

A Great Transformation? Global Perspectives on Contemporary Capitalisms

Johannes Kepler University – Linz, Austria – 10-13 January 2017

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Is a new Great Transformation possible? Power of language and Ideology in the Global Economy

Introduction:

Karl Polanyi († 1964) did not live enough to see the neoliberal watershed of the 1980s. If we consider his view concerning the historical shift of the 1930s-1940s, the *great transformation* (1944) has to be seen as inescapable because free market is basically unable to operate for a long time. However, it seems that the economic evolution since Ronald Reagan and Margaret Thatcher brought a clear denial to this theory. Obviously, their “conservative revolution” is incomplete and has been discussed even in the United States and Great Britain. But the new ideological balance of power keeps highly favourable to maintain the reforms carried out for thirty years and more: financial deregulation, privatization of public utilities and welfare state less costly and less generous. Moreover, the political opponents (for an example, the European socialists: Gerhard Schröder, Tony Blair, François Hollande) did not contest the key elements of the neoliberal agenda. On this way, what Polanyi called the *re-embeddness* of markets in society within the GT movement may be understood as a temporary change in the capitalist process (Laval, 2007, p. 266). And currently, the new disembedding would be to manage a gradual reintroduction of economic forces in the social areas where they were under control (health, education). We would like to discuss about the relevance of Polanyi's theories notwithstanding this apparent return of self-regulation. How can we explain that the neoliberal policies are still going on, after the economic crisis of 2008 that damaged so many countries? Can we analyse the new bank regulation system (*Housing and Economic Recovery Act*, 2008 in the U.S.) as an indicator of re-regulation after several decades of marketisation? Or is it just some mechanisms that market needs to function *anyway*, although some liberal principles deny the fact? How can we imagine that a new great transformation does not emerge? Polanyi showed the strong power of discourse and ideology in keeping the status quo (like Critical theory and especially H. Marcuse, 1964): we would like to highlight that language and mass media communication are playing a crucial role in the current context.

Keywords: neoliberal turn - economic crisis – Critical theory – speech – ideology.

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I. The Neoliberal Transformation against Polanyi's GT?

1. The End of Great Transformation in the 80s?

Although we make a distinction between the vision of GT according to Polanyi and the “keynesian consensus” established after 1945, there are strong connections each one with other. On the other hand, the fall of Keynesianism in the 1970s may be seen as a counter-GT knowing that both go in the same way, especially a significant protection against the turbulent effects of the market. On the opposite, neoliberalism basically supports a general trade liberalization and an up-dating of the welfare state. For 3 more than decades, we can make an assessment of the big changes brought par the “conservative revolution” of the 80s:

- international trade deregulation (notably organised by the successive rounds of the GATT and afterwards the WTO summits, nowadays the process follow the line with the TAFTA and CETA);
- financial deregulation: free capital movement, disintermediation (that goes with market-based financing), privatization of public banks (especially in France – after the socialist reforms of 1981-83);
- privatization of the large part of the companies that moved in the public sector after 1945 (ex: Britain since 1979, France since 1986);
- monetarism: tight control of money creation, independence of central banks (knowing that the governments are supposed to be too permissive);
- budgetary orthodoxy at the same time – which requires to reduce public deficit and involves a low level of government intervention in the economical sphere (laissez-faire);
- the welfare state is questioned because of its cost, its ability to solve the inequalities in a context of economical crisis and mass unemployment (Hirschman, 1991);

At the same time, the big changes of the post-war era cannot be understood as a complete polanyian GT: we can suppose that Polanyi wanted to go further towards a “socialized” economy (Polanyi, 2014).

2. Economical and ideological revolution: the issue of discourse within the change

Our focus starts from sociology of language : we consider that there is no possible social fact without a discourse that endorses it, i.e. justifies, strengthens. Thus, the neoliberal watershed of the 1980s would have not occurred without another one in the field of language. We would like to insist on this point : Polanyi is just not a brilliant historian of the capitalism and its turbulent impact on society, he is also an excellent analyst of the ideology and the discourse in link with this economical transformations (Moulène, 2015):

- the free market policies are supported by liberal discourses: Polanyi showed how British liberalism, in the nineteenth century, was established on the basis of debates of ideas in the scientific and political spheres. Maybe it is the biggest difference between Marx and Polanyi: with the second, the ideological facts are not just restricted to superstructure overdetermined by the mode of production, they are strong forces able to justify free market principles. However we cannot go too far in this direction: Polanyi did not think in terms of performativity in the same way of J. L. Austin (1962). But of course, we would like to bring the two scholars closer together (see Brisset, 2012). But above all, we would

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insist on the fact that the argument *pro* free market tend to be historically recurrent (the arguments supporting free trade

- the restriction of social protection – seen as harmful for markets in the liberal philosophy – is based on the same principle. Some arguments against the system of Speenhamland (in the first decades of the nineteenth century) are quite the same of the crusade against the modern welfare state (see Rosanvallon (1981) even though the social *realpolitik* of Thatcher and Reagan did not break the entire reforms of Attlee and Roosevelt (see also Hirschman, 1991 and Moulène, 2015). Let's note, in passing, that we meet on this point the importance of repeating ideas, words and wordings when we try to investigate different speeches: it was one main condition to analyse discourse according to the founders of the new field of discourse analysis (Conein, Courtine, Gadet and *al.*, 1980).

II. The big challenge of a new Great Transformation

1. The financial reforms after 2008: bank rescue operation... instead of back to regulation

Since 1979, the efficiency of neoliberalism has often been questioned and sometimes seemed to go to a breaking point: in the 1990s with the end of thatcherism and reaganomics, in 1997-1998 when a majority of European Union was led by the left (Schröder, Blair and Jospin) and 2007-2008 with the global financial crisis. But the political splits have not to mislead us: Blair and Clinton kept a large part of the conservative-republican heritage and the EU followed the monetary and budgetary agenda in line with the founding treaty of Maastricht of 1992. It is more difficult to analyse the case of the responses to the financial crisis in the US and Europe but we can accept the hypothesis that it is not a new GT. If we consider the Emergency Economic Stabilization Act and the Housing and Economic Recovery Act in the US, both in 2008 and the Bank Rescue Package in Britain at the same time, the choice of governments and central banks is to go towards keynesian economic stimulus. Thus, the Obama administration combines a classical mix policy: \$800 billions of spending for 2009-2010 with tax cut on the budgetary side, lower interest rates and massive injection of liquid funds into the economy on the monetary one. In Europe, the same solutions were selected: recapitalisation of banks, lender-of-last-resort and expanded and state-guaranteed liquidity facilities by central banks, those also purchased public debt)

Actually, we are really far away from the “conservative revolution” supported by Reagan and Thatcher at the beginning of the 80s, this kind of policy aims to recover – as the name of the American plan suggests by itself – the financial system. However it is not enough to consider a complete system of regulation as it has been the case after the disaster of the Great Depression. In particular the principle of the financial deregulation has not be really questioned, no more than the freedom of capital movements or the legitimacy of the notation agencies or the off shore finance.

Among the community of economists, the Joseph Stiglitz regrets that the Obama's stimulus of 2009 has been too short and wasted in inefficient tax cuts. He explained during the World Business Forum in New York City that “the only success of the US banks rescue is to have avoiding the catastrophe

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and the financial reform looks like a holy cheese”¹. More radically, his French colleague, Eric Lahille² (2009) emphasises the cosmetic nature of the measures (instead of a new great transformation) that would feed the crisis.

But the best indication that the neoliberal line is going on up to now (and 7 years after the crisis!) is given by the Greek crisis in July 2015. It shows that the European Union – and especially Germany – is not ready at all to consider a new kind of policy (Lordon, 2015).

2. No new GT without new language...

We would like to emphasise that Polanyi shows the right way to analyse the economical discourse and that his focus is relevant to the contemporary context. But at the same time, this question of context is crucial for our paper: because Polanyi did not experiment the contemporary context in which the economical discourse is done, spread and evaluated by the individuals and the social groups who have to take a decision when politicians present their agenda, to accept or reject it. Polanyi has barely known the beginning of mass media society and spin doctoring (at his time, Kennedy was probably the first to resort to this communication process). Moreover, when Polanyi was writing and supporting his views on the Great transformation, the political arena was widely led by the keynesian and “old-style” social-democracy.

Surely we know that the writing of Polanyi in the 50s insisted on the technique and its strong implication on our ability to improve social fairness and quality of life in such a society. Polanyi seemed pessimistic on the question and maybe we can make a parallel with another author, Herbert Marcuse (1964, the year of disappearance of Polanyi!). But it seems that this one specified the components of the modernity that are obstacles to social change. And one of the main obstacle is language and discourse, this is a central point!

For Marcuse, *mass media* democracy is radically different from authoritarian systems that used violence to neutralize the opponents. This regime didn't or more exactly is able to support itself and self-perpetuate without hurting or killing: this society pretend to be free and just fight the alternative forces on speech arena. This is an efficient new rhetoric:

Example:

- we are democracy. Do you suggest another system out from democracy? Is not it dangerous?
- you support socialism? But do you have a look on the disaster of the USSR?

It is really difficult to answer to such objections. This communication process are aimed to break all type of alternative and it seems to work well since 1991 and the end of apparent possibility of alternative (even tough the Soviet model was repressive). The argument of F. Fukuyama (1992) may be operational: how can we imagine another model of society if the socialist experiment goes to a historical catastrophe like in Eastern Europe.

1 « Washington et les limites de l'«Obanomics" », *Les Échos*, October 29, 2010. See on the webpage : http://www.lesechos.fr/29/10/2010/lesechos.fr/020898253536_washington-et-les-limites-de-l---obamanomics--.htm

2 E. Lahille is a Ph. D. at ESIEE, an engineering school in Paris.

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CONCLUSIONS & PERSPECTIVES:

In this paper we consider a new Great Transformation after the neoliberal split since the 1980s. This one does not deny Polanyi's works. This author was worried after 1945 about several indicators of a new disembeddness (it would be naive to forget how the change brought by the apparent Keynesian consensus after the War has been very incomplete) while some liberals as F. Von Hayek considered that Lenin and Keynes were driving on the same roads (1944). But if Polanyi emphasises the importance of discourse in historical change, he did not really analyse what Marcuse called the “instrumental language” and its impact on social change. Instrumental language is able to give us new representations about economy, with a feeling of freedom, its gives us an efficient rhetoric and strong objections against the alternative. It is no coincidence if Thatcher claimed that “there is no alternative” (on the contrary was the Polanyian perspective: his economical anthropology insisted on the various importance that different society dedicate to market).

Let's finish our paper on a short and incomplete list of obstacles to a NGT:

- Globalization: which country will be the first to change? Nowadays we consider Iceland, a very small country that seems to reform radically its bank system. But is it true? And what about the impact on bigger countries?
- Language and discourse with mass media's resources: closeness of discourse (dominant discourse integrates the alternative to its own logic – ie: Syriza in 2015: from opposition to European Austerity to acceptance...
- The fact that there is no real model to imitate, so we have to make up a new model.
- The economical mechanisms are not national as they were when Keynes wrote his General Theory. Especially in European Union: how can we change our rules without going outside the Union or the Euro area? And if we consider the case of Greece, Grexit was it really impossible and indefensible?
- Which political forces would be ready to build a NGT? We can have doubt about social-democracy (more and more close to social-liberalism) and radical left as well.

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