citizens. Each set of rights tenders a sharply different claim for pre-eminence as a steering mechanism for society: the market versus the democratic state. On the one hand, the “expansionary logic of capitalist production” drives firms to seek new sources of profit. In this quest, market relations “encroach upon all spheres of social activity, leaving few realms of life untouched by the imperatives of accumulation and the market” (1986:29). These imperatives even impinge on the “intimate relations of the family” and life-styles (1986: 34), Government is also subject to control by capital, for property rights can only be fully exercised if owners can ensure a good business climate and the inviolability of inequalities in income and wealth. And capital is politically influential owing to both its “structural” power, especially as exercised by capital flight and capital strikes, and its “instrumental power,” especially ownership of the means of communication, the hiring of lobbyists and the funding of electoral campaigns. On the other hand, an expansionary logic of personal rights obtains, resting upon the political equality of citizens, the legitimacy of decisions arrived at through open debate and the principle of majority rule. This logic can be argued to empower representative institutions to encroach on the sphere of capitalist production, for instance, by constraining the ability of employers to discipline employees or by setting conditions on investments. But such an expansion of personal rights into the economy may undermine profitability, possibly leading to economic stagnation. Tension thus arises because the liberal-democratic state is a constant threat to capital, whereas private property rights persistently empower capital to constrain and even dominate the state.

Polanyi would not have disagreed with this perceptive summary of the conflict between democracy and market economy. The parallels to the double movement are obvious. But the double movement is broader in scope than this formulation, as suggested by the second and third criticisms of O’Connor’s model. We must also recognize the subtle and complex role of the state in the Polanyian model, as well as the multifaceted class and non-class dynamics of the counter-movement.

If these are the tensions that the Left in power confronts, how does it respond?

Opportunity Structures and the Politics of the Possible

The parties of the democratic left form part of the counter-movement while in opposition, but they should not be understood as simply its champion when they accede to power. *Emancipation does not align neatly with the counter-movement*. In the first place, the rise of market economies has, for some dominated groups in the Global South, been a *liberating* force. Marshall Berman speaks of “development” as a Faustian bargain in which the quest for prosperity through the market destroys valued traditional institutions in the name of increased efficiency (Berman 1982). Yet some traditional norms and institutions that market forces undermine have perpetuated hierarchy, patriarchy, domination and exclusion. Their demise may therefore be experienced as *emancipation* by the dominated. Emergent markets have variously fostered new opportunities for subordinated women, slaves, serfs, ethnic minorities and castes subject to social exclusion.⁷ In addition, liberalism’s discourses on “development” and “democracy” have furnished the wretched of the earth with normative themes – freedom, justice, human rights, participation – that they have used to gain greater voice and opportunity in currently patriarchal, status-ridden and autocratic societies.

In the second place, the anti-free-market counter-movement normally includes within its heterogeneous ranks organizations and groups with unpalatable exclusionary, patriarchal and anti-democratic values. Fundamentalists, neo-fascist organizations, ultra-nationalists and landlords are examples of groups that may be mobilized in opposition to the liberal movement, but with whom progressives would not associate. Hence, the left cannot identify wholeheartedly with the counter-movement in advancing an emancipatory vision.

When the democratic left becomes entangled in the dialectics of the double movement, what shapes its choice of strategy in dealing with this intrinsic tension? And what determines the degree of success it achieves in implementing a particular strategy? Progressive parties have two broad options: they may seek a conciliatory *modus vivendi* between the movement and the counter-movement, or try to transcend the dialectic altogether through class struggle aiming to abolish market society. An array of contingent factors bear on the explanation of a particular historical trajectory and on estimating the limits of the possible. Some of the contingencies derive from global relations, others from structural and historical conditions at the national level, and still others from the efficacy of domestic agents of change such as political movements and ideological trends. Can Karl Polanyi’s tool kit help us flesh out this important part of the story?

Polanyi makes a significant effort to understand the interrelations among these three levels of analysis through his “implicit concept” of “opportunity structures” (Block & Somers 1984). “Particular moments in the organization of the international economic regime provide particular kinds of opportunities for states to act, and this degree of freedom or unfreedom, in turn, shapes what is possible for class [and other group] struggle” (Block & Somers 1984: 73). The global opportunity structure constrains what national states can achieve by limiting the leeway a government enjoys in formulating economic and social policy. A government’s room for maneuver depends mainly on the national economy’s role within the international division

of labor, its regional and international alliances and the impact of imperialism and geo-politics. The national opportunity structure, in turn, affects whether social and political movements can actually seize the opportunities presented by the global opportunity structure. Such national constraints as cohesive and well-organized elites, mass poverty, limited state revenues, fragmented class structures, weak institutions, limited history of democracy, the absence of a tradition of mobilizational politics, communal or regional cleavages, and cultural norms of quietism vary markedly from one country or region to another. The global and national opportunity structures together set limits on how effective political leaders, political parties and ideologies can be in addressing the double movement and instituting leftist alternatives – assuming leftist parties not only exist but also are well organized.

To state the obvious: national and global conditions are rarely propitious for democratic socialist or even moderate social democratic experiments in the Global South. Typically, at the national level, some combination of vast inequalities, persistent poverty, economic insecurity, corruption, domination and discrimination against indigenous peoples, castes or ethnic groups feeds a sense of popular grievance. But it is difficult to crystallize these grievances behind a movement of the left. The prevalence of communal identities and the fragmentation of the class structure are major obstacles. Easily organized industrial workers rarely play as central a role in leftist politics today as they did in nineteenth and twentieth century Europe. Except in rare cases, the industrial working class is relatively limited in size while the informal sector not only accounts for half or more of national labor forces, but is also difficult (though not impossible) to organize in trade unions.⁸ Rapid growth, especially in 2002-2012, greatly enlarged the middle class, which meant that a party of the democratic Left must appeal to segments of this class to attain power. Although rapid urbanization is shifting, or has shifted, the locus of politics from rural areas to the burgeoning cities, the former usually remains an important source of political support. It is challenging for leftist parties, especially in weakly institutionalized democracies, to orchestrate electoral coalitions of such disparate groups as peasants, alienated indigenous populations, landless laborers, small and medium farmers, informal-sector workers, the unemployed and sectors of the amorphous middle class, in addition to organized labour.

Furthermore, to implement complex economic and redistributive social policies while maintaining order, the state must be relatively effective as well as uncaptured by the dominant economic class. Initially, at least, the leftist government confronts powerful oligopolies, national and transnational, that wield virtually a veto power over legislative initiatives affecting their interests. A government-orchestrated democratization of markets – providing cheap credit, expert assistance and preferential treatment in state procurement to small-scale and cooperative enterprises - may eventually diffuse economic power and fortify cooperative production. But this is a very slow and uncertain process. Moreover, the ownership of mass communications media is also typically concentrated in a handful of corporations, and the private media maintain a constant drum-beat of anti-government criticism. How does the new government neutralize this elite advantage without provoking national and international outrage for supposedly undermining “free” speech? The most propitious circumstances for the

democratic left – a strong democratic state with a high degree of autonomy from the dominant classes, few mega-corporations and an unbiased media - are rare to non-existent.

The global opportunity structure too normally constrains the Left. Imperialist hostility to socialist experiments, though not as intense as during the Cold War, persists. The mainstay of the neoliberal order, the United States, retains the capacity (and sometimes the will) to project military power and economic pressure on a global basis. In addition, the structural power of transnational corporations enables them to punish, especially via capital flight and investment strikes, deviations from macroeconomic orthodoxy and private property rights. Local capitalists usually have extensive foreign contacts and channels for exporting capital when their interests are threatened. As well, existing bilateral, regional and multilateral trade and investment treaties constrain the policy autonomy of all countries, especially the weaker ones. Socialism in one country remains highly improbable.

Yet there are some supportive trends in the global arena. The probability of a left experiment surviving rises if the country in question disposes of unusually high leverage within the global economy - on the basis of extensive hydro-carbon reserves or large size and industrial muscle, for example. The left-populist cases of Venezuela under Hugo Chávez (1999-2013), Bolivia under Evo Morales (2006-) and Ecuador under Rafael Correa (2007-) have been able to press fairly radical policies because they all hold extensive reserves of hydro-carbons. Also, China's and, to a lesser extent, India's, recent emergence as alternative sources of trade, credit, investment and even foreign aid has emboldened China's partners, especially in Latin America, to undertake heterodox experiments. But probably only the emergence of a regional bloc of like-minded Leftist states could buffer a socialist experiment from the retaliatory power of global neoliberalism. In South America, the rudiments of such a regional bloc are currently being constructed. Chávez of Venezuela, in particular, promoted various regional organizations and foreign alliances to serve as a regional support base for anti-neoliberal alternatives. ALBA (Bolivarian Alliance for the Americas), *BancoSur* and UNASUR (Union of South American Nations) are some recent harbingers of a potentially left-oriented regional bloc, though it is too early to assess its prospects. For now, the veto power of private capital, the World Trade Organization and Western powers remains formidable.

Yet even where extensive constraints obtain, the scope of the politically possible is never entirely clear. Strong and cohesive leadership, effective political organization, coherent and attractive ideology and contingent events can, to an indeterminate degree, counteract national and global constraints on progressive action. Nevertheless, the complex organizational requirements of instituting moderate or radical social-democratic arrangements virtually rule out these options in the many countries where multiple structural and cultural obstacles exist.

Although much more could be said about opportunity structures and the interrelation of the global and the national, space does not permit further elaboration.⁹ Suffice it to say that the concept of opportunity structure supplements the double movement, furnishing considerable leverage in understanding the left's choice of political strategy, the possibility of success and the dilemmas and pitfalls that ensue. It is to this empirical part of the story that I now turn.

The Moderate Social Democratic Accord

In light of the usually adverse opportunity structures, one is hardly surprised that the preponderant path of the Left today, especially in Latin America, is neither radical social democracy nor left populism but a *moderate social-democratic route*. The last asserts the primacy of democratic politics within a capitalist system, in particular the right of the democratically controlled state to guide markets and otherwise intervene to attain certain goals: a high rate of economic growth that generates good jobs and tax revenues to support a welfare state; restraint of the commodifying effects of markets; promotion of equal freedom through building the capabilities of individuals and reducing poverty and income inequality; and extending participatory institutions. A large sphere of market exchange thus continues, together with the economizing mindset on which it rests. In this age of globalization, a country undergoing the social-democratization of capitalism usually retains an economy that is fairly open to global market forces. But one also finds an expanding sphere of social economy governed by the principles of reciprocity and redistribution, in Polanyi's terms. Institutionalized reciprocity, manifest in an increasingly comprehensive and generous welfare state, involves a phased movement toward universal social protection and a minimum income guarantee, free and accessible public services (health and education in particular) and real increases in the minimum wage. Decommodification of labour flows both from the welfare-state guarantees and the pro-labour regulation of labour markets. Environmental and other regulations on land use and controls on cross-border financial flows and financial services partially decommodify the other fictitious commodities. The cooperative movement and/or the democratization of markets receives the active assistance of government. Finally, in countries with enormous inequalities in landholdings, a generally modest programme of land redistribution is undertaken. Moderate social democracy is perhaps best conceived as an alternative to neoliberalism within capitalism.

Prominent cases of this path include Brazil since 2006, Chile since 2000, Uruguay since 2004, Costa Rica from the 1950s until its slide into social liberalism in the 1990s, Mauritius since the early 1970s, and two states of India – Kerala and West Bengal – that had initially pursued a radical strategy but, in the late 1980s, subsided into a moderate phase to garner middle-class votes and accelerate growth. These cases suggest that an accord balancing the interests of the liberal movement and the societal counter-movement can ease the inherent tension for many years.

What is the nature of this accord? It is not so different from that which today characterizes the Nordic countries.¹⁰ In sum, the *modus vivendi* mollifies big capital, the international financial institutions and the World Trade Organization, while permitting redistribution from growth and a degree of decommodification of the fictitious commodities. The accord provisionally reconciles the movement and the counter-movement by marrying macroeconomic orthodoxy to a pro-active state, incremental social citizenship and modestly participatory institutions. On the one hand, the government attunes monetary and fiscal policy to keeping inflation and the external debt low, and pursues a fairly open economy through trade liberalization and acceptance of foreign investment. To this extent the strategy accords with the Washington Consensus. On the other hand, and contrary to the Washington

Consensus, governments promote economic growth via directive state developmentalism, with the goal of augmenting state revenues and generating “good” jobs and a progressively higher minimum wage. New taxes and expanded public revenues are used, among other things, to extend social citizenship by means of (usually phased in) universal social protection, targeted cash transfers (such as the famous *Bolsa Família* in Brazil) and good public services. Proponents, in addition, bolster democratic participation, both as an end in itself and as a means of buttressing the state’s focus on reducing poverty and inequality. Anxious, however, to allay populist pressures that would overturn a delicate class accord or its pragmatic alliances with centrist and right-wing parties in the legislature, leftist governments have opted to expand only consultations at the national level while consigning participatory decision-making to the local level. Nevertheless, the shifting of limited decision making power and resources to the local level is a positive move insofar as it directly involves citizens in governance. Hence, moderate social democrats adopt a hybrid approach that is consistent with neither neoliberal doctrine nor traditional progressive politics but a mixture of the two. It avoids populism and inflationary policies, pursues partial decommodification of labor, land and money, and reduces poverty and inequality while selectively integrating into the global market economy.

State developmentalism, less visible than the orthodox policies, needs clarification. It lies between free-market orthodoxy, where the ideal is the self-regulating market, and the developmental state, where the state governs the market even to the extent of picking and promoting “winners.” During the hey-day of import-substitution industrialization from the 1950s to the 1970s, states played a directive role in the economies of the Global South. Governments involved themselves not only in extensive regulation, but usually also in building a large sector of state-owned enterprises in utilities, transport, banking and sometimes manufacturing and agricultural production as well. The debt crisis and the consequent empowerment of the newly neoliberal World Bank and IMF rolled back interventionist states outside East Asia in the name of what became known as the Washington Consensus. However, in the 2000s, “industrial policy” experienced a renaissance, spurred by disillusionment with the inefficacy of neoliberal remedies in the 1990s and emulation of the developmental states of East Asia. Industrial policy involves active state guidance of supposedly private investment and technology decisions, especially with an eye to filling lucrative niches in the global market economy.

State developmentalism is not the same thing as a development state. The latter, as exemplified by Taiwan and South Korea between the mid-1960s and early 1990s, requires highly unusual conditions. They include political and bureaucratic elites with a developmental mission; an efficient, coherent and skilled bureaucratic apparatus; a robust tax base to support a strong state; a willingness to use force against organized workers; a pliable business class; and, as Peter Evans demonstrates in his classic *Embedded Autonomy* (1995), a balance between the bureaucracy’s autonomy and its embeddedness in society. The last imparts coherence and effectiveness to the state’s policies. Few countries in the Global South exhibit all these conditions. Commonly, states lack bureaucratic effectiveness, or the degree of autonomy from the business class needed to succeed at this strategy, or a strong tax base (owing to widespread tax evasion or mass poverty). Furthermore, no genuine democratic-leftist government would repress the working class – an intrinsic feature of the developmental state. The left, to be true

to itself, would therefore need to construct a *democratic* developmental state, not an authoritarian and labor-repressive developmental state on the East Asian model. But this requirement introduces yet another level of complexity into an already ambitious left agenda.

But progressive governments can succeed *without* this rare species. “Good-enough” states can play a developmental role by adopting a pro-business approach *that also provides material benefits to the vast majority*. If social-democratic governments can rarely be effective in leading the market, they can at least prod it to conform to their inclusionary socio-economic agenda. This prodding rarely involves “picking winners.” State developmentalism instead takes advantage of the beneficial legacies of democratic reformism – advanced human capital, good social and physical infrastructure, stable and relatively effective government and industrial relations – to attract foreign investment and encourage local producers to fill lucrative niches in the global economy. By orchestrating tax incentives, providing the requisite infrastructure and channeling credit and other assistance to private firms and joint ventures, developmentally oriented states aim to stimulate innovation and competitiveness in select high value-added exports (see Wade 2010). The task involves more in the way of enhancing global competitiveness than retreating to protectionism – though the latter is also evident since the 2008-9 global crisis.

Brazil illustrates the centrality of state developmentalism in partially re-embedding the economy in society. In 2007, President Lula da Silva launched a “Growth Acceleration Program” to bolster public and private investment in infrastructure and reduce disparities between the country’s north and south. Roads, railways and hydro-electric facilities were constructed. The government subsidized loans to strategic firms through a state-owned development bank – Banco Nacional de Desenvolvimento Econômico e Social (BNDES). The BNDS became the largest development bank in the world, with more than US\$100 billion in loans in 2010 (whereas the Interamerican Development Bank lent only US\$15 billion). Strategic enterprises also benefitted from preferential state contracts and share purchases by public pension funds and state-owned banks, especially BNDES. The government increased the public stake in previously privatized utilities. It established a sovereign fund to make further purchases. It created a state-owned oil company in 2008 to participate in exploiting newly-discovered oil deposits. It also buttressed consumer demand for Brazilian goods and services by putting more money in the hands of the poor, workers and middle class. The mechanisms included cash transfers to a growing number of poor households, real increases in the minimum wage and the expansion of consumer credit (especially *crédito consignado* for those lacking bank accounts). Brazil’s investment rate thus grew from 16 percent of GDP in 2005 to 19 percent in 2008.

Clearly, the moderate social-democratic strategy is highly complex, requiring a deft touch. It encounters distinctive pitfalls, arising from the inherent tension within still-dominant market economies. To assert that it is *conceivable* to manage the clash between the movement and the counter-movement is not to suggest that it is *easy* to do so. The moderate left’s dilemma is how to advance decommodification of the fictitious commodities, equal freedom, solidarity and inclusive democracy (thus appealing to significant elements of the counter-movement), without undermining the viability of capitalism (thus provoking the liberal movement). Strategic errors or miscalculations of a country’s opportunity structure result in the

chaos of macro-economic populism as the government embraces the counter-movement, or the disillusionment of liberal retrenchment, as the liberal movement comes to the fore.

Pitfalls of Managing the Double Movement

The dilemma is acute. On the one hand, the progressive party, to retain its popular support, must extend and deepen political and social citizenship and the social economy in accordance with its ideological commitments. On the other hand, the moderate left, to sustain itself in the long run, must attend to the demands of the liberal movement because capital flight and a capital strike will terminate the robust economic growth on which the Left's success hinges. It is growth that generates the needed employment and revenues to abolish poverty, expand public services, and raise the prosperity of its constituencies. It is clearly difficult to simultaneously reassure the elites that their interests are secure and macroeconomic stability sacrosanct while redistributing income, services, political power and possibly assets to the economically vulnerable and often angry constituencies of the left.

One pitfall to which social-democratic and populist governments succumb is a deadly embrace of the counter-movement, in the context of an adverse opportunity structure. Most instances in the Global South occurred in the Keynesian era of state-directed import-substitution industrialization, which was also the era of state socialism. Closely fought elections, while democracy survived, prodded leftist and populist parties to escalate their promises to attract support. If the new administration then yielded to the populist temptation – inflammatory rhetoric combined with redistributive programs and augmented clientelism, expansionary economic policies and increases in minimum wages while controlling prices - the result could be disastrous. The radical rhetoric, unpredictability and loss of profits undermine business confidence, triggering capital flight and capital strikes. The consequent inflation, balance of payments deficits, growing unemployment and falling state revenues propel economic breakdown, often accompanied by a political crisis. At the worst, “macroeconomic populism” (Dornbusch and Edwards 1990) perversely victimizes the very groups that the policies are designed to help – chiefly organized labour and the urban poor and near-poor.

Consider several relevant cases.¹¹ Venezuela in the 1970s and 1980s experienced the degeneration of a social-democratic regime into macroeconomic populism and economic crisis. This economic crisis eventually bred a political crisis. When a president conducted a populist electoral campaign in 1989 and won, but then knuckled under to an austere IMF adjustment programme, a rebellion erupted in Caracas and other cities. The economic and political crisis set the stage for Colonel Hugo Chávez' aborted coup in 1992 and his eventual emergence as a left-populist president in 1999. Sri Lanka suffered a similar deterioration of its social-democratic regime into populist posturing in the late 1960s; the subsequent economic crisis brought a neoliberal government to power in 1977 whose austerity measures accentuated regional inequalities and youth unemployment. These trends, which were particularly onerous for the Tamils, laid the groundwork for the Tamil separatist movement and the civil war. Jamaica under Michael Manley's government in the 1970s provides a final cautionary tale of the perils of macroeconomic populism. Misreading the global and national opportunity structures, Manley

adopted a militant, socialist discourse while implementing a fairly modest set of social-democratic measures. Consequent reductions in production by transnational bauxite companies operating in Jamaica, a fall-off in tourism and hostile acts of the US government, threw the country into economic crisis. The country faced vast and growing unemployment, heavy budget deficits, shortages of consumer goods and a rising foreign debt. Sadly, the supposed beneficiaries of Manley's policies suffered the most. Typically, macroeconomic populism, which flouts the liberal movement, arises from a misreading of the limits imposed by the global and national opportunity structures. The result is social disaster.

Alternatively, the moderate left may focus single-mindedly on the policy agenda of the liberal movement at the expense of decommodification and redistribution. Although most leftist governments since 1990 have had to selectively adopt neoliberal policies or accept most of the pre-existing market reforms, in some cases, these governments have accommodated neoliberalism to the point of instituting social liberalism or the Third Way, a centrist position.¹² They have embraced the liberal movement for various reasons: fear of panicking investors and alienating the US government and/or the IMF, acceptance of the advice of national and international technocrats who contend that neoliberalism is the only game in town, self-advancement as upwardly mobile elites undergo embourgeoisment, and emulation of the post-1978 Chinese model of "socialism with Chinese characteristics" (increasingly market-friendly, accelerated growth with high inequality). This acquiescence to neoliberalism involves a retreat manifest in palliative measures - a flight from universalism to residualism in the form of affirmative action programmes, targeted safety-nets, and minor improvements to the budgets for education and public health.

Examples of social liberalism include Costa Rica since the 1990s, Uruguay between the end of military rule in 1985 and the election of the *Frente Amplio* in 2004, Chile during the two Christian Democratic administrations of the *Concertación* in the 1990s, Brazil during the presidency of Fernando Henrique Cardoso (1995-2002) and Lula da Silva's first presidential term (2003-2006), and South Africa since the end of apartheid in 1994. Yet a programmatic party's dilution of its egalitarian vision is likely to undermine the élan of rank-and-file militants. Pragmatic accommodations of both capital and reactionary or opportunistic coalitional partners lead to disenchantment. Disenchantment may not be decisive during boom times, when prosperity trickles down; however, hard economic times precipitate a crisis for the progressive party as supporters defect or withdraw.

In short, the moderate social-democratic strategy of striking an accord between the movement and the counter-movement can be a viable option even in highly inegalitarian societies, but it is a strategy that is difficult to carry off successfully. Pitfalls way-lay the unwary in a context of adverse opportunity structures for the Left. Too close an embrace of either the counter-movement or the movement terminates the experiment in the economic and political turmoil of macroeconomic populism or a transition to the Third Way, respectively. Of course, even parties and coalitions that persist on the social-democratic path risk alienating their militants. The problem lies not in seeking an accord with capital and its allies - it may be the only progressive option in countries with constricted global and national opportunity

structures. Rather, the problem lies in social-democratic governments settling for too little in the bargain: financialization, oligopoly and high inequality persist, though somewhat mitigated, in Brazil and Chile, for instance. Sometimes it appears that moderate social-democratic leaders engage in the labour of Sisyphus, and yet no more desirable option is feasible.

Conclusion

The double movement, if interpreted as a persistent tension within capitalism rather than an irreconcilable contradiction, remains relevant for understanding the promise and dilemmas of today's democratic left in power. The model stands up well to comparison with two other celebrated models of intrinsic contradictions within democratic capitalist societies. Samuel Bowles and Herbert Gintis' model of the clash between personal rights and property rights serves as an important supplement to Polanyi's rather skimpy treatment of the tension between political democracy and liberal markets. James O'Connor's functionalist account suffers from the problems associated with this approach, but nonetheless emphasizes the conflict between accumulation and legitimation that mirrors in important ways the double movement dynamic.

Polanyi's double movement is an interactive rather than a deterministic model. A variety of factors shape whether the double movement results in an impasse, a workable *modus vivendi*, or a social transformation guided by the far Right or Left. Polanyi's implicit concept of opportunity structures provides a way of systematically organizing these factors. It allows us to relate the global-level conditions to those at the national level, in order to understand the possibilities that were seized in a particular country, or might be seized, conditional upon the existence of a well-organized, ideologically coherent and well-led party of the Left. The concept of opportunity structures usefully supplements the double movement.

In illustrating my interpretation of the double movement at the national level, I referred briefly to the accord that currently underpins a moderate social-democratic approach and the dilemmas and pitfalls to which this compromise falls prey. In effect, this strategy both restrains and promotes markets in order to advance the well-being of the cross-class coalition to which the party appeals. That is, social democrats seek to partially re-embed in social norms and regulations markets for the fictitious commodities as well as markets relating to basic rights, such as clean water, health-care and education, while expanding the free exchange, domestically and globally, of real commodities. This feat is achieved under the aegis of a developmentalist, democratic state. This strategy, though moderate, is still highly ambitious.

The double movement poses a dilemma to the left that it often fails to resolve in a progressive manner, however. Faced with the conflicting demands of the liberal movement and the societal counter-movement, some parties have opted to embrace the latter, with the devastating effects that I have referred to as macroeconomic populism. Alternatively, intimidated by the structural power of capital, persuaded by neoliberal technocrats, or tempted by the prospect of joining the wealthy elite, the progressive party dilutes its

programme to the less threatening third way in deference to the liberal movement. Dangers abound.

These dangers suggest two final observations. The first is the importance of an engaged and demanding citizenry. The progressive party or coalition of the left may desert its followers in pursuing the third way or lose itself in militant rhetoric that achieves little except to provoke a mighty backlash. What is needed is an assertive civil society that monitors party performance and takes to the streets when the party or leadership flags or goes astray. The unruly popular protests in Chile, beginning in 2006 during a Socialist administration, and the equally unruly mass protests in Brazil since June 2013 under a Workers' Party presidency, are instances of the rebirth of civil society that bode well for an assertive democratic left. The second conclusion is that the left must not be limited to the national and local level; it must also seek change in the neoliberal global order to shift the opportunity structure more in favour of its initiatives. This observation opens up a major intellectual agenda. Needless to add, the double movement also operates at the global level. This model thus remains a good place to begin in sorting out the dangers and the possibilities of the democratic left.

Notes

¹ Commodification and decommodification are slippery terms. Commodification refers to the ever wider array of goods, services, and inputs into production that are produced by capitalist firms to earn a profit in market exchanges. Polanyi contended that land, labour and money are only fictitious commodities because they are not produced or, if produced, not for sale on the market. Decommodification identifies the opposite process of re-embedding economy in society. It involves the removal, in whole or in part, of goods (e.g. water), services (e.g., education, health care and housing) and the fictitious commodities from market exchange. For example, labor is decommodified to the degree that workers are not dependent upon the sale of their labor power for their survival. Employment protections, trade-union rights, minimum wages, unemployment insurance, other social protection and free (and high quality) social services prevent employers from treating labour as a disposable commodity by removing the employee's spur of hunger.

² This institutionalist viewpoint is elaborated, in different ways, by Cangiani (2011: 188-94) and Ebner (2011).

³ For a discussion of the "hard" and "soft" Polanyi, refer to Dale (2010b).

⁴ For a brief reflection on the compatibility of the demands of the movement and the counter-movement, refer to Dale (2010a: 87-8).

⁵ This distinction is drawn from Kohli (2012: 92-7).

⁶ For a more extensive analysis, refer to Sandbrook (2014): 105-11.

⁷ Rowbotham (2009: 279-81) and Fraser (2011: 144) list some emancipatory benefits for elements of society of market liberalization. For a graphic illustration of how the commercialisation of fisheries in southern India created new opportunities for women, lower castes and youth, see Sundar (2012: especially chap 1). See also, Muller (2006: 12).

⁸ Kerala, a state of India, is renowned for its success in organizing the informal sector. Even in a low-income country, such as Tanzania, workers in the informal economy who possess "structural power" and other favorable conditions have managed to create viable trade unions. See Rizzo (2014).

⁹ But see, for an elaboration, Sandbrook (2014: 112-24).

¹⁰ Refer to Crouch (2013: chap. 5).

¹¹ Refer to Sandbrook (2014: chap 5) for details and references

¹² For an analysis of the Third Way, see Giddens (2000).

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