

Emancipation in the Neoliberal Era: Rethinking Transition with Karl Polanyi

Dirk Holemans

The economic historian Karl Polanyi charted the development of market society. Moving beyond a simple opposition between the state and the market, his seminal *The Great Transformation* explained how a centuries-long dialectical relationship between the two shaped modern Western Europe. Today, transition and transformation are again the order of the day. After 40 years of neoliberalism tearing at the social fabric, what form will the 21st-century counter-movement take?

Not so long ago, every organisation wanted to be sustainable. Introduced as a central concept by the Brundtland Report in 1987, “sustainability” became a guiding principle for governments, companies, and NGOs.¹ 50 shades of green emerged under its conceptual umbrella, ranging from real institutional change to businesses looking to give their activities an eco-sheen. Although the United Nations Sustainable Development Goals remain a significant process, today “transition” and “transformation” have joined sustainable development as leading concepts. Unions call for a just transition away from the carbon economy, while think tanks set out visions for transformation.

The rise of these twin concepts reflects the growing recognition that societies face multiple crises requiring profound changes by way of response. As ever, new concepts risk acting as buzzwords, proposing bright futures but underestimating the complexity that real transformation entails. Worse, they risk fulfilling the maxim that holds that “everything must change so that everything can stay the same.” An energy transition initiative may produce efficiency gains and, as a result, cars may use less fuel. But, without tax changes, the improvements will just prompt people to drive more. To return to the earlier concept, a transition need not always be sustainable.

¹ ↪ The Brundtland Report, “Our Common Future”, was released by the United Nations-mandated World Commission on Environment and Development in 1987.

The Great Transformation

Authors writing on transformation often mention the Austrian anthropologist Karl Polanyi, but usually only pay lip service to his seminal 1944 work, *The Great Transformation*.² This is a pity, as Polanyi's framework allows for a clear understanding of the neoliberal era. Polanyi asked why the 20th century was a period of world wars, economic depression, and fascism. He found his answer in the development of laissez-faire market liberalism in the 19th and early 20th centuries. Its key tenet – that society must bend to the will of self-regulating markets – disembeds the economy from society, both producing disruption and provoking counter-movements calling for social protection.

This “double movement” of greater marketisation and a corresponding push for protection creates two forms of counter-movement: the authoritarian and the democratic. Both promise social protection while respectively depriving or enabling freedom. Just as in 18th- and 19th-century England, today's neoliberal disembedding of the economy disrupts societies and ecosystems alike, inducing spontaneous reactions from people in defence of their lifeworlds. Today, democratic counter-movements are emerging – think of the climate youth – and authoritarian counter-movements find their expression in figures such as Donald Trump and Viktor Orbán.

Self-regulating markets disrupt societies because they are based on the “fictitious commodification” of nature, labour, and money. These goods are not meant only to be bought and sold but to perform multiple non-economic functions, and fictitiously treating them as mere commodities has severe negative consequences. In the early Industrial Revolution, children were reduced to cheap labour for the sake of profit. Forests, despite the importance of the complex ecosystems they host, are considered simply as stocks of wood by the governments today ruling Brazil and Romania. The welfare state, the result of the 20th-century democratic counter-movements, partially overturned labour's position as a mere commodity by introducing workers' protections and universal public services. But in recent decades these advances have come under attack from neoliberal commodification. Four decades ago, access to higher education was almost free because the university was seen as an emancipatory institution. Now, young people are forced into debt to attend.

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Polanyi explained the concept of disembedding by introducing the tension between “Habitation versus Improvement”. As England industrialised, entrepreneurs strove to increase profits through efficient production. For this to be achieved, people were displaced and moved closer to factories in towns and cities. Their habitation was sacrificed for the sake of improvement. The contemporary parallels are striking. While the post-war welfare state strove for development across the country and sought to provide jobs and public services to people wherever they lived, today this is no longer the case. With the advance of the globalised neoliberal economy, factories moved to Asia and millions of good jobs were lost. Large cities found new roles as metropolitan nodes in global networks with London as a financial centre, as a prime example. Former industrial regions not only lost factories but, as governments gave up on geographic equality and the neoliberal drive for efficiency spread, lifeworld-supporting networks of public transport, local shops, schools, bank branches, and union offices gradually eroded. Regional railway lines were closed as fast lines were built connecting big

² ↪ Karl Polanyi (1944, 2001). *The Great Transformation. The Political and Economical Origins of our Times*. Boston: Beacon Press.

cities. In the new logic of territorial competitiveness, regions compete for private external investment and peripheries are at a clear disadvantage.

The dominant logic of commodification increasingly colonises new aspects of life. In 2005, Nestlé's chief executive declared that water as a human right is an extreme idea. In Chile, against a backdrop of severe social unrest, the government is continuing its practice of auctioning off rivers to (international) private companies for commercial hydropower, often with profound socio-environmental impacts such as the displacement of local communities and water pollution. The neoliberal logic transforms regions into commodities on display for purchase by global financial markets. The destruction of places and means of "habitation" underlies the resentment felt by the *gilets jaunes* towards the establishment in Paris, as well as the 2019 defeat of the British Labour movement in its former industrial strongholds.

This rejection of ever-greater commodification implies that a crucial part of democratic counter-movements, and therefore of transformative green politics, has to be decommodification. Goods and services need not be managed solely according to market principles but can be organised based on principles of redistribution and reciprocity. This can be done by restoring public services (cities taking back control of energy systems, for example) or enabling citizens' collectives run as commons (energy cooperatives or community-supported agriculture).

Triple Movement

But Polanyi's framework is not without its shortcomings. Two critiques are relevant to consider. First, sociologist Nancy Fraser points out that social protection can also entail forms of oppression.³ The post-war welfare state was based on the breadwinner model, on women staying at home. In this respect, the expansion of the labour market has allowed women to evade patriarchal dominance. Not every market need be evil; the problem is when the market sets social relations and not the other way around. Fraser concludes that a triple movement, adding emancipation to the market and social protection, would improve on Polanyi's double movement. The second criticism concerns the role of the state. Polanyi was naïve regarding the protective state. In reality, states can act as guardians of the neoliberal market economy and can introduce authoritarian governance, standing in the way of both protection and emancipation. At the same time, Polanyi recognised that the state was not the only source of social protection. Counter-movements followed multiple paths, including the development of forms of social protection without direct state intervention through associations and workers' cooperatives.

With these critiques incorporated into the analysis, the challenges faced by contemporary societies are clear. Four decades of neoliberal disembedding of the economy has devastated the social fabric. The counter-movement for social protection is here in both its authoritarian and democratic incarnations. The democratic counter-movement needs to be emancipatory as well as protective, a dual task in which the role of the state is ambivalent. This triple movement occurs as the activities of humankind exceed planetary boundaries and authoritarian leaders ignore climate disruption to support fossil industries. The paradox is that they promise social protection (that does not materialise) while deepening ecological insecurity. Faced with this rival counter-movement, democratic strategies for socio-ecological transformation will have to offer a more attractive narrative than the authoritarians.

³ ↪ Nancy Fraser (2017). Why Two Karls are Better than One: Integrating Polanyi and Marx in a Critical Theory of the Current Crisis. Working Paper der DFG-Kollegforscher_innengruppe Postwachstumsgesellschaften. 1/2017. Jena.

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The extent of the challenge becomes greater than commonly assumed when the unequal effects of transition are factored in. Disadvantaged groups often suffer from ecological problems and mainstream eco-policies twice over, a “double inequality”. As the European Environmental Agency has found, people that are unemployed or on low incomes tend to be more negatively affected by environmental health hazards.⁴ This is both because they are more likely to have greater exposure to pollution but also because their housing conditions tend to be of lower quality and they depend more on increasingly scarce public services. Global warming only worsens matters. Hot summers hit people on low incomes in unventilated apartments hardest. People on low incomes have smaller ecological footprints but suffer the most from carbon taxes, as poorly insulated homes require more fuel for heating and alternatives to old cars are not always accessible. Viewed from this perspective, the attraction of the authoritarian counter-movement is more understandable.

Taking these points together, a transformative vision must span the socio-ecological re-embedding of the economy, decommodification, the democratisation of institutions, and eliminating inequality to offer a good life for all. The focus should be on emancipatory forms of social protection and emancipatory movements for new forms of social protection. Redistributive social protection remains a core responsibility of governments, but citizens, self-organising based on reciprocity and trust, have a part to play too. Commons initiatives such as community land trusts are prefigurative movements, collectively imagining a future society through their ongoing practices, social relationships, and rules.

Prefigure Transformation

The self-organisation of citizens has been at the core of political ecology since its inception through the concept of “autonomy”. Developed by thinkers such as the French philosopher André Gorz, autonomy means people taking back control over their lives. Autonomy stands in contrast to heteronomy, in which free markets or paternalistic states decide the future. In line with Polanyi’s writings on workers’ cooperatives, Gorz saw self-management as a route to autonomy. Social and economic units “small enough and diverse enough” could provide outlets for a wide variety of human talents and capacities.⁵ Just as Polanyi supported a mixed economy, Gorz did not consider total local self-sufficiency to be realistic and aimed for a restored balance between the conventional economy and the autonomy of communities. This was not a glimpse of a wide-eyed project for communal societies, but a realistic utopia built of a multitude of institutions: public, private, and civil.

The autonomy/heteronomy binary is readily applicable to current debates. In the context of moving away from a fossil fuel-based energy system, ecologists reject nuclear plants not only for environmental reasons but because these plants can only be managed in a quasi-military way. A local community can build a wind farm but never a nuclear plant. The ecological thinker Cornelius Castoriadis argues that, in a heteronomous society, the way society is imagined cannot be questioned. Emancipation requires autonomous individuals capable of questioning the social laws as well as themselves and their own norms. In this way, autonomy does not only refer to models of self-management, but to the social and personal imaginary. The lens of autonomy/heteronomy can be deployed to evaluate proposals for a “great

⁴ ↪ European Environmental Agency (2018). Unequal exposure and unequal impacts: social vulnerability to air pollution, noise and extreme temperatures in Europe. Luxembourg: Publications Office of the European Union.

⁵ ↪ Barbara Muraca (2013). “Décroissance: A Project for a Radical Transformation of Society”. *Environmental Values*. 22: 147-169.

transformation". The European Commission recently launched its European Green Deal and, happily, it acknowledges the role of citizens and envisions spaces for people to express their ideas and work together on ambitious action. The proof of the pudding will be in the eating. Citizens and energy communities are recognised as important actors for the first time in the EU's clean energy package but, similarly, what this will translate into remains to be seen.

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Autonomy also finds its expression in the commons. Often established because self-organisation simply makes sense and can be a source of joy in and of itself, commons initiatives fulfil human needs where states and markets fail. In the neoliberal era, it is no coincidence that a new wave of commons is gaining ground. Research by Green think tank Oikos shows that, at least in Belgium, the commons is not merely an urban phenomenon but is growing just as rapidly on the outskirts and in the countryside. An essential difference between cities and other areas is that growing numbers of progressive urban municipalities are aware of the great potential offered by new forms of public-civil cooperation. Bologna introduced a regulation on the commons in 2014 that has inspired around 20 other Italian cities to structure ways to sustain the commons. In Belgium, peer-to-peer theorist Michel Bauwens created a commons strategy plan for the city of Ghent in 2017. In the Netherlands, the city of Amsterdam has included the commons in their local democracy strategy.

A key concept is that of the "partner state". Contrary to the neoliberal drive to shrink the state, the partner state refers to governments that want to contain the market to give more space to citizens' initiatives. In most cases, hybrid experiments bring "commoners" together with local government and social entrepreneurs. An example of such a transformative case is the BuurzameStroom project in a mixed-income area in Ghent, which aims to give every household the opportunity to install solar panels on their roof. However, not every roof is suitable and not every family can afford the investment. The local energy cooperative Energent and the city administration, together with other partners, tried as much as possible to reach people to connect them to the system. Two years on, the neighbourhood has doubled its generation capacity and has showcased how a smart grid can function on a local level.

Increasing numbers of cities like Ghent have a clear picture of their transition to a social-ecological future. Such a vision acts as a basis for new coalitions built within cities. In areas outside cities, by contrast, much needs to be done to realise the transformation, starting from the development of a new social imaginary. Double inequality must become a double decommodification. Infrastructures that support a sustainable way of life without imposing costs need to be strengthened. Better public transport would go hand in hand with a citizens' initiative that combined an energy cooperative with an electric car-sharing platform, for example. The second point is territorial decommodification. Instead of forcing regions to compete over inward investment, governments need to reassume responsibility for their territory and support cooperation between major cities and peripheral areas. To make these transformative policies a reality, Greens will have to build broad coalitions of the middle and working classes abandoned by the neoliberal political mainstream. This process will require enriching democratic life through participatory spaces and practices. The counter-movement that emancipates people and enables citizens to experience autonomy will win out in the end.

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