

The PES Conference in Budapest: A Chance to Reflect on the Relevance of Karl Polanyi

13/03/2013 BY SHAYN MCCALLUM



It is interesting to imagine what the late Hungarian-born socialist Karl Polanyi might have made of the recent activist forum of the Party of European Socialists held in Budapest this past weekend. Although it is difficult, and even somewhat presumptuous, to make assumptions about how an absent figure might have approached this event, it is tempting to believe Polanyi might have felt a certain satisfaction at the general mood that pervaded both the activists present and the party leaders and theorists who addressed the sessions. It is also however, not unlikely that he might have had some sharp words of advice and perhaps a few criticisms worthy of noting.

The choice of Budapest for this forum, bringing together activists and politicians from Europe's socialist, social-democratic and labour parties, was strategic, given the disturbing developments occurring there under the elected dictatorship of Viktor Orbán and his Fidesz party. With alarming echoes of darker times (indeed, the very times that forced Polanyi himself to flee Europe to seek a safe haven first in Britain and then in Canada) Orbán has instituted a regime of right-wing populism that is increasingly turning away from democratic principles and invoking echoes of the country's years under the rule of Admiral Miklós Horthy. Polanyi, who authored one of the most cogent and persuasive accounts of the rise of fascism, would probably not have been surprised by the turn of events in Hungary, nor by the same creeping right-wing populism that menaces so many of the other countries of the EU. The theory set out by Polanyi in his 1944 magnum opus *The Great Transformation*, which contains a compelling explanation of the causes of right-wing populism, is looking as relevant

as ever[1].

According to Polanyi, the rise of fascism was directly rooted in the failure of the self-regulating market fantasy following the First World War. When, at the end of the 1920's, the destructive force of market deregulation caused the system to implode (then, as now, under the weight of financial speculation) the need became pressing to re-subordinate the economy to political authority. Unfortunately, Polanyi theorised, if the democratic and socialist forces prove too weak to create more egalitarian and participatory alternatives to the failed status quo, the vacuum will be filled by right-wing forms of populism which appeal to national sentiment and the nihilistic fears of the most precariously-situated classes, which distrust both politics and market actors, to impose a kind of authoritarian version of "apolitical politics" (a politics rejecting popular participation except at the level of top-down organisation by the state) the most appalling examples of which were fascism and national socialism. A return to politics is inevitable in the wake of market failure but it is crucial to realise that democracy is but one expression of politics. As was pointed out at the forum by Anna Colombo, the secretary general of the S&D group in the European parliament, the Right in Europe is already following a political vision, one based on austerity and an attenuation of democracy, it is up to the Left to assert a democratic alternative.

It is attractive to believe that authoritarian government could never again emerge in Europe, that the basic values of democracy, following the end of the Second World War and the belated end of the Cold War, have become irreversibly internalised by a population inoculated by bitter experience against the totalitarian temptation. Yet, the example of Hungary, which is just the latest and most extreme of a number of such developments that have been simmering for years (the rise of the Vlaamse Blok in Belgium, the FPÖ in Austria, the disturbing mainstreaming of the FN in France and too many other examples for comfort) clearly show that we have no right to be complacent. The values of democracy and universal human rights, in short the legacy of *liberté, égalité, fraternité* must be consciously fought for, defended and extended at all times.

Polanyi's solution to the twin evils of market fundamentalism and its authoritarian negation remains equally relevant and pressing. Defining socialism as "*the tendency inherent in an industrial civilisation to transcend the self-regulating market by consciously subordinating it to a democratic society*"[2], Polanyi saw the way forward as a conscious subjection of economics to politics in a specifically democratic form. What may very well have pleased Polanyi had he been present at the activist forum, was the strong consistent message emerging from most of the workshops affirming exactly this vision. It seems that, at least the

hearts and minds behind social-democracy at the European level, are understanding and embracing the primacy of politics over the myth of an “ideologically-neutral” technocratic economism, the need for participatory, grass-roots organising, the need for political parties to become part of the lives of citizens rather than mere campaign machines operating as career-building mechanisms for professional politicians and the need to be passionate and unafraid to deal with the world of emotions in framing political discourse. We seem to have recovered our precious left-wing instincts and realised that to be a socialist is to be of the people, for the people and standing with the people. It seems that we have finally learned that, when choices must be made that cannot please both the markets and the majority of the people, the people must come first.

Again and again, the right message was heard, the correct notes hit, and an encouraging sense of “this time we seem to have it right” seemed to emerge as speeches and presentations by Atilla Mesterhazy, Zita Gurmai, Sergei Stanishev and Anna Colombo among other politicians of the PES consistently hit upon these themes. From the think-tanks and NGO’s also, such as FEPS and Solidar, there was a powerful consistency, a clear sense of not only “another Europe is possible”, but also “another Europe *needs to be* possible”. Likewise, from the comments and questions of the activists in attendance, it can be deduced that the concerns and the instincts were much the same. If one were to be lulled into believing that the entire European social-democratic family were reflected in the views and concerns of the PES activists and politicians, it would be easy to fall into an unrestrained optimism. Sadly however, although optimism is merited, a few notes of realism, not intended to sour the mood but to ground it, need to be injected into the discussion.

The elephant in the room when discussing social-democratic strategy and visions is that, for much too long we have not been playing the game as the logic of Polanyi suggests we must. After years of social-democrats being among the worst culprits for creating technocratic approaches to politics and embracing policies which privilege unaccountable market actors and the interests of finance capital over the interests of the majority of working, unemployed and poor people, the “sudden” rediscovery of our roots may come across to a cynical generation, inured to politics by years of neo-liberalism and cultural commodification, as “too little too late”. The inability of social-democrats to remain consistent with our stated values and act accordingly in the past has undermined the credibility of our movement. Many citizens remember, and do not forgive, the errors of our movement born variously of forgivable errors of judgement and, at times, much less forgivable acts of opportunism and expediency. We

will need time to build a new record of consistency and principle to prove ourselves once more to a justifiably sceptical citizenry.

Moreover, it must be acknowledged, the technocratic temptation is far from dead in our own ranks. Even now, there are those in the European social-democratic movement who, like Ebert and Scheidemann in much darker times, feel drawn to prioritise the struggle to preserve a failing status quo in the face of crumbling legitimacy. Just as the position taken by Ebert and Scheidemann in the 1930's can be understood and even sympathised with, today, taking the side of the system as it stands rather than pursuing bold, radical, even revolutionary reform, is a comprehensible though tragic error that, under the circumstances, takes on dangerous dimensions. Europe is, indeed, too great an achievement to abandon, yet the processes that got Europe to Maastricht have proven singularly unable to go beyond it. The choices our movement makes now, the side it chooses to stand on, will have far-reaching consequences not only for the future of social-democracy but for the future of Europe and, indeed, the world.

Once again, Polanyi's spirit may be invoked as a guide for our own times. Polanyi made a distinction in his writing between what he termed "believing" and "non-believing" politics^[3]. One of Polanyi's sharpest critiques of both liberalism and vulgar Marxism was the assumption, embodied in the "neo-functionalist" approach to integration which has, until recently, dominated the EU institutions and procedures. The foundation of this approach is that consent may be created through changes in structures which, in turn, create, almost automatically, the attitudes necessary for progress without ever really needing to convince the majority of people. The people will be convinced in time, when they have the opportunity to enjoy the benefits of integration. This is "non-believing politics" at its clearest. Polanyi however, affirmed the necessity of "believing politics" a politics of conviction involving persuasion and deliberation. For Polanyi, consent was achieved through the conviction of ideas and social change affected through the transformation and empowerment of individual members of society. Thus, without a degree of personal transformation spread throughout a society, the achievements of positive social change would always remain precarious. The success of socialism, as far as Polanyi was concerned, could only be ensured through its widespread acceptance by the majority of the people and would not long endure attempts to simply create structures which would, almost through some kind of "gravitational pull", suck in the latent, largely passive consent of the populace. The same might be said of the construction of any great idea; if the idea fails to take root in and be embraced by the popular imagination, it must inevitably remain fragile. We have long passed the

point where we can ignore the fragility of the European idea as it currently stands without finally grappling with the issue of deepening integration.

It could be argued, if we were inclined to be charitable, that neo-functional integration served us well up until the crisis hit (although the rejection of the proposed constitution exposed the limits of this approach) however, in the current period, it is clear that there is no future in persisting with the traditional non-believing politics that have brought us to the present. The Left must become a passionate advocate of “more Europe” but, if this discourse remains too rooted in Europe *as it is* currently, it is likely to fail. We no longer have the luxury of failing to convince. To succeed, the politics of the Left must become “believing politics”, a politics capable of capturing the popular imagination, of telling the right stories- stories that contradict and circumvent the mythologies and narratives of the Right.

The Right, however, it must be acknowledged, is good at story-telling. The story told by the Right in Europe is one of reproach and discipline that seems to tap into ancient reservoirs of religious guilt and the sense of sin. According to the Right, we’ve all been way too profligate and spendthrift and now we must pay for our immoderate ways. There is no alternative but to repent and embrace our collective punishment for the sin of distorting the work of the “market god” by running “bloated welfare states”, taxing our virtuous “wealth creators” too highly and wasting the proceeds on coddling the “useless” from the harshness of life. Thus, austerity is morally, as well as economically, correct; a much needed dose of scourge-and-purge.

Evidently, the above depiction is a caricature, yet this is all the more apt in revealing the absurd essence of liberal/conservative logic. We must be scrupulous and uncompromising in challenging the very basis of this view by offering a very different story, the story of a society that was seduced by a myth, the myth of a self-regulating market. This myth became so powerful it was transformed into a secular religion and even took root in the minds of many social-democrats. The result of this myth was that we forgot that we live in a society, not an economy and that economies must exist to serve people, not the other way around. Through the empowerment of the market we allowed ourselves to forget solidarity, community and the security and dignity of the individual within society. By placing the market above human needs, we created a system rewarding destructive, greedy behaviour and punishing a commitment to public welfare. In the end, just as “liberating” the fire from its “prison” in the hearth burns the house down, de-regulating markets and renouncing their democratic governance have burned up not only the economy but the democracy and society in which the economy was embedded.

Thus, the positive vision offered by the Left must be one of solidarity and rebuilding the damaged social fabric, of re-establishing systems of social security and creating new avenues for democratic participation in an atmosphere of equality and respect among citizens, in the full sense of the word, who actively engage in the evolution of their society. The solutions will, of course, be new in form. We cannot get far on mere nostalgia and a conservative defence of the victories of the past although we should not forget these successes either as they inform our hope for the future. Although the strategies must be new and adapted for our times, the anchor that keeps us from drifting too far off course must be the key, traditional values of the Left, the basic democratic socialist principles of liberty, equality and solidarity that remain the yardstick by which we must judge everything we do. We must resist the insistence of the neo-liberal myth that there is no alternative to austerity. Where there is will, passion and conviction, backed by intelligent strategy, alternatives can always be created. These alternatives will however require bravery and the willingness to embrace radicalism.

When the Right attempts to label such humanist radicalism as “irresponsible” we should not hesitate to throw back in their faces the irresponsibility of pandering to the whims of self-seeking market actors loyal only to their own profit when the basic rights of so many to decent work, social security and dignity are being sacrificed to the false idol of the self-regulating market. Where, we must ask, is the responsibility in sacrificing our future to a fantasy? To whom are we to be held accountable? To the god of the market or to the people who constitute society? Surely the choice is clear if we can merely articulate it in a way that exposes the fundamentally ideological, idolatrous basis of the conservative narrative.

The choices facing social-democracy are extremely serious and we are, of course, burdened by some poor choices many of our parties have made in the past which have shaken confidence in our pretensions of being organs of popular empowerment. We can still become what we need to be, not just to win elections but to be the vehicle for real change, although it will take resolve and a turn back to a principled, uncompromising “believing politics” based on our values which are, after all, the values that most clearly articulate human needs and yearnings for a good society.

This past weekend showed that social-democrats have their hearts and minds in the right place; we have good, strong, impressive leaders with the excellence of ideas and the right instincts to lead us to a better future. There is much cause for optimism, much cause for hope and, although it will take much work throughout our social-democratic family, every reason to expect success in the future. We must be

clear though; it is not enough to merely get elected, we must also be prepared to carry out the work of transformation. It is, however, a good omen that Hungary was the site of this last, most recent, PES activists' forum. Not only was this an affirmation of democracy in the face of creeping dictatorship, it was also a chance to remember the genius of Karl Polanyi who so effectively, and presciently, analysed and theorised the phenomena which have given rise to the times we are living in. Indeed, if the Left needs a starting point for renewal, we could do a lot worse than opening a copy of Polanyi's *The Great Transformation* for a road map to understanding both where we are now and where we go from here.

[1] Polanyi wrote extensively on the rise of fascism, see especially chapters 18 and 20 of *The Great Transformation*. Cf: Polanyi Karl (2001 (1944) *The Great Transformation, The Political and Economic Origins of Our Time*, Boston, Beacon Press

[2] Polanyi Karl (2001 (1944) *The Great Transformation, The Political and Economic Origins of Our Time*, Boston, Beacon Press p. 242

[3] This concept was developed primarily in his personal correspondence to friends and collaborators such as Oszkár Jászi. See the article; *Karl Polanyi and Oscar Jászi at the Bécsi Magyar Újság (Viennese Hungarian News)* by János Gyurgyák in: McRobbie K. & Polanyi-Levitt K.(eds): Karl Polanyi in Vienna *The Contemporary Significance of the Great Transformation* Black Rose Books, Montreal 1999

About Shayn McCallum

Shayn McCallum is an Australian-born resident of Istanbul and PES activist (working as a member of the Irish Labour Party and French Socialist Party). He is employed as an instructor at Bogazici University in Istanbul and is also currently working on his doctoral thesis on the subject of European Social Democracy.