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## Polanyi's Double Movement and the Reconstruction of Critical Theory

*Le double mouvement de Polanyi et la reconstruction de la théorie critique*

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## Introduction

- 1 Karl Polanyi argued in *The Great Transformation* (2001 [1944]) that the development of market societies over the past two hundred years has been shaped by a double movement. On one side is the movement of *laissez faire*--the efforts by a variety of groups to expand the scope and influence of self-regulating markets. On the other side has been the movement of protection--the initiatives, again by a wide range of social actors, to insulate the fabric of social life from the destructive impact of market pressures. What we think of as market societies or "capitalism" is the product of *both* of these movements ; it is an uneasy and fluid hybrid that reflects the shifting balance of power between these contending forces.<sup>1</sup>
- 2 Many contemporary analysts have found this formulation useful to understand global developments of the last thirty years (Berman 2006, Blyth 2002, Bugra and Agartan 2007, Evans 2008, Silver and Arrighi 2003). Particularly since 1980, the movement of *laissez-faire* has been in the ascendant in the form of "neo-liberalism", "market fundamentalism" or the "Washington consensus". Yet at the same time, at multiple levels of politics--local, national, regional, and global-- we also see counter movements that have sought to check, control, or modify the impact of market forces. And, in fact, there is considerable evidence that business and finance "need" some of these limits, especially regulatory initiatives, to avoid destructive social, environmental, and economic consequences (Evans 2008).
- 3 But Polanyi's double movement formulation has been criticized for being functionalist or for reifying an abstract entity called "society" that somehow knows how and when to protect itself (Block and Somers 1984). Rather than responding to these criticisms point

by point, this essay will attempt to develop a theoretical reconstruction of Polanyi's double movement concept—showing the theoretical foundations on which it rests and arguing that this reconstructed theory of the double movement has the potential to be an important element of a 21<sup>st</sup> century critical theory. This reconstruction does not claim to be an accurate reflection of Karl Polanyi's theoretical and political intentions when he wrote *The Great Transformation*. On the contrary, the intention is to use some of Polanyi's ideas to create a theory that illuminates political possibilities immanent in the existing social order.

- 4 The essay starts by laying out the broad outlines of the double movement idea, and then it elaborates the micro-foundations of the protective counter movement to explain how agents sometimes have the opportunity, the power, and the capacity to challenge and change the institutional structures of market societies. After examining barriers to the mobilization of a protective counter movement, the final section explores the possibilities of moving beyond the double movement.

## The theoretical project

- 5 In developing the concept of the double movement, Polanyi was addressing some key problems in Marxist class analysis. For Polanyi, standard analyses of “class struggle” were economic; they focused too narrowly on the relative strength of workers and employers at the point of production rather than analyzing the larger political field in which those conflicts occurred (Block and Somers 1984). Polanyi suggests that the exercise of state power fundamentally shapes the relative strength of different social actors, so he broadened his analytic lens to encompass battles over government regulation, over the provision of public goods and services, and over international flows of labor, goods, and money. It is implicit in his analysis that these conflicts ultimately influence the balance of forces on the shop floor.
- 6 For Polanyi, this analytic shift follows logically from his understanding that the market system did not and could not exist independently of government action. Even when the official ideology is *laissez-faire*, the state is deeply involved in managing market economies. This is what he meant by his dictum that “Laissez-faire was planned,” and he developed the point with his account of the fictitious commodities of land, labor, and money. Since the market acting alone cannot produce these things in correct and sustainable quantities, the state *must* manage the supply and demand for these critical inputs to the production process (Block 2003).
- 7 This fictitious foundation of the market economy meant that the movement for *laissez-faire* always operates at a certain disadvantage. Since its stated political goal—a fully self-regulating market economy—is fundamentally impractical and incoherent, there is always a substantial gap between the ideology and the reality. This represents a major difference between Marx and Polanyi. For the former, the core contradiction is that capitalism would prove unable to further develop the productive forces and a socialist transformation would become inevitable. For Polanyi, the core contradiction of market society is that a system of self-regulating markets cannot possibly be a foundation for social order; state action is required to produce and maintain economic and social order. So despite the power imbalance between employers and workers, the opponents of self-regulating markets can use this impossibility to win incremental changes that help protect society from the market.

- 8 Polanyi's analysis develops two key innovations ; it reconceptualizes the field in which social struggles take place and it provides a less class-deterministic account of who the relevant actors in these struggles are. These two moves are closely interconnected since Polanyi sought a more holistic account of social conflicts in which the specific historical context helped shape how social groups mobilized (Block and Somers 1984).
- 9 Perhaps, Polanyi's most original contribution was to redefine the field of social struggle as occurring in a specifically global context. To be sure, many analysts before him had recognized the expansive and global nature of capitalism, but he took the argument a step further by showing how social struggles within particular polities were constrained and limited by the nation's particular position within the global system of states. This meant that the two movements were not simply national phenomena, but global phenomena. For most of the past two centuries, the influence of the movement for *laissez-faire* was magnified enormously by the support of the world's dominant global power, first England and then the United States, and the system of financial and military coercion that those powers were able to mobilize (This part of Polanyi's analysis has been effectively elaborated by Arrighi 2007 and Arrighi and Silver 1999).
- 10 For Polanyi, it is a given that markets can function in societies in many different ways. However, both England and the United States exported to the rest of the world one particular template --an economy organized around an integrated set of self-regulating markets for land, labor, capital, and other commodities. To be sure, even in England and the United States, the actual organization of the economy followed this template only loosely, but political and economic leaders around the world were well-advised to say that they were implementing this template or they could be subject to harsh reprisals by the dominant power. In the 19<sup>th</sup> century, compliance was expressed by embracing "free trade" and the gold standard ; in the 20<sup>th</sup> century by aligning against the socialist or communist templates (Block 1977, Silver and Arrighi 2003).
- 11 The coercive power of England and the United States has never been absolute ; given limited resources, they were both forced to exercise influence pragmatically and selectively. Some nations were granted substantially more leeway to violate the template either because of their geopolitical location or their specific struggles against the protective counter movement. Moreover, there have also been periods when the dominant power has been preoccupied with hot or cold wars that have left other nations with considerably more room to maneuver. And in the 1930's, when the global economy collapsed, neither the declining power-England-or the rising power-the U.S.-had the resources or inclination to enforce the discredited global rules of the game.
- 12 Nevertheless, the general pattern has been that social conflicts within nations have been conditioned by this global context. The movement for *laissez-faire* within nations has been strengthened by invoking the authority of the global hegemon ; the social groups that amass behind the banner of *laissez-faire* have been able to claim that their nation would become an isolated backwater if it failed to expand the scope of markets. And these groups have resisted demands for social protection by claiming that such moves are simply not possible without a radical and dangerous break with the international rules.
- 13 But this dependence of the forces of *laissez-faire* on the global hegemon is also a source of weakness because of the inevitable rivalries within the international state system. Since Alexander Hamilton's *Report on Manufacturing* in 1791, the suspicion has existed that the template being exported by the hegemon is not in the general interest but is designed

primarily to preserve its position at the top of the global system at the expense of other nations (Chang 2002 and 2008). Domestic counter movements are able to draw on nationalist resentments in arguing against fealty to foreign notions of how the economy should properly operate and in favor of pursuing their own unique developmental path that requires some greater degree of political management of markets.

- 14 This is the complex terrain that political leaders within nations have to negotiate. In order to hold on to political power, they need to protect the nation's position within the international state system and they need to make the domestic economy function effectively. Tilting policies too far in the direction favored by the movement of *laissez-faire* risks both weakening the domestic economy and becoming too dependent on the global hegemon. But tilting too far in the other direction can anger the business community and lead to disinvestment that could jeopardize efforts to improve the nation's global position. Political leaders have to thread the needle between these two dangers and this provides opportunities and openings for both movements.
- 15 In seeking to capitalize on these opportunities, the two competing movements struggle to influence the state in their own preferred direction, but their relative power will be heavily dependent on the political and economic conditions and how those specific conditions have been perceived by social actors. For example, when a nation's economy first starts into a downturn, supporters of *laissez-faire* are often successful in demanding a rollback of previous reforms that they claimed discouraged productive investment. However, if the downturn continues, the protective counter movement tends to gain greater political leverage as more citizens demand protection from economic hardship.
- 16 In these battles, ideology is an essential resource. Polanyi drew heavily on Marx's argument that revolutionary classes are able to exert greater influence when they claim to be fighting for interests that are universal rather than just for their own particular interests. This is precisely why the theory of self-regulating markets looms so large in Polanyi's analysis. If the movement for *laissez-faire* simply argued that expanding markets would create more profit opportunities for certain firms, their arguments would have little resonance. But invoking the theory of self-regulating markets developed by Malthus and Ricardo is an effort to capitalize on a broadly shared interest in a prosperous economy and in protection from the intrusive exercise of state power.
- 17 Moreover, ideology also conditions how political and economic events are understood. In one famous passage, Polanyi notes how political leaders in the aftermath of WW I, including even the Bolsheviks, could see no alternative to the restoration of the pre-war Gold Standard (Polanyi 2001, p. 26). This ideologically produced blindness led directly to the global economic crisis of the 1930's. Ultimately, the severity of the Great Depression lifted the ideological blinders, and in the last years of W.W. II, the world's political leaders were able to agree on a new global monetary system that fixed many of the weaknesses of the Gold Standard.
- 18 In short, the global context, the contradictory pressures on the state, and the mobilization of ideology represent the context in which the two movements contend. Who then are the actors who participate in these movements? Capitalists and workers are certainly key actors in Polanyi's account of the double movement; they represent respectively the durable core of the two competing movements. However, they are certainly not the only actors in his analysis. Other social groups including landed classes, shopkeepers, intellectuals, government officials, and groups with no shared class identity routinely play key roles as part of these broad coalitions. As with Gramsci's

concept of the “historical bloc” (Burawoy 2003), Polanyi also believed that the bourgeoisie and proletariat exercised the most influence when they forged powerful coalitions that included other social groups.

- 19 But Polanyi also followed Weber in recognizing that in actual politics, classes often divide along multiple lines including divisions between export-oriented industrialists and those producing for the domestic market or between unskilled workers of one ethnic group and skilled workers of another. So while capitalists tended to participate in the movement for *laissez-faire* and workers in protective counter movements, things do not always line up so neatly. There are always some capitalists who are fighting for protection from the market and frequently there are groups of workers who ally with the movement to expand markets.
- 20 While Polanyi often describes the two broad movements as political coalitions mobilized around a particular goal, he also recognized that unity could not be assumed. Profound differences over strategy or goals can, at times, make joint action impossible. Polanyi does not explore this option, but there are times that the movement for *laissez-faire* is hopelessly divided between free market extremists and more pragmatic defenders of the market, and the two groups are weakened because they cannot make common cause. Moreover, advocates for social protection can have radically different political agendas, as in the 1930's when both socialists and fascists offered critiques of market ideology but proposed divergent strategies for protecting society from the market.
- 21 A similar situation exists in the contemporary world as protests and resistance to the impacts of global forces have strengthened both activist movements of the political left and various forms of religious and ethnic fundamentalism that are often reactionary in their political preferences. These two very different types of movements compete to win support from some of the same social groups and their relative strength will depend on some combination of specifically local factors and political skill.

## Opportunity, power, and capacity

- 22 In its specifics, the double movement is a theory of politics in societies that are at least nominally democratic and where citizens have a set of basic political rights. To be sure, some of the analysis is also relevant to social struggles that occur under authoritarian regimes. But the sheer difficulty of political mobilization under authoritarian conditions makes it a separate topic. The double movement is about the normal politics of market societies with democratic governance, where adherents of both *laissez-faire* and the protective counter movement are able to press their case in the political arena. (Silver and Arrighi 2003 make the point that there is no double movement in colonized societies because of the effectiveness of repression.)
- 23 Understanding the power and capacities of the *laissez-faire* side of the double movement provides relatively few challenges. Most often, it is capitalists or wealth holders who are in the vanguard of efforts to press for the expansion of markets and for the dismantling of barriers that restrict their ability to increase profits. But they are often able to mobilize a broader political coalition that agitates for expanded markets. Political leaders, for example, might join because they recognize possibilities for economic growth that could come from dismantling local or national barriers to the movement of goods or capital, and they are sometimes able to build cross-class coalitions in favor of such

policies. But in such fights, one will usually find some capitalists on both sides of the divide. For example, “deregulatory” initiatives that open up some spheres of economic activity to new competitors are likely to be resisted by some of the incumbent firms that have flourished behind the regulatory barriers.

- 24 The proponents of *laissez-faire* usually justify their favored policies by invoking the vision of a self-regulating market system in which the role of government is kept to a minimum so that market signals are able to determine the allocation of land, labor, and capital. However, many of those who advocate this self-regulating market system recognize their own dependence on the continuous and widespread exercise of the state's coercive powers to protect their property, control workers and the poor, and manage the market system itself (Block 2003, Evans 2008).
- 25 This is precisely why Polanyi termed the vision of a self-regulating market system to be utopian ; it is literally impossible. Without the state's continuous management on a variety of fronts, the market economy would collapse. In brief, the free market utopia empowers the movement of *laissez-faire* by grounding their self-interested arguments in an appealing and seemingly coherent vision of a desirable social order. But this empowerment is not unlimited ; it also comes with a measure of vulnerability. The fundamental incoherence of the free market utopia, and the day-to-day dependence of wealth holders on the state, ultimately provides an ideological opening, an opportunity, to the advocates of the protective counter movement.
- 26 A contemporary example should suffice to illustrate the opportunity that is available to protective counter movements. Global corporations have waged fierce battles in recent years for an international trade regime that enforces their property rights around the world. They frame their argument within the standard language of market freedom. Pharmaceutical firms insist that they invested scarce resources in developing new medications and it is only fair that they be able to profit from their discovery wherever there is demand for that product. After all, recycling a share of those profits into new discoveries will ultimately benefit all global consumers (Evans 2008, Klug 2008)
- 27 The problem, however, is that the protection of those property rights requires a series of action by states. First, the firm's home government must grant the firm a patent, essentially a monopoly over the production of a particular product for a given time period. Second, that home government, or one of its allies, must make clear to governments in other parts of the world that they are determined to protect the firm's property rights overseas. Third, other governments must agree to enforce that patent and interdict any competitor's product that infringes on that patent. In short, the property right is not self-enforcing ; it requires political action in multiple sites.
- 28 The dependence of the firm on state action creates opportunities for the protective counter movements that are sometimes able to challenge the priorities of the states that are involved. Advocates are able to ask why states are choosing to put the protection of the firm's property rights above the protection of the health of human beings who will die without access to those medications. This is a powerful argument that ultimately forced the United States to agree in the Doha Declaration that governments have the right to override these intellectual property claims to respond to health emergencies. The argument was also a factor in the decision of the Administration of George W. Bush to expand significantly U.S. spending on the battle against HIV/AIDS in Africa. To be sure, behind the scenes, the U.S. has continued to discourage the flow of cheap generic antiviral drugs to Africa (Klug 2008). So that while the movements have had a real impact,

they have not yet been able to mobilize enough pressure to force deeper institutional changes.

## Exercising Power

- 29 The fact that the protective counter movement is consistently provided with ideological openings hardly ensures that it will be able to exercise the power necessary to win the protections from market forces that it seeks. By definition, the people who need protection the most are those with the fewest material resources, and this lack of resources puts them at a structural disadvantage in the arena of politics. Wealth holders, in contrast, are able to use ideological, structural, and instrumental power to advance the agenda of *laissez-faire* and resist movements of social protection (Lukes 1974). They use those forms of power to structure the “rules of the game” to assure the political ineffectiveness or powerlessness of their opponents.
- 30 But this is not the end of the story. Recently, Frances Fox Piven (2006, 2008) has developed an argument about “interdependent power” that explains how protective counter movements are sometimes able to wield considerable influence and win significant concessions. Piven starts from Marx’s insight that the structural position of workers in production gives them power when they collectively withhold labor or refuse to obey managerial commands. But she then argues that in the complex division of labor and spatial organization of industrial and postindustrial societies, many different groups have the opportunity to exercise interdependent power by collectively refusing to follow the standard institutional routines. So, for example, the urban poor can assemble to protest high food prices and refuse to disperse when ordered to do so by the police, students can strike or occupy buildings, and activists can mobilize thousands to close down highways, bridges, or other critical transportation linkages.
- 31 Piven recognizes that people are unlikely to engage in this form of disruptive protest casually; the threat of arrest and legal sanctions is usually sufficient to discourage disruptive protests. However, such actions become more likely when there is an ideological opening that makes a particular injustice appear to be remediable through political action *and* when there are significant obstacles to a purely repressive response by the state. Such circumstances occur most often when political and economic elites are seriously divided over how to solve the problems that the political system is facing.
- 32 When elites are divided between a reformist wing and a conservative wing, there is an increase in the opportunity for this exercise of interdependent power. The very existence of the reformist wing helps to legitimate the claims of the insurgents that change is possible and feasible. If the reformist wing is holding power, its leaders are considerably less likely to unleash undifferentiated repression against the protestors. And when the conservative wing is holding power, there is a chance that its use of repression will create a backlash that brings the reformers into power.
- 33 Moreover, movements can work to create the very circumstances in which the exercise of disruptive power becomes feasible. Years of agitation using less dangerous tactics can build up popular support and undermine the earlier unity among elites. In that sense, the disruptive actions are often the culmination of many years of preparation including earlier defeats and false starts.



- 34 In a word, movements cannot simply will the existence of favorable political opportunities, but they are also not condemned to wait passively for such opportunities to arise.

## Capacity

- 35 But how is it that those with less power are able to exercise the solidarity that is needed for the exercise of interdependent power? Those who most need protection from the market are often separated from each other by religious, ethnic, racial, gender, age or other divisions. How can they overcome these divisions and engage in joint action? Moreover, if they engage in the rational calculus proposed by Mancur Olson (1971), they would immediately recognize that it is to their advantage to “free ride” on the protest activities of their neighbors or co-workers and only a handful of ideologically inclined militants would actually risk reprisals for engaging in disruptive actions. Olson’s argument cannot be easily dismissed since the calculus that he proposes perfectly mirrors the prevailing ideology of the society—that individuals need to look out primarily for themselves and that concern for others is an utterly impractical luxury in a dangerous and competitive world.
- 36 The problem of explaining solidarity has plagued social theory long before Durkheim made it the central category in *The Division of Labor* (1997 [1893]). As Viviana Zelizer (1985, 1988) has argued, the fear that the instrumental values of market society would erode the ability of individuals to form durable bonds with others has been a theme in the culture for hundreds of years. It was expressed by Shakespeare, theorized by the young Marx, elaborated by Georg Simmel, and remains an enduring current of contemporary theorizing (Hochschild 2003). However, analysts have been hard pressed to make the case that this decline of fellow feeling and solidarity has actually occurred; it is almost always discussed as something that is just about to happen—often suggested by the analyst’s perception of the extreme cynicism and amorality of the young.
- 37 Zelizer’s contribution (1985, 2007) has been to argue that these instrumental, market-oriented values are continually being contested by other values, and that individuals are able to draw on multiple cultural currents to avoid becoming the rational maximizers of economic theory. However, she does not offer an explanation of where these alternative values come from and how they are continually reproduced. But it is possible to extract from Polanyi’s discussion of reciprocity, which draws heavily on Durkheim and Mauss (1990 [1924]), the elements of such a general explanation.
- 38 In *The Great Transformation*, Polanyi discusses reciprocity when he argues that: “The outstanding discovery of recent historical and anthropological research is that man’s economy, as a rule, is submerged in his social relationships.” (Polanyi 2001, p. 48) For him, reciprocity and redistribution are general principles of behavior that have helped to structure economic systems. He writes :
- 39 ...the orderly production and distribution of goods was secured through a great variety of individual motives disciplined by general principles of behavior. Among these motives gain was not prominent. Custom and law, magic and religion cooperated in inducing the individual to comply with rules of behavior which, eventually, ensured his functioning in the economic system.” (Polanyi 2001, p. 57.)

- 40 Polanyi is talking about something which is different from the thin notion of reciprocity that occurs in market exchange. The thin model defines reciprocity as an exchange of equivalents between two individuals where there is an expectation that the balancing will occur relatively quickly. This model encompasses the circumstance where A does a favor for B and assumes that B will return the favor relatively soon. This type of reciprocity is consistent with the motive of gain since the parties are able to do a relatively precise cost-benefit analysis to make sure that they will gain materially from the exchange.
- 41 Thick reciprocity is different in three important ways.<sup>2</sup> First, there is no expectation of exact equivalence ; what is given obligates the receiver, but how this obligation is to be filled is open ended. Second, the relationships are not strictly dyadic ; what is received from one person might obligate the receiver to give to one or multiple other people. Finally, the timing of the obligation is also open-ended ; it might take many years for the obligations of thick reciprocity to be redeemed.
- 42 As Mauss (1990) argues, thick reciprocity is hardly confined to primitive or historical societies ; it remains a powerful force in modern societies (See, also, Hyde 1983). It is currently most evident when longstanding relationships with lovers, friends, or relatives are ended. Very often, one of the parties will explain the decision to end the relationship by the other's failure to meet the expectations of thick reciprocity. The vernacular is that the other person was not "there for me" when I needed care, attention, or help even though I had provided those for him or her under difficult circumstances. Such imperiled relationships can sometimes be saved if the person who violated the expectations is able to explain that there were special circumstances that made them unable to respond appropriately. Such apologies are sometimes effective precisely because thick reciprocity does not demand an immediate balancing of accounts.
- 43 Most people learn how to do thick reciprocity beginning in childhood.<sup>3</sup> The nurture and care of infants and small children by parents or other adults provides the model of an unselfish relationship in which the child's open ended obligation is simply to love and obey the care giver. The child is supposed to understand that he or she will have the opportunity to repay in the distant future either by caring for the aging parent or by providing care for the next generation. Similar lessons are learned as the child forms relationships with peers and comes to understand the norms of friendship, and ultimately of intimate relationships. While many of those early relationships might be characterized by betrayals and disappointments, they still teach the basic expectations of thick reciprocity. Moreover, the same lessons are reinforced by both religious and secular authorities who remind us that we should treat others as we wish to be treated ourselves.
- 44 This nearly universal capacity to construct relationships based on norms of thick reciprocity is the basic social material out of which protective counter movements can be constructed. People learn empathy, the ability to take the role of the other, and the demands of thick reciprocity in their personal relationships and they bring those skills with them when they encounter strangers. These skills can be used to forge solidaristic relationships with multiple others and it is in the context of those solidaristic relationships that people take actions that could never be justified by purely self-interested calculations.
- 45 Moreover, the logic of solidarity means that in building such protective counter movements, it is not necessary that everyone is either similar or is responding to an identical threat. Thick reciprocity makes it possible to create broader and broader

networks of solidarity that cross existing lines of social division. Even though we are of different ethnicities or skill levels, I might be willing to rally today to support you against your employer because I know that I might need such help against my own employer six months or a year from now. Similarly when I recognize that environmental struggles and labor struggles are connected, I might participate in both types of actions with equal enthusiasm.<sup>4</sup>

## Barriers

- 46 While this capacity for thick reciprocity and the building of solidaristic relationships is a constantly renewing feature of social life, actual participation in social movements is highly variable over time. Even in the face of the most severe challenges, it cannot be assumed that strong counter movements will appear. The most striking recent example was the response to “shock therapy” in various parts of what had been the Communist bloc. In Russia and other former socialist states, newly chosen governments adopted radical programs of market-oriented reforms that produced very dramatic downward shifts in living standards that persisted for years (Meurs and Ranasinghe 2003). While the economic dislocation produced a range of adaptive behaviors including widespread resort to barter and reliance even among urbanites on their own garden plots, there was often little in the way of protest or social movement activity (Burawoy , Krotov, and Lytinka 2000, Woodruff 1999)
- 47 The example suggests the importance of the way events are framed ideologically. Free market ideas had played a central role in the delegitimation of Soviet-style regimes through the 1970's and 1980's; most key dissidents embraced these ideas without reservation. So when the pursuit of a rapid transition to the market produced widespread economic and social dislocation, most people were left with a very limited repertoire of explanation. One option was to take the proponents of *laissez-faire* at their word and accept that there was no immediate alternative to austerity and that things would eventually get better. The other was to listen to the defenders of the Soviet regime and argue for its restoration. But given the glaring defects of that regime, few people were willing to mobilize around the slogan of socialist restoration.
- 48 While the recent history of the United States is very different, it also suggests the importance of ideology in explaining the relative weakness of the protective counter movement. Starting in the late 1970's, the movement for *laissez-faire* in the U.S. moved from triumph to triumph. It made the tax system substantially more regressive, it dismantled a significant part of the system for regulating business and finance, it cut back social programs designed to protect the poor and the weak, and it aggressively pushed “free trade” and “free markets” abroad (Block 2007, Harvey 2005). Yet even though these policies had adverse consequences for the prosperity of the average citizen (Bartels 2008) , it took until the Democrats made gains in the 2006 midterm elections before one could plausibly speak of a protective counter movement that was strong enough to impact state policies.
- 49 Three factors help account for how long it took before the protective counter movement could make a significant challenge in the U.S. The first was the extraordinary investment from the mid-1970's onward by business leaders and conservatives in the propagation of free market ideas through think tanks, policy organizations, contributions to both political parties, and the mass media (Block 2007, Micklethwait and Wooldridge 2004).

Alternative framings that suggested that there might be limits to the market were literally drowned out. The second was a high level of elite unity around these ideas that persisted until the election of George W. Bush in 2000. While the Clinton Administration initially made some challenges to market-oriented policies, it ultimately accepted the logic of greater reliance on the market at home and abroad (Shoch 2008). Counter movements were able to grow, as reflected in the mobilizations against NAFTA and against the WTO in Seattle in 1999, but their political impact was limited.

50 Finally, part of the protective counter movement in the U.S. was channeled into the activism of the religious right that worked to strengthen the conservative movement's influence at the national level. One important current in the grassroots activism of the religious right in the 1980's and 1990's was a sense of economic dislocation caused by plant closings, corporate downsizing, and increasing economic insecurity (Block 2007). But as more people sought comfort and support in evangelical congregations, they were mobilized on behalf of "Christian values" to support conservative politicians committed to the project of *laissez-faire* (Frank 2004).

51 Beyond the double movement ?

52 When he wrote *The Great Transformation*, Polanyi anticipated that the era of the double movement might finally have ended since much of the world had come to recognize the folly of organizing human society around self-regulating markets. He imagined a new era in which humanity collectively chose to subordinate markets to political control. Bretton Woods and the system of "embedded liberalism" did represent a sharp break with the logic of the Gold Standard, but we now know that the break proved to be only temporary. In the 1970's, the global rules of the game shifted sharply in the direction of market sovereignty and the theorists of self-regulating markets suddenly regained the influence that they had lost in the 1930's and 1940's. Friedrich Hayek, one of Polanyi's antagonists in theoretical debates in Vienna in the 1920's, survived to become the favored theorist of Margaret Thatcher and Ronald Reagan.

53 But despite Polanyi's failure as a prophet, the question remains open. Is humanity doomed to endless cycles in which one movement is in the ascendancy followed by the other ? Or is it possible that the age of the double movement could finally be transcended ? If so, how would this transcendence occur and what would it look like ? Some answers are suggested by Polanyi's discussion of the "reality of society" in the final pages of *The Great Transformation*.

54 Polanyi wrote : "Man [sic] becomes mature and able to exist as a human being in a complex society." This reflects his belief that human beings are fundamentally social beings who can realize their full potential only in a complex society with a highly developed division of labor, high levels of individual autonomy, and a state that exercises a Weberian monopoly over the means of compulsion. Polanyi believed that institutional procedures and rights could be established that would effectively prevent the state's coercive power from being used in ways that were illegitimate or designed to preserve the position of particular individuals or interests. However, he was quite insistent that :

55 "Power and compulsion are a part of that reality ; an ideal that would ban them from society must be invalid." (p. 267)

56 However, he also recognized that the fear of power and compulsion were deeply rooted in Western traditions and had created utopian visions of a society in which the power of the state either withered away or was limited to the role of a night watchman. He traced

these fears back to the Christian Gospels that had preached a vision of each individual exercising his or her own freedom of conscience autonomously from everyone else. The Gospels, in short, did not recognize the “reality of society”, that people necessarily live together in complex interdependence. For Polanyi, the Gospels were the source of an obsolete paradigm in which individual freedom could only be guaranteed under the completely unrealistic condition that power and compulsion were eliminated from society.

- 57 Polanyi believed that humanity's maturation required a new paradigm that recognized that the ethical injunctions of the Gospels could only be realized by surrendering to the reality of life in a complex society. He briefly outlined this new paradigm in the final pages of *The Great Transformation*, that durable change required both a new paradigm of human freedom and new institutional forms that would support that paradigm. At the global level, this meant a new set of international institutions to manage trade and financial flows. He favored something along the lines of John Maynard Keynes' proposal for an International Clearing Union so that every nation could pursue high levels of employment and protect its citizens from global market forces (Skidelsky 2000).
- 58 The suggestion is that with both a change in human consciousness and a change in global institutions, the double movement would finally come to an end. The new paradigm would assure that people no longer defined human freedom in terms of being left alone and this would immediately deprive *laissez-faire* rhetoric of its core appeal. At the same time, there would no longer be a global hegemon pressing other nations to adopt the template of market self-regulation. Groups within nations might well argue for greater reliance on markets in particular policy areas, but such arguments would likely be tested pragmatically rather than being granted some kind of epistemological privilege (Somers and Block 2005).
- 59 In short, there would continue to be a process of experimentation where different societies increased or decreased the role of markets, but the shifts would be less dramatic and less ideologically charged than in the era of the double movement. Such shifts would occur within a broad consensus that an effective society and economy required markets, government regulation, and mediating social institutions. This would provide societies with considerable freedom to develop social institutions that produced greater prosperity and greater equality while also being environmentally sustainable.
- 60 Despite Polanyi's hopes, this kind of durable transition did not occur in the 1940's. The influence of the social sciences expanded in the immediate post-World War II period, but this fell well short of the paradigm shift that Polanyi anticipated. The Bretton Woods institutions did allow for a period of “embedded liberalism” in which nations had considerable opportunity to buffer their economies from the global market. But when the Bretton Woods system entered into crisis at the end of the 1960's, the decision was made to shift to a system of floating exchange rates which significantly strengthened global market forces. Moreover, in the aftermath of the social conflicts of the 1960's and the economic troubles of the early 1970's, the free market utopia gained millions of new acolytes and the U.S. redoubled its efforts to press the market template on other nations. History was again fully in the grip of the double movement.
- 61 However, Polanyi's theoretical framework helps to explain his own failure as a prophet.
- 62 In the U.S., the economic dynamism of the 1960's and 1970's was similar to the period of intense economic change in England at the beginning of the 19<sup>th</sup> century. Stronger

economic linkages and a deepening division of labor dramatically increased social interdependence. More people were working in large organizations and also had to recognize that their livelihoods and prosperity were increasingly dependent on events and people on the other side of the world. Without the paradigm shift that Polanyi had hoped for, this intensified interdependence was widely perceived as a threat to individual autonomy (Block, forthcoming).

- 63 Just as in the early 19<sup>th</sup> century, it became appealing for many to seek to protest and oppose this oppressive “reality of society” by embracing the utopia of self-regulating markets. The right wing was particularly effective in mobilizing such sentiments in collective efforts such as the anti-tax mobilizations of the late 1970’s and early 1980’s. The paradox is that at a time when most people’s work had become highly abstract and collaborative, an anti-tax rhetoric that was rooted in an early 19<sup>th</sup> century society of autonomous farmers and artisans gained extraordinary resonance. Anti-tax and other movements against oppressive government ushered in an almost thirty year period of right wing dominance organized around anti-government and pro-market rhetoric.
- 64 However, the time might again be ripe for the new paradigm that Polanyi anticipated. Two indicators are particularly important. First, the problems of the global environment including climate change, the deteriorating condition of the world’s oceans, and the difficulty of feeding almost 7 billion people seriously challenge the old concept of human freedom. How can one defend an individual’s right to waste resources or foul the environment when it puts the survival of others at risk? Second, a new generation has grown up that sees the technologies of communication and connectivity not as a threat but as a tool for building stronger ties of community and solidarity. Younger people do not appear to share their parents fears or ambivalence about a greater degree of social interdependence ; they simply take it as a given.
- 65 These changes could mean that today’s protective counter movement has the possibility not only of protecting societies and the planet from the grave dangers posed by global markets, but of finally ending the double movement itself. However, such a radical transformation would require social mobilization on a global scale, the creation of new global institutions, and the elaboration of a new paradigm for conceptualizing individual freedom in a complex society.

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## NOTES

1. This essay builds on Block (2000), Block (2003), Block (2007), Block (forthcoming) and Somers and Block (2005).
  2. The distinction between thin and thick or weak and strong reciprocity is also developed by others. See, for example Gintis and Khurana 2008.
  3. Obviously, this learning is not universal, but those who fail usually are labeled as developmentally disabled or as sociopaths.
  4. For a discussion of how a social movement can self-consciously build such commonality across social divides, see De Sousa Santos 2008.
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## ABSTRACTS

Karl Polanyi argued in *The Great Transformation* (2001 [1944]) that the development of market societies over the past two hundred years has been shaped by a double movement. On one side is the movement of *laissez faire*--the efforts by a variety of groups to expand the scope and influence of self-regulating markets. On the other side has been the movement of protection--the initiatives, again by a wide range of social actors, to insulate the fabric of social life from the destructive impact of market pressures. The essay starts by laying out the broad outlines of the double movement idea, and then it elaborates the micro-foundations of the protective counter movement to explain how agents sometimes have the opportunity, the power, and the capacity to challenge and change the institutional structures of market societies. After examining barriers to the mobilization of a protective counter movement, the final section explores the possibilities of moving beyond the double movement.

Karl Polanyi est bien connu pour son livre *The Great Transformation* (2001 [1944]), où il soutient que les économies capitalistes ont été l'objet d'un double mouvement. D'un côté, le laissez-faire, et de l'autre des mesures protectionnistes pour protéger la vie sociale de l'impact destructeur des du marché. Cet essai commence par décrire ce double mouvement, élabore les micro-fondations du mouvement protectionniste afin d'expliquer comment les agents ont parfois la possibilité, le pouvoir et la capacité de défier et de modifier les structures des sociétés marchandes. Après avoir traité des barrières à la mobilisation de ce mouvement protectionniste, la dernière section explore les possibilités d'aller au delà de ce double mouvement.

## INDEX

**Mots-clés:** double mouvement, protection, laissez-faire, Polanyi

**Keywords:** double movement, laissez-faire, protection, Polanyi

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