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# Knowledge as a fictitious commodity: a Polanyian reading of the 'digital economy'

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## ABSTRACT

Since the 2008 financial crisis, the attempts to use Karl Polanyi's framework to make sense of current developments have multiplied, producing a noticeable and lively debate. This debate centres on the notion of double movement put forward by the Hungarian thinker in his masterpiece – *The Great Transformation*. The paper is a contribution to this debate. The first part addresses a series of questions that make the interpretations of the double movement advanced so far not very compelling. To this end, a close reading of Polanyi's text, with the aim of dismantling and rearticulating its analytical structure, is carried out. The upshot is a dynamic and multistage picture of the double process as a recurrent and vortex-like attempt to progressively commodify natural and social resources against growing opposition. The second part employs this revised reading of the double movement to explain the collapse of the postwar consensus politics, the success of the neoliberal counterrevolution and the development of the knowledge economy. The claim put forward here is that, in addition to sustained efforts to deepen previous forms of commodification (land, labour and money), we are witnessing a fullblown attempt to turn knowledge into a new fictitious commodity. Building on the idea of digital Taylorism, the paper tries to show that information and computer technologies are being used to standardise and routinise a growing number of intellectual, professional and managerial activities which were able to escape previous attempts in this direction. Once again, at the forefront of this process there are powerful state actors, who are using New Public Management policies strategically to: support the enclosure of intangible cultural resources through the creation of intellectual property rights regimes, and undermine the counter-reaction of negatively affected societal actors by rising the collective action problems they face.

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We are the witnesses of a barely perceptible transformation in ordinary language: verbs which formerly expressed satisfying actions have been replaced by nouns which name packages designed for passive consumption only - 'to learn' becomes 'to accumulate credits'  
Ivan Illich 1978: 8

Today, white-collar job insecurity is no longer a function of the business cycle [...] Nor is it confined to a few volatile sectors like telecommunications or technology, or a few regions of the country [...] The economy may be looking up, the company may be raking in cash, and still the layoffs continue, like a perverse form of natural selection, weeding out the talented and successful as well as the mediocre.  
Barbara Ehrenreich 2006: 4

## 1 Introduction

The aim of this paper is to re-evaluate the heuristic role of Polanyi's double movement by suggesting an alternative reading that could answer several criticisms expressed in the past about it. Moreover, this reading of the double movement can give us a better insight into both the nature of the current crisis and its failure to unravel the neoliberal consensus.<sup>1</sup> According to this reading of the double movement, since the Speenhamland measures introduced in 1795 Britain, faulty welfarist solutions have had the effect of undermining the political force of countermovements calling for protective measures, while helping pro-market coalitions to periodically regenerate themselves. This means that the future resolution of the current crisis is likely to restart a new cycle in what looks uncannily like modernity's 'Groundhog Day'.<sup>2</sup> As a result, we should expect not only the deepening of previous drives to commodify land, labour and money, but also a full-blown attempt at commodifying novel fields of activity and social resources. Knowledge is, in the context of the information age, the most likely candidate to be turned into another (the fourth) fictitious commodity. This, it will be argued, explains the tensions arising in those sectors engaged in the managerial and intellectual activities which in the last four decades have been the target of the New Public Management (NPM).<sup>3</sup>

## 2 Market society as a dynamic, multistage process

According to Polanyi ([1944] 2001), any attempt to engender market society is doomed to cause disruptions that could endanger the ability of collectivities to reproduce themselves. For him, the self-regulating market mechanism requires treating all natural and social resources needed for production, consumption and distribution as 'commodities'; that is, goods produced for the market at a price determined by other interlocking markets. Polanyi believes this to be an impossibility and endeavours to show what the consequences of pursuing such a goal would be for society at large. Following the teaching of classical social theory, he starts by identifying a set of elements he thinks to be indispensable for any economic activity but that escape the market

logic and cannot be, therefore, reconciled with it. Land, labour and money are thus described as 'fictitious' commodities. Polanyi advances two interrelated arguments in support of the claim that they are fictitious. On the one hand, he states that land, labour and money are not like other commodities because none of them was originally produced for sale. On the other hand, he maintains that they cannot be subjected to the instrumental logic underpinning market relations without generating harmful side-effects.

Land stands for the natural ecologies supporting life on planet Earth, something that from time immemorial has been perceived and treated as pre-conditions for human existence as such. Re-conceiving those ecologies in instrumental terms as exploitable natural resources would, in Polanyi's view, yield intractable environmental problems. Labour is the human ability to create artefacts that support and give meaning to human life. To treat it instrumentally as a way to generate income would mean to degrade it to mere toil and undermine its motivational power above the material survival threshold. Finally, money is a means needed to accumulate, preserve and transmit value across time, generations and localities. Employing it instrumentally as an accounting device only would affect its social relevance, producing unwanted fluctuations in the money supply that will disrupt other aspects of the real economy.

Polanyi uses those arguments to: (i) deny the naturalness of markets, (ii) underscore the conceptual differences between ancient and modern markets, and (iii) castigate political attempts to engender self-regulating markets through state action.<sup>4</sup> Far from being the outcome of a "natural propensity to truck, barter and exchange one thing with another", as suggested by Smith (1776, ch. II, par. I) and proselytised by his followers ever since (Sugden 1992), Polanyi conceives the market economy as an act of statecraft – a political creation that needs continuous external support to keep it up and running. Against intellectual attempts to naturalise markets by showing their continuity across ages, Polanyi insists on the disembedded nature of modern markets and their reliance on acquisitive motives condemned throughout history. Last but not least, Polanyi attempts to unmask the liberal justification of market economy by stressing the strains and dislocations undergone by the communities beset by pro-market policies, and the resistance those communities mounted, against all odds, to oppose these attempts. The notion of double movement is an abstract rationalisation of this process of social opposition that allows Polanyi to recast the political and economic history of the nineteenth century. Reconsidering this notion nowadays, at the end of a long period of crisis very much like the one experienced by Polanyi personally, will give us the opportunity to not only appreciate the originality of his account *vis-a-vis* those supplied by liberal and Marxist political economists, but also test its validity over time in relation to forms of social change affecting us at present.

The 'double movement' thesis represents an enduring aspect of Polanyi's account of the rise and fall of earlier attempts to realise a self-regulating market economy. And, obviously, this also is the feature of his work that has attracted the critical attention of successive generations of social and political theorists who have shared his concerns. Polanyi's thesis concerning the double movement is introduced in the final paragraphs of Chapter 6 of *The Great Transformation* (TGT), in a passage that is worth quoting at length, even if in abridged form:

To allow the market mechanism to be sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society. [...] Robbed of the protective covering of cultural institutions, human beings would perish from the effects of social exposure; they would die as the victims of acute social dislocation through vice, perversion, crime, and starvation. Nature would be reduced to its elements, neighborhoods and landscapes defiled, rivers polluted, military safety jeopardized, the power to produce food and raw materials destroyed. [...] But no society could stand the effects of such a system of crude fictions even for the shortest stretch of time unless its human and natural substance as well as its business organization was protected against the ravages of this satanic mill. (2001: 76-77)

From this he concludes:

Indeed, human society would have been annihilated but for protective countermoves which blunted the action of this self-destructive mechanism. Social history in the nineteenth century was thus the result of a double movement: the extension of the market organization in respect to genuine commodities was accompanied by its restriction in respect to fictitious ones. [...] Society protected itself against the perils inherent in a self-regulating market system—this was the one comprehensive feature in the history of the age. (ibid: 79-80)

Concerning Polanyi's remarks, the first thing to stress is that the countermovement he refers to in these passages should not be viewed as a single unitary phenomenon (see e.g. Levitt and Seccareccia (2016) figure 1), but as a process composed of many interlinked phases.<sup>5</sup> These are characterised by their own distinctive double movement which, in turn, set the ground for the restarting of the market experiment on an even larger scale. Each phase is kick-started by specific events and has at its 'core' distinct social actors and rationales. The stages discussed by Polanyi are related to: (i) the social reaction against the attempt to turn land into a fictitious commodity that resulted in the Speenhamland system (1795-1834); (ii) the full blown attempt to commodify labour after that system was dismantled, 'until in the 1870's the recognition of the trade unions offered sufficient protection'; (iii) the transformation of money into another fictitious commodity at the turn of the century, and the eventual collapse of the liberal economic order following the 1929 financial crash. Of these events, the most extended analysis carried out by Polanyi in TGT pertains the ones related to the commodification of labour, which is used as paradigmatic of the *modus operandi* of the market mechanism; the commodification of land and money are treated in a more cursory manner.<sup>6</sup> It is also worth noting that Polanyi's attempt to highlight the epistemic limitations of political economy is part of a more ambitious sociology of culture that he uses as general framework, but to which I cannot do justice here. Also beyond the remit of this paper is Polanyi's vision of socialism, which is tightly connected to his social epistemology.

## 2.1 The attempt to turn land into a fictitious commodity

Speenhamland, the historical case at the centre of TGT (chapters 7 and 8), deals with the agricultural revolution that preceded industrialization. Here the countermovement emerges as a decentralised and bottom up act of resistance against the commodification of land promoted by the enclosure of open fields and other types of commons.<sup>7</sup> Polanyi's discusses a set of related state interventions to deal with the displacement of the rural population brought about by the enclosures. Speenhamland refers to the allowance system established by local magistrates in Berkshire in 1795, but which, according to Polanyi, was copied by many other local authorities. Those protective measures will be followed by other pieces of legislation which will interact together, promoting what he calls disruptive strains. These are: (i) the partial repeal of the 1662 Act of Settlement, (ii) the abolition of the 1563 Statute of Artificers and (iii) the passing of the Anti-Combination Laws of 1799-1800.

At this early stage, the countermovement involves two main social actors: the local landlords, who were interested in the removal of feudal norms regulating the tradeability of estates and the appropriation of common land, but keen on retaining a steady workforce no longer tied to their villages; the commoners, who were deprived of the protection afforded them by both the cottage economy and the guilds system, but forbidden to establish concerted actions to boost their bargaining power. According to Polanyi, both actors held ambivalent attitudes towards those changes,

the allowance system will appear as a device contrived by squirearchy to meet a situation in which physical mobility could no longer be denied to labor, while the squire wished to avoid such unsettlement of local conditions, including higher wages, as was involved in the acceptance of a free national labor market. (ibid: 93) [Thus,] the supremacy of squire and parson was even enhanced in consequence of Speenhamland, [...]. (ibid: 100) Politically, the squire's pull with the village poor was strengthened by Speenhamland while that of the rural middle class was weakened. (ibid: 101)

On their part, the commoners were likewise concerned about the loss of protection assured by past arrangements, but keen on freeing themselves from the ties that bound them to their locality and lords. The Speenhamland system represents a political compromise reached by the magistrates who were called to act on these contrasting pressures coming from above, in support of extant social hierarchies, and below, intending to undermine them.<sup>8</sup>

At the same time, Polanyi develops a powerful analysis of the unintended consequences brought about by that compromise. First, as already noted, he considers the social role and attitude of the local aristocracy, who is able to influence the norms making process directly.

The bulk of yeomanry had long vanished in the vicissitudes of the Agricultural Revolution, and the remaining lifeholders and occupying-proprietors tended to merge with the cottagers and scrap-holders into one social stratum in the eyes of the potentate of the countryside. (ibid: 100)

Second, Polanyi explains that the allowance system imposed as result of the squirearchy's wishes started a vicious dynamics that will undermine the work ethic of rural labourers.

Under the Speenhamland Law a man was relieved even if he was in employment, as long as his wages amounted to less than the family income granted to him by the scale. Hence, no laborer had any material interest in satisfying his employer, his income being the same whatever wages he earned [...]. Within a few years the productivity of labor began to sink to that of pauper labor, thus providing an added reason for employers not to raise wages above the scale. (ibid: 83)

Finally, Polanyi clarifies how the allowance system interacted with the other pieces of legislation mentioned above, creating an unstable blend that will undermine later on the rural social coalition supporting those protective measures.

The paternalistic intervention of Speenhamland called forth the Anti-Combination Laws, [...] In conjunction with the Anti-Combination Laws, which were not revoked for another quarter of a century, Speenhamland led to the ironical result that the financially implemented "right to live" eventually ruined the people to whom it was ostensibly design to succor (ibid: 85).

## 2.2 The attempt to turn labour into a fictitious commodity

In Polanyi's account a proper market economy takes shape only in the 1830s, as a result of a full blown attempt to commodify both rural and urban labour. Once again, the changes that brought about the Industrial Revolution are related to several legislative interventions: the abolition of the Poor Law in 1834, Peel's Bank Act of 1844 and the repeal of the Corn Laws of 1846. As a result of those reforms, rural workers were no longer receiving outdoor relief but being forced to choose between employment in the manufacturing industries at increasingly competitive rates, or committing themselves to the hellish regime of the workhouse. In turn, competitive wages were set by a developing system of international trade that was meant to provide cheap imports of corn from abroad; something requiring the abolition of the pre-existing system of duties, and of a newly emerging centralised monetary regime dedicated to foster free trade. In reaction, we have the starting of a new countermovement, that in Polanyi's account develops in two distinct steps, reflecting the fragmentation undergone by the previous rural coalition in the meantime. The first step represented the last act of resistance of a traditional rural order against a rising new industrial urban order, while the second was due to the mobilisation of the working classes under the banner of socialism.

Polanyi's writes that "The protection of society, in the first instance, falls to the rulers, who can directly enforce their will" (ibid.: 173), and then go on explaining that

when, in 1834, the Reform Parliament abolished Speenhamland, the landlords shifted their resistance to the factory laws. The church and the manor were now rousing the people against the mill-owner whose predominance would make the cry for cheap

food irresistible, and thus, indirectly, threaten to sap rents and tithes. [...] the repeal of Speenhamland and the growth of the factories actually prepared the way for the success of the Anti-Corn Law agitation, in 1846. [...] The Ten Hours Bill of 1847, which Karl Marx hailed as the first victory of socialism, was the work of enlightened reactionaries. (ibid.: 174)

Although the working classes up to the late 1840s had not yet acquired their own self-awareness as a distinctive social force, the events recalled by Polanyi are meant show that they are in the process of emancipating themselves from past loyalties. Thus, in one instance they sided with the urban middle classes and supported the repeal of the Corn Laws, while in another instance they sided with the rural elites and backed the passing of the Ten Hours Bill.

The events that mark the onset of the working classes emancipation from their past rulers were, according to Polanyi, traceable back to the changes which characterised British political life in the first half of the 1830s.

Politically, the British working class was defined by the Parliamentary Reform Act of 1832, which refused them the vote; economically, by the Poor Law Reform Act of 1834, which excluded them from relief and distinguished them from the pauper. (ibid.)

The rise of the Owenite and Chartist movements epitomises the inception of the new era of autonomous working class struggle based on a radical political programme wishing to protect manual labourers from dislocation without necessarily preserving the past social order (Jones 1983, ch. 3). Socialism, on this view, is a forward-looking search for a novel form of habitation able to re-embed the market within a progressive social and political milieu. Polanyi, however, notes that, notwithstanding the success of the Ten Hours Bill, the implosion of the rural coalition allowed the entrenching of the market mechanism within British society. By the end of the 1840s, "the beginning of the Golden Age of capitalism obliterated the vision of the past" (ibid.: 175) and brought about the demise of the Chartist movement in the same year, 1848, that continental Europe was engulfed in the flames of a socialist revolution

By that time the spirit of revolt roused by the Poor Law Reform Act as well as the sufferings of the Hungry Forties was waning; the wave of rising trade was boosting employment, and capitalism began to deliver the goods. The Chartists dispersed peacefully. (ibid: 181)

In the following decades, the diverging fragments of the anti-market coalition will manage to support a raft of legislative measures designed to ameliorate working conditions. A proper re-birth of the countermovement is going to happen only in the 1880s, after, that is, a decade-long crisis that will ravage the manufacturing industry and the countryside worldwide – what economic historians call the first great depression (Hobsbawm 1989, ch. 2). This second step was led by the trade union movements that were developing across the industrialised world. These movements used collective bargain and political mobilisation at the international level to engender both extensive forms of democratisation and means of social insurance. It was also a

historical phase in which conservative political forces succeeded in supporting widespread protective measures that aimed at accomplishing the market economy at national level; an attempt that was to obstruct international trade, creating a new set of tensions. As Polanyi (ibid.: 226 and 227) explains,

Whether protection was justified or not, a debility of the world market system was brought to light by the effect of the interventions. The import tariffs of one country hampered the exports of another and forced it to seek for markets in politically unprotected regions. Economic imperialism was mainly a struggle between the Powers for the privilege of extending their trade into politically unprotected markets.

A similar contradiction operated inside national boundaries. Protectionism helped to transform competitive markets into monopolistic ones. [...] And whatever the market in question [...] the strain would transcend the economic zone and balance would have to be restored by political means. Nevertheless, the institutional separation of the political from the economic sphere was constitutive to market society and had to be maintained whatever the tension involved. This was the other source of disruptive strain.

### 2.3 Financial drives to commodify money

This second phase overlapped with sustained attempts to commodify money and financialise the market economy. These changes set the ground for the emergence of a new type of financial capitalism that will cause the imperial drives responsible for the outbreak of the great war, and the subsequent collapse of the liberal order in the 1930s. Here Polanyi's discussion focuses on the reasons behind the development of free-trade and the adoption of the gold standard. Particularly engaging are, in relation to those topics: (i) the distinction between 'token' and 'commodity' money, (ii) the tensions between domestic and international policies, and (iii) the effects produced by the emancipation of the economic sphere from the political one. I shall discuss them in turn.

To the commodification of money Polanyi dedicates only a short chapter (ch. 16), in which he discusses the reasons behind the establishing of a double currency regime: one required by the domestic economy, which relies on token money; another needed for international trade, which uses gold as commodity money. The two regimes were interconnected and operated through the intermediation of two distinct institutional actors whose goals were not always overlapping, generating periodic tensions. They were national central banks and the *haut finance*: the first was concerned to assure a steady supply of token money to prevent monetary deflation and stimulate economic growth, while the other was preoccupied with exploiting the opportunities offered by free-trade and the imbalances in exchange rates. Chapter 16 deals exclusively with the operation of central banks and their monetary policies; *haut finance* and its *modus operandi* receives only few scattered observations in chapter 1.

Chapter 16 opens with an explanation of the economic reasons pushing for the commodification of money:

if profits depend upon prices, then the monetary arrangements upon which prices depend must be vital to the functioning of any system motivated by profits. [...] if the price level was falling for monetary reasons over a considerable time, business would be in danger of liquidation accompanied by the dissolution of productive organization and massive destruction of capital. Not low prices, but falling prices were the trouble. (ibid.: 201)

For Polanyi, the rationale for the evolution of token money and the institutions of central banking charged with its management is clear,

the expansion of production and trade unaccompanied by an increase in the amount of money must cause a fall in the price level [...]. Token money was developed at an early date to shelter trade from the enforced deflations that accompanied the use of specie when the volume of business swelled. No market economy was possible without the medium of artificial money. (ibid.: 202)

Central banking mitigated this defect of credit money greatly. By centralizing the supply of credit in one country, it was possible to avoid the wholesale dislocation of business and employment involved in deflation in such a way as to absorb the shock and spread its burden over the whole country. The bank in its normal function was cushioning the immediate effects of gold withdrawals on the circulation of notes as well as of the diminished circulation of notes on business. (ibid.: 203)

Economic reasoning and the relevance acquired by token money, as opposed to currencies based on precious metals like gold (specie), show, according to Polanyi, the dependence of the market mechanism on non market elements that cannot be fully commodified and remain, therefore, fictitious commodities.

This money was not a means of exchange, it was a means of payment; it was not a commodity, it was purchasing power; far from having utility in itself, it was merely a counter embodying a quantified claim to things that can be purchased. Clearly, a society in which distribution depended upon the possession of such tokens of purchasing power was a construction entirely different from market economy. (ibid.: 205)

Transactions between economic operators belonging to different countries could not be carried out by using the same type of currency, but required instead a proper commodity currency based on gold. Joining the gold standard became thus, for Polanyi, a necessary requirement to enjoy the benefits of free-trade at the global level. This however entailed maintaining the separation between the domestic and international spheres, and adopting two operating logics which could easily enter in contradiction with each other. Accomplishing a self-regulating market requires, in Polanyi's account, not only the building of national markets unhindered by internal obstacles, but

also the removal of duties and tariffs that set limits to imports and exports. To have competitive rates in the manufacturing industries meant repealing the system of corn laws duties erected in the past to protect domestic farming, he reminds us. To have a flourishing industrial apparatus also requires foreign markets to which the manufactures thus produced could be freely exported, and from which the factors of production sourced. In short, the viability of a domestic market economy depends on its connection with international trade routes and a system of free-trade that keeps those routes open across national borders. In an international order based on the nation states system, where each state claims an absolute and exclusive form of sovereignty, this could be achieved only through the nexus of the gold standard and the intermediation of a financial system independent from state power.

In Polanyi's view, this is highly problematic: if, at a theoretical level, the international order seemed to rely on an voluntaristic mode of compliance, in practice this order rested on an unequal distribution of powers and resources among states through which compliance was forcefully extracted each time.

In liberal theory Great Britain was merely another atom in the universe of trade and ranked precisely on the same footing as Denmark or Guatemala. Actually, the world counted a limited number of countries, divided into lending countries and borrowing countries, exporting countries and practically self-sufficient ones, countries with varied exports and such as dependent for their imports on foreign borrowing on the sale of a single commodity like wheat or coffee. Such differences could be ignored by theory, but their consequences could not equally be disregarded in practice. (ibid.: 216)

For Polanyi this means that the anomic sets of changes effected at the national level to engender the market mechanism in the domestic sphere will have to be replicated at the international level as well; otherwise the whole economic edifice would collapse under its own weight. And once again, given the impossibility to effect those changes spontaneously, the international market building enterprise would have to be delegated to the state, whose intervention would be dictated by the logic of power politics; a rather different utilitarian calculus from the one advocated by liberal political economists.

Of course, none of these difficulties was supposed to arise under an allegedly self-regulating system. But the more often repayments were made only under the threat of armed intervention, the more often trade routes were kept open only with the help of gun-boats, the more often trade followed the flag, while the flag followed the need of the invading governments, the more patent it became that political instruments had to be used in order to maintain equilibrium in world economy. (ibid.: 217)

Finally, Polanyi tries to clarify the problems brought about by these two competing logics by discussing another prerequisite of the liberal creed, the separation between the economic sphere and the political sphere. And in doing so, he draws a logical parallel between the domestic realm and the international setting.

The strains emanating from the market were thus to shifting to and fro between the market and the other institutional zones, sometimes affecting the working field of government, sometimes that of the gold standard or that of the balance-of-power system, as the case might be. [...] It was the relative autonomy of the spheres that caused the strain to accumulate and to generate tensions which eventually exploded in more or less stereotyped forms. (ibid.: 220)

imperialism and half conscious preparation for autarchy were the bent of Powers which found themselves more and more dependent upon an increasingly unreliable system of world economy. And yet rigid maintenance of the integrity of the international gold standard was imperative. [...] A similar contradiction operated inside the national boundaries. Protectionism helped to transform competitive markets into monopolistic ones. (ibid.: 227)

To sum up, in TGT Polanyi offers us a very dynamic account of social change at the core of which we have his notion of double movement. Struggling to arrive at a meaningful overview of social and political change in a world characterised by the fragmentation of knowledge, the book is structured and reads like the script for a film, with each chapter representing an edited sequence illustrating parts of the general thesis. Some of the sequences are longer and more detailed than others; some are only sketched and open to contrasting interpretations; some are missing altogether – but they can be figured out quite easily. Among the missing bits, the most notable is a discussion of the evolution of the joint-stock company and stock markets; two institutions that will drive the process of financialisation of the economy at the turn of the twentieth century, and again at the start of the twenty-first. This evolution can be reconstructed in a Polanyian spirit, even if I cannot do it here.<sup>9</sup> Two other interesting issues that are not fully developed by the author but that can be derived from the text, concern the role of the state, on the one hand, and the inner dynamics unfolding within both pro-market coalitions and countermovements, on the other. Polanyi seems too busy engaged in a full blown refutation of political economy (as both a research programme and a political project) to develop his remarks about state activism and society's counter-reaction into a proper theory. In light of the difficulties affecting Marxist attempts to elaborate a sound critical political economy ever since, this project would be amply justified even now (cf Palumbo and Scott 2019). Likewise, the inner dynamics affecting pro-market coalitions and countermovements is only hinted at best and riddle with linguistic ambiguities. However, the few observations contained in the text suggest that Polanyi's notion of double movement is less exposed to the critique of functionalism than his commentators have been willing to concede so far.<sup>10</sup>

### 3 Polanyi's double movement and modernity's Groundhog Day

In what way can the alternative reading of the double movement proposed above be employed? Palumbo and Scott (2018) suggest two ways in which Polanyi's analysis can be expanded. First, it helps explain the rise and fall of the post-war welfare state. To that end, a Polanyian reading of

Mills' trilogy on American power structure is carried out to show that the shortcomings of the welfare state were already evident at the outset. Those shortcomings will eventually be responsible for the implosion of the social and political coalitions supporting it at the end of the 1970s. I do not intend to repeat their argument here. Second, in the same work they suggest seeing the political and institutional changes brought about since the 1980s as an attempt to expand the self-regulating market mechanism by enclosing the common of the mind and commodifying knowledge. This is the topic I want to expand upon in the rest of the paper.<sup>11</sup> In a Polanyian spirit, it will be argued that in this context too the remaking of market society is, above all, an exercise of statecraft having a twofold objective: (i) to undermine the system of tangible and intangible commons from which societal agents and sub-state units derive their autonomy and legitimacy; (ii) to entice the corporate entities whose help is needed to achieve this goal. Unlike the stages discussed in the previous part, the main target of current reforms are not the working classes any longer, but the middle classes; and their goal is to undermine the economic and political relevance the latter managed to acquire during the postwar.

### 3.1 The information society and digital Taylorism

The advent of the information society has produced a vast scientific literature committed to explaining the reasons behind its rise, and the implications it will have for the world at large. Although this body of work is presented as mainly empirical, in reality it is often very speculative, and thus highly dependent on the personal orientation of the author. In general, progressive analysts have viewed the information revolution as an opportunity for human emancipation and inclusive forms of cyber-democracy (Kostakis and Bauwens 2014). Thus, empirical case studies having a controversial or limited scientific value were offered as evidence of an epochal trend implicit in the changes we are witnessing. The most relevant example is the development of post-fordism in the 1980s (Ash (ed.) 1994); a body of literature the aim of which was to show that the main tenets of the Fordist organisation of labour are no longer valid and that productive activities are being re-organised according to an alternative logic. The understanding of this alternative logic has rekindled the interest of social scientists in 'networks' as modes of organisation alternative to both hierarchy and markets (Dioguardi 2010). Often these rationalisations underplay both the differences between classic social thought and current social theory, and the profound influence political economy exercises on current accounts of change. In spite of the fact that the theorists engaged in this enterprise wish to re-evaluate sociological approaches *vis-à-vis* political economy, it is clear that, compared to classic social thought, contemporary approaches have adopted a problematic type of social determinism that: (i) neglects the political nature of social intercourse, stressed instead by Polanyi and (ii) proposes a sociological version of spontaneous order no less problematic (and Panglossian) than its economic counterparts, from which it is ultimately derived.

To counter these tendencies, Polanyi is presented as the last exponent of a classic tradition proposing a radical alternative to the conceptual framework supplied by political economy. My

aim is also to show that his perspective can still be employed to arrive at an alternative reading of the changes we are experiencing at present than the ones supplied by more fashionable post-modern approaches. Informatisation and digitisation are the main cases in point. Far from showing that ICTs have promoted a post-fordist organisation of labour (Brynjolfsson and McAfee 2014), or supplied the resources to overcome the traditional problems affecting social networks (Castells 2005),<sup>12</sup> my Polanyian inquiry arrives at a more dystopic conclusion: a renewed attempt to commodify labour, which has now among its main targets administrative, managerial and intellectual activities that had successfully resisted previous drives in that direction. This endeavour is dependent on scientific managerial principles the ultimate goal of which is to arrive at what has been labelled 'digital Taylorism' (Parenti 2001, also Head 2018), and supports the claim that "Wherever digital Taylorism has taken hold, people are again becoming appendixes of machine in certain areas of the world of work" (Staab and Nachtwey 2016: 469).

The case studies offered by Palumbo and Scott in their 2018 work are trying to link this body of literature with the one concerned with the development of the NPM, first in Britain and then all over Europe. Indeed, their thesis is that here the public sector is being used as a large scale laboratory to test as far the commodification of managerial and intellectual labour can reach. By using different and ever-changing combinations of privatisation, liberalisation and marketisation, managerial and intellectual labour is being systematically parcelled out in discrete sequences and then routinised. *Ex ante* and *ex post* form of assessments, carried out by a growing constellations of quangos and audit agencies, are subsequently employed to measure the degree of conformity of each individual located along the production line.

In this digital version of Taylorism, conformity is rewarded by allowing a tiny minority of those belonging to the professional-managerial class to move up the ranks, whereas non-conformity is strongly discouraged by the ease with which any individual could be replaced along the digital conveyor belt by a growing number of part-time and temporary white-collar workers seeking more secure positions. As Brown *et al* (2011: 81) explain,

Digital Taylorism is not only deskilling many white-collar workers, but it also incites a power struggle within the middle classes, as corporate reengineering reduces the autonomy and discretion of some but not all managers and professionals. It encourages the segmentation of talent in ways that reserve permission to think to a small proportion of elite employees responsible for driving the business forward, functioning cheek by jowl with equally well-qualified workers in more Taylorised jobs.

The focus on these intellectual fields of activities is meant to update Polanyi's analysis by developing themes that he only touches briefly to differentiate his account of change from competing Marxist and superstructural explanations (Harland 1987): (i) the proactive role of the state, (ii) the secondary role played by technological innovations and (iii) the inner dynamics between the various components of the professional-managerial class affected by the process of commodification.

Following Polanyi, it is possible to conceptualise the welfare state (in both its Keynesian and neo-corporatist phases) as sets of rights-based measures that managed to protect a growing number of white-collar workers quite effectively, shielding them from the market competition still operating in the manufacturing industries.<sup>13</sup> By attributing to the state the role of good employer and making public bodies like the civil service and the universities largely self-regulating, the welfare state granted middle-level managers, technicians and salaried professionals significant forms of autonomy that often set them apart from those operating in the private-sector. This privileged position was taken by other white-collar workers as a benchmark for bettering their working conditions in the private sector as well; elements that in economic conditions of nearly full employment reduced the bargaining power of corporate businesses enormously. Such a position of strength was further reinforced by the fact that welfare policies generated new types of 'commons' that white-collar workers could exploit to insulate themselves from competition and retain an independent power base.

As explained by Barbara and John Ehrenreich (1979), those conditions allowed sectors of the professional-managerial class concerned about possible future developments to try to establish links with the traditional working classes and challenge the ideological basis underpinning the postwar settlement.<sup>14</sup> This explains the converging interests of state actors and private corporations that in the 1970s were affected by a deep legitimation crisis to join forces and reconstitute the pro-market coalition. Also, this explains why the restarting of the commodification process in the 1980s was carried out in parallel with repeated top-down attempts at undermining the viability of the commons upon which those white collar workers depended – using the spoils as side-payments for the corporate entities involved in the pro-market coalition. Finally, this shows that technological innovations are not the main determinants of change, but play only an ancillary role. In many spheres of work, ICTs have in effect promoted a remarkable redistribution of the means of production and brought about a flourishing gift economy (Elder-Vass 2016). Potentially, they supply us the means to overcome our obsolete Tayloristic managerial mentality. In practice however they are fully exploited by pro-market forces able to impose novel forms of commodification.<sup>15</sup>

### 3.2 Enclosing the common of the mind and commodifying knowledge

Polanyi attributes to successful countermovements the ability to regenerate tangible and intangible commons that help keep in check the commodification process. Within industrial society, the most tangible commons assumed the form of pension funds and other types of social insurance systems managed by labour organisations either directly or indirectly (Van Leeuwen 2016), and mutualist and cooperative activities making up the moral economy (Fassin 2009; Götz 2015; Sayer 2000). Less tangible commons were related to labour legislation, collective bargaining systems, practices of co-determination and other democratic activities which gave workers voice in managerial issues and let them control their working conditions. This explains the relevance trade unionists and progressive thinkers like Polanyi attributed to industrial

democracy (Burkitt and Hutchinson 2006). Despite the limitations noted by Palumbo and Scott (2018), the post-war settlement ended up producing new types of commons, having a growingly intangible nature, that enhanced the ability of civil servants and salaried professionals to determine the terms and conditions of their activities, and influence the determination of their salary levels (Mau 2003). The restart of the commodification process has, therefore, entailed not only undermining trade unions and repealing labour legislation offering legal protection to disruptive categories of white-collar workers. It also meant enclosing the commons from which those societal actors derived their autonomy, and rolling back the neo-corporatist arrangements which gave them political leverage.

The reforms affecting the public sectors of OECD countries through the NPM template exemplify the unfolding of this complex and multifaceted process, the means used to carry it forwards and the role played by collusive partnerships involving global corporations, state actors and international organisations. As in the previous historical experiences studied by Polanyi, the process is highly contradictory in that it is based on the defence of individual rights to legitimise economic forms of exploitation, and on efficientist explanations used to justify setting artificial barriers to information flows crucial for social networks to function properly. As Kapczynski (2014, fn 1) writes,

there are serious tensions between the conception of "free markets" and "free trade" and the muscular, transnational regime of exclusion rights in information that we have today. IP rights can be readily conceived of not as property, but as regulation, and their insertion into international law not as a move toward free trade, but instead as the result of protectionism and rent-seeking. The law as it is, and common defense of that law as serving economic interests, may thus be more the result of political ordering than of any purely economic logic.

In academia, sustained attempts to marketise research in order to generate new funding streams have pushed all those involved in the social division of intellectual labour into a struggle to affirm their intellectual ownership of parts of a common scientific enterprise. Individual researchers need to do that to demonstrate their productivity and meet the requirements imposed by multiple forms of assessment. Universities and other higher education institutions encourage this sort of behaviour for the overheads they can extract and are busy establishing start-ups and research parks dedicated to the commercialisation of any patentable product. Corporations are interested in associating themselves with prestigious universities and research centres because that allows them to reduce their in-house R&D activities while maximising the returns on those commercial ventures. Central governments, on their part, view all this as an opportunity to cut public budgets, promote economic growth indirectly and exploit, in the process, the systems of audit devised to measure the social impact of research to undermine the relevance of peer-review and, consequently, the autonomy of their own scientific communities. In Britain the shift from the RAE (Research Assessment Exercise) to the REF (Research Excellence Framework) epitomises the strategic logic driving state activism in the field of higher education; and it is this

logic of statecraft that underpins concerted efforts to establish a common European Research Area under the aegis of the Lisbon Strategy (and its later incarnations).<sup>16</sup>

In this context, IPRs sought to protect individual authors are inevitably hijacked by the corporate actors operating within a cultural industry that the digital revolution was supposed to unravel (Gillespie 2007). Instead, changing mechanisms of audit have had the power to reinforce the hold commercial publishers have on the dissemination of scientific knowledge. Thus, the agency of a growing number of scientists dependent on them has been weakened, while publishers have acquired absolute and exclusive entitlements for free. It is by now a common practice within the academic publishing industry to ask authors to relinquish their copyrights when they seek to publish in major journals or with prestigious publishers, even if the contribution the latter are giving to the scientific and editorial process is by now negligible. With the advent of digital technology, commercial publishers and journal repositories have been further given the opportunity to appropriate the already available stock of past articles and books, and charge exorbitant fees to the academic communities which produced that stock in the first place. This explains why the academic publishing industry is flourishing and assures returns sufficiently high to justify an ongoing process of consolidation in this sector worldwide (Larivière *et al* 2015).<sup>17</sup>

Competition leading to corporate consolidation is even fiercer in the bio- and life-science sector and in technological areas that can be commercially exploited more directly by using patent laws (Drahos with Braithwaite 2002; Gøtzsche 2013; McManis 2007). The latter is an ever expanding legal body encompassing new artefacts, genetic material, natural compounds, production techniques, trade secrets and, increasingly, collections of raw data (Biagioli *et al* 2011). Rather than protect authors and scientists, IPRs and patents are being used to establish barriers on information flows and empower institutional gatekeepers and oligopolistic market forces (Boyle 2008; Oleinik 2015). Rather than stimulate innovation and reward talent, they are supporting an expanding rent economy the feasibility of which depends entirely on the legal enforcement assured by national and international authorities (Baker 2016; Lambert 2009). As such, IPR and patent regimes turn out to be doubly parasitical: first, they legalise the *de facto* corporate appropriation of common pool resources; second, they rest on external forms of enforcement whose burden is entirely born out by the taxpayer (or other third actors).

The counter-reaction of all negatively affected interests is, once again, dealt with in the ways discussed by Polanyi. At a theoretical level, an increasing number of neoliberal think tanks, astroturfs and political economists are enrolled by pro-market forces to supply justifications appealing to any deontological and instrumental reason available interchangeably (Mayer 2017; Scheufen 2015). In doing so, past liberal arguments used to justify property rights and the enclosure of commons are freely recycled even when (a) rights are attributed to legal entities rather than physical persons and their enforcement requires the systematic violation of traditional civic liberties (Patry 2009), (b) enclosure pertains to intangible cultural objects and practices that digital technologies are making non-depleteable and are, therefore, reproducible at close to zero-cost (Rifkin 2014). The upshot is a humourless 'comedy of the commons' (Rose 1986) that is

replacing the melodramatic 'tragedy of the commons' staged in the past (McManis and Yagi 2013). At a more practical level, state authority is systematically deployed to criminalise entire communities involved in a flourishing gift economy producing cutting-edge innovation and interesting forms of democratic experimentation (Krikorian and Kapczynski 2010). Hence the commitment of central governments and inter-governmental organisations to 'collibration' strategies the goal of which is to raise the costs of collective action faced by antagonistic movements; the establishing of 'collusive' pro-market coalitions committed to eroding the public domain; the 'self-serving' efforts of national and transnational authorities wishing to turn educational institutions at all levels into assembly factories for the training of useful idiots (in the original Greek meaning of the word).

Given the individualist psychological make up of the professional-managerial class and the deep cleavages upon which its collective identity rests, countermovements face enormous difficulties. Those individuals who view their social role as linked to the realisation of some form of common good are perennially locked into struggles with those others who are easily enticed to serve the dominant corporate powers. This makes the professional-managerial class not only existentially uncertain about itself, but also politically unreliable in the eyes of other societal actors affected by the commodification process. Operating within pretty unresponsive political systems, the defensive coalitions that manage to overcome their collective action problems show consequently a lack of staying power and periodically dissolve into infighting factions. As in the case of the 1970s New Left related by the Ehrenreichs (1979), the implosion of defensive coalitions generate forms of disaffection which allow more conservative forces to rule the void and restart a new cycle of commodification having more far-reaching effects (cf Mair 2013; Streeck 2014). Modernity is therefore caught in the seemingly endless Groundhog Day mentioned earlier; and each new generation is led to repeat the same strategic errors of its predecessors, the contradictions generated by market-based reforms notwithstanding. Notice however that, unlike Marxist and superstructural thinkers, Polanyi views each new crisis as the opening of a genuine window of opportunity for transcending market society. Failure to accomplish such a transcendence is, in his view, always due to factors that can in principle be addressed and overcome politically. This amply justifies engaging with Polanyi's double movement and expanding its epistemic reach.

#### 4 Conclusion: neoliberal change in a Polanyian perspective

This paper has carried out a twofold task. First, an alternative reading of Polanyi's double movement has been suggested. Second, this revised version of Polanyi's thesis was employed to explain current efforts to engender a knowledge economy. The revised notion of double movement tells us that faulty solutions to the dislocations caused by the market economy could end up generating vicious, vortex-like cycles. The failure of the Speenhamland system to stop the commodification of land brought about both an intensification of that process ever since (Christophers 2018), and a full-blown and persistent effort to commodify labour (Braverman 1998). The failure of nineteenth century socialist movements to reverse the commodification of

labour set the ground for the financialisation of the economy and the commodification of money, producing more vicious and large scale dislocations (Kindleberger and Aliber 2005). Finally, the failure of the welfare state to redress the problems generated by financial capitalism promoted a neoliberal form of globalisation that is extending the market mechanism in all directions and entrenching it by pushing for the commodification of knowledge in its many aspects (Boyle 2008).

If this Polanyian reading is at all plausible, failure to properly address the current set of interlinking economic, political, social and ecological crises this time around would restart the vicious cycle anew – something which seems already happening, with Britain leading the way once more. The results of the 2019 British general elections can be taken as an indication that a new political settlement is in the process of being established and that the window of opportunity open by the 2008 financial crisis will close very soon. All over Europe, progressive anti-austerity movements are fast losing ground against more conservative forms of populism in ways that remind us the previous historical experiences related by Polanyi in TGT. From this perspective, the results of the next US presidential elections in 2020 could be the catalyst of a renewed attempt to bring about market society.

In suggesting a revised reading of the double movement, no attempt has been carried out to engage in a more normative inquiry concerned with the validity of the socialist solution envisaged by Polanyi, or any other similar alternative suggested to-date. Before advocating a normative solution to our neoliberal predicament, I believe necessary to set the problem right, and be fully aware of what our possibilities and limitations are. To avoid falling into some form of intellectual despair, the paper has, finally, tried to stress the differences that distinguish Polanyi's from other competing theoretical frameworks. Against those who put their trust in the ability of economic contradictions to unravel the capitalist system, Polanyi invites us to adopt a social perspective radically different from the one used by political economists (of any shade). Against those who are transfixed by the inescapable systemic logic imposed by total institutions able to reproduce themselves in spite of their dis-functionalities, Polanyi remains confident in the power of human agency to establish a new and more congenial form of habitation.

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## Notes

- <sup>1</sup> The crisis that started with the 2008 credit crunch has subsequently evolved into a set of interlocking economic, political, environmental and social crises. The 2008 credit crunch affected financial markets worldwide and, by extension, the international economy. The inability of political institutions to address it properly has shown all limitations of liberal democratic arrangements. Both the economic and political crises are contributing to the environmental and social crises that are now dominating public debates (cf Fraser 2014).
- <sup>2</sup> The expression 'Groundhog Day' refers to the 1993 American movie starring Bill Murray and Andie MacDowell.
- <sup>3</sup> Unveiling the structure, relevance and rationale of the NPM is the aim of Palumbo and Scott (2018) book, upon which this paper draws.
- <sup>4</sup> Since his appointment as Visiting Professor at Columbia University in 1947, Polanyi's work increasingly shifted towards point (ii), to the detriment of points (i) and (iii). His research on this topic was first published in a volume collected and edited together with his students and collaborators (Polanyi-Arensberg-Pearson 1957), and then posthumously in Polanyi (1977).
- <sup>5</sup> To this extent, it also avoids the charge of being 'a linear theory of the rise and fall of capitalism', as suggested by De Grauwe (2017: 111), or that of being 'inherently static', as claimed by Clark (2014: 75).
- <sup>6</sup> The enclosure movement receives only few scattered references; the financialisation of the economy caused by the passing of the joint-stock company laws and the creation of national stock markets, occurred in the second half of the nineteenth century, is not even mentioned.
- <sup>7</sup> For a work in which various types of commons are identified and their relevance highlighted see Palumbo and Scott (2005).
- <sup>8</sup> Polanyi's partial reading of the 18<sup>th</sup> century agricultural revolution is supported by the more detailed historical account supplied by E. P. Thompson (1961, 1971), even if the latter never acknowledges the contribution of the former. On the problematic relationship between Polanyi and the British social historians see Rogan (2013).
- <sup>9</sup> For attempts in this direction see Lazonick (1993, ch. 5) and Watkins (2017).
- <sup>10</sup> For an exception see Baum (1996: 12): "[...] Polanyi is not a functionalist thinker. The counter-movement is not the product of society as such acting according to its own inner logic; it is rather the work of specific groups in society which, relying on their cultural heritage and worried about their material well-being, elect to protect themselves and the society to which they belong. Their efforts is not 'necessary,' not written into the nature of things, but freely chosen and fallible".

- <sup>11</sup> A further topical issue that would be interesting to analyse from a Polanyian perspective is the viability of unconditional basic income policies. The current debate on the topic replicates past discussions between defenders of a living wage and of a minimum wage, on the one side, and those who oppose them on feasibility grounds, on the other. Since Polanyi's interest in British social history was prompted by Mises and Hayek's objections to the welfare policies pursued in Red Vienna after WWI, it would be apt to understand whether the terms of that debate differ from the current one, and what contribution the former could bring to the latter. The 1980s neoliberal moral critique of the entitlement culture arched back to that earlier debate and used Polanyi's analysis of Speenhamland to rehash its opposition to unconditional welfare provisions (Palumbo 2015, §2.2.1).
- <sup>12</sup> The most representative examples of the latest wave of postcapitalist works are the following: Adams and Oleksak (2010), Brynjolfsson and McAfee (2014), Brynjolfsson and Saunders (2010), De Angelis (2017), Mason (2016), Owen (2015), Rifkin (2015), Sassower (2013), Srnicek and Williams (2015). For a critical overview of earlier waves of postcapitalist literature see Barbrook (2007).
- <sup>13</sup> In the private sector, among the categories that came closer to achieve similar level of protection was the journalists' one. For a study of the commodification process in that sector in the UK see Davies (2004).
- <sup>14</sup> The Ehrenreichs have come back on the theme of the professional-managerial class more recently in response to the 2008 crisis, see <https://www.alternet.org/2013/02/barbara-and-john-ehrenreich-real-story-behind-crash-and-burn-americas-managerial-class/>
- <sup>15</sup> The American HBO comedy TV series Silicon Valley gives the most entertaining account of how this subjugation of ICTs to a corporate logic is accomplished. A more standard account is to be found in Unger (2019).
- <sup>16</sup> See Palumbo and Scott (2018, chs. 5 and 6) for a detailed account of the reform process in higher education in Britain and the policy transfer that allowed such a process to spread across Europe. The changes affecting higher education are particularly relevant because they are indicative of the type of transformation unfolding all over the third sector. As for British universities, non-profit organisations involved in the delivery of welfare services and humanitarian actions are increasingly compelled to operate like their for-profit counterparts against their *raison d'être*. Cf Maier *et al* (2014).
- <sup>17</sup> Unlike continental Europe's '*droit d'auteur*', the term 'copyright' betrays an inbuilt bias towards the publishers existing in the Anglo-American world, and turns them into the legitimate representative of the authors notwithstanding the fact that they often have divergent interests – especially in academia, where diffusion and recognition of one's ideas have more importance than commercial success.