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The Polanyi Problem and the Problem with Polanyi

The Polanyi Problem

In his account of the way in which globalization is 'flattening the world', Thomas Friedman introduces, halfway through his book, a note of caution. He mentions a conversation with his two daughters in which he bluntly advises them: 'Girls, when I was growing up, my parents used to say to me, "Tom, finish your dinner – people in India and China are starving." My advice to you is: Girls, finish your homework – people in China and India are starving for your jobs' (Friedman 2005: 237).

But of course the world – or more specifically, the global economy – is not flat; it is highly uneven. This anecdote captures in a nutshell the widespread insecurity that unevenness creates. Indeed, unevenness and growing insecurity is the central theme of our book. On the one hand the new economy has created unprecedented opportunities for wealth creation, while on the other hand its uneven nature threatens established livelihoods. This implies that people in various parts of the world experience the dislocation brought about by globalization in different ways. Working people in the industrialized North are concerned about their jobs moving to other countries. Major regions of the world economy that were previously insulated from capitalism are now drawn in as major sites of industrial investment. New working classes are created. Other regions of the globe are essentially excluded from these new waves of economic transformation and remain marginal. This is the nature of capitalist industrialization.

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Our research across the three nations shows how insecurity is manufactured by market liberalization. Mpumi Khuzwayo is a contract worker at the Defy refrigerator factory in Ezakheni, whose day-to-day routine is riddled with the insecurity of not knowing if her job will be available tomorrow. She saves all the money she can manage for times when she does not work, which is most of the year. She is scared of walking home at the end of her night shift because of high levels of violent crime. She feels that the ruling party, the African National Congress (ANC), has become aloof and removed from its base, but that the populist leader Jacob Zuma can bring the movement back to its roots.

Peter Tyree has worked in the Electrolux plant in Orange for most of the past 25 years of his working life. He was a strong supporter of the Australian Labour Party (ALP) and is an active union member. He has deep roots in Orange and is actively involved in the local football team. Electrolux has retrenched most of his mates and he does not know whether what is left of the factory will remain. His feelings of insecurity led him to support Pauline Hanson's One Nation Party, which did not only advocate stricter immigration laws, but also government protection of local industry.

Bae Hyowon is president of his union, an enterprise union, in Changwon. This company supplies parts to the nearby LG factory. Workers are worried that their company will lose its contract with LG if they openly affiliate to one of the national union federations. LG has increasingly moved its contracts to Chinese suppliers, and Bae Hyowon is experiencing deep feelings of insecurity. He works overtime regularly, including Saturdays and some Sundays. This leaves little free time for his union activities and his involvement in an organization supporting the reunification of North and South Korea. Furthermore, he has little time for his preferred leisure activity, mountain climbing.

Mpumi, Peter and Hyowon experience insecurity as an individual matter, what C. Wright Mills (1959) calls a 'personal trouble'. But when large numbers of workers in different factories, in different countries, experience the same feelings of insecurity, it is no longer a personal trouble only, it is a public issue. To understand insecurity, it is not enough to identify the sense of helplessness, fear, depression, anger, and sadly, often self-destructive behaviour such as suicide, substance abuse and domestic violence. It is necessary, as Mills argued, to identify the broad social forces, institutions and organizations that manufacture this insecurity.

Indeed, the insecurity created by rapid, unregulated social change lies at the centre of the social science project. It had its beginnings

in attempts by classical social thinkers, such as Karl Marx, Emile Durkheim and Max Weber, to interpret the 'First Great Transformation' that led to the market economy. Its emergence was connected to the widespread concern with the economic, social, cultural and moral effects of moving from a non-industrial to an industrializing society. This concern reflected the major fault-line of politics at the time between the proponents of economic liberalism and their advocacy of the self-regulating market on one side, and on the other, those who favoured intervention to 'protect society'. The idea of protecting society was not only a radical idea; it was also at the centre of the conservative ideas of Edmund Burke, for example, and his notion of an organic society.

This classical outlook of social science shared the view that work was the fundamental social experience. Work and the social relations structured around work, including the grounding of human life-forms in nature, were seen as the central dynamic of modern industrial society. In recent times, with the turn to the study of culture and consumption and the rise of post-modern obsessions with subjectivity, this concern has tended to fall by the wayside. Also, the labour movement is often relegated to the past and is seen as tired and old. Nevertheless, as the International Labour Organization (ILO)'s Commission on the Social Dimension of Globalization argues: 'Work is central to people's lives. No matter where they live or what they do; women and men see jobs as the "litmus test" for the success or failure of globalization. Work is the source of dignity, stability, peace, and credibility of governments and the economic system' (ILO 2004: 6).

The rapid growth of economic liberalism over the past 25 years has led to the current period of world history being defined as a Second Great Transformation (Munck 2002). The theoretical work of Karl Polanyi is influential in the construction of a sociology of this transformation (Peck 1996; Burawoy et al. 2000: 693; Burawoy 2003; Silver 2003; Munck 2004; Harvey 2006: 113–115). The starting point for an understanding of Polanyi's work is his concept of 'embeddedness' – the idea that the economy is not autonomous, but subordinated to social relations. This is a direct challenge to economic liberalism, which rests on the assumption that the economy automatically adjusts supply and demand through the price mechanism. The idea of a fully self-regulating market economy, Polanyi argued, is a utopian project. In the opening page of Part One of *The Great Transformation* he writes: 'Our thesis is that the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without

annihilating the human and natural substance of society' (Polanyi 2001 [1944]: 3–4).

This is the Polanyi problem: creating a fully self-regulated market economy requires that human beings, nature and money be turned into pure commodities. But, he argues, land, labour and money are fictitious commodities, because they are not originally produced to be sold on a market. Labour cannot be reduced simply to a commodity, since it is a human activity. Life itself is not sustained by market forces, but is reproduced socially: in households, in communities, in society. Land is not simply a commodity, because it is part of nature. So, too, is money not simply a commodity, because it symbolically represents the value of goods and services. For this reason, Polanyi concludes, modern economic theory is based on a fiction, an unrealizable utopia.

In his classic study of the industrial revolution Polanyi (2001) showed how society took measures to protect itself against the disruptive impact of unregulated commoditization. As we mentioned in the preface, he conceptualized this as the 'double movement' whereby ever-wider extensions of free market principles generated counter-movements to protect society. Against an economic system that dislocates the very fabric of society, the social counter-movement, he argued, is based on the 'principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily but not exclusively, the working and the landed classes – and using protective legislation, restrictive associations, and other instruments of intervention as its methods' (Polanyi 2001: 138–139).

Polanyi's theory is profoundly shaped by moral concern over the psychological, social and ecological destructiveness of unregulated markets. This assessment resonates today because such a relentless drive towards a market orientation lies at the very heart of the contemporary globalization project. As a consequence, market-driven politics dominates nations across the globe (Leys 2001). The discourse of this politics centres on the language of the market: individualism, competitiveness, flexibility, downsizing, outsourcing and casualization.

With reference to the First Great Transformation, Polanyi countered this discourse with a language growing out of a new ethics that challenges the market definition of persons and society. Such a definition reduces all human encounters to relationships between commodities in a conception where, as Margaret Thatcher argued, society does not exist. Polanyi's moral intervention is grounded in the notion of the innate

value of persons, hence the centrality of constructing a just and free society, where participatory democracy, at work and in society, recognizes the rights of persons and their communities. In this vision, persons, communities and society are the priority. Thus markets have to be socially regulated. Within such a structuring of social relations, society asserts its control over markets to counter the corrosive effect of insecurity.

Polanyi's work also contains a warning. Insecurity may not necessarily result in progressive counter-movements. It could, and it has, led to its opposite. Indeed, this was the central preoccupation of Polanyi's classic work, namely that the unregulated liberalization of markets between 1918 and 1939 would lead to the rise of fascism. It was this response to liberalization that led to Polanyi's concern with democracy.

Polanyi recognized different responses to the commoditization of labour, but did not explain how these responses come about. The challenge is to identify the responses that are emerging today as Polanyi under-theorized how counter-movements are constructed. In order to understand the Second Great Transformation, and actual and potential counter-movements, we have to address these theoretical shortcomings. We identify five areas of under-theorization in Polanyi's work.

The Problem with Polanyi

The society problem

Polanyi makes constant reference to society, but at no stage is the nature of this central concept clarified. In this, Polanyi is not alone, for as Fred Bloch points out in a comment to Michael Burawoy: '[Your paper] points to the absurdity that the sociological tradition has failed for a hundred and fifty years to give us an adequate or useful conceptualization of "society" – ostensibly the main object of its analysis' (Burawoy 2003: 253). For Burawoy, society occupies a specific institutional space between the state and the economy. He calls this reappropriation of the analysis of society *Sociological Marxism*. Society is not a timeless notion but a specific historical product. Nor is it 'some autonomous realm suspended in a fluid of spontaneous value consensus, rather it is traversed by capillary powers, often bifurcated or segmented into racial or ethnic sectors, and fragmented into gender dominations' (Burawoy 2003: 199). It is also, Burawoy suggests, Janus-faced: 'on the one hand

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acting to stabilize capitalism but on the other hand providing a terrain for transcending capitalism' (Burawoy 2003: 199).

We would agree with Burawoy when he says that society occupies a certain institutional space between the state and the economy. But how such institutions relate to the state and the economy is contested. Schools may be privatized; hospitals can be run and funded by the state, churches or business; sport can be commercialized. The boundaries between society, the state and markets may be analytically distinct, but in reality these boundaries are not fixed and tend to shift over time.

In order for a society to exist, social relations need to have a certain density of ongoing institutional interaction – a social structure. These structures, Burawoy suggests, tend to include and exclude categories of individuals on the basis of social characteristics and distribute power unequally along similar lines. These characteristics are generally an integration of gender, race, generation and, of course, class inequalities. Social inclusion and exclusion can be constituted on the basis of a certain territory (i.e. spatially), or these boundaries can be drawn *within* a certain territory (i.e. socially). We stress the spatial constitution of society as a key characteristic. Society also constitutes a public domain, where issues are discussed and debated. As in the case of other social institutions, this domain and the rules of engagement within it, are contested.

At the centre of Polanyi's notion of society is that of a contradictory tension with the market: on the one hand markets destroy, undermine, fracture and fragment society, while on the other hand they also create, what he calls *active* society, where individuals come together in groups and movements, generating cultures of solidarity and resistance. An active society is best understood when contrasted with a passive society. We identify two types of passive society: the first is one where the market dominates through the promotion of individualism and consumerism. This reflects a typical neoliberal order, where corporations capture a state in order to search for new areas of profitable investment through the privatization of a range of institutions such as schools and hospitals, and the provision of water and electricity. Corporations have, therefore, both ideological and financial reasons for wanting to control the media and shape the public discourse. In Australia, for example, the media tycoon Rupert Murdoch controls, through News Corporation, 70 per cent of the national newspaper market and, with the new media law amendments, he can extend his control to television and radio stations (Manne 2006: 10).

A second type of passive society is one where the state dominates society. This takes place under authoritarian political regimes, be they of fascist or state socialist nature. The state attempts to control social institutions such as schools, trade unions and other civil society organizations. It is not in the interest of the state to allow open debate in the public domain and hence it tightly controls the media. In fascist states, the ideology operates on the basis of social characteristics and minorities are cast as scapegoats. In such cases society tends to be weak. As Burawoy convincingly shows, faced with the introduction of markets through shock treatment, post-communist Russian society evidenced signs of 'involution', a retreat to the household economy and a barter economy. The result was that Russia could not forge a social response to protect itself against the destructive elements of markets (Burawoy 2001).

A further example of societies where the state dominates is that of colonialism, an area largely unexamined by Polanyi in *The Great Transformation*, whose focus is, with one exception, mainly on the industrialized North. The exception is his deep interest in pre-colonial societies where he identifies non-market relations of exchange as the basis for building alternative social relations based on reciprocity and redistribution. Under colonialism the state is created and captured by the colonizer who proceeds then to impose on the colonized a sharply unequal and racially segmented state. This bifurcated state, in the words of Mamdani, has a contradictory effect: it both destroys indigenous society while at the same time preserving selectively traditional structures that can be manipulated to reproduce cheap labour power (Mamdani 1996). This generates a powerful counter-movement, not against the market as such (indeed, in some cases it may demand an extension of economic opportunities through removing restrictions to trade, produce and to selling labour on an open market), but against colonial rule.[1] This movement, a national liberation movement, aspires to the construction of a new post-colonial society.

For us then, society is not held together by shared values; on the contrary, it reflects an ongoing ideological contest between these different visions of society. What of his alternative? For Polanyi, socialism is the alternative to the self-regulating market. Socialism is essentially, he writes, 'the tendency inherent in an industrial civilization to transcend the self-regulating market by consciously subordinating it to a democratic society' (Polanyi 2001: 242). Although for Polanyi there was no simple teleological transition from capitalism into socialism, it remained unclear how he envisaged such an alternative would emerge.

The spontaneity problem

'Counter-movements cannot be seen as spontaneous, practically auto-matic responses; they are constructed', argues Munck (2004: 257). There is no consideration in Polanyi's work of how working classes are made and unmade (Silver 2003). In particular, there is no understanding of how the formation of a working class is an active process (Thompson 1963). As Burawoy (2003: 221) observes: 'He [Polanyi] was writing before Edward Thompson's transformative *The Making of the English Working Class*, which underlines the importance of working class tradi-tions for class formation, in particular those of the "free-born English-man." For a class to mobilize, it needs "resources" – cultural, political and economic. It needs capacity. In Polanyi's account, where might such resources come from?' He concludes, 'the English working class could not be regarded as a blank slate, defenceless against market forces. It was already embedded in community, which gave it the weapons to defend itself and advance active society in its own name' (Burawoy 2003: 222).

To explain the emergence of counter-movements one needs a theory of social movements. Social movement theory provides us with an understanding of the structural conditions, political opportunities and repertoires that movements draw on, and how resources are mobilized when social movements engage in contentious politics (Tarrow 1994; Jenkins & Klandermans 1995; Tilly 2004). Transnational social move-ments are not merely a reflex against globalization. They are shaped by changes in the opportunity structures of international politics. 'If globalization consists of increased flows of trade, finance, and people across borders', Tarrow argues, 'internationalism provides an oppor-tunity structure within which transnational activism can emerge' (Tarrow 2005: 8). He identifies 'the political process that activists trig-ger to connect their local claims to those of others across borders and to international institutions, regimes, and processes' (2005: 11). He identifies a new stratum of activists – what he calls 'rooted cosmopol-itans' – of which transnational activists are a sub-group. Transnational activists are defined as 'people and groups who are rooted in specific national contexts, but who engage in contentious political activities that involve them in transnational networks of contacts and conflicts' (Tarrow 2005: 29).

Agency is central to building movements. Leadership vision, commit-ment and imagination are cardinal to such projects. A gap in much of the literature is an explanation of how and why a person might become

a movement activist. Such an explanation requires drawing on what could be called the social psychology of activism in order to explore how individuals are transformed from passivity to activism (Mead 1934; Fromm 1947; Cooley 1956). Drawing on qualitative interviews with activists, the core of our argument is that while global restructuring undermines agency through demoralization and depression, creating a sense of worthlessness and a corresponding lack of capacity, participation in movements transforms these self-destructive feelings, generating empowerment, creativity and a determination to resist. Harvey (2000: 237) captures the key to this psychological transformation when he poses the question, 'Where, then, is the courage of our minds to come from?' Such courage is spawned by the spirit of movement, since genuinely democratic movements assert the innate value and creativity of persons, liberating the victims of restructuring from the dungeon of their commodity status.

The labour movement problem

A third problem is whether the labour movement can be part of the construction of a counter-movement for, over the last two decades of the twentieth century, there was an almost complete consensus in the social science literature that 'labour movements were in a general and severe crisis' and that this situation has contributed to 'a crisis in the once vibrant field of labour studies' (Silver 2003: 1). Indeed, much of the emerging scholarship on social movements pays little attention to the new labour internationalism, assuming that the labour movement is a spent force – an old social movement (Castells 1997; Keck & Sikkink 1998; Tarrow 2005).

How then can the labour movement be posited as a key facet of the counter-movement when it is in a crisis produced by the very forces that need to be challenged? Part of the answer is a reinvigoration of labour studies where the discipline should not just *reflect* the decline (i.e. analyse the past); it should explore the contradictions that may create the opportunity for a counter-movement to emerge (i.e. explore future possibilities). Indeed, the crisis is beginning to produce a labour studies renaissance (Waterman & Wills 2001; Silver 2003; Burawoy 2003; Herod 2001a, 2001b, 2003; Herod & Wright 2002; Munck 2002, 2004).

The central question is whether globalization represents 'an unambiguous and unprecedented structural weakening of labour and labour

movements on a world scale, bringing about a straightforward "race to the bottom" in wages and conditions', or is it 'creating objective conditions favourable for the emergence of a strong labour internationalism?' (Silver 2003: 1). Silver develops a many-sided answer. Firstly, she says, capital mobility on a global scale has undermined union bargaining power, state sovereignty, the welfare state and democracy. States that insist on maintaining expensive social compacts with their citizens risk being abandoned by investors scouring the world for the highest possible returns. The 'race to the bottom' takes the form of pressure to repeal social welfare provisions and other fetters on profit maximization within their borders. Secondly, transformations in the labour process have undermined the traditional bases of workers' bargaining power (Silver 2003: 3–5). Hyman makes a similar point when he writes that global competitive pressures have forced corporations to implement 'flexible production systems', transforming a once stable working class, replacing it by 'networks of temporary and cursory relationships with sub-contractors and temporary help agencies'. The result is a structurally disaggregated and disorganized working class, prone more to a politics of resentment than to 'traditional working class unions and leftist politics' (Hyman 1992: 62).

Silver then presents a counter-argument. Firstly, capital mobility has created new, strategically located working classes in the global South, which in turn produced powerful new labour movements in expanding mass production industries. These movements were successful in improving wages and were the 'subjects' behind the spread of democracy in the late twentieth century. Secondly, just-in-time production systems create global production chains and actually increase the vulnerability of capital to the disrupted flow of production and thus enhance workers' bargaining power, based on direct action at the point of production. She concludes, 'the more globalized the networks of production, the wider the potential geographic ramifications of disruptions, including by workers ... It was only post facto – with the success of mass production unionization – that Fordism came to be seen as union strengthening rather than inherently labour weakening. Is there a chance that we are on the eve of another such post-facto shift in perspective?' (Silver 2003: 6). Thirdly, Silver suggests that the race to the bottom is the outcome of political conflict rather than inexorable economic processes undermining state sovereignty. Far from there being no alternative, assertive political struggles by labour movements have the potential to expose the idea that there are alternatives and transform the ideological environment and shift it towards

more labour-friendly national, political and economic policies (Silver 2003: 7).

Silver concludes that rather than seeing globalization as a force that either strengthens or undermines the labour movement, global restructuring should be seen as a force that *simultaneously* undermines *and potentially* strengthens the movement. However, a strengthening does not occur spontaneously, neither is it 'produced' by capital accumulation alone. It requires that new sources of power be identified, a task that she begins to undertake in her path-breaking book.

The power problem

Silver (2003: 18) identifies a central problem when she says that 'the concept of "power" is largely missing from Polanyi'. For Polanyi, she suggests, 'an unregulated world market would eventually be overturned "from above" even if those below lacked effective bargaining power' (Silver 2003: 18). To overcome this lack of an emphasis on power, she utilizes Erik Olin Wright's (2000: 962) distinction between associational and structural power. Associational power is defined as 'various forms of power that result from the formation of collective organization of workers (trade unions and political parties)'. Structural power is the power that accrues to workers 'simply as a result of their location in the economic system'. Wright distinguishes two subtypes of structural power: market bargaining power which results directly from tight labour markets and workplace bargaining power resulting from 'the strategic location of a particular group of workers within a key industrial sector'.

Silver (2003: 13) makes use of this distinction to argue that market bargaining power can take several forms: the possession of scarce skills that are demanded by employers; low levels of general unemployment; and the ability of workers to pull out of the labour market entirely and survive on non-wage sources of income. Workplace bargaining power accrues to workers who are enmeshed in tightly integrated production processes where a localized work stoppage can disrupt much more widely. Different forms of structural power require different forms of organizational strategies by trade unions; in other words, different associational strategies. Thus auto-worker unions are, through the technologically interlocked assembly line, able to organize on the basis of strong workplace bargaining power. Textile workers, on the other hand, have quite limited structural power, since production can be easily

rerouted, and have therefore had to compensate by strengthening their associational power (Silver 2003: 92–94).

These distinctions enable Silver to develop an innovative analysis of the new wave of campaigns to organize low-paid vulnerable service sector workers in the United States. Unions have compensated for their low level of workplace and market bargaining power by recasting associational power and developing a new model of organizing that is more community based rather than workplace based. It has also involved a more confrontational style of unionism using public tactics such as in-your-face street protests, targeting specific employers and in the case of the *Justice for Janitors* campaign, using research-intensive, lawyer-intensive and organizer-intensive resources backed by the innovative Service Employees International Union (SEIU) (Silver 2003: 110–111).

Silver's innovation can be extended further by introducing the concept of symbolic power. In her study of community based worker centres in the United States, Fine (2006: 256) identifies the importance of moral power in a context where undocumented migrants have very limited structural power. Moral power involves the struggle of 'right' against 'wrong', providing a basis for an appeal both to the public and politicians, as well as to allies in civil society. Chun (2005) uses the concept of symbolic leverage, which involves new organizational repartees drawing on the intersection between exploitation and social discrimination. In highlighting social discrimination, these repartees appeal not only to the workers who are subject to such discrimination, but also to their communities. 'Symbolic power, like structural power, is articulated with associational power, and may provide new sources of power to labour movements battling with the loss of older and more traditional sources of power in the labour market or the workplace' (Von Holdt & Webster 2006). But a call to morality, even when done in a very creative and public way, has certain limitations. In the cacophony of news events vying for public attention in the corporate media, protest action often gets lost. Activists are also drawing on what we call logistical power, a subtype of structural power. The complicated and fragile nature of the global production system gives certain types of workers power to seriously disrupt the system, and in some instances even shut it down.

Symbolic power is a subtype of associational power, since it draws on forms of social organization. But it draws it strength from taking moral claims in the workplace and articulating them as general social claims. Logistical power is a kind of structural power, since it operates

in the realm of coercion. The term *logistical* is a military term and refers to the organization of supplies and stores necessary for the support of troop movements. Unlike market bargaining power and workplace bargaining power, which essentially rests on the ability of workers to withdraw from production, logistical power takes matters out of the workplace and onto the landscape where workplaces are located. It blocks roads and lines of communication, and crashes internet servers. Since work restructuring uses the politics of space to undermine structural power, logistical power turns this logic on its head. As symbolic power takes morality outside the realm of the employment relationship into the public domain, logistical power takes structural power outside the workplace and into the public domain. However, such disruptive use of power has to be combined with retaining public support, since it may actually turn citizens against the issues raised in the public domain. Furthermore, various nation-states have sought to protect corporations through anticipating this potential, thus introducing severe legal penalties for such disruptions. In chapter 9 we will argue that one of the critical tasks of labour internationalism is finding ways to circumvent these sanctions.[2]

Much of the literature credits neoliberal globalization with creating a crisis for labour movements through undermining traditional forms of bargaining power. It deepens this process by undermining marketplace bargaining power through a range of factors: the world-scale reserve army of labour; the spread of commercial agriculture which undermines non-wage sources of income; sub-contracting which undermines workplace bargaining power; the weakening of state sovereignty, which undermines associational bargaining power. Historically, associational power has been embedded in legal frameworks that guaranteed rights and through the welfare state that strengthened marketplace bargaining power. In the Second Great Transformation labour law and welfare reforms have become the centre of a strategy to roll back the power of labour. The erosion of worker power has de-legitimized trade unionism through these direct attacks and through the erosion of the welfare state. The notion that there is no alternative has had 'a powerful demobilizing impact on labour movements, puncturing a century-old belief in worker power' (Silver 2003: 16). Silver's search for new sources of power is a welcome counter to this pessimistic reading of the current situation. At this historical juncture, it seems as though the labour movement is beginning to face up to the challenge of devising strategies of its own in response to corporations' use of space and scale to disempower workers.

The scale problem

Another under-theorized area in Polanyi's work is that of scale. While the concept has a range of meanings, we refer here to the problem of linking the 'local' to the 'global', the 'micro' to the 'meso' and the 'macro'. Polanyi worked within the parameters of the nation-state, which he saw as analytically sufficient and the arena within which counter-movements evolved. In the contemporary world, however, there is a need for a more sophisticated understanding of how markets, governance and social responses are embedded in place, and how land-scapes of space and scale form the basis for contestation (Harvey 2000; Herod 2001a; Silver 2003; Tarrow 2005). The way in which many of the gains made by workers in the industrialized North during the First Great Transformation are eroded, and how workers in the underdevel-oped South are kept compliant, is through corporations threatening to relocate to ever lower-wage areas. Harvey (2000: 24) refers to this exploitation of the geographic difference in the evaluation of labour as a 'spatial fix', which he defines as the attempt to resolve the internal contradictions of capital accumulation spatially. Silver (2003: 39) argues that this takes the form of 'the successive geographical relocation of capital'.

This working of space reflects the unequal power relations between global corporations and workers in civil society that is being continu-ously consolidated by free market globalization. Indeed, as Zygmunt Bauman (1998: 8) has argued, global corporations have enhanced their power through their relative 'independence from space' in that share-holder decision making is not tied to space in the same way that workers are place bound. Shareholders are 'the sole factor genuinely free from spatial determination' for they can 'buy any share at any stock exchange and through any broker, and the geographical nearness or distance of the company will be in all probability the least important consideration in their decision to buy or sell'. Their only concern is the maximization of short-term returns regardless of the place-based consequences of their decisions.[3] He then concludes that 'Whoever is free to run away from the locality, is free to run away from the consequences. These are the most important spoils of the victorious space war' (Bauman 1998: 9).

However, the idea of labour relegated to the 'local' and corporations as completely footloose and 'global' oversimplifies the contradictory nature of Harvey's understanding of the spatial fix. While often threat-ening to relocate, firms also need places where they can accumulate

capital. And as Silver (2003) has pointed out, even when firms relocate, they often create new working classes and new waves of organizing and resistance. Space and scale are produced; they are contradictory and can be contested. The issue is self-evident: if corporations have increased their power immeasurably through globalizing the scale of their operations, so too can unions. 'What happens', writes Harvey (2000), 'when factories disappear or become so mobile as to make permanent organizing difficult, if not impossible? ... Under such conditions labour organizing in the traditional manner loses its geographical basis and its powers are correspondingly diminished. Alternative modes of organizing must then be constructed.' Scale is central to such an initiative, for as Herod (2003: 237) has argued, 'how we conceptualize the ways in which the world is scaled will shape how we engage with that world'. This is an ideologically charged question, for within neoliberal discourse globalization (the rationale for ceaseless corporate restructuring and spatial fixes) global scale is presented as inevitable – a scale from which there is no escape, dooming all counter-initiatives to failure. This conception views scale as a hierarchical ladder. Indeed, as Harvey (2000: 49–50) has contended, 'a hierarchy of spatial scales exists (personal, local, regional, national, global) at which a class politics must be constructed', connecting the microspace of the body with the macrospace of globalization. Herod (2003: 238) elaborates this metaphor. In this image there is a notion of moving up or down the hierarchy of spatial scales, where the global is the highest rung and where each scale is seen to be distinct. Using the metaphor of a ladder to understand how spatial scales operate has been criticized as being too structuralist and determinist. Having to conquer the local, the regional, the national, and only then the global, makes it almost impossible to conceive of a global response to corporate restructuring (Herod & Wright 2002; Herod 2003; Sadler & Fagan 2004; Gibson-Graham 2002; Latham 2002).

Instead of viewing spatial scale as a ladder, attempts have been made to use the notion of a network as an alternative metaphor. Going global does not imply scaling a ladder from the local to the global, but place-to-place linkages can form the beginnings of a global response. This understanding of how spatial scale operates resonates with notions of democratic movements, where the model is a non-hierarchical, flat, open form of a networked internationalism which maximizes grassroots participation (Herod & Wright 2002: 8). In contrast to being rendered voiceless by the domination of capital, networks have the potential to create 'spaces of hope', an opportunity for the sharing of experiences

and ideas that transcend the boundaries of place, creating newly con-figured place-to-place relationships that have the capacity to link across global space, which empower the local through a new sense of the potency of global solidarity and new ideas of resistance.

However, whereas the metaphor of spatial scale as a ladder is too structuralist, viewing it as a network – i.e. place-to-place links consti-tute a 'global' response – runs the danger of being too voluntaristic. Certainly, as Herod and Wright (2002: 8) rightly point out, changing metaphors does not necessarily change the world materially; how-ever, theoretical conceptions may shape leadership responses, which may lead to new organizational initiatives. So as to fully capture the agency/structure problematic, we contend that the network meta-phor of scale is the most fertile conception (political/organizational choice) for building a place-based global social movement response to corporate restructuring. However, we feel it is important to concep-tualize a dynamic interplay between place-to-place global networking and the different levels of the consolidation of corporate and political power – local, regional, national and global. Each is a potential and indeed necessary field of struggle, through which movement power may coalesce. Conceiving networked scale outside of these terrains of struggle is limiting. This conception of the interplay between networks and levels of power provides a more nuanced understanding of how spatial scale operates and how power struggles between capital and labour may unfold spatially.

In this new connectedness across space, a point of continuing debate is the need to engage the state in the struggle against the spatial fixes of global corporations. As Rutherford and Gertler (2002) have argued, the nation-state as a scale of contestation does not disappear under neoliberal globalization. Often, claims are still made at the level of the nation-state, or even sub-state governmental institutions such as prov-inces, districts or cities. As Harvey argues, 'the left must learn to fight capital at both [or, one might add, multiple] spatial scales simultan-eously. But, in so doing, it must also learn to coordinate potentially contradictory politics within itself at the different spatial scales' (Harvey 2001: 391).

The dilemma of integrating different struggles at various spatial scales is the central challenge in constructing a new labour internation-alism. As we argue in chapter 9, the key obstacle to such a task is that globalization increases workers' sense of insecurity, with the potential to turn them inwards on their private troubles, thereby undermin-ing active agency. In the absence of agency, a new kind of global

counter-movement response to corporate spatial fixes that responds proactively through place-to-place global networking and through struggles against national states that protect corporate interests against citizens will be a pipedream, stillborn at the moment of conception. Whether we view spatial scale as a ladder or a network, or even a dynamic interaction between the two notions, rebuilding place-based social movements that are profoundly democratic and participatory is the key to the new civil society response of working space through networking scale. There now exists a number of practical experiments along these lines, which we will detail in chapter 9. We also consider the opportunities and the obstacles to such a venture. These represent the first signs of the emergence of a global unionism as a core constituent of a global counter-movement.

However, we do not, in this book, provide blueprints of how a counter-movement could be constructed. Instead, we begin the first step in such a project by grounding our analysis in the everyday lives of workers, their households and their communities in three places: Ezakheni, Changwon and Orange. It is this triangulation across three research sites that enables us to ground our theoretical and political narrative in empirical case studies. This sets our book apart from the numerous studies on globalization and labour that have been written over the past decade, which are largely based upon assertion, rather than detailed evidence of change on the ground.

We have suggested that, in the current Second Great Transformation, Polanyi's problematic poses a range of problems of its own. These relate to how we understand society, the fact that counter-movements do not arise spontaneously, the role of the labour movement in such a counter-movement, the sources of power that movements can draw on, and the need for solutions to be sought at scales that range from the local to the global. We turn now to our research strategy.

Researching Working Life

We have chosen three very different places to illustrate how workers' lives are the product of struggles between contending social forces, struggles that lead to different relationships between the market, the state and civil society. The way they engage with globalization is also shaped by their physical geography. South Africa has been inserted into the global economy through its rich mineral resources, but remains relatively remote from the new global markets. Australia, on the other

hand, is surrounded by the new competitive markets of East Asia and this has shaped its radical restructuring of what was a highly protected market. Korea, by contrast with South Africa and Australia, has limited natural resources, and has found its niche in the global market through direct state intervention and labour repression. This has enabled it to build a powerful manufacturing industry. Each society has emerged over time, we suggest, through the social relationships men and women have constructed in order to produce and appropriate wealth. For us, there is no Chinese wall separating the sphere of reproduction (the household) from that of production (the employment relationship); work – paid or unpaid – takes place in both spheres. Indeed, they are intimately and asymmetrically connected! This is why we have approached the analysis of society by looking at the workplace, households and communities. We draw on world-systems theory, particularly Wallerstein and Smith (1992), to explain this relationship by defining the household as a socially constructed unit moulded by the changing patterns of the world economy.

But unlike world-systems theory, we foreground the self-activity of workers, in particular organized labour, as it is workers who contest the nature of the labour process and how its rewards are distributed between capital and labour. History, and the distinctive developmental paths these countries have taken, is crucial if we are to understand the different ways in which these relationships have been constructed in all three places. We argue that global restructuring is impacting negatively on the lives of working people, as Barbara Pocock (2006) dramatically demonstrates in her book, *The Labour Market Ate My Babies*. Under the impact of global competition, workplaces are transferring the stresses of the workplace onto the household, creating conflict within the home, such as spousal abuse, abuse of the elderly, substance abuse and abuse of children. We call this a crisis of social reproduction.

We chose Ezakheni and Orange as our research sites for exploring this crisis as we had been conducting research on workplace restructuring and its impacts on households in these two places for five years prior to this project. Between 2002 and 2006 we conducted research on the white goods factory in Ezakheni and in Orange. We have drawn on the earlier research in this study, giving it a historical perspective.

The central source of data for this study was a survey conducted between September and November 2005 in all three places using the same semi-structured interview schedule. We identified respondents through using a snowball sampling technique, while attempting to ensure a spread of workers who worked in different parts of the factories

and on different contracts of employment. The survey was comple-
mented by simultaneous in-depth interviews with key actors: trade
union leaders, local government officials, community workers and
activists. These interviews are listed in the bibliography along with the
interviews we have conducted on labour internationalism.

An additional part of our research strategy was ongoing observation
of working life in the three sites as well as intensive participant obser-
vation in the Southern Initiative in SIGTUR over a six-year period.
An important part of our research strategy is our engagement with the
local union structures through ongoing report-backs, both formal and
informal, at different stages of the research. This provided us with an
opportunity to share our research findings, but also to test the accuracy
of our data and the coherence of the argument we were developing as it
evolved. Of course, we used a range of primary documentary sources,
including the internet, covering company annual reports and other
documents, newspaper reports and government documents, as well as
reports drawing on existing data generated by census surveys. We also
consulted the key secondary texts on labour, politics and society in all
three of the countries.

Comparing three towns in three different countries raises a number of
conceptual, theoretical and methodological challenges. The first is how
to obtain the same depth of information in all three research sites.
Inevitably our knowledge of Australia and South Africa is deeper, but
we hope we have overcome some of these limitations by engaging a
South Korean researcher for our interviews and data analysis on this
country. We are also limited by the fact that we do not speak or read
Korean, and had to rely extensively on translation of the written and
spoken word. A similar limitation applies to South Africa where our
respondents were largely Zulu speaking. Fortunately, they all spoke
English and we used a Zulu-speaking research assistant to conduct
some of the research in Ezakheni.

A more fundamental challenge in comparative social science is the
relationship between similarity and difference. By taking the same pro-
duction process – the manufacturing of refrigerators – and investigating
the impact of globalization on the companies that produce these refri-
gerators, we found a great deal of similarity between the three work-
places. However, our aim was not simply to examine the impact of
restructuring on the workplace; a central aim was the impact of restruc-
turing on the sphere of reproduction, on the households and com-
munities where women and men live. This is why we chose three
places and entered the 'hidden abode of reproduction'.

Whereas the workplace revealed similarity, the households and communities revealed variation, variations that are too great to be explained by institutional differences in the nature of their industrial relations systems. To explain these differences it became necessary to examine the socio-political context in which these labour market institutions are embedded, and the forms of organization that emerged in response to these institutions in all three countries. By adopting this approach different challenges emerged in the three different countries. The most striking differences arise out of the legacies of colonialism and under-development in South Africa, the creation of an advanced industrial society in Australia, and the transformation of Korea over a 40-year period from an economically backward country to a successful industrialized nation.

This approach, what could be called a 'contextual comparison', differs from the conventional political science method of 'matched comparisons' which compares countries facing similar global developments (apples with apples). Instead, contextual comparisons encourage comparison between different challenges across different countries. This is a difficult task as, to pursue the metaphor, it involves comparing apples with oranges (Locke & Thelen 1995: 338). Such a task, we believe, requires an examination of the historical evolution of the three societies, a task we undertake in chapter 8.

The book is divided into three sections. Part One, *Markets Against Society*, demonstrates how workers in all three places are experiencing a growing sense of insecurity as the employment relationship is reconfigured under the threat of global hyper-competition. We draw on Burawoy's pioneering work on comparative labour regimes to explain the fluctuations in workplace regimes, in particular his use of Antonio Gramsci's concept of hegemony to explain the ideological foundations of worker compliance (Burawoy 1979, 1985). We show how liberalization has resulted in a growing concentration and rationalization in the white goods industry and how the neoliberal paradigm is leading to the privatization of essential services in all three countries.

Part Two, *Society Against Markets*, examines how workers in all three places are responding to these pressures. We identify two types of responses, both individual and collective, formal and informal, to rapid market liberalization: on the one hand retreat from, and adaptation to, the market, and on the other, mobilization against the power of the market. In order to examine the impact of restructuring on workers' lives, we examine the structure of the households and the nature of the communities in which they are embedded.

In Part Three, *Society Governing the Market?*, we delve into the histories of these three countries to explain why each society is responding differently to liberalization. We suggest that these differences can be explained through what we describe in chapter 8 as the path-dependent nature of their developmental trajectories. We show how these trajectories explain the substantial differences that exist across the three cases with respect to the ways in which workers, union leaders and political parties have responded to neoliberal globalization. We then examine new forms of transnational activism and the growth of a new labour internationalism. We suggest that the problems we identify in these three countries cannot be resolved at the level of the nation-state alone. The challenge, we suggest, is to imagine a real alternative, what we call a real utopia, grounded in the actual experiments and institutional forms that are emerging, which link the local to the global. We conclude by identifying the conditions necessary for a successful counter-movement. The first condition is the existence of a convincing critique of the existing social structures demonstrating how these structures impact negatively on working life. This we do in Parts One and Two. The second condition is the existence of a feasible alternative to the current structures. A final condition is a realistic map of how to attain this alternative. We begin tentatively in Part Three to address these two conditions, but we make it clear that this is an activity that goes beyond the capacity of scholars alone; it requires a partnership between engaged intellectuals and those institutions and movements that have begun to realize that a democratic alternative to the socially disruptive impact of unregulated markets is possible.

We turn now to Part One for an examination of the changing workplace.