

14th International Karl Polanyi Conference

“The Great Transformation” & Contemporary Crises Karl Polanyi Institute Asia (KPIA) in Seoul South Korea October 14-16, 2017

Theme: Polanyi and the Social economy

The Social Economy in Practice

A local manifesto for economic opportunity and social protection:
Polanyian principles and contemporary trends in the political economy

If we have reached a time when the ideology of free and self-regulating markets is terminally ill then we are also witnessing a counteroffensive from those who would keep neoliberalism on life support. The questioning by Polanyi of such a political economic system, one heavily shaped by the doctrines of Hayek and his allies, has helped us to understand the inefficiencies and consequences of laissez faire market hegemony, the handmaiden for what Piketty refers to as the new gilded age. Many have used Polanyi to explain how trickle down economics fail and that support for wealth creation rests on the state as much as the market; more so, that the emphasis in recent decades has led to wealth disparity never considered imaginable while arguments for lifting people out of poverty on a global scale are used to defend indefensible levels of inequality.

Realities from the debates about how markets should be set free or controlled remain under the influence of what Stiglitz refers to as ‘Washington consensus doctrines’. These ‘great transformations’ may apply to developing countries although in the so-called ‘developed’ countries, they are pertinent to the way communities have experienced industrial restructuring, economic decline and attacks on the collectivism that previously supported elements of social cohesion. At play are anti-community, anti working class logics, an annexation of the political economy that calls for individualism while rejecting not only collectivism, but also implying there is no such thing as society. Often local responses help us to hold out against becoming objects of such neoliberal narratives, particularly that which says ‘there is no alternative’ to current social and economic predicaments. And for this purpose, we can use Polanyian principles to develop concrete ideas that build a local manifesto for value creation and help to resist contemporary trends in the political economy.

There are three such areas covered in this paper. First is to consider the role of the social economy and how the space between market and state is both relevant and legitimate. Who is responsible for paying and providing what, is critical here. The second area is the principles on which the whole economy might be shaped to become more social. In this sense, Polanyi helps us to recognize the role of trade and surplus and provides a platform from which we argue that labour should determine capital and not the other way around. The

third area is about how the language of entrepreneurship can be appropriated in ways that stimulate bottom up initiatives, enterprise that serves people and not capital. Here is a basis for collective enterprise, organization and no little agitation, to search out points of weakness in a global system that serves capital first and foremost, a social anchor for pushing back against a failed austerity model, to bolster individuals and communities with a clarity of political purpose. Put these together in manifesto form and we provide a foundation for economic opportunity that can be strongly coupled to social protection.

Notes about the author

Alan Southern is Co-Director of the Heseltine Institute for Public Policy and Practice at the University of Liverpool in the UK, where he leads a research and knowledge exchange theme on the social economy. His recent research includes work on the value of the social economy, social investment, community assets and enterprise in distressed communities. He recently set up with the Social Enterprise Network, the Liverpool City Region Social Economy Panel, aimed at providing a positive narrative about the social economy to influence policy and practice. He has also worked with the TUC (Trades Union Congress) and the newly elected Metro Mayor in Liverpool city region.