



POLANYI PAPER

BEYOND GLOBALIZATION AND DEGLOBALIZATION - WHERE TO START?

A Polanyian multi-level development
strategy to provide a good life for all
within planetary boundaries

POLANYI PAPER #001
NOVEMBER 2021

Eder, Julia; Novy, Andreas (2021)
available at
[karlpolanyisociety.com/publications/polanyi-papers/
pre-publication](https://karlpolanyisociety.com/publications/polanyi-papers/pre-publication)





This publication has been funded by the Rosa-Luxemburg Stiftung.



Rosa-Luxemburg-Stiftung

IMPRESSUM

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Beyond Globalization and Deglobalization – where to start? A Polanyian multi-level development strategy to provide a good life for all within planetary boundaries, 2021 (Polanyi Paper #001)

Online Publication, 2021

Published by International Karl Polanyi Society, Welthandelsplatz 1, 1020 Vienna, Austria

ZVR-Nr.: 1507763017

Editor: International Karl Polanyi Society (IKPS)

ISSN (Online) 2791-4674

ikps@wu.ac.at

Typeset in Calibri

Illustrations by IKPS

For more information about this series, please visit:

<https://www.karlpolanysociety.com/publications/polanyi-papers/>

ABSTRACT

Liberal globalism has reached its limits in the context of the climate and corona crisis. Criticism of globalization comes increasingly from the right. As a counter-model, these actors present the return to a capitalism with a nationalistic character, in which (selective) trade regulation to strengthen one's own market positioning (competitiveness) plays a central role. The progressive forces, on the other hand, are divided when it comes to their relationship to globalization. While some actors emphasize that global problems can only be solved globally, others focus on the local level as the central field of action. We differentiate ourselves from both positions and problematize the underlying "spatial fetishism". As an alternative, we propose a strategy of planetary coexistence that cleverly utilizes the scope for action at different levels to enable a good life for as many as possible within planetary boundaries. At the local level, economic areas of everyday economy (health, housing, energy, etc.) as well as economic cycles (repair economy, regional food systems) can become small. At the national and EU level, industrial and fiscal policy offer progressive points of action, while at the global level the regulation of trade relations and the limitation of global financial markets are central. Our policy paper contains specific recommendations for action for different actors (social movements, administrations, decision-makers).

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*We dedicate this paper
to Kari Polanyi Levitt,
honorary president of the International Karl Polanyi Society*

Beyond Globalization and Deglobalization – where to start? A Polanyian multi-level development strategy to provide a good life for all within planetary boundaries

Julia Eder¹, Andreas Novy²

1. INTRODUCTION

„Globalisation has gone too far. It can and should be rolled back” (Polanyi Levitt, 2013, p. 256). This is the conclusion of Kari Polanyi Levitt in her last book on “From the Great Transformation to the Great Financialization”. She perceives that globalization has created a “frightening uniformity of consumerist lifestyles” (Polanyi Levitt, 2013, p. 256). In 2019, Dani Rodrik opened the second part of a transnational Polanyi conference in Vienna, co-organized by the International Karl Polanyi Society and the Karl Polanyi Research Center for Global Social Studies at Corvinus University/Budapest. Rodrik explained, inspired by Polanyi, how current right-wing populism was induced by misguided hyperglobalist policies. He proposed a more modest form of globalization that facilitates an enlarged national space of manoeuvre for economic policy-making.

Karl Polanyi was a fervent defender of a more regionalized world order, not only in his reflections at the end of World War II on “Universal Capitalism or Regional Planning” (Polanyi, 1945). His last endeavour, supported by eminent development economists like Oskar Lange, Gunnar Myrdal, Joan

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Robinson and Jan Tinbergen, was founding a journal called Co-Existence – the name being a program of peaceful conviviality in times of Cold War and nuclear threats. In this Polanyian tradition, the International Karl Polanyi Society (IKPS) organized several events to problematize globalization (IKPS, 2021)³. It culminated in two inspiring webinars on “Beyond globalization and deglobalization”, supported by Rosa Luxemburg Foundation’s Brussels Office (Eder et al., 2021; Lang et al., 2021)⁴⁵.

The two webinars are the backbone of this policy paper which proposes a Polanyi-inspired development strategy with a double objective⁶. The analytical objective is to **better understand the current politico-economic conjuncture**, threats and potentials to implement policies that provide a good life, for all and respecting planetary boundaries. Two trilemmas will be discussed that offer interpretations of current political dynamics. The political objective is to **elaborate an agenda that could articulate movements and diverse civic, economic and political actors for such a common strategy**. This policy paper proposes, based on Novy’s trilemma, a strategy that has the potential to become hegemonic by improving living and working conditions for the many, going deliberately beyond what is conventionally called the political Left – be it social movements or progressive parties.

2. POLICY OPTIONS FOR A SOCIAL ECOLOGICAL TRANSFORMATION

Currently, we face short-term hegemonic struggles and the rise of a new type of nationalistic capitalism in the broader context of a long-term social-ecological transformation, the contestation of hyperglobalization and geopolitical tensions (Novy, 2020, p. 18). Building on Rodrik’s globalization trilemma (Rodrik, 2011, p. 201 see figure 1), Novy proposes a political trilemma of contemporary social-ecological transformation that leads to three different strategies of how to deal with contemporary challenges: liberal globalism, nationalistic capitalism and the foundational economy (cf. figure 2).

³ In December 16th, 2020, the events started with a webinar on “The Political Trilemma of Social-Ecological Transformation. Lessons from Karl Polanyi’s The Great Transformation”. It was a dialogue of Franz Baumann, Judith Dellheim and Andreas Novy. On April 21st, 2021, at the 15th International Karl Polanyi Conference, Andreas Novy talked with Dani Rodrik on “From the Globalization Trilemma to the Political Trilemma of a Social-Ecological Transformation”. [IKPS Webinar-Series Beyond Globalization & Deglobalization](#)

⁴ IKPS-Webinar [“In Search for Planetary Co-Existence”](#)

⁵ IKPS-Webinar [“Policy Spaces for Social Ecological Transformation”](#)

⁶ We thank all participants and organizers of the two webinars. We tried to summarize key thoughts in a systematic and emphatic way. Personally, we have learned a lot. However, we have elaborated our own argument and assume responsibility for all misunderstanding and mistakes.

It has been the merit of Rodrik's trilemma to problematize the benevolent role of globalization already in the 1990s by affirming the incompatibility of hyperglobalization, a proper national policy space and democracy. Right from the beginning, he argued for a strategy that fosters a democratic national policy space by building back hyperglobalization. In Rodrik's solution one must "pick two out of three". However, his trilemma suffers from not clearly specifying the three objectives and, therefore, can neither understand the strategy of right-wing movements nor the difficulty of a left alternative. Trump and the US-Republicans are against multi- and supranational regulations and hence undermining democracy. In fact, they pick one objective: enlarging the national policy space controlled by them. And they are not the only proponents of such a strategy of nationalistic capitalism. It is a more general phenomenon, observable in the broader shift towards an authoritarian state.

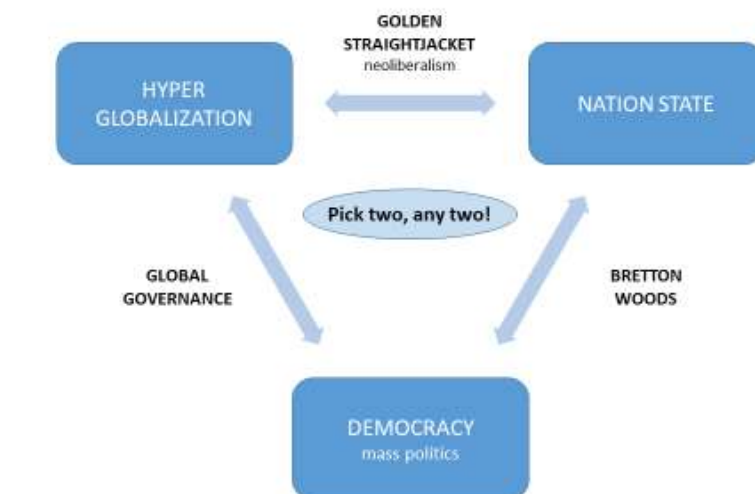
To better grasp current dynamics, Novy (2020) drafts another trilemma. He argues that each contemporary strategy is based on one key policy objective, while the other two objectives are rejected or subordinated. Therefore, there exist three mutually exclusive strategies. **Liberal globalism** was dominant in the last decades. It strives for the consolidation of hyperglobalization via strengthening global governance and reducing nation state's space of manoeuvre in economic policy-making. While liberal globalism is cosmopolitan and rejects borders and any kind of nationalism, it is also exclusionary because of its "elitist, Western and class-based bias" which tends to neglect "societal, often territorialized, responsibilities concerning the well-being of ordinary people" (Novy, 2020, p. 12). Take Obama and "free traders" as emblematic proponents.

Nationalistic capitalism challenges the proposed governance model and promises more deliberate national policies to protect national capital as well as national interests. Take Trump or Modi as proponents, but also the deliberate nationalistic foreign policy of Biden, as demonstrated in the recent trade war with France on submarines. Many varieties of nationalistic capitalism culturalize politics and racialize policies – this is not the case with Biden. Therefore, they tend to be reactionary and to deepen socio-spatial hierarchies. They appear as deglobalizers, while many favour capitalist world markets, if regulated in their favour.

With respect to ecological objectives in achieving a desired social-ecological transformation, both strategies are problematic. Liberal globalism's adherence to consumer sovereignty and individual freedom puts the market at center stage and money as the key instrument to structure life and work – thereby reinforcing inequalities in access to goods and services. Furthermore, the cosmopolitan lifestyle of many liberal globalists has an enormous ecological footprint, especially mobility and leisure

practices. This concentration of wealth and income that accompanied globalization is a key driver of non-sustainability. Proponents of nationalistic capitalism quite often deny the challenges posed by climate change and aim at defending the Western way of life. Their implicit slogan “I must not change” is assuming ways of life as non-negotiable. This justifies resistance to all policies that regulate or restrict specific modes of producing, working and living – the emotional defence of meat and the car are emblematic. In recent years, right-wing nationalism and other forms of reactionary politics have allied with those neoliberals that abandon their globalist leanings, in order to stabilize existing forms of supremacy and a “politics of unsustainability” (Novy, 2020, p. 7).

While liberal globalism is futile, nationalistic capitalism is a viable, and therefore particularly dangerous strategy to deepen inequalities and authoritarianism. Framing prevailing conflicts along the dichotomy of globalization and deglobalization has led to several dramatic defeats of liberal globalists with Hilary Clinton in 2016 and Brexit as two examples. If one accepts the dichotomy of globalization versus deglobalization, the political consequences are disastrous because the futility of liberal globalism leaves nationalist capitalism not only as the only opponent of hyperglobalization, but also as the only viable strategy at hand. But there is a third strategy — to promote the **foundational economy in a multi-level governance model**. This strategy, that implies selective forms of economic de-globalization as well as efforts at deepening international cooperation – has the potential for broader alliances in favour of the many (for details see below).



Source: Rodrik (2011): The Globalization Paradox, Oxford: OUP, p. 201

Figure 1. Rodrik's Globalization Trilemma.

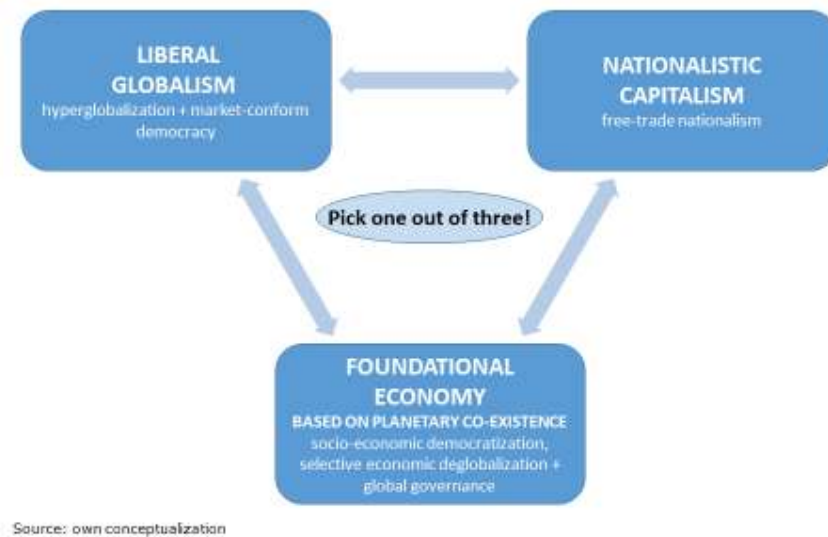


Figure 2. Political Trilemma of Contemporary Social-Ecological Transformation.

3. A POLANYIAN MULTI-LEVEL DEVELOPMENT STRATEGY TO PROVIDE A GOOD LIFE FOR ALL WITHIN PLANETARY BOUNDARIES

Karl Polanyi (1945) was a critic of universal capitalism, defending regional planning as well as co-existence. However, this must not lead to a simplistic plea for deglobalization. There exist too many reactionary forms of deglobalization, especially the rejection of universal human rights. Following Novy's trilemma, the alternative to globalist and nationalistic strategies must not be another spatialized strategy: The heated disputes between globalists and deglobalizers, cosmopolitans and nationalists are all too often misleading. There is **no moral primacy of any spatial level**, as **every spatial level has its specific advantages and disadvantages** with different potentials for political mobilisation and policy making.

Against an essentialist in favour or against globalization, we propose a multi-level strategy based on a multi-scalar analysis. The latter helps to identify potential contributions of local, regional, national, EU and global activities and policies. To take an example: The foundational economy that provides mundane goods and services to satisfy human needs has a strong place-based dimension, but it must not be reduced to place-based strategies. Basic provisioning of food, housing and energy needs multi-scalar agency (e.g. by grassroots movements mobilizing against unfair global supply chains) and multi-level policies (e.g. by linking municipal housing construction to national rent regulation).

The first sub-section analyses locally-centered approaches, demonstrating their strengths, but also their shortcomings. The second sub-section presents policies with more universalist outreach, and a stronger role for public actors.

3.1. PLACE-BASED ALTERNATIVES: FOUNDATIONAL ECONOMY AND COMMUNITY WEALTH BUILDING

The two webinars on “Beyond Globalization and Deglobalization” showed the potential of place-based alternatives to hyperglobalization. Arguments in favour of place-based development have for long focused on local participation, the respect for diversity and social justice. Ecological challenges reinforce these arguments. While flourishing bio-physical systems are globally entangled, they are always spatially grounded, adapted to social-ecological conditions.

Karl Polanyi, in citing Hawtrey, insisted on the importance of place and territory for any development strategy: Human-induced improvements are always “fixed in a particular place” (Polanyi, 2001, p. 194). A functioning economic system is based on infrastructures, from railways and roads to schools, hospitals and leisure facilities. We call these **social-ecological infrastructures**, if they offer universal or at least affordable access and provide goods and services with low ecological impact and emissions. They are ecological as they structure human practices in society-nature relationships with specific, in general, common resource use and reduced climate gas emissions. They are social as they regulate access and quality of the respective services and goods. Designing, creating and maintaining infrastructures that sustain the everyday life is at the core of being able to participate in society. Therefore, sovereignty (self-determination) needs to be territorial and place-based: first and foremost, the residents who live and work in a place have to have a say in shaping their social-ecological infrastructures so that they are accessible, affordable and sustainable. Therefore, democratically legitimated public authorities such as municipalities are decisive to ensure that collective provision is accessible and sustainable. In order to meet the new challenges of the social-ecological transformation, we need to tackle the established forms of producing, working and living. Two place-based strategies seem best suited to become alternatives to currently prevalent unsustainable and exclusionary forms of provision.

Following Novy (2020, pp. 14–17), the **foundational economy** is at center stage in strategies for social-ecological transformation (Bärnthaler et al., 2021). It aspires to satisfy basic needs such as physical health or education and thus encompasses services that are responsible for the collective provision of water, food, health and education. It strengthens social-ecological infrastructures as ‘artefacts’ (e.g.



hospitals, schools or utilities) and with specific regulations for their provisioning, that guarantees universal access and use for all inhabitants (Bärnthaler et al., 2020; Hamedinger et al., 2019, pp. 10–12). Over the last decades, hyperglobalization has subsumed these foundational sectors to profit maximization and spurred privatisations. This has restricted access to these goods and services and reduced the quality of provision. Consequently, the strengthening of the foundational economy must encompass the reinvigoration of innovative forms of public, social and collective ownership, as the nation state which dominated provision during welfare capitalism is often not the best form of socializing the economy. The foundational economy has a preference for “intermediary institutions” – be it cooperatives, public corporations with a clear mandate or municipalities (The Foundational Economy Collective, 2018). This is in line with Ian Gough’s (2019) plea for the collective provision of ‘universal basic services’ that, according to him, is better suited to satisfy basic human needs than a ‘universal basic income’. US president Biden’s attempt to implement a huge infrastructure programme, including expanding care and social infrastructures, shows the oscillation of the current US government between the two competing strategies of the trilemma: nationalistic capitalism and the foundational economy.

Community wealth building, an approach to shorten supply chains and simultaneously improve working and living conditions (see Figure 3 for the main pillars), was elaborated as a local development strategy in the US and UK (Eder, 2021, pp. 9–11). It relies on large local public institutions. Such so-called anchor institutions try to redirect their spending patterns and financial investment in favour of the local community. The aim is not to trump other communities, but to restrain the power of big multinational corporations which foster locational competition to maximize profit extraction at the detriment of long-term investment in the community – be it in economic, social or ecological terms. Consequently, municipalities committed to community wealth building seek to support local small and medium-sized enterprises and to promote the creation of cooperatives. Sarah McKinley, involved with community wealth building in the USA and in Europe, stated in the first webinar that focused on “In search of planetary co-existence” ⁷: “In order to properly democratize the economy, we need to have a revolution in ownership: Changing who owns and controls capital and productive assets in place, so that we are not just tinkering around the edges of a destructive system but fundamentally restructuring that system and the institutions within that system.” (Eder et al., 2021).

⁷ IKPS-Webinar “In Search for Planetary Co-Existence”

The shortening of value chains is based on progressive public procurement. Thereby, anchor institutions include social and ecological criteria (e.g., low ecological footprint) into their calls for bids. The potential suppliers have to provide good working conditions and have to pay a living wage. Furthermore, they are more likely to win the tendering process if they educate apprentices or allow unionising. Hence, the anchor institutions serve as benchmarks and induce improving overall working conditions and wage levels. Another important pillar of community wealth building is the socially productive use of land and property. The communities use the land they directly own or indirectly control via the anchor institutions for investments in favour of the community. For example, they support the creation of affordable housing based on local labour force or seek to create affordable workspace in the community, thereby reducing vacancies. Lastly, they have also started to scrutinize how the communities use their financial assets, for instance the pension fund of municipal employees. Instead of investing the money in financial products, the city of Preston has used it to build a new student accommodation block (Eder, 2021, pp. 11–18).

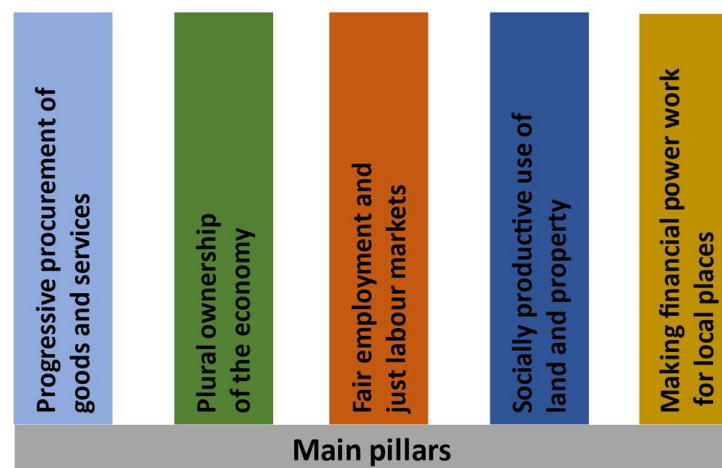


Figure 3. Main pillars of community wealth building. Source: Authors' own elaboration

However, such development strategies must not be restricted to improving access for inhabitants, but also to respect planetary boundaries. This requires a stronger focus on sufficiency instead of efficiency, on social decisions in favour of useful production instead of focussing on technological innovations. A possible strategy, proposed by Brand et al. (2021, p. 276), is the collective definition of societal boundaries, which are “structural boundaries, particularly set by political rules within societies, that secure the material and energy prerequisites to enable substantial conditions for a good life for all.”

Progressive social movements and other political actors would have to push for such a **democratically organized process of self-limitation**. In our view, the local scale is particularly suitable for this endeavour. At this scale, context-sensitive decisions on the quality of economic activities can be made. As a consequence, certain economic zones, especially the resource-intensive tradable sector and the rent economy have to be converted and must shrink, while the economic zones of existential and basic local provision (from health to food) might even grow to satisfy basic needs for all. However, even these sectors will have to be converted in a socially and ecologically sound way (Krisch et al., 2020).

While Krisch et al. (2020) distinguish the quality of activities in economic zones, Ian Gough (2020) focuses on the distribution of consumption. To collectively move towards more sustainable consumption patterns, he proposes a societal agreement on **'consumption corridors'**, of which "the **floor** is derived from a social idea of wellbeing and the **ceiling** is derived from an ecological principle of planetary sustainability" (Gough, 2020, p. 208, own emphasis). These corridors refer to consumption as well as to income and wealth.

Based on her experience in Ecuador, Miriam Lang (2021) highlighted the **dangers of centralized provision of goods and services** in the second webinar⁸ that focused on "policy space for social-ecological transformation". Lang criticized that Western "welfare parameters" for satisfying human needs are universalized and applied all around the globe without adaptation to different cultural horizons. This Western and modern conception of development and redistribution is – according to her – flawed, as it is linked to a consumption-centered mode of living, while other, often more sustainable forms of social provisioning and exchange, as they prevail in peasant and indigenous societies, are likely to be devalued as 'poor'. Intercultural space for collective, democratic self-determination regarding priorities in needs, even basic needs, is necessary in order to decolonize social policies (Lang, 2019).

Responding to Miriam Lang, Ian Gough defended the necessity of universal values and categories. Gough tackles the challenges of equality and diversity, of potentials and dangers of uniform and decentralized provision of goods based on Max-Neef's 'matrix of need'. He distinguishes between **universalizable human needs** (e.g., health and individual autonomy) and **context-specific need satisfiers** (e.g., roads or a meat-based diet). He is in favour of an equal possibility to fulfil human needs and in favour of a diversity of forms how this can be implemented. This is in line with a common world-wide understanding about basic needs (e.g., being healthy and autonomous as a universal norm), of

⁸ IKPS-Webinar "Policy Spaces for Social Ecological Transformation"

human rights (agreed on in international treaties) and common goods (e.g., climate change and peace). This must not be conflated with a homogenous conception of policies and their top-down implementation. A common world-wide understanding of basic needs, human rights and common goods has to go hand in hand with a broad variety of concrete manifestations of how universal needs are satisfied, how rights are implemented, and values materialized. Thus, while we all need to eat something and live somewhere (a universal need), the food and dwellings we consider appropriate for a good living most likely differ (and will lead to different needs satisfier). While many countries acknowledge a right to housing, many concrete housing policies impede its realisation. Gough (2020, p. 216) suggests to deal with the related challenges by defining two distinct minimum lines: “one to ensure participation and a decent minimum standard of living in rich nations such as the UK, and a second to ensure a decent minimum generalizable to all humanity.” As homogenizing ways of living are illusory and not desirable, Gough’s suggestion is one way to concretize political action in the contemporary conjuncture of highly uneven resource use.

3.2. TOP-DOWN ALTERNATIVES: MONETARY POLICIES, INDUSTRIAL POLICIES AND INTERNATIONAL COOPERATION WITH CIVIC ACCOUNTABILITY

Karl Polanyi distinguished three economic principles: market exchange, reciprocity and redistribution by means of centralized institutions. A good life that respects planetary boundaries requires a mix of these principles, with less emphasis on market exchange and more space for reciprocity. However, in all approaches that aim at a “good life for all”, forms of centralized redistribution are necessary. Centralized institutions are required for policies of spatial redistribution and for securing a certain floor, a necessary minimum, for the satisfaction of basic needs.

Central institutions, like global or national authorities, and local institutions, be it public authorities, municipalities or self-organized forms of civil society or movements, have different capacities, competences and resources. Their agency differs in its impact and range of applicability: Central policies affect all – for the good or the bad; local policies have a stronger effect, as they impact everyday life and the context-specific configuration of social-ecological infrastructures. Radically decentralized policies are either based on market exchange (in neoliberal forms of decentralization) or based on reciprocity (in forms of self-organization and commoning; e.g. Brand et al. 2021). Neither of them can deal with issues of uneven development and spatial equity. Therefore, bottom-up actions for the place-based needs satisfaction of foundational goods and services have to be linked to top-down policies that guarantee equality, equal access, redistribution and equal chances for participation.

In this policy paper, we define – in line with Dani Rodrik (2017) - “the state as a spatially demarcated jurisdictional entity”. His third policy option, next to hyperglobalization and democracy, is enlarging national policy spaces. Up to today, the nation state disposes of the largest policy space due to its tax-collecting and administrative capacities that lack on the local level. Therefore, national branches of the state, be it parliaments, governments or other public authorities, usually have more policy options which can be used to reinforce existing economic power structures or to contain the power of big business (Novy, 2020, p. 9). The central state disposes of the capacity to redistribute, e.g., by means of progressive social, fiscal, monetary and industrial policies. However, following Bob Jessop (1999) the nation state is no monolithic entity but an apparatus composed of different, often conflicting units (e.g. ministries). It is no neutral playing field for different collective actors (e.g., interest groups, movements, ...) and structures (eg. the state depends on tax collection and, therefore, economic growth). Therefore, state structures (like tax systems or technology policies) have a strategic selectivity, as they do not respond to different interests (of workers, investors, future generations) in the same way. State actors tend to take primarily the interests of powerful groups, e.g., the car lobby or the financial sector, into account (Eder & Schneider, 2018, pp. 114–118), thereby stabilizing unsustainable economic and power relations (Brand et al., 2021, p. 280).

However, the state can also lead alliances for a desired social-ecological transformation. For progressive policy-making it is important to analyse viable context-sensitive options, for example accessible and sustainable need satisfiers, like renewable energy infrastructures or walkable cities. Such need satisfiers have to differ according to places as well as specific social groups. For instance, sustainable mobility systems are different in rural and in urban areas; public leisure facilities differ for young and elder people. Progressive interventions by civic and political actors, trade unions and social movements have to aim at shifting state structures towards attending the needs of broader populations, future generations and other parts of the world. The state can, for example, restrict extraction and exploitation via income and wealth caps. It can promote decommodification in the foundational economy and facilitate democratic participation of broader segments of society in access and use of social-ecological infrastructures and socio-economic policy-making. Brand and co-authors favour decentralisation, “changing the concrete form of the state through strengthening decentralized units (municipalities)” (Brand et al., 2021, p. 280). However, concrete experiences of the foundational economy and of community wealth building have shown that missing central state support can be a

decisive drawback, especially when the objective is to increase scale and scope or to reduce inter-spatial inequalities.

Industrial policy and monetary policy are powerful tools at hand to promote a social-ecological transformation. However, this potential is much more restricted for states in the Global South. And it varies according to factors like size and economic power: Ecuador is not China, and Germany is not Greece.

Colleen Schneider, in her contribution in the second webinar⁹, demonstrated that monetary policy is an important field of progressive policy-making. Over the last decade, monetary policies have privileged existing wealth by controlling inflation, while restricting public capacity to finance the provision of basic needs. Central banks' agency is strongly biased towards financial interests, as, today, they tend to sustain a **"central bank-led asset capitalism"** (Schneider, 2021) in which the target of central bank's policies is a safe and secure space for financial investment, avoiding both inflation and deflation. This creates optimal conditions for finance and real estate capital, the big winners of current quantitative easing policies. This is incompatible with a desired social-ecological transformation which requires a profoundly different monetary governance in which central banks are subordinated to a 'green developmental state'. This would facilitate monetary policies in which labour is no longer subordinated to finance capital, and investment in long-term transformative social-ecological infrastructures, like renewable energies, e-mobility and accessible housing, is facilitated. Finally, "[t]his would go hand-in-hand with a shift back to fiscal policy in leading economic policy setting, stimulating the economy, and directing distribution" (Schneider, 2021). Unfortunately, the member states of the eurozone are in the unique situation of having delegated their monetary policy competences to a supra-national institution, the European Central Bank (ECB). Therefore, monetary policies are decided for the Eurozone, fiscal policies by each nation.

Reorienting monetary policies is also necessary to finance progressive **industrial policies**, as the ecological crisis is not solved by changed consumption patterns alone. The prevailing unsustainable norms of consumption are intimately linked to production patterns. However, due to the urgency and scope of the climate crisis, the ecological modernization of industry based solely on technological innovations is not sufficient. To drastically reduce CO₂ emissions, existing production models have to be disrupted, e.g., by prohibiting certain technologies, like combustion engines or gas heating. Such interventions are heavily contested, not only by companies, but by trade unions as well, as industrial

⁹ IKPS-Webinar "Policy Spaces for Social Ecological Transformation"

conversion devaluates already-invested capital and know-how and endangers (well-unionized) workplaces. Thus, the task is to draft sector-wide action plans facilitating a just and green transition away from ecologically-harmful industrial sectors (Eder & Schneider, 2018, pp. 119–121).

Industrial policies have to strike the balance of social, economic and ecological objectives. Such **territorialized industrial policies** must not be confined to the national state but have to be developed at the local or regional level too. A key objective of industrial policies must be to support the efficient and ecological provision of human needs and to promote the transformation of those economic zones with a high ecological footprint. In achieving this, each level has its particular strengths and weaknesses. On the local level, cluster policy is promising. However, **local** industrial policy might take the form of submissive locational policy that solely subsidizes the attraction of inward investments. On the **national** level, the state disposes of diverse supply- and demand-side policy measures, like public procurement as well as innovation policies. However, the concrete policy space depends on the context. For example, a country in the Global South will have significantly less room for manoeuvre than one in the Global North. But even in the Global North some countries, e.g. the USA, have more decision-making power than others, e.g., the eurozone countries, because member states can only control their fiscal policy, not their monetary policy. This is highly relevant for industrial development options. Lastly, due to the size of EU members, they face the challenges of *Kleinstaaterei*, of being too small to effectively dispose of a proper space of manoeuvre to face the main economic competitors, especially the USA and China. Therefore, in principle, the **EU** is an adequate and potentially effective policy space for progressive accumulation strategies bolstered by regional industrial policy. During the pandemic, EU governance has abandoned temporarily some of its Holy Grail ideologies of market liberalism and austerity. It will be crucial to avoid a return to business-as-usual neoliberalism after the pandemic. This would not only make progressive EU policies very difficult, but further weaken the capacity of the European continent to compete with deliberate industrial policies in the US, China and other emerging economies.

The current system of **global governance** established under hyperglobalization has reinforced problems inherent in capitalist development, from uneven power relations to expansionary dynamics of excessive resource use. After the unilateralism of Bush's Iraq war, the rise of China and the Great Financial Crisis in 2008, liberal multilateralism has entered into a deep crisis. Trump and colleagues have only deepened the conflicts. From a progressive perspective, it is clear that the ecological crisis – as many other challenges – requires urgent international actions. However, how to exactly reach this is seriously disputed. Patomäki (2019) argues in favour of the creation of a **World Political Party** and

calls with a colleague for the introduction of a global greenhouse gas tax (Morgan & Patomäki, 2021). While such proposals are comprehensible due to the need for shared action, their implementation is highly unlikely under the current global balance of power, as Sarah McKinley pointed out in the first webinar¹⁰: “Will Biden’s administration be in a position to make those kind of global changes that we need at the scale and the radicality that we need? I don’t think so – and I don’t see it from the EU to be honest. So we’re in need to do the best that we can to lay the groundwork – and we’re going to find ourselves in multiplying periods of crisis that we’re going to have to sort of reactively respond to.” Thus, the risk is that a mere focus on resolving contemporary problems globally might reinforce inactivity, while actions on lower scales would have been feasible.

Nevertheless, the call for a new system of global governance has also been raised by **deglobalizers** such as Bello (2008, p. 462): “Thus deglobalization or the re-empowerment of the local and national, however, can only succeed if it takes place within an alternative system of global economic governance.” In Bello’s view, this requires reducing the power of Western transnational companies and weakening the dominant states, while “strengthening diverse actors and institutions such as UNCTAD, multilateral environmental agreements, the International Labor Organization and regional economic blocs” (Bello, 2008, p. 464). Therefore, what is needed is the formation of new international, regional and intergovernmental institutions, like the UN institutions. They can create framework conditions to increase the policy space for taking decisions regarding production, trade and economic decision-making at the regional, national and local level. Thus, better international cooperation, accompanied by civil society organizations and improved public accountability, is not the alternative to regional, national and local actions but one of its enabling factors. Therefore, it has to be part of a comprehensive multi-scalar development strategy.

4. POLICY RECOMMENDATIONS

This policy paper alerts to the dangers of a certain **spatial fetishism**, as if either “globalization” or “the nation state” are the villains that obstruct a good life for all. The key message of this policy paper is that all spatial strategies have to be evaluated by the same criteria: **In how far do they serve the objective to empower certain economic zones and to regulate, convert and shrink others?** Given the spatial entanglements of economic activities a multi-level approach is best suited to use the potential

¹⁰ IKPS-Webinar ["In Search for Planetary Co-Existence"](#)

of different scalar interventions for a coherent alternative development strategy that puts the good life for all within planetary boundaries at center stage.

Policy spaces differ according to scales, actors and economic zones. To put it in a nutshell: Basic provision has to be provided for all. It will have to grow, if necessary, and – most probably – be converted to be more ecologically sustainable. The export-oriented tradeable sector that produces necessary goods, comfort as well as luxury products will have to be converted, but nevertheless will have to shrink to remain within planetary boundaries.



Figure 4. A good life for all within planetary boundaries. Source: Authors' own elaboration

A Polanyian development strategy aims at a good life for all within planetary boundaries (see Figure 4). Collective self-limitation and the objective to not live at the expense of others are decisive framework conditions for all Polanyian development policies. At the local level, such a strategy has to strengthen the foundational economy and promote community wealth building. Supply-side and demand-side oriented industrial and innovation policy can be practised in different territories, from municipalities to the EU, while progressive monetary and fiscal policy can either be drafted at the national or the macroregional (EU) level (depending on enabling and hindering framework conditions). Finally, the prevalent challenges require the creation of a new system of international cooperation that provides the countries of the Global South with an equal voice and ensuring that global economic governance increases diverse spaces of manoeuvre for progressive policy-making.

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