Pursuing a Great Transformation

National and Global Dynamics

ABSTRACT

Polanyi offers a powerful vision of a “great transformation” that will reverse the subordination of society to the economy and reassert the primacy of social protection in the context of modern society. Pursuit of the great transformation is one way of conceptualizing the quest for “development” in the positive sense of ecologically sustainable human flourishing. This paper explores how the contemporary interaction of national and global political dynamics affects the trajectory of Polanyi’s “double movement.” Does the shift of economic power to globally organized capital while the space for contentious politics remains primarily at the national level “checkmate” the movement for social protection? Or is there more potential for political contestation and policies supporting social protection at the national level than the “global checkmate” thesis claims? And, if so, can this potential be magnified by productive, synergistic alliances between national and global movements, resulting in a global auxiliary effect instead of a global checkmate effect? Answering these questions requires analyzing the relative autonomy of national political regimes vis-à-vis global capital as well as evaluating the ability of movements to connect effectively across levels. KEYWORDS: double movement, social protection, great transformation, Polanyi, transnational social movements, global capital

INTRODUCTION

Four decades of neoliberalism have only heightened the charisma of The Great Transformation. Polanyi’s 1944 masterwork remains a powerful reference point for contemporary social scientists and political analysts.1 Seventy years after its publication, Robert Kuttner (2014) proclaimed The Great Transformation “the 20th century’s most prophetic work of political economy.”

Engaging Polanyi’s work is not just a theoretical exercise. It is a heuristic strategy for understanding the current global political economy and the possibilities for changing it. Pursuit of the great transformation is one way of conceptualizing the quest for “development” in the positive sense of enhancement of ecologically sustainable human flourishing. Pursuit of a great transformation is also a complex and uncertain project, as the decades since Polanyi wrote have underlined. Analyzing it means building on Polanyi’s analytical frame and extending it. Of the many avenues along which this endeavor could be pursued, I will follow one that is particularly crucial in the contemporary political economy: the implications of connections between the global and the national for the trajectory of the double movement.

A negative hypothesis currently dominates the contemporary political imagination on national-global political dynamics. This negative vision assumes that the mobilization of...
popular political energies at the national level is frustrated by the inability of national regimes to escape the constraints of global capitalism. There are good grounds for taking this hypothesis seriously, but a more positive alternative hypothesis also deserves its day in court. In this alternative “global auxiliary” view, national political regimes are not so constrained and the potential for fruitful articulations between national and global movements of social protection is greater.

Working from contemporary headlines lends credence to the negative hypothesis that global power checkmates national movements. Repertoires of contention challenging established political power at the national level have mobilized vast numbers of people. Yet, as the “Arab Spring” illustrated poignantly, even the most powerful of these movements have proved unable to deliver transformative change.

The global checkmate hypothesis is plausible as a general model. Social movements at the national level naturally tend to target the power of the local state, but in a political economy dominated by global capital the capacity of national governments to deliver expanded social protection is limited. Even when national regimes change, the lives of citizens do not. Disillusionment leads to disengagement and makes political gains vulnerable to reversal.

Setting out a convincing argument for global checkmate is not hard, but exploring the alternative is more interesting and potentially more fruitful. Does pressure from global capital really prevent national political regimes from pursuing social protection? Certainly it does in many cases, but it is unlikely that it does always and everywhere. The exceptions are the interesting cases. Even more interesting is the parallel question: Under what conditions and in what arenas might the articulation of social movements at the national and global levels reinforce the efficacy of the movement for social protection, creating a global auxiliary effect? Before trying to answer either question, we must recuperate the analytical framework that Polanyi provides us.

POLANYI’S ANALYSIS

If Polanyi’s 1944 projection of the trajectory of the global political economy had been right, we wouldn’t be worrying about the pursuit of a great transformation. We would be enjoying the fruits of the great transformation.

Written in a hopeful moment at the end of World War II, The Great Transformation begins by asserting that “Nineteenth-century civilization has collapsed” and that this collapse has “ushered in” a great transformation ([1944] 2001:3). The next chapter begins by reiterating the same assertion: the “disintegration of the world economy which started at the turn of the century” has been followed by “the transformation of a whole civilization” (21). Later Polanyi says confidently, “Undoubtedly our age will be credited with having seen the end of the self-regulating market” (149). And he ends the book by talking about how “the discarding of the market utopia” that was the ideological core of nineteenth-century civilization brings us “face to face with the reality of society” and therefore creates the foundation for building “freedom in a complex society” (267).

Three-quarters of a century after Polanyi proclaimed the advent of the great transformation, the utopian ideal of the self-regulating market continues to hold sway, and a society oriented by the “principle of social protection” (138) seems as far beyond our grasp as ever.
So why don’t we just jettison Polanyi and focus our attention on the plethora of theorists of neoliberalism? There are two quick answers to this question.

First, Polanyi’s assessment that the post–World War II period represented a “Great Transformation” was more perspicacious than it appears when viewed from our current neoliberal world. Polanyi was right that he was witnessing an important shift in capitalism in the direction of increased social protection. There was a very significant transformation in the mid-twentieth century, as governments took on new responsibility for managing the economy, legitimated by the economic analysis of Keynes, and new responsibilities for protecting society in response to the demands of the labor movement and other social movements. This “not quite great” transformation produced what is now known as the “golden age of capitalism” (see Hobsbawm 1994).

The provision of increased social protection during this period made it arguably the most successful version of capitalism that we have seen to date. As the recent work of Piketty (2014) has so successfully underlined, this “not quite great” transformation resulted in an unprecedented (even if temporary) reversal in capitalism’s propensity toward an increasingly unequal distribution of resources and income. Likewise, the social provisions that were instituted during this period have proved surprisingly resistant to rollback, as have the extensions of civil and political rights that accompanied them. Lamentation that the transformation was “not quite great” should not obscure what it demonstrated: even partial successes of the movement for social protection, even if reversed in part, can provide profound benefits for society.

Second, and even more important, the essence of Polanyi’s theory of social change—the idea of the double movement ([1944] 2001: 138, 156)—does not depend for its theoretical value on the prediction of a great transformation. It remains a powerful analytical lens for examining the tensions of market society. Polanyi characterizes the double movement as the interaction of two antithetical organizing principles: the “principle of economic liberalism” and the “principle of social protection” (138). It is the vision of the persistent tension between the two sides of the double movement that makes Polanyi’s historical analysis so heuristically valuable.

Two basic structural assumptions are fundamental to the idea of the double movement. Most important, full implementation of the “principle of economic liberalism” is not an empirical possibility. Fully disembedding the market from society would indeed annihilate society, and markets cannot operate in a social vacuum. Efforts to implement the utopian ideal can never fully succeed without destroying the social matrix that makes exchange possible. The closer the advocates of the utopian ideal come to succeeding, the more devastating the consequences.2 Thus it is hardly surprising that movement in the direction of economic liberalism generates a “spontaneous reaction” by society to the threat inherent in the utopian idea of the self-regulating market.

The goal of embedding markets in society, of subjecting exchange to social rules, norms, and control, does not have the same self-limiting character. Nonetheless, in modern society the full success of the movement for social protection is equally unknown. Full-fledged market-generated catastrophe has been (so far) avoided by countermovements in the direction of social protection, but a full-fledged great transformation has not been achieved. Thus the double movement continues as an unstable equilibrium.
Analysis of the dynamics pushing in the direction of greater market dominance and the impossibility of their success without the destruction of society and nature is fundamental to understanding the possibilities of a great transformation, and Polanyi devotes detailed attention to this side of the double movement. Examining the dynamics of the social protection side of the double movement is equally important and less well developed. The analysis of the interaction of the global and national elements of the movement for social protection is particularly underdeveloped. Polanyi’s astute dissection of the international order of the 1920s and 1930s does include careful attention to the ability of “the ‘crafty animal’ the politician” to escape the impositions of global economic rules (Polanyi [1944] 2001:221), an observation that is very relevant to the global checkmate hypothesis. The possibility that networks and alliances connecting national and transnational movements may create a global auxiliary to movements for social protection at the national level is not, however, part of the original Polanyian vision.

NATIONAL AND GLOBAL DYNAMICS

The fact that political participation and identities are organized primarily at the local and national level while the weight of economic and political power is organized globally is a defining feature for the contemporary evolution of the double movement. Understanding the implications of this disconnect requires more than linking the dynamics of different levels of movements of social protection. It also requires looking at how nation-states relate to the movement for social protection on the one hand and the power of global capital on the other.

The argument that the global power of capital has stymied the movement for social protection need to be set out first. It is straightforward: national political regimes have only marginal amounts of autonomy relative to global capital. This undercuts their ability to respond to movements for social protection even when these movements are powerfully organized locally and nationally. The result is frustration, disillusionment, and disengagement within national movements.

Having reiterated the case for global checkmate, I will next explore the possibility that conventional wisdom overestimates global constraints on national politics. I will start with some quick counterintuitive examples of national defiance of the preferences of global capital. Then, recuperating the idea of the “not quite great” transformation, I will argue that movement toward increased social protection at the national level is possible even if the macroeconomic limits imposed by global capital are not breached.

Having explored the potential for greater autonomy at the national level, I will argue that national-global alliances can play an auxiliary role, reinforcing the efficacy of national-level movements. Two contrasting arenas in which the interaction of national and global movements has been efficacious will provide the empirical focus. The first is the global-local human rights campaigns that Kathryn Sikkink (2011) calls “the justice cascade.” The second is the popular opposition to “free trade” agreements, which global capital is experiencing increasing difficulty in overcoming.

Are National States Being Checkmated by the Power of Global Capital?
In the “global checkmate” hypothesis, the ability of global capital to impose its will on national political actors checkmates the movement for social protection regardless of the
efficacy of contestation at the national level. This does not require that global capital be the only culprit. A preponderance of national-level politicians may happily support the idea of market dominance, making expanding social protection an uphill fight even without global capital weighing in. But, in the checkmate vision, adding global constraints blocks response at the national level, even if movements for social protection can gain the upper hand in national political battles.

Curiously, one of the most anguished assessments of the negative effects of global economic power on possibilities for popular mobilization comes from one of the national paradigms of economic hegemony—Germany. Sounding like an intellectual from the global South, Wolfgang Streeck (2011:29) laments "the drama of democratic states being turned into debt-collecting agencies on behalf of a global oligarchy of investors." In Streeck’s view, "More than ever, economic power seems today to have become political power, while citizens appear to be almost entirely stripped of their democratic defences and their capacity to impress upon the political economy interests and demands that are incommensurable with those of capital owners."

Streeck’s analysis fits the experience of recent European movements for social protection. Los Indignados got thousands into the streets of Spain for a year without getting significant traction over Spanish social and economic policy. Greece was torn apart by battles over austerity and is still struggling to forge a coherent national response. Regardless of their scope and intensity, movements for social protection have been unable to mount effective challenges to the politics of austerity imposed at the behest of financial capital and its national political allies (see Blyth 2013).

The frustrating experience of European movements in trying to combat austerity is hardly novel from a global perspective. Having national policies dictated by the demands of global capital, either directly or via multilateral global governance institutions like the International Monetary Fund, was a fact of life for movements for social protection in the global South for decades before Europe had to face the frustration of democratic states acting as debt collectors for an international financial oligarchy.

Let’s assume that global capital’s powerful "thumb on the scales" usually tips the political balance against social protection at the national level. The question then becomes whether "usually" should be interpreted as an “iron law,” broken in no more than a few exceptional cases, or whether it is only a tendency for which the exceptions are relatively numerous and as worth exploring as the cases that prove the rule. The latter makes more sense.

The relative success of two small countries, which appeared completely outmatched by global capital but managed to defy the international bankers anyway, would seem to falsify the idea that resistance is futile. In the first case, Argentina, defiance entailed an economic price but not a catastrophic one. In the second case, tiny Iceland not only was able to defy the international financial community but arguably achieved better economic and social outcomes than other small European countries that tried to conform.

In the 1990s Argentina appeared most unlikely to test the consequences of defying international capital. Its postauthoritarian democratic government steadfastly inscribed the principles of economic liberalism into national economic policies. Consistent with a Polanyian prediction, the country was rewarded at the end of the decade by a deep, politically
destabilizing recession. In the new millennium, conflict with global finance became a central focus of Argentine politics. A 2001 default eventually escalated into a 2014 battle between “the nation and the vultures,” as a few holdout “vulture funds” were supported by an American judge in their refusal to accept the settlement that had been accepted by 90 percent of Argentina’s bondholders, disrupting the normal global “rules of the game” for handling defaults. Arguably Argentina’s defiance may prove more disruptive of international financial practices than of Argentine politics.

Like Argentina, Iceland went from being a neoliberal highflier exemplifying the benefits of deregulation and privatization in the 1990s and early 2000s to financial collapse in 2008, as though trying, like Argentina, to provide an illustration of Polanyi’s arguments for the catastrophic effects of following the principles of economic liberalism. But unlike most national governments Iceland did not respond by bailing out the banks. It also refused to pay off debts to the British and Dutch governments. Getting to default was not politically easy. It took the 2009 “Pots and Pans Revolution,” replacing the sitting government with one willing to stand up to finance, and, perhaps most important, a president who was willing to take the question of paying off foreign lenders to two popular referenda. Nonetheless, in the end Icelanders refused to allow its government to be turned into a “debt-collecting agency on behalf of a global oligarchy of investors” (see Wade and Sigurgeirsdottr 2012; Sigurgeirsdottr and Wade 2014). Iceland’s economic performance since suggests that the revenge of “the markets” is not necessarily as terrible as most European politicians appear to assume. In Mark Blyth’s assessment (2013:240), “Iceland not only survived letting its banks go bust, it became a healthier and more equal society in doing so.”

If China were the example of defying global finance, the implications for other countries would be limited. If Argentina and Iceland can defy international finance and survive, it seems likely that other countries could do likewise and that the challenges of building an effective movement for social protection at the national level are a more formidable barrier than “global checkmate.”

Examples of defying global finance are telling, but there is another way in which the “global checkmate” hypothesis could be falsified, one that may have wider implications for the possibility of pursuing social protection at the national level. Do we know that conformity with the macroeconomic dictates of international finance precludes the pursuit of social protection at the national level? The case of Brazil suggests that it does not. Brazil has largely conformed, and this has certainly limited policy options, but what has been possible without breaching the limits imposed by “the markets” is surprising.

How Much Political Space Is There at the National Level for Social Protection?

Is movement toward greater social protection possible, even within the limits imposed by neoliberal macroeconomic policies, even in the global South? This is the position of Harris and Scully (forthcoming). They argue that during “the same period in which neoliberal ideology has seemingly reached its apex of power, states across the global South have extended de-commodifying welfare provisions to their citizens on a scale that is unprecedented in the history of the capitalist world economy.” After reviewing evidence from the “BRICS” and
other countries in the global South, they conclude, “For those skeptical of the possibility for a Karl Polanyi-styled counter-movement in the current neoliberal era, it is time to realize that one has been going on already, hidden in plain sight.”

Like Streeck’s position, the Harris-Scully position is polemical, but it deserves equal attention. Here I will use the case of Brazil to illustrate both the validity and the limits of the argument that national political regimes have greater relative autonomy in relation to the pursuit of social protection than the Streeck position admits.

Brazil cannot boast a long history of political commitment to policies prioritizing social protection. For centuries Brazil has been marked by brutal, politically enforced inequalities. Under the military regime in the 1970s it gained prominence as a world champion of inequality. Today it remains a highly unequal country. Despite having become an “emerging power” globally, it continues to rank below most major Latin American countries in terms of human development as measured by the Human Development Index. Yet despite its history Brazil has become a laboratory for exactly the sort of politics that Harris and Scully celebrate—the difficult politics of consensus building around the expansion of social protection. In the first decades of the twenty-first century, the politics of social protection became the dominant theme of the national administrations led by the Workers’ Party (see Kerstenetzky 2012, 2014).

Brazil’s efforts to expand social protection have many facets, ranging from health and education policy to conditional cash transfers, but one of the centerpieces has been the restructuring of labor markets. Bucking global trends, Brazil has been “deinformalizing” or “reformalizing” the labor market. If we take the decade between 2003 and 2013 as the period of reference, the share of “informal” workers in private sector jobs shrank by almost 40 percent. The proportion of workers who are registered under the labor laws, and therefore have the formal rights that accrue under those laws, has gone up from just over half of the labor force to 64 percent over the course of the last ten years. Being officially recognized as a worker is only a start toward enjoying secure employment, but having access to the social security system and being able to make legal claims against employers who violate the labor code is a significant advantage over being an informal worker.

At the same time that it worked to incorporate more workers into the formal sector, the Workers’ Party devoted considerable political capital to raising the statutory minimum wage. The success of these efforts resulted in reversing a four-decade decline in the level of the real minimum wage. In 2010 the real minimum wage finally surpassed the level reached in 1940. The effects of statutory increases in the minimum wage go well beyond the changes in the wages of workers whose wages are directly affected. First of all, the level of the minimum wage is used as a reference point for workers who are still employed “informally,” that is, outside the framework of labor legislation. Even more important, Brazil’s 1988 Constitution tied a variety of nonwage incomes, including pensions, to the minimum wage. Thus the minimum wage serves as a kind of general “social wage” with a broad impact on society as a whole. According to one estimate, 64 percent of the reduction in inequality in Brazil from 1995 to 2005 can be attributed to the increase in the minimum wage.

Accompanying these changes in the structure of employment were positive changes in the economic well-being of the overall population. Despite relatively modest overall
economic growth, median household income rose by 30 percent between 2003 and 2013, indicating a more inclusive pattern of growth. The share of wages in the national income, which had declined during the liberalization of the 1990s, rose back to the level of the mid-1990s. Inequality, as measured by the Gini index, dropped from .55 to .50 between 2001 and 2012 (Brazilian Ministry of Planning 2014:111), and the rate of income growth in the bottom quintile was three times income growth in the top quintile (Brazilian Ministry of Planning 2014:116).

The Brazilian case is telling in relation to the Streeck thesis precisely because global financial capital and its allies in the local financial elite continue to wield enormous influence over Brazilian economic policy. Brazil shows that it is possible to expand social protection while still being very much a part of the Streeckian world. The Brazilian case is also, however, a reminder of the limits to extending social protection while working under the shadow of the power of a “global oligarchy of investors.” The international banks (a.k.a. “the markets”) attacked Brazil’s currency, cutting its value almost in half, during the run-up to President Lula’s first election, and the Workers’ Party did not forget this lesson. The PT has been very cautious in its efforts to limit the immense rents appropriated by finance capital in Brazil and has avoided expanding social protection through redistributive strategies that would directly threaten the income shares of the 1 percent.

Brazil also offers insights into political dynamics. The origins of its expansion of social protection lay in a democratization struggle against the military regime that forged a host of allied social movements, including a militant labor movement. Two decades of political and economic struggle in the 1970s and 1980s built and brought together a variety of movements. Class-based contestation played a central role, giving birth to the Workers’ Party. The alliances of social movements and civil society organizations that helped generate Brazil’s new version of social protection were very consistent with Polanyi’s assertion that making progress in the direction of social protection depends on movements representing a “breadth and variety of the interests.”

If the Brazilian case is a reminder of the role of social movement mobilization in generating social protection, it also points to the difficulty of maintaining the momentum of such movements. Getting from mobilization to the implementation of state policies was a decades-long process, and, as it began to reach fruition, it was already clear that political dynamics had changed.

The spontaneous explosion of mass demonstrations in June of 2013, whose demands included further expansion of social protection (e.g., free public transportation), signaled that past gains had whetted appetites rather than satisfying them. But at the same time these demonstrations indicated the exhaustion of the Workers’ Party capacity to motivate and mobilize its members and to convince the rest of society that it represented “a breadth and variety of the interests, other than its own.” The ignition of popular political energies could be taken as a sign of the resilience of demands for ever-greater social protection. The absence of connection between this energy and any organized political project likely to realize further gains showed that sustaining the movement for social protection requires continual renovation of the political organizations and social movements that give it energy and direction.
Overall, while the Brazilian case is anything but an excuse for political complacency, it does demonstrate the possibility of building political momentum that can translate into more social protection, even when global financial capital continues to dominate the macroeconomic context. It is consistent with Harris and Scully’s vision as well as with existing comparative research on welfare regimes on other regions in the global South (e.g., Huber and Niedzwiecki, forthcoming). The global mapping of movement toward greater social protection may have shifted southward, but it is hard to sustain the argument that such movements have been universally checkmated by global capital.

If movements for social protection at the national level are more viable than the global checkmate thesis would allow, the question becomes: What kinds of circumstances or strategies make them more or less viable? Most of the answers to this question involve delving into discursive and organizational strategies at the domestic level, but greater potential for efficacy at the national level also justifies further exploration of the global auxiliary thesis that national-global movement alliances can enhance the possibilities of success at both national and global levels.

Can National-Global Articulation Enhance the Movement for Social Protection?

The same evidence that supports the global checkmate is often taken as reason for discounting the potential impact of connecting national and global movements. Failed national movements have often enjoyed connections to global networks, but these connections have not sufficed to change national outcomes. The euphoric optimism with regard to the political potential of global movements that was widespread at the end of the twentieth century (e.g., Gill 2000) is harder to defend a decade and a half later. Optimistic assessments have not disappeared (e.g., Evans 2008, 2014a, 2014b; Smith 2008; Sandbrook 2011), but more skeptical and pessimistic views have gained prominence in the new millennium (e.g., Stephen 2009; Burawoy 2010, 2011). Still, if global checkmate has been exaggerated, perhaps the ineffectuality of linking movements across levels has been exaggerated as well.

Connections between national and global movements take many forms, depending on the issues and national arenas involved. A full-fledged analytical model of national-global articulation would require aggregating a wide range of cases. Here I will provide only two illustrations. Together they bracket the central domains of social protection. The first looks at struggles to expand the basic freedoms that are a precondition for the full operation of movements for social protection. The trajectory of human rights activism in Argentina is the concrete focus. The second looks at an economic issue that is central to the institutional infrastructure of the global neoliberal economy. The evolving politics of “free trade” agreements is used to show how democratic contestation that brings together national and global alliances across a range of sectors can impede global capital’s efforts to impose the principles of economic liberalism.

Together these illustrations show the possibility of a relationship between the global and the national that is almost the mirror image of the one postulated by Streeck. In both cases, the movement for social protection benefits from national-global linkages rather than being undercut by them. Even if Streeckian dynamics are more prevalent on a global scale, the
countervailing possibility deserves attention. Indeed, the coexistence of the two possibilities is exactly what we would expect from Polanyi’s analysis of the double movement.

*The Justice Cascade* Few arenas of political action better illustrate the possibility of the effective articulation of national and global movements than human rights. Over the course of the 1980s and 1990s, what Kathryn Sikkink calls a “justice cascade” (2011) transformed global norms for the prosecution of state officials responsible for murder, torture, and disappearances, up to and including heads of state. The story of human rights prosecutions in Argentina is perhaps the best illustration of this process, both because of Argentina’s crucial role and because Sikkink has documented the case so well.8

Local mobilization lay at the origin of the cascade. Sikkink (2011:87, 89) succinctly sums up the bottom line as follows: “Argentina helped invent the two main accountability mechanisms that are the focus of much of the debate on transitional justice: truth commissions and high level human prosecutions. . . . Argentine human rights activists were not passive recipients of a justice cascade, but pioneers and propagators of multiple new tactics and transitional justice mechanisms.” The Mothers and Grandmothers of the Plaza de Mayo, the Center for Legal and Social Studies (CELS), and a host of other local human rights NGOs initially sparked the process. By 1983, with the military regime at its end, there were forty thousand people marching in Buenos Aires, and once in power Alfonsín’s democratically elected government formed a “truth commission,” which provided the evidence that created the foundation for the conviction and sentencing to life imprisonment of the two top military leaders.

The political will to bring the perpetrators to justice came from activists and human rights lawyers in Argentina, but networks of global support were crucial. While the energy of the rank-and-file activists came precisely from the fact that they were locally rooted, many of the key legal actors honed their skills and expertise while in exile.9 Conversely, Argentina’s contributions had an unexpectedly global impact. Unlike the 1970s prosecutions in Greece and Portugal, which had barely any effects on the global panoply of human rights institutions, the Argentine process was projected around the world.

The most important link may have been the South-South networks that connected Argentine activists and lawyers to South African activists, who then incorporated the Latin American experience in the development of their truth and reconciliation process. The Latin American experience also spread to the North, both in terms of its influence on global norms and via individuals who took their experiences with them as they played roles in global institutions. For example, Luis Moreno-Ocampo, who was the assistant prosecutor in the trials of the Argentinian generals in the 1980s, ended up three decade later as the chief prosecutor of the International Criminal Court.

The momentum of the justice cascade in the North also reverberated back to Latin America, enabling key breakthroughs in the region. The British arrest of Augusto Pinochet in 1998, in response to a Spanish request for his extradition under the Convention against Torture, helped catalyze new progress toward human rights prosecutions back in Chile. The Alien Tort Claims Act in the United States was used to prosecute Latin American torturers who thought that they had a secure refuge in the North. Global-national synergies were a defining characteristic of the justice cascade throughout.
Skeptics may argue that the prosecution of repressive political leaders at the national level doesn’t challenge neoliberal capitalism but to the contrary is quite consistent with neoliberal politics. In this view, human rights gains per se threaten local despots, not global capital. Such a view is, first of all, inconsistent with Polanyi’s insistence that defending basic political freedoms is an essential part of the overall pursuit of social protection. It also ignores the importance of limiting the threat of repression in order to open the political space to contest economic issues. As the earlier discussion of Argentina’s defiance of global financial rules indicates, Argentina did not just transform from “pariah state to global human rights protagonist” (Sikkink 2008). It also became an exemplar of how creating space for local contentious politics can lead to challenging the prerogatives of global finance.

The Curious Political Fate of “Free Trade” Agreements If the connection between the justice cascade and initiatives to limit the sway of economic liberalism seems convoluted, the same cannot be said for the evolution of the politics of “free trade” agreements. Such agreements are among the most clear-cut examples of efforts to subordinate social protection to the rights of global capital. Thus recent difficulties in getting them ratified fly in the face of the Streeckian vision. At the same time, the politics of stopping trade agreements provides nice illustrations of the potential political traction of global-national articulations.

Free trade should be used in quotes to describe these agreements. They are not primarily about removing trade regulations, or even about trade at all. They are primarily about diminishing the possibility that democratic politics at the national level might interfere with the prerogatives of investors, regardless of the formal geographic home of these investors. Though free trade is a misnomer, no term in the ideological lexicon of neoliberalism is more thoroughly associated with the principle of economic liberalism. (Thomas Friedman is reported to have justified his support of the CAFTA agreement by saying, “I didn’t even know what was in it. I just knew two words: free trade.”)11

Given the centrality of trade agreements to both the ideology of economic liberalism and the core interests of global capital, trade agreements provide a good test of the premise that global capital has no problem dominating national political processes when its core interests are at stake. In a world where the movement for social protection had been hamstrung, the only obstacle to trade agreements would be bickering among national fractions of capital in the various signatory countries. In fact, while imposing trade agreements on small, poor countries (e.g., getting Costa Rica to sign off on CAFTA) continues to be routine, getting large-scale multilateral agreements through anything vaguely resembling a democratic political process has become harder, not easier, over time. The slim victory eked out by Bill Clinton to pass NAFTA in 1993 may become in retrospect the last great victory for multilateral “free trade” agreements.

The 20 years since the passage of NAFTA have seen a series of defeats and retreats. The Multilateral Agreement on Investment (MAI) fell prey to a combination of social movements and national politicians in the late 1990s. The effort to complete the Doha round of the General Agreement on Trade in Services (GATS) process has been a painful, still unconsummated, saga. The gradual abandonment by the dominant powers of the North of
global governance institutions in which debate is public (e.g., the World Intellectual Property Organization) and, even more striking, their disillusionment with collective forums like the World Trade Organization (see Hopewell 2013) are also signs that the institutionalized instantiation of the principle of economic liberalism has become more, not less, uncertain over the course of the neoliberal era.

In part, as Hopewell (2013, 2014) argues, the neoliberal project has been stymied at the level of formal multilateral trade institutions by structural tensions between the interests of “rising” states in the global South and those of the traditionally dominant original northern members of the Organisation for Economic Co-operation and Development. The agendas of states like Brazil, China, and India are not necessarily in the service of social protection, but they are definitely examples of the continuing relevance of Polanyi’s insight that that “crafty animal” the politician has the ability to subvert the institutionalization of market dominance.

Even more worrisome from the point of view of global capital, trade agreements have an increasingly hard time gaining political support in the core countries of the North. The blatant contradictions between the antidemocratic character of the governance procedures proposed by the new generation of trade agreements and the minimal deference to existing political institutions implied by neoliberalism’s ideological embrace of “democracy” makes them harder to sell to politicians (see Barenberg and Evans 2004). In addition, while the words free trade may suffice to secure Thomas Friedman’s support, ordinary citizens have become increasingly skeptical that a more globalized economy will deliver benefits to them.

From a Polanyian perspective, the role that transnational alliances of movements for social protection have played in defeating trade agreements is the most interesting facet of global capital’s difficulties. The defeat of the Free Trade Area of the Americas (FTAA) offers an iconic example. A diverse, multisector, North-South alliance of social movements known as the Hemispheric Social Alliance (HSA) was central to the mobilization of political opposition (Herkenrath 2006; Von Bülow 2009, 2010). The transnational alliances that fought the FTAA had their origins in the earlier unsuccessful fight against NAFTA. In the case of labor, the NAFTA fight saw embryonic examples of labor federations being able to transcend nationalist perspectives (see Kay 2010). Likewise, NAFTA-era efforts to forge joint positions between labor and other social movements began to bear fruit in the FTAA fight. According to Anner and Evans (2004:41), the formation of the HSA marked the first time that the regional trade union organization ORIT, “agreed to establish a structure to coordinate strategies and actions with NGOs.” The eventual shape of the HSA exemplified a transnational-national articulation representing a breadth and variety of interests. Anner and Evans (2004:41) characterized it as follows: “ASC/HSA is a coalition of coalitions. Most of its members are umbrella organisations, each of which represents a coalition of NGOs or labour organisations. For example, the US member is the Alliance for Responsible Trade (ART), itself a coalition of NGOs and labour groups. The Brazilian Network for People’s Integration (Rede Brasileira pela Integração dos Povos, REBRIP) is likewise an alliance of labour and NGO groups.”

Capital’s response to defeat has been to retreat from even “fig leaf” versions of democratic debate and move either to bilateral agreements or, in the US case, to closed-door negotiations
that can then be presented for political debate on a “take it or leave it” basis under “fast-track authority.” Even if these efforts succeed, they represent a retreat from hegemony to domination that signals an ideological defeat for the principles of economic liberalism.

The increasing difficulty of forging multilateral trade agreements is not consistent with the vision of global capital easily controlling the levers of national politics. It supports the proposition that national political regimes still possess sufficient “relative autonomy” so that, if pushed in politically well-organized ways by alliances of national and global social movements, they find it difficult to conform to the preferences of global capital. Global capital’s efforts to shape the actions of political leaders and to “ghost-write” the political and economic rules that govern both national and international arenas of the contemporary political economy continue, but there is room for popular contestation of capital’s core agenda.

Putting the trade arena together with the human rights arena is a way of suggesting the range of issues across which national-global articulation might be effective. Effectiveness will vary within issue areas and across issue areas and depending on national and regional contexts, but these two cases support the global auxiliary view and are, in themselves, sufficient to falsify the proposition that national-global articulations of the movement for social protection are uniformly ineffectual.

THE PURSUIT OF A GREAT TRANSFORMATION

Where do we end up on the proposition that movements of social protection are hamstrung by the inability of national regimes to defy the dictates of global financial capital? The global checkmate thesis may indeed account for a substantial amount of the variance in the contemporary dynamics of the double movement, but the evidence does not support giving it status as an “iron law.” The cases that run counter to its predictions are most useful in exploring the pursuit of a great transformation. To explore alternatives to global checkmate thesis, I focused on one issue that was central to Polanyi’s analysis of the international order—the responses of national political actors to global economic power—and one that he did not address but that is an obvious extension of his analysis—the ability of global networks and alliances to serve as global auxiliaries, strengthening movements of social protection at the national level.

The first step in circumscribing the checkmate hypothesis was to point out that even small vulnerable countries have proved capable of directly defying the core interests of global finance capital and surviving, or even prospering. This doesn’t rule out attempts at defiance being met with unbearable economic coercion, but it does suggest that the phenomenon of “democratic states being turned into debt-collecting agencies on behalf of a global oligarchy of investors” may originate more in domestic power relations and the preferences of national political establishments than in the power of global capital.

The second step was to suggest a complementary possibility: national political regimes might comply with the basic macroeconomic policy preferences of “the markets” (international and domestic finance capital) but still be able to make advances in the direction of increased social protection. The initiatives of twenty-first-century Workers’ Party...
administrations in Brazil were used to illustrate this complementary path around checkmate. Again, what is claimed should not be exaggerated. Brazil’s unwillingness to challenge the power of finance capital has set strict limits on the extent of progress and has exposed the regime to protests that it has not gone far enough. Nonetheless, reversal of the historic trend toward greater inequality, substantial increases in the minimum wage, and substantial poverty reduction are not trivial gains.

Brazil’s trajectory is consistent with Harris and Scully’s (forthcoming) argument that “states across the global South have extended de-commodifying welfare provisions to their citizens.” It would be too much to claim that what is going on in parts of the global South matches the “not quite great” transformation of the post–World War II North that Polanyi observed, but it is equally hard to claim that global neoliberal capitalism has cut the ground out from under the pursuit of the great transformation.

This sequence of arguments should not be taken as proposing that state actors will “naturally,” of their own accord, use whatever autonomy they have vis-à-vis global capital on behalf of the movement for social protection. My underlying premise is that state action depends on the effectiveness of pressure and proposals from social movements. From the courageous mobilization to open democratic space in Argentina, to the Icelandic referenda, to the years of labor militancy and grassroots organizing in Brazil, contentious popular political action underlies the ability of the state to go beyond checkmate and move in the direction of social protection.

Arguing for the efficacy of alliances and networks articulating transnational and national movements for social protection is the natural complement to arguing against the idea that the power of global capital checkmates possibilities at the national level. Two examples from contrasting arenas were showed how building transnational alliances and networks has proved an effective global auxiliary. The global reverberation of local human rights contestation that in turn supported and strengthened the movement at the local level provided one example. Transnational and national alliances countering the trade agreements that are the cutting edge of the global expansion of market dominance provided another. Because these two arenas involve such different normative and practical dimensions, they imply in combination that national-global articulation could be effective across the “the breadth and variety of the interests” that are involved in the movement for social protection.

These propositions are not advanced as candidates for some sort of nomothetic law. They are more an existence theorem, claims to the existence of a set of political opportunities for the pursuit of a great transformation. That contentious politics at the national level still has the potential to counteract the preferences of global capital is the first claim. That this potential can be magnified by productive, synergistic alliances between national and global movements is the second claim.

Mapping the empirical prevalence and extent of synergistic opportunities and whether they have expanded or shrunk over time is the obvious next step. This would create in turn the basis for figuring out how strategies and contexts interact across this mapping to produce greater or lesser degrees of efficacy for the movement for social protection. In short, acknowledging alternative dynamics opens up a heuristically promising analytical and
empirical agenda. It also suggests that pursuit of a great transformation is not as quixotic as it might appear, thus providing a provocative starting point for debates on the political possibilities available in the late neoliberal era.

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NOTES

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1. The value of Polanyi as a reference point is perhaps best exemplified in the work of Fred Block (e.g., Block 2003; Block and Somers 2013) See also, among others, Stewart (2006).

2. Polanyi ([1944] 2001:119) sums up the devastation as follows: “the destruction of family life, the devastation of neighborhoods, the denudation of forests, the pollution of rivers . . . and the general degradation of existence, including housing and arts, as well as the innumerable forms of private and public life that do not affect profits.”

3. Workers’ Party = Partido dos Trabalhadores or PT.

4. The discussion that follows draws on Evans and Frase (2014).

5. Formalization is defined in legal terms as having a Carteira de Trabalho e Previdência Social (CTPS, Work and Social Security Card). Having this card means that a worker is recognized by the government as having legal rights. Having a *carteira assinada* means that a worker’s employment history, qualifications, and, most important, social security entitlements are officially recorded. (See Baltar et al. 2010:n. 2.) See Berg (2010:9–10) for a discussion of formalization from the perspective of the 2002 International Labour Organization definition of formal employment.


7. The intensity of the anti-PT current within these demonstrations took many supporters of the administration by surprise. See Alonso and Mische (2014) for an analysis of these demonstrations.

8. The discussion that follows draws on Hetland and Evans (forthcoming).

9. Participants in these networks are nice examples of the “rooted cosmopolitans” that Tarrow (2005) describes.

10. While arguing that “freedom’s utter frustration in fascism” was “the inevitable result of liberal philosophy” ([1994] 2001:265), Polanyi was also adamant that “we must try to maintain by all means in our power the high values inherited from the market economy,” principally individual and civil liberties (263).


12. The Spanish name for the FTAA is Área de Livre Comércio das Américas (ALCA).

13. The Spanish name for the HSA is Alianza Social Continental (ASC).

14. The acronym stands for Organización Regional Interamericana de Trabajadores.

15. The Obama administration’s current efforts to push through the Trans-Pacific Partnership trade agreement will test the efficacy of this tactic.