“The origins of our time” Articulations between neoliberal social-policy reforms and the shift to the far-right through the light of Polanyi’s theory of fascism

Roland Atzmüller, Johannes Kepler University Linz

Fabienne Décieux, Johannes Kepler University Linz

1 Introduction

Two developments of the last decade are posing fundamental challenges to the preservation of social cohesion of modern societies and the adaptation of social policies to secure the integration of vulnerable social groups such as youth, poor people, unemployed, low-skilled, migrants, etc. The first development is represented by the so-called financialization of capitalism and the unleashing of unfettered market dynamics since the 1970s which culminated in the financial and economic crisis of 2008 (Altvater, 2010); the subsequent sovereign debt crisis and the imposition of so-called “austerity states” also in the Global North (B. Jessop, 2015; 2017); and the social conflicts and struggles following from these developments. These economic and political dynamics led to increases of unemployment and poverty levels and an expansion of social inequality in many countries.

In addition to these processes a second social dynamic which is also increasingly affecting social cohesion and social integration has to be highlighted. The global upsurge of far-right and right-wing populist movements and parties and their entry into governments in many countries (Campani & Sauer, 2017; Heinisch, 2016) which has led to shifts towards illiberal democracies and authoritarianism (Becker, 2018; Fabry, 2018), and is leading to deepening processes of social polarization and exclusion. The far-right and right-wing populist movements do not only try to legitimize themselves as an allegedly necessary self-defense of society against the events of the Summer of 2015 (the so-called refugee crisis) but also as opposition to the global elites of contemporary capitalism as well as the 1968 left radicals and their allegedly destructive activities to undermine the moral and normative fundamentals of society concerning norms and values such as work ethic, the role of authority, social traditions, cultural identities, gender and sexual norms, etc. These developments are presented as a result of migration from foreign cultures and religions, but also as a result of the allegedly negative role of feminism and female emancipation from traditional family roles.

The outlined dynamics and the – albeit often not stable – entry of right-wing populists and far-right parties into government in a growing number of countries raise the question about the relationship between these political forces to the continuing dominance of neoliberal economic policies. This question also applies to the scope and function of social policies for social cohesion and integration, which these political forces want to implement. While in opposition, far-right and right-wing populist movements and parties often present themselves as being opposed to the so-called globalist neoliberal reform policies of welfare systems. They do so by drawing on “welfare chauvinist” and “nativist” social policy goals which claim to safeguard social security for the autochtonous population as an alleged attempt to defend...
their identity while reducing expenditures and entitlements for migrants. However, when in government, these political forces often tend to accept and even foster far-reaching cuts in traditional social policy programs and expenditures which do not “only” target non-nationals but also employment rights (e.g. flexibilization and expansion of working time), the (long-term) unemployed and poor people, and non-conformist groups as well as the influence of trade unions and NGOs (Becker, 2018; Talós, 2019). Thus, the question is, whether far-right and right-wing populist movements and parties constitute an oppositional albeit nationalistic reaction of society against the destructive effects of unfettered markets and financialization fostered by neoliberalism, or whether they bring about a radicalization of the latter combining it with an authoritarian transformation of politics and social relations?

The outlined social and political developments and the contradictions and ambivalences they create raise considerable challenges for social science debates about the emergence and upsurge of right-wing populism and its social roots (Boehnke & Thran, 2019; Jörke & Selk, 2017; Kaltwasser et al., 2017), and what this means for social policies aiming at the preservation of social cohesion and the social integration of vulnerable groups. On the one hand, right-wing populism is understood as a reaction to social crises brought about by globalization, financialized capitalism and the hollowing out of the (welfare) state. However, this conceptualization runs into the danger of presenting an economistic understanding of political and ideological shifts which tends to conceptualize the emergence of far-right and right-wing populist movements and parties as somehow inevitable and necessary while at the same time an irrational reaction by people who feel abandoned and losing out in the processes of modernization. Still, these approaches have problems in answering the question of why certain vulnerable groups (such as women or – in countries like the US – people of color) show less affinity to support such movements and parties. On the other hand, alternative approaches conceptualize the emergence and upsurge of far-right and right-wing movements and parties as an authoritarian reaction of social groups who fear losing their privileged position in the micro-relations of social power because of social changes brought about by an expansion of democratic structures at the expense of traditional authority, and changing gender relations, gay rights and diversified sexual roles, immigration, cultural diversity, environmental protection, etc. These approaches, however, raise the question how these developments are linked to economic shifts brought about by financialized capitalism and market expansion and its effects on social inequality and poverty levels in many societies.

Against this background, the analyses of the Austrian economist and social scientist, Karl Polanyi, concerning *The Great Transformation* of capitalism in the first half of the 20th century which was driven be the social reactions against the crisis of market liberalism and its effects on societies has gained in importance over the last decades (Block & Somers, 2014; Bugra, 2007; Polanyi, 2001). This is because Polanyi’s approach promises to offer insights into the development of financialized capitalism since the 1970s – understood as new Polanyian “movement” of market expansion (Polanyi, 2001) –, which culminated in the financial crisis of 2008 and a subsequent upsurge of far-right and right-wing populist movements and parties. Thus, as it is argued that from a Polanyian perspective, these developments raise the question whether the crises of marketization and financialization (Lapavitsas, 2013) since 2008 together with the emergence of far-right and right-wing populist counter-movements (Polanyi, 2001) represent the collapse of financialized capitalism and mark the onset of another “Great Transformation” of capitalism, or are we are experiencing a radicalization of market-expansion on a global scale further deepened by the
austerity-dominated strategies of crisis management and being increasingly stabilized by a shift to authoritarianism.

However, in sometimes rather schematic and economistic applications of Polanyian concepts, the upsurge of far-right and right-wing populists are reduced to a new “Polanyian counter-movement” against the commodification of ever growing dimensions of society and the life world. Such an interpretation of the dialectic between movements of market expansion currently embodied by financialized capitalism and the emergence of far-right and right-wing populist movements and parties as “Polanyian counter-movements” neglects Polanyi’s understanding of the emergence of fascism (Polanyi, 2001, 2018b, 2018a, 2018c) and its role in the twin crisis of capitalist market economies and integrative and cohesive societies. Polanyi’s analyses of fascism offer a range of interesting conceptual tools to understand the role and function of far-right policies to tackle the crisis of capitalist societies.

To offer some insights into these questions we will discuss Polanyi’s account of fascism in which he pointed out that the latter tried to solve the crisis of capitalism through an attack on democracy and individual freedom. In the following section we will analyze the emerging aporias and contradictions of neoliberal welfare reforms since the 1970s (2.). The final section (3), will point out how Polanyi’s analysis of fascism can be used for a deepened analysis of the possible articulation of neoliberal and right-wing populists and far-right social policies. The paper will be concluded by some considerations on the main dimensions of far-right social policies.

2 A Far-Right Solution to the Crisis? Abandoning Freedom and Democracy.

Polanyi’s conceptualization of fascism and its role for – what he called – “the rescue of capitalism,” (eg. Polanyi 2005, 2018aa) offers a range of interesting insights (see Dale, 2016; Harootunian, 2006; Polanyi, 2001, 2018b, 2018a, 2018c; Reynolds, 2015) to understand the ambivalent character of far-right and right-wing populist “counter-movements,” the programs they develop to impose a specific solution to the crisis of capitalist societies, and their relations to neoliberal social and economic policies.

So far, however, Polanyi’s considerations on fascism in The Great Transformation (2001) and also in a number of other less well known papers such as, The Essence of Fascism from 1935 (2018a), have neither been analyzed in a systematic way and articulated with his wider conceptualization of capitalist development (Reynolds, 2015), nor have they been assessed in relation to other theories and analyses of fascism. Nevertheless, his critique of fascist philosophy (in particular the work of the Austrian philospher Othmar Spann) and its repudiation of a universalist concept of freedom and the individual at the expense of an understanding of race and nation that is based on struggle and survival (Polanyi, 2018a, p. 103), allows us to articulate his approach with other critical theorizations of fascism.

Polanyi’s perspective on fascism offers some interesting insights in how far a common ground between neoliberal strategies to reorganize (welfare) state activities and social policies to subject them to economic imperatives and far-right authoritarianism and right-wing populism which “ethnicize” and “culturalize” social crises, is emerging. This becomes obvious in a speech Polanyi held in 1933 (2005) where he offered a discussion of the way fascism changes the relation between the economy and the state. This discussion has remarkable similarities to the critical analysis of neoliberal strategies to retrench and to economize the state and politics:
“[…] fascism wants to abolish politics, and to absolutize the economy, to grab the state from its position, and to disincorporate the state from the economy. […] Together with the sphere of politics fascism abolishes the idea of freedom,” (Polanyi, 2005, p. 219, own translation).

For Polanyi (2001, p. 247), fascism represents a move(ment) which aims at rescuing capitalism through first, an attack on and the destruction of democracy; second, the abolition of individual freedom within society (Polanyi, 2018a); and third, by grounding the institutional structures of society on assumptions of fundamental and hierarchical – based on national or ethnic affiliations – inequalities between human beings. From this perspective, fascism does not simply constitute an answer to the crisis and, finally, the collapse of societies dominated by market expansion. For Polanyi, fascism rather emerges as a social reaction to a deep and prolonged crisis of society which could not be overcome through the existing forms of democracy or state-organized social protections. Fascism even frames the latter as reason of the economic and social crisis and presents itself as the rescuer of capitalism. For this, a revolutionary reorganization of the whole state and social fabric was set in place which amounted to a full scale attack on and abolition of all democratic institutions and processes, rights, and organizations (Polanyi, 2005, p. 219) as well as the imposition of policies to enforce (through torture and violence, if necessary) new forms of docile subjectivities.

“The fascist solution of the impasse reached by liberal capitalism can be described as a reform of market economy achieved at the price of the extirpation of all democratic institutions, both in the industrial and in the political realm. The economic system which was in peril of disruption would thus be revitalized, while the people themselves were subjected to a re-education designed to denaturalize the individual and make him unable to function as the responsible unit of the body politic. This re-education, comprising the tenets of a political religion that denied the idea of the brotherhood of man in all its forms, was achieved through an act of mass conversion enforced against recalcitrants by scientific methods of torture;” (Polanyi, 2001, p. 245).

Furthermore, Polanyi’s account of fascism provides another aspect that helps us to understand the role and function of far-right “counter-movements” in the crises of market societies. Namely, its anti-individualistic core and rejection of universalist assumptions about the equality of individuals within society (Polanyi 2018a: 96). Polanyi juxtaposes the fascist rejection of individual freedom with its universalistic opposite that is expanded through the democratization of society and will be fully realized in a socialist future according to Polanyi. Interestingly, he deduced the universalist understanding of individual freedom from the similarities and continuities between a Christian and a Marxist/socialist understanding of the dialectical relations and interdependencies between the individual and society. Thus, for him, democracy and its expansion would provide the institutional connection between socialism and the individuals based on their fundamental equality which will not only transcend economic differences but also “racial” or national ones (Polanyi 2018a).

Taking these conceptualizations into account, it becomes obvious that Polanyi’s analysis of fascism occupies an ambiguous position. According to his analyses, fascism does not simply constitute a “counter-movement” to market expansion and the commodification of society but also to the expansion of democratic processes and the freedoms of the individual based on a universalist concept of equality. From a contemporary perspective, this raises the question about the emerging articulations and connections between the crisis prone financialization of capitalism under neoliberal dominance and the emergence of far-right and right-wing populist
movements and parties which draw on the contradictions and aporias of neoliberal reforms and try to stabilize them through authoritarian transformations of politics and social relations.

3 Aporias and Contradictions of Neoliberal Welfare Reforms

When Fordism entered into a crisis in the 1970s, the emerging struggles and conflicts pushed the institutional forms to (at least partially) de-commodify labor (power) and its reproduction through nationally variegated welfare systems (Bob Jessop & Sum, 2006; Sum & Jessop, 2015) center stage. The latter rested on a partial institutionalization and legitimation of de-commodified and non-commodified social spheres and activities which not only helped to limit the commodity status of labor power as well as traditional gender roles in the core-family but also helped to secure social cohesion and integration for eg. youth and other vulnerable groups. Neoliberal analyses portrayed the de-commodifying limitations put on the usage of labour as one of the main reasons for the evolving crisis of the post-war growth models (Cahill, Konings, & Cooper, 2017). The emerging and triumphant neoliberal reform projects since the end of the 1970s began to restructure institutional settings of welfare regimes in order to enforce an encompassing re-commodification of labour (power) and to push back regulations that limited its availability for capital. On the one hand, so-called activation and workfare-oriented policies were rolled forward. They aim at focusing social policies towards activities to integrate the unemployed as well as other economically inactive people who have no legitimate reason (e.g. motherhood) for non-participation, into the labour market as quickly as possible. Instead of changing markets to reach these goals these policies are focused on adapting people to the demands of increasingly flexible and precarious markets (Dörre & Haubner, 2012; Lessenich, 2012; Starke, Wulfgramm, & Obinger, 2016).

On the other hand so-called social investment strategies (Anton Hemerijck, 2013; 2017; Morel, Palier, & Palme, 2012), which aim at re-legitimising the role of the state for the economy, have gained in importance in recent years. These strategies mainly focus on the permanent adaption and re-composition of the skills and competencies – i.e. their human capital – of individuals but also demand an expansion of childcare facilities to mobilise women for the labour market (Aulenbacher, Décieux, & Riegraf, 2018).

However, the polarizing and fragmenting dynamics of welfare reform under neoliberal dominance led to a range of aporias and contradictions. These emerged from the fact that neoliberal reform projects had to position themselves against the potential, albeit always contested, universalism of the Keynesian Welfare Regimes and the social compromises it was based on which promised social inclusion and an improvement of living conditions for everyone. This constituted a field of social conflict and dynamics in which subjects could fight for greater individual autonomy (Vobruba, 2003) from their social origin, gender, ethnic background, religious affiliation, etc. Against these dynamics that were embodied in the contradictory expansion of welfare systems, neoliberal welfare reforms reinstated the “self-regulating market” as a kind of universalist utopia – very much in the sense of how Polanyi had analyzed it for the 19th century (2001). Re-commodification constituted a promise to give every able-bodied adult the opportunity of self-fulfillment through participation in gainful employment and labor markets. Integration into the labor market at any cost became the fundamental tenet of neoliberal social policies assuming that this would help every hard working individual to climb the social ladder.

Under these dynamics, social cohesion and social integration is subjected to an increasingly meritocratic logic which reduces social inclusion to success on the markets. Social exclusion (in particular from gainful employment) becomes understood as a sign for the lack of an
adequate morale (i.e. the willingness “to get up in the morning to go to work” as the Austrian Federal, Chancellor Sebastian Kurz, has labelled it in the debates about the reform of the Needs-oriented Minimum Income Scheme in Austria (Atzmüller, 2019)). Thus, the re-commodification of labor power and the narrowing of social integration to participation in market activities are tied to a re-moralization of the economy. In these processes, the demand for permanent (self-)adaptation of individuals to market dynamics as well as the enforcement of conformist life-styles are redefined as an obligation of self-responsible subjects who have to tackle the dysfunctional and socially destructive effects of market dynamics by themselves. Strategies to impose a work ethic that is compatible with market processes offer justifications to subject unemployed and poor people to expanding forms of social control and punitive sanction regimes in social policies (Wacquant, 2011). Even the expansion of child care facilities in social investment concepts (Esping-Andersen, 2008) is tendentially not conceptualized as an attempt to change the gender division of labor in the family household, but is legitimated by doubts about the parenting abilities of certain – in particular underclass and/or migrant – families to raise their children as productive and law abiding citizens. This again paves the way to police the failures of parenting such as the truancy of pupils, and to impose sanctions on misconduct. As a consequence, the expansion of child care facilities is seen as the best policy to prevent crime and poverty.

Furthermore, the gendered, ethnicized, and class-based as well as ageist structuration of capitalist labor markets which bring about higher rates of unemployment, precariousness, and poverty for certain social groups, have been deepened by neoliberal reforms. In the recurrent crises of market expansion and financialization, they are increasingly clashing with the universalist aspirations of neoliberal reform projects to secure enforced labor market participation for every able-bodied adult. However, instead of developing strategies to overcome the hierarchical structuration of capitalist societies that result from its divisions of labor, individualist conceptualizations of labor market dynamics as brought forward by neoliberalism are increasingly giving way to ethnicized, culturalist, and class-based and gendered interpretations of labor market problems and the policies aimed at tackling them. Furthermore, the shift from universalist or insurance-based social transfers to means-tested and needs-based social transfers, which are presented as improved targeting of resources to those in need, undermines the legitimacy of benefit entitlements of certain social groups – e.g. the entry of migrants into minimum income schemes or social support programs. These developments feed into the ideological salience of far-right and right-wing populist mobilizations and campaigns.

4 Democracy, Individual Freedom, and Inequality Under Neoliberalism

The outlined aporias and contradictions of neoliberal welfare reforms and the space they open for articulations with far-right and right-wing populist programs of welfare reforms point to the significance of Polanyi’s account on fascism. Polanyi’s approach allows us to identify (at least) three crucial fields in which far-right or fascist “counter-movements” try to reorganize and restructure the state and the social fabric as a whole for the rescue of (national) capitalism. These fields encompass strategies to block the expansion of democratic participation beyond the political sphere in a narrow sense; the rejection of the equality of all individuals; and the attack on freedom in all social spheres. Against this background, three dimensions of the outlined reorganization and reconfigurations of welfare regimes under neoliberal dominance and the aporias and contradictions they create have to be pointed out. First, the neoliberal and “authoritarian populist” onslaught on de-commodifying welfare policies turned around tendencies to control and steer the capitalist economy and to expand
democratic participation under the so-called Keynesian Welfare National Regimes (Bob Jessop, 2016) and the social struggles that were accompanying it. While these attacks on democracy could go as far as its outright abolition in countries such as Chile, countries of the Global North, rather, display a range of strategies of curtailing democratic institutions and processes (Kiely, 2017). These include: the confinement of trade union activities and collective bargaining as well as their influence on policy making and welfare institutions under corporatist social partnership; the abolition or crippling of institutions of workers’ representation on the shop floor and other forms of co-determination; the privatization and contracting out of social and public services (Frangakis, Hermann, Loran, & Huffschmid, 2009); and the implementation of managerialism which reduced public control and accountability. Recent debates about the hollowing out of democratic processes and the emergence of post-democracy (Crouch, 2008) as well as authoritarian constitutionalism (Oberndorfer, 2016), or the shift towards so-called illiberal democracies and their effect on voter disenchantment, show that the dominance of neoliberal crisis management since the 1970s/80s constituted some kind of a slippery slope towards a crisis of democracy that has recently been termed “authoritarian neoliberalism,” (Bruff, 2013).

Second, the emerging set of polarized social policies concerning the reproduction of labor power as a (fictitious) commodity between activation/workfare and social investment are strongly focused on the subjectivities of individual workers and their abilities (defined as human capital) as well as a willingness to take up employment and to act as commodified labor in a capitalist labor market (Atzmüller, 2015). The re-commodification of labor power includes and demands the permanent adaption of the “capacity for labor” (Arbeitsvermögen) (Marx, 1972) through learning and other forms of self-improvement. The constant learning of new skills and competences as well as the ability to cope with the demands of flexible and precarious employment come to define the position of individuals between economic demands and an increasingly economized social policy regime (Lessenich, 2012). This narrows the scope of individual development to market conformism which is beginning at the early development of children (Aulenbacher et al., 2018). Taken together the outlined changes of welfare regimes and social policies reverse the gains in individual autonomy (Vobruba, 2003) that could be enforced through social policies and the social struggles that accompanied them.

Third, the outlined activities are not simply based on cuts of welfare benefits, rather, they tie benefit entitlements to certain expected behaviors and increase institutional control over individuals through the expansion of disciplinary and punitive measures (e.g. growth of sanction regimes of Public Employment Services) on the one hand, and the growing demands to permanently adapt someone’s self and capacity to work in order to sustain the valorization of one’s own human capital, on the other. These developments have led to far-reaching tendencies of polarization and fragmentation in many societies bringing about high levels of unemployment and precarious employment, and an increase in inequality and poverty (Scherschel, Streckeisen, & Krenn, 2012).

5 Conclusions
The recent upsurge of right-wing populists and far-right movements and parties reveal the aporias and contradictions of the enforced movement of market expansion which has led to a fragmentation and polarization of welfare systems and social policies. In the recurring crises of neoliberal market expansion, the former constitute themselves as an alternative to tackle not only the crisis of market expansion, but also to overcome the (emancipatory) continuities
of a welfarist embedding of the economy that expanded individual autonomy while enforcing the hierarchical and exclusionist social order through its nationalist and ethnic closure. It is in this context that right-wing populists and far-right movements propose to interpret labor market problems and poverty as being the result of behavioral traits and normative orientations of certain social groups (immigrants, refugees, Muslims, underclass etc.) and their attitude towards work. Unequal outcomes of capitalist labor markets are presented less as the result of individual efforts, but rather as the result of cultural, ethnic, and other-group based deficits as well as the incentives created by a generous welfare system organized by at best naïve do-gooders, or at worst, radical left wreckers of national identities and values. In the field of labor market policies, authoritarian and right-wing populist policies are defined by a merger of ever more punitive and disciplinarian activation and workfare oriented policies which implement and/or continue neoliberal strategies with an ethnicized (“immigration into the social system”), class-based, and gendered understanding of unemployment, poverty, and social exclusion. Furthermore, the benefit and entitlement regime is reorganized in order to segment beneficiaries according to ethnic, but also age-related, class-based, and gendered lines, thereby increasing inequalities among benefit recipients and delegitimizing entitlements of certain groups. This increasingly ties (reduced) benefit levels and access to labor market support services such as training, to an autochthonous national background and combines them with enforced activities (in particular public work or participation in training or social values oriented education) expected from the poor or unemployed. The required efforts are not simply derived from alleged demands of labor markets, but are increasingly framed in cultural and national terms (i.e. language and cultural trainings). Even access to basic social security is becoming tied to age, years of work, and tax contributions as an indicator for someone’s willingness to work as well as continued presence in a certain state. Furthermore, and linked to this, tax and benefit regimes are reorganized in a way, not simply to raise incentives for generative behavior of the middle classes, but to explicitly disadvantage families with a higher number of children which is geared towards migrant families in particular.

Polanyi’s conceptualization of fascism is helpful to depict the ambiguities of right-wing populists and far-right movements and policies (e.g. concerning the reproduction of labor power as a fictitious commodity). It offers insights to why and how the latter are able to tie the crisis of marketization to an attack on welfare institutions and social policies which protect people from the former into an increasingly coherent social alternative.

References


R. Atzmüller & F. Décieux: “The origins of our time” Articulations between neoliberal social-policy reforms and the shift to the far-right through the light of Polanyi’s theory of fascism


**Author’s Address:**
Roland Atzmüller, Prof. Dr.
Johannes Kepler University, Austria
Institute for Sociology; Department for social theory and social analysis
Roland.Atzmueller@jku.at

Fabienne Décieux, Dipl. -Soz.
Johannes Kepler University, Austria
Institute for Sociology; Department for social theory and social analysis
fabienne.decieux@jku.at