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# **Why Two Karls are Better than One: Integrating Polanyi and Marx in a Critical Theory of the Current Crisis**

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Die DFG-Kollegforscher\_innengruppe „Landnahme, Beschleunigung, Aktivierung. Dynamik und (De-) Stabilisierung moderner Wachstumsgesellschaften“ – kurz: „Kolleg Postwachstumsgesellschaften“ – setzt an der soziologischen Diagnose multipler gesellschaftlicher Umbruchs- und Krisenphänomene an, die in ihrer Gesamtheit das überkommene Wachstumsregime moderner Gesellschaften in Frage stellen. Die strukturellen Dynamisierungsimperative der kapitalistischen Moderne stehen heute selbst zur Disposition: Die Steigerungslogik fortwährender Landnahmen, Beschleunigungen und Aktivierungen bringt weltweit historisch neuartige Gefährdungen der ökonomischen, ökologischen und sozialen Reproduktion hervor. Einen Gegenstand in Veränderung – die moderne Wachstumsgesellschaft – vor Augen, zielt das Kolleg auf die Entwicklung von wissenschaftlichen Arbeitsweisen und auf eine Praxis des kritischen Dialogs, mittels derer der übliche Rahmen hochgradig individualisierter oder aber projektförmig beschränkter Forschung überschritten werden kann. Fellows aus dem In- und Ausland suchen gemeinsam mit der Jenaer Kollegforscher\_innengruppe nach einem Verständnis gegenwärtiger Transformationsprozesse, um soziologische Expertise in jene gesellschaftliche Frage einzubringen, die nicht nur die europäische Öffentlichkeit in den nächsten Jahren bewegen wird: Lassen sich moderne Gesellschaften auch anders stabilisieren als über wirtschaftliches Wachstum?



Die Kolleg-ForscherInnengruppe zum Thema Landnahme, Beschleunigung, Aktivierung und (De-)Stabilisierung moderner Wachstumsgesellschaften wird gefördert von der

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## **Why two Karls are Better than One: Integrating Polanyi and Marx in a Critical Theory of the Current Crisis**

### *Zusammenfassung*

Ausgehend von der Überzeugung, dass die gegenwärtige multidimensionale Krise der kapitalistischen Formation nicht angemessen durch die gängigen Paradigmen kritischer Theorie verstanden werden kann, zielt das Papier darauf, diese Paradigmen durch die theoretischen Konzepte Karl Marx' und Karl Polanyis zu erweitern. Der Text diskutiert die Stärken und Schwächen beider Ansätze und zeigt welche Einsichten jede zu einem besseren Verständnis der aktuellen Krise beitragen kann, sowohl auf einer strukturellen als auch auf der Handlungsebene. In einem letzten Schritt skizziert die Autorin die Konturen einer integrativen Perspektive, die die kapitalistische Krise zu präzisieren hilft.

### *Abstract*

Starting from the conviction that the present multi-dimensional crisis of the capitalist formation cannot be adequately understood through the received paradigms of critical theory the paper aims to expand these paradigms through the integration of Karl Marx' and Karl Polanyi's analytical concepts. The text discusses the strengths and weaknesses of both approaches. It shows what insights each can contribute towards a better understanding of the current crisis—both on a structural level as well as on the level of social action. In a last step the author sketches an outline of an integrated perspective that helps to clarify the capitalist crisis.

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The situation we face today is a genuine crisis. But it cannot be adequately grasped through the received paradigms of critical theory. Whereas those paradigms tend to be one-dimensional, focused above all on the economy, the present crisis is multi-dimensional, encompassing not only economic impasses but also others—social, ecological, and political, all entwined with and exacerbating one another. Only a multi-dimensional theory can possibly capture it. Nevertheless, it would be a mistake to adopt an approach that fetishizes “multiplicity” and “contingency.” That sort of thinking is no more able to clarify our situation than is monistic economism. Far from forming a dispersed plurality, the various strands of the present crisis are interconnected, and they share a common source. All are grounded in the deep structure of contemporary capitalism, which is globalizing, neoliberal, and financialized. A critical theory of contemporary crisis must be a theory of financialized capitalism—but one that avoids any hint of reductive economism. Instead of conceiving capitalism narrowly, as an economic system, such a theory must conceptualize it broadly, as an institutionalized social order. (Fraser 2014a) Only such an expanded view of capitalism can do justice to a crisis that is at once multi-dimensional and grounded in a single, identifiable social formation.

Karl Polanyi offers one of the two most promising models that we have for developing this sort of critical theory. The second model belongs to the other Karl: Karl Marx. In my view, each of these two Karls affords some indispensable insights for understanding capitalist crisis. Yet each also has some regrettable blind spots. Anyone who wants to develop a critical theory of the present crisis needs to integrate the strong points and overcome the blind spots of each. But even that isn't good enough. If we are to develop a theory that can clarify the full range of crisis phenomena, as well as the prospects for an emancipatory resolution, we also need to incorporate the insights of feminist theory, post/de-colonial theory, and ecological theory, among others. My aim in this essay, however, is far more modest. I want to explain what I think Karl Polanyi can contribute to a critical theory of the present crisis and where his thinking needs to be supplemented and revised by way of some insights from the other Karl. Hence my title: why two Karls are better than one.

My argument rests on a specific view about what counts as a critical theory of capitalist crisis. Unlike all the loose talk of crisis that abounds today, such a theory must encompass two analytical levels: first, a *structural* perspective on crisis, which discloses deep-seated contradictions in our social order; and second, a *social action* or *lifeworld* perspective, which clarifies the social struggles that arise in response to those contradictions. But that is not all. A critical theory of capitalist crisis must also link the two analytical perspectives to one another in a way that discloses the prospects for an emancipatory resolution. (Habermas 1975: 1-8)

As I read them, both Karls, Marx and Polanyi, were engaged in this sort of theorizing. Each of them combined structural and action perspectives in an account of capitalist crisis imbued with emancipatory aims. But because their approaches diverged so sharply, their theories have usually been considered antithetical and mutually exclusive. I propose, in contrast, to treat them as complementary. Although it is not strictly faithful to the intentions of either thinker, my reading permits us to utilize the strong points of each of the Karls to remedy the weaknesses of the other. In addition, it points us toward an expanded

conception of capitalist society that can clarify the multiple, yet interconnected strands of its current crisis.

My reflections will proceed in three steps. I shall argue, first, and perhaps counter-intuitively, that Karl Polanyi can be read as offering a structural critique of capitalist crisis; and that this critique has some advantages over that of the other Karl, as well as some disadvantages. I shall then maintain, second, and less controversially, that Polanyi also provides an action-theoretical perspective, which overcomes some of Marx's blind spots, while introducing a few of its own. In these first two steps, I shall indicate where and how it might be possible to combine their views, preserving the insights while correcting the blind spots. And that will set the stage for the third step of my argument, in which I shall sketch the outlines of an integrated perspective that can clarify the present crisis. The overall result will be an argument that two Karls, suitably revised and conceptually integrated, are better than one.

## **I. Fictitious commodification or falling rate of profit?**

### **On the structural dimension of capitalist crisis**

I begin by suggesting that *The Great Transformation* offers a structural theory of capitalist crisis. Granted, my reading of the book is not entirely faithful to Polanyi's intentions and could be challenged on two counts. First, *The Great Transformation* speaks not of capitalism but of a "market economy-cum-market society." And second, its self-proclaimed focus is neither system nor structure but *agency*, especially the intentional political efforts by free marketers to establish a "market economy." (Polanyi [1944] 2001: 71–2, 141-146) As usually interpreted, therefore, the book is a far cry from the type of two-level crisis theory I seek to develop. Nevertheless, I maintain that Polanyi *does* offer a structural perspective on capitalist crisis, one that affords important insights and is worth unpacking. Interpreting his expression "market economy-cum-market society" as a synonym or euphemism for capitalism, I take his account of *fictitious commodification* as the conceptual core of a theory of systemic crisis—the counterpart in Polanyi's thought to the falling rate of profit in Marx's.

Fictitious commodification is the analogue of Marx's concept in the following sense: like the falling rate of profit, it qualifies social impasses and social sufferings, not as discrete problems that arise haphazardly, but as expressions of crisis tendencies grounded in the deep structure of a social formation that institutionalizes contradictory imperatives. But the two ideas operate very differently. For Marx, capitalism's fundamental structural contradiction is internal to its economy. To put the matter succinctly (and to risk being as unfaithful to him as I am to Polanyi): capitalism's orientation to limitless accumulation through the exploitation of wage labor tends over time to raise the organic composition of capital, exerting downward pressure on the rate of profit, intensifying competition, and encouraging financial speculation—developments that lead periodically to economic crises. (Marx [1894] 1991: 317–375) Details aside, we can say that, for Marx, capitalist crisis has its roots in an economic system that harbors mutually contradictory imperatives within itself.

For Polanyi, on the other hand, capitalism's inherent tendency to structural crisis is not internal to its economy. It consists, rather, in a set of *inter-realm contradictions* between the capitalist economy and its natural and social surroundings. In a nutshell: society and nature supply indispensable preconditions for the economy's functioning; yet the latter systematically consumes and degrades them, eventually jeopardizing its own operations. What grounds capitalism's propensity for crisis for Polanyi, then, is the inherent tendency of the "self-regulating market" to destabilize its own conditions of possibility—through the process he calls fictitious commodification. Let me explain.

A "market economy," Polanyi tells us, depends on three non-marketized background conditions: first, on nature as a continuing source of "productive inputs" and as an ongoing "sink" for production's waste; second, on unwaged practices of social reproduction that form and replenish the embodied and encultured human beings who personify the "factor of production" known as "labor"; and third, on a stable supply of money that can serve as a store of value over time and as a medium of exchange across distance. For Polanyi, the "market economy" needs these background conditions in order to function. But left to its own devices, the "self-regulating market" inexorably turns them into commodities and thereby consumes and destabilizes them. Once they are sliced and diced into saleable objects, land, labor, and money can no longer anchor and sustain market transactions. Far from behaving in an orderly fashion like ordinary commodities, they become central nodes of capitalist crisis. (Polanyi [1944] 2001: 71-80)

The gist of this argument is well captured in the title of Piero Sraffa's 1960 book, *The Production of Commodities by Means of Commodities*, which is, from Polanyi's perspective, an oxymoron. If commodity production requires a non-commodified background in nature, money, and social reproduction, then any social formation that turns these things into commodities is asking for trouble. Trading in pseudo-commodities, which are not so much ontologically fictitious as practically *fractious*, it is like a tiger that eats its own tail.<sup>1</sup>

With this argument, Polanyi points the way to a multi-dimensional view of crisis. By developing an "inter-realm" conception of capitalist contradiction, he augments the standard Marxian account of the system's crisis tendencies. No longer restricted to the economy proper, capitalism's contradictions now include the inherent tendency of the "self-regulating market" to destabilize society and nature as well. In effect, Polanyi identifies three contradictions of capitalism: the ecological, the social, and the financial, each of which underpins a dimension of crisis. Each contradiction pertains to a necessary condition of production, which the capitalist economy simultaneously needs and tends to erode. In the case of the ecological condition of production, what is at stake are the natural processes that sustain life and provide the material inputs for social provisioning. In the case of the social reproduction condition, what is at stake are the sociocultural processes that supply the solidary relations, affective dispositions and value horizons that underpin social cooperation, while also furnishing the appropriately socialized and skilled human beings who constitute "labor." In the case of the monetary condition of production, what is at stake is the ability to conduct exchange across distance and to store value for the future, hence the

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<sup>1</sup> For this reading of Polanyi, see Fraser 2014b

capacity to interact broadly in space and in time. The result is a *triple-contradiction theory of capitalist crisis*, premised on an *inter-realm understanding of contradiction*—and thus, on a view of *capitalism as something larger than an economy*.

This account offers some major advantages. Eschewing economism, it casts ecological degradation and social dislocation as non-accidental expressions of deep-seated contradictions. No longer epiphenomenal expressions of “real” economic dysfunctions, they simply *are*, in and of themselves, systemic dimensions of capitalist crisis. With fictitious commodification, accordingly, Polanyi has laid the conceptual basis for a multi-dimensional theory of capitalist crisis. Equally important, he has pointed the way toward an expanded understanding of capitalism, which includes not only the economy proper but also its background conditions of possibility. (Fraser 2014b:548-9)

Nevertheless, it would be wrong to conclude that Polanyi refutes Marx. The presence of inter-realm contradictions does not disprove the idea that capitalism’s economic subsystem proper (also) harbors internal contradictions. That idea captures an important feature of a social order subject to repeated economic depressions and financial crashes. Absent some account of the system’s tendency to over-accumulate capital and under-produce “demand,” we’d be hard pressed to understand the near meltdown of the global financial system in 2007-08. It is fortunate, therefore, that we don’t need to abandon Marx’s insight in order to make room for Polanyi’s. It is perfectly possible to combine the earlier Karl’s “intra-economic” view of systemic contradiction with his successor’s “inter-realm” view. Far from being mutually exclusive, the two conceptions are in principle complementary. On this point, accordingly, two Karls are better than one. We need only figure out how best to integrate them, a question to which I shall return in the third step of my argument.

It must be said, however, that Marx offers something that Polanyi lacks: namely, the concept of capital as self-expanding value. Absent that notion, we have no way to understand *why* “self-regulating markets” push their way into ever-greater swaths of social life. Nor can we understand what drives the system qua system, what impels it to limitless expansion and, in so doing, to destabilize its own background conditions of possibility. If we follow Polanyi in avoiding the concept of capital, in other words, we miss a major driver of the very crisis dynamic he insightfully identifies. On this point the Karl of the 19<sup>th</sup> century is in advance of the Karl of the 20<sup>th</sup>.

It must also be said, finally, that Polanyi fails to develop the full potential of his inter-realm, triple-contradiction model of capitalist crisis. That model rests, as I noted above, on an expanded view of capitalism, which includes not only the economy proper but also its background conditions of possibility. Consequently, it cries out for an account of capitalism’s *social structure*—and of the *institutional divisions* that constitute its specificity as a *social order*. But Polanyi provides no such account. On the contrary, he falls back on a simple binary formula, which juxtaposes “economy” to “society.” This dualistic formulation is problematic as an action-level concept, as I shall argue in the following step of my argument. But it is also inadequate from a structural perspective, as I want to argue now.

The problem is that Polanyi’s category of “society” is like a black box. Functioning as a catch-all, it mixes together everything that is not “economy,” conflating important distinctions between, for example, states and civil society, families and public spheres; nations and subnational communities; as a result, it

obscures the institutional structure of capitalist society. What gives these societies their characteristic shape is not a binary division between economy and society, but rather a triad of institutionalized separations: the separation, first, of economic production from social reproduction (of “factory” from “family,” “work” from “care”); the separation, second, of economic from political coordination (of markets from states, the private power of firms from the public power of governments); and the separation, third, of culture from nature (of spirit from matter, history from stasis). Together, these divisions structure the relation of capitalism’s economy to its background conditions. In so doing, they ground the inter-realm contradictions Polanyi identified, as well as some others he missed, and allow us to conceptualize them more precisely.

We can posit, first, that capitalism separates commodity production, based on wage work, from social reproduction, based largely on the unpaid labor especially of women; in making the former depend on the latter, whose value it nevertheless disavows, capitalism periodically destabilizes social reproduction and potentially jeopardizes economic production. We can also posit, second, that capitalism separates “the economic” from “the political,” even as it also makes the free ride on the latter; thus, in periodically hollowing out the public powers that secure the possibility of the private appropriation of surplus value, it potentially disrupts such appropriation. And we can posit, finally, that capitalism’s institutionalized imperative to limitless accumulation combines with its construction of “nature” as “humanity’s other” to ensure the latter’s instrumentalization and cannibalization, in ways that could eventually redound to imperil the former. In general, then, we can say that capitalist society harbors at least three inter-realm contradictions, which correspond to crisis tendencies: the social-reproductive, the political, and the ecological.

Much more needs to be said about each of these crisis tendencies.<sup>2</sup> Here, however, I want only to suggest that a view of capitalism as an *institutionalized social order* can serve to clarify the bases and character of inter-realm contradictions. By contrast, Polanyi’s binary formula “economy against society” muddies these matters. In the end, it blunts the critical force of his account of capitalist crisis.

This conclusion is ironic, to be sure. I suggested earlier that the chief contribution of Polanyi’s approach lay in his inter-realm view of capitalist contradiction, which had the potential to enrich the intra-economic view of the other Karl. Linked to a triple-contradiction model of capitalist crisis, Polanyi’s account promised to clarify a triad of crisis tendencies inherent in capitalist society. Yet he failed persuasively to develop a broad conception of capitalism as something larger than an economy. Relying on the binary formula of economy-versus-society, he obscured the institutional divisions that underpin the inter-realm contradictions he sought to clarify. Realizing the full potential of Polanyi’s insight will require adopting a conception of capitalism as a social order built on institutional separations that incline the society to crisis. The effect will be not only to correct Polanyi’s blind spots but also to help us integrate his insights with those of the other Karl. I shall return this point in the third step of my argument.

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<sup>2</sup> I have discussed the social contradiction of capitalism in Fraser 2016. For the political contradiction, see Fraser 2015.

## II. Double movement or class struggle?

### On the social action dimension of capitalist crisis

Now, however, I turn to my second step, which concerns the social-action level of crisis theory. This level concerns the responses of social actors to their experiences of capitalism's contradictions, including the forms of social struggle in which they engage. The centerpiece of this level in Polanyi's framework is his signature concept of *the double movement*. With this concept he claims to identify the characteristic form of social struggle that arises in response to capitalism's systemic crises. According to Polanyi, "society" naturally fights back against economy's expansionist incursions, delivering a "spontaneous" countermovement to "planned" efforts to constitute "self-regulating markets." What results from this play of movement and countermovement is an extended series of clashes between partisans of marketization, on the one side, and proponents of social protection, on the other. Spanning a good century and a half of history, from the early 19<sup>th</sup> century to the writing of *The Great Transformation* in the mid-20<sup>th</sup>, these clashes are seen by Polanyi as exemplifying the characteristic grammar of social conflict in modern capitalism. The double movement is the counterpart in his framework to class struggle in the other Karl's. (Polanyi [1944] 2001:79-80, 136-40, 147, 156-7)

On the action level, too, then, the Karl of the 20<sup>th</sup> century diverged from the Karl of the 19<sup>th</sup>. Whereas Marx (purportedly) restricted crisis-relevant conflict to struggles between capital and labor that reflected the system's economic contradictions, Polanyi expanded the set of crisis-relevant conflict to encompass extra-economic struggles that respond to the economy's destabilizing incursions into society and nature. In *The Great Transformation* he eloquently and persuasively insisted that struggles in capitalist society have not been fueled exclusively by economic harms, such as exploitation, immiseration, and unemployment. On the contrary, they have just as often responded to deformations of the non-monetized aspects of life, including endangered habitats, dislocated families, and ravaged communities. (Polanyi [1944] 2001:159-163)

Here, as before, Polanyi's approach has the potential to enrich that of Marx. Social conflict in capitalist societies has in fact repeatedly assumed the guise of struggles over nature, social reproduction, and debt. In my view, these are best conceived as *boundary struggles*, as they concern the existence, location and character of the boundaries separating economy from polity, commodity production from social reproduction, human society from non-human nature. (Fraser 2014a:68-70) These boundaries mark the institutional separations I mentioned earlier, which are constitutive of capitalist societies. But they are not given once and for all. On the contrary, social actors have repeatedly mobilized around these boundaries, seeking to relocate, contest, or defend them, especially in periods of crisis, and have sometimes succeeded in redrawing them. Struggles over whether, where and how to divide states from markets, families from factories, and society from nature are as fundamental to capitalist society, as deeply grounded in its institutional structure, as is contestation over the rate of exploitation or the distribution of surplus value. Examples include struggles over clean water, housing, fishing rights, and child care, among many others. Exceeding the problematic of distribution, these are struggles over the

grammar of capitalist life. Pace economistic Marxism (which may not be the Marxism of Marx), they are neither secondary contradictions nor epiphenomenal expressions of economic realities.

To be sure, Polanyi does not use the expression “boundary struggles.” But his idea of the double movement fits squarely within that category as I define it. Its focus, after all, is (what Polanyi understands) as the boundary between “economy” and “society.” In principle, therefore, the concept of the double movement offers us the chance to expand upon Marx’s overly restrictive, class-centric concept of capitalist conflict, without lapsing into empty, ungrounded notions of “multiplicity” and “contingency.”

Once again, however, it would be a mistake to conclude that the Karl of the 20<sup>th</sup> century simply refutes the Karl of the 19<sup>th</sup>. Class struggles remain important, indeed endemic, to capitalist society. It would be folly to jettison that notion just because the front lines of labor militancy are now to be found in Guangzhou as opposed to Manchester or Detroit. Fortunately, in this case, too, there is no impediment to combining the Marxian and Polanyian conceptions. Critical theorists do not need to give up class struggles in order to incorporate boundary struggles, as the two notions are complementary, not antithetical. Here, too, in other words, two Karls are better than one.

Unfortunately, however, neither Karl gives us much guidance as to how to combine their respective conceptions. Neither poses the crucial question: if capitalist societies harbor two different but equally characteristic types of social struggle, how do they relate to each other? Is class struggle inherently antagonistic to boundary struggle, or can they be articulated politically? Here, accordingly, the work of integrating the insights of the two Karls remains to be done.

One crucial task is to overcome yet another blind spot in Polanyi’s vision. In construing (what I am calling) boundary struggles on the model of a double movement, he allowed only for two positions: one is either for “economy” or for “society.” The effect is to constitute the grammar of capitalist struggle along the lines of a stark dualism: on one side, the party of “marketization,” bent on extending economy’s reach into society; on the other, the party of “protection,” determined to repel the incursion and to defend society (and nature) against economy. There are (apparently) no other options.

Like the economy/society dichotomy we considered earlier, however, this scenario is problematic—and for related reasons. For one thing, the idea of the double movement has some unfortunate normative resonances. Pitting marketization against social protection, it suggests a cold, dangerous, and volatile economy undermining a warm, safe, and stable society. But “society” is hardly so virtuous, and Polanyi’s reification of it encourages us to overlook its nasty aspects, including sexism, racism, homophobia, and exclusionary provincialism. Nor is “stability” an unmitigated good. Polanyi’s formula underestimates the emancipatory role of marketization in destabilizing traditional oppressions. And it fails to validate the inherently destabilizing yet undeniably emancipatory character of struggles against such oppressions. Here, again, the other Karl has something important to teach us. More than Polanyi, Marx grasped the two-sided character of capitalism and the need for a dialectical view.

In addition, important strands of social struggle do not fit either pole of the marketization/protection dyad. We need only mention struggles to abolish slavery, liberate women, and overthrow colonial rule, all of which raged throughout the period Polanyi chronicled, but none of which figure significantly in *The*

*Great Transformation*. These movements were fierce in their opposition to hierarchical, exclusionary forms of social protection, including those that constituted women, slaves, and colonials as “dependent” and prevented them from disposing freely of their persons or their labor. But abolitionists, feminists, and anti-colonialists were hardly partisans of the “self-regulating market,” as they also opposed market-mediated modes of domination, such as super-exploitation, unequal exchange, and the imperialism of free trade. Situated on neither side of Polanyi’s double movement, they occupied a third position, obscured by his analysis, a position I have called *emancipation*. Concerned neither to defend existing “society” nor to dissolve the latter in “the icy waters of egotistical calculation,” these movements sought instead to overcome domination across the board, in society as well as economy. To that end they allied tactically with marketizers or protectionists as circumstances warranted, but without endorsing the project of either party.

If critical theorists seek to do justice to struggles for emancipation, and to the full range of social conflict in present-day capitalism, we must revise the social-action level of Polanyi’s framework. My proposal is to transform his double movement into a *triple movement*, comprising not two, but three poles of struggle: marketization, social protection, emancipation. (Fraser 2011) As I shall explain in the following section, this new figure can better allow critical theorists to parse the grammar of social struggle in financialized capitalism—above all, by problematizing the two-against-one alliances that structure the present constellation. (Fraser 2013; 2016)

Both Karls, Marx and Polanyi, were deeply interested in the dynamics of social struggle in moments of acute capitalist crisis. But neither developed a perspective that was fully adequate to his own time, let alone to ours. In part because he neglected boundary struggles, Marx wrongly predicted the progressive sharpening and simplification of class struggle until the whole world was divided into two camps, squaring off against each other for the final battle. Polanyi was somewhat more cautious, to be sure. But in neglecting struggles for emancipation, he failed to ground his hope for a democratic-socialist alternative that could end the intractable, escalating confrontations between social protectionists and free marketeers, which he thought had led to fascism and world war. The concepts of boundary struggles and the triple movement afford correctives to both sets of blind spots. By introducing the first, we overcome Marx’s class essentialism and validate Polanyi’s more expansive understanding of anti-capitalist struggle. By introducing the second, we overcome Polanyi’s communitarian leanings and validate Marx’s more robust conception of emancipation.

### **III. Rethinking capitalist crisis**

#### **Toward an integrated view**

This brings me to the third and final step of my argument. How exactly might critical theorists integrate the respective insights of the two Karls to arrive at a crisis critique of contemporary capitalism? How might we combine the strong points of each of their frameworks while correcting their blind spots. And how might we integrate additional insights, lacking in both of their frameworks, drawn from other strands

of critical theorizing, such as feminism, postcolonialism, critical “race” theory, and political ecology? How specifically might we bring all these resources to bear in a critique of the forms of structural crisis and social struggle we experience now, in the financialized capitalism of the present era?

I shall not attempt here to provide a direct systematic answer to these questions. I shall conclude instead by illustrating the potential uses of the approach I have argued for here. I suggest specifically, that anyone who wants to understand the meaning and stakes of the recent US presidential election could get considerable mileage from this approach. The victory of Donald Trump has everything to do with the intersection of capitalism’s intra-economic contradictions with its intra-realm contradictions. It also has much to do with the intersection of two sets of struggles.

Consider the epochal transformation of capitalism that began in the 1970s and is now unraveling. The structural aspect of that transformation is well understood: whereas the previous regime empowered states to subordinate the short-term interests of private firms to the long-term objective of sustained accumulation, the current one authorizes global finance to discipline states and publics in the immediate interests of private investors, including by divesting from social reproduction and imposing austerity.

But the political aspect is less well understood. I would characterize it in quasi-Polanyian terms. Aiming to foster growth through a nexus of mass production, mass consumption, and public provision, state-managed capitalism represented a creative new synthesis of the two projects that Polanyi considered inherently antithetical: *marketization* and *social protection*. But they teamed up at the expense of the third project, ignored by Polanyi, which I called *emancipation*, because the whole edifice rested on ongoing (neo-)imperial predation of the Global South, on the institutionalization of women’s dependency through “the family wage,” and on the racially motivated exclusion of agricultural and domestic workers from Social Security. By the 1960s those populations were actively mobilizing against a bargain that required them to pay the price of others’ relative security and prosperity. And rightly so!

But their struggles intersected fatefully with another front of struggle, which unfolded in parallel over the course of the subsequent decades. That second front pitted an ascending party of free-marketeters, bent on liberalizing and globalizing the capitalist economy, against declining labor movements in the countries of the capitalist core, once the most powerful base of support for social democracy, but now on the defensive, if not wholly defeated. In this context “progressive new social movements,” aiming to overturn hierarchies of gender, sex, “race”-ethnicity, and religion, found themselves pitted against populations seeking to defend established lifeworlds and privileges, now threatened by the “cosmopolitanism” of the new financialized, postindustrial economy. The collision of these two fronts of struggle produced a new political constellation: *proponents of emancipation joined up with partisans of marketization to double-team social protection*.

The fruit of that alliance is a “progressive neoliberalism,” which celebrates “diversity,” meritocracy and “emancipation” while dismantling social protections, expropriating hard-won working-class savings, and entrenching widespread precarity. Hillary Clinton was the very embodiment of this constellation. Is it any wonder that partisans of social protection, who rightly sense themselves outgunned by this new alliance, became hopping mad? Abandoned by those who redefined emancipation in truncated, market-friendly

terms, they found a voice of sorts through Trump, with accents of *ressentiment* and chauvinism. Thus the contest between Clinton and Trump was a struggle between “reactionary” party of social protection, on the one side, and a “progressive” party that covers an orgy of debt-fueled marketization with a truncated, meritocratic version of emancipation, on the other. This is not a battle in which we (the Left) should not take sides. What has been missing and now needs to be created is a third alternative, which draws on the vast and growing fund of social revulsion against the present order. In a nutshell: rather than siding with marketization-cum-emancipation against social protection, we should be focused on forging a new *alliance of emancipation and social protection against runaway marketization*. But that project can only become a reality if we develop a critical perspective that draws freely, in an integrated way, on the insight of the both of our Karls, as well as one those of (erstwhile) emancipatory currents, such as feminism, postcolonialism, critical-race theory, and political ecology, among others. Insofar as the dominant currents of those movements drifted into the neoliberal camp, they need the Karls every bit as much as the Karls need them.

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