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Third-Wave Marketization

At the height of his influence, with his extraordinary intellectual powers undiminished, Erik Olin Wright passed out of this world on January 23, 2019. We had been close friends for more than forty years, ever since he warned me of that fateful letter of “recommendation” from Edward Shils, which, by a curious turn of events, had landed me my job in Berkeley. Erik went off to the University of Wisconsin–Madison but we were in constant touch, regularly reading and commenting on each other’s work. When it looked like I wasn’t going to get tenure at Berkeley, he was a major force behind my getting a job at Madison. The unexpected reversal of the tenure denial saw me return to Berkeley a year later. Then a few years later Erik was offered a job at Berkeley. He visited for a year, but he too decided to return home, to Madison. As he put it, he preferred to be an intellectual among professionals rather than a professional among intellectuals. We continued to visit each other and meet in distant lands.

We had a common project – the revitalization of a scientific Marxism. Our styles of work were complementary – he used survey research to develop his class analysis whereas I used ethnography to develop the notion of production politics. He primarily studied the relations *of* production and only secondarily relations *in* production whereas I

was the reverse, focusing on the relations *in* production against the backdrop of the relations *of* production. He moved toward international comparative research by mounting surveys across the world while I made the same move toward a global ethnography, becoming a worker in Hungary and then Russia, as well as collaborating with graduate students immersed in different countries.

In the beginning we took for granted the idea and the possibility of socialism, dissecting how capitalism reproduced itself despite and through its contradictions. With the collapse of communism, the very idea of a socialist alternative to capitalism became harder to sustain – capitalism had vanquished its challenger and history had come to end. Or so we were told. Erik turned from class analysis to pay ever increasing attention to what he called “real utopias,” exploring socialist alternatives that emerged either through the self-transformation of capitalism or within the interstices of advanced capitalism, while I undertook a futile search for socialism in the wreckage of communism. For a time, we intended to write a book that would embrace our divergent experiences and perspectives but I was diverted by the project of public sociology and he went on to author his magnum opus, *Envisioning Real Utopias* (2010). Just before he died he finished a more popular version, *How To Be an Anticapitalist in the 21st Century* (2019). He had become a public sociologist par excellence.⁴

What are these “real utopias”? Where do they come from? Erik scoured the earth for institutions and organizations that posed a challenge to capitalism. They included participatory budgeting, which he first found in Porto Alegre, Brazil; universal basic income, which he found in Europe; cooperatives, which he found in all corners of the world; the collective self-organization of Wikipedia; the solidarity or social economy that he found in Quebec, bringing together daycare, elder care, disability care with recycling, performing arts, affordable housing, cooperatives – in short, a vibrant civil society. When the project

began in the early 1990s, Erik worked from his office, reading about and then organizing symposia in Madison on a succession of “real utopias.” As he started publishing and the project grew, he was invited to give talks in different countries and the project came to look more and more like “public sociology.” He would spend time with the practitioners of real utopias, learning their history, the ins and outs of their projects, the dilemmas they faced, the conditions of their possibility and dissemination. From this raw data he would create an analytical model that could be lifted off the immediate context, a model that would then be discussed by practitioners and academics in conferences he organized. He was building a community of real utopians that transcended the university, engaged in very different projects but united in pursuit of a socialist future.

This was an organic public sociology – on-the-ground dialogue with the practitioners, elaborated into analytical models that were brought back to the practitioners, who were thereby connected to other real utopias. Over time Erik’s audience became more skewed toward the practitioners themselves, who were excited by the broader meaning he brought to their uphill struggles on the ground. Erik had become an ethnographer, searching for prefigurative forms of socialism, analyzing them, handing them back to the community they came from, and then making them available to all.

Erik brought unity to his real utopias by tying them to a critique of capitalism and its transformation. He worked with a medical model: *diagnose the defects* of capitalism, *develop a treatment of real utopias*, and apply the treatment through *strategies of social transformation*. *Envisioning Real Utopias* ascribes the following defects to capitalism: it perpetuates eliminable human suffering, blocks human flourishing, limits individual freedom and autonomy, violates egalitarian principles of social justice, is inefficient and environmentally destructive, has systematic bias toward consumerism, promotes commodification that

threatens broadly held values, fuels militarism and imperialism, corrodes community, and limits democracy.

To oppose these defects real utopias empower society vis-à-vis the state and market, building an imagination of socialism. But how can such real utopias be realized on a significant scale? Here Erik moves toward a general theory of social transformation that comes about through a combination of three strategies: through ruptural break with capitalism, through interstitial alternatives arising alongside capitalism, and through symbiotic compromises that were the unintended consequences of the reproduction of capitalism. In *How To Be an Anticapitalist in the 21st Century* Erik reformulates the strategies as dismantling, taming, resisting, and escaping capitalism, which combine to “erode” capitalism. Erik left us with the unfinished task of integrating these three dimensions – diagnosis, treatment, and strategy – as he still needed to show how real utopias emerge organically from the dynamics of capitalism, and to establish the conditions under which they lead to the social transformation of capitalism. To tackle this conundrum, Marxism requires some radical surgery. I will suggest we need to place the project of real utopias in the context of a Polanyian reconstruction of Marxism.

In the original Marxian model competition among capitalists leads to new techniques of extracting surplus labor from direct producers – that is, the intensification of exploitation. These new techniques – deskilling the labor process; introducing new technologies that entail further deskilling but also the displacement of labor; family labor that spreads the wage among two or more members of the household; migrant labor as a form of cheap labor – all lead to the polarization of rich and poor. This, in turn, gives rise to the deepening of class struggle on the one side and crises of overproduction and the concentration of capital on the other, eventually leading to the overthrow of capitalism. This model overlooks the key role of the state in reorganizing capitalism, so as to bring

crises under control and contain class struggle. Ironically, where Marx and Engels thought that the working class was the gravedigger of capitalism, it turns out that the working class is the savior of capitalism – its struggles led to class compromise, to concessions that not only counteracted crises of overproduction but also cemented reformist politics and dampened the enthusiasm for revolution.

Today we may say that having a stable job is the privilege of a diminishing fraction of the working class, especially when considered globally. Precarity is a rising tide coming in from the Global South and engulfing more and more workers in the Global North. Remnants of a stable working class become a labor aristocracy, defending its declining privileges. It springs into action here and there, renewing hope for the extension of working-class struggle, but the overall trajectory is downward – whether we measure the trend by strikes, by union density, or by the strength of working-class parties. We require a theory of capitalism that does not rely on transcendent working-class struggles but unites them with other anticapitalist forces. For this we must move from *The Communist Manifesto* to Karl Polanyi's *The Great Transformation*.

In the previous chapter I drew on *The Great Transformation* to address Russia's catastrophic transition to capitalism. Russia may appear anomalous, but it exhibits, in extreme form, the pathologies of today's capitalism, giving Polanyi's theory general relevance. Polanyi's key move against Marxism was to focus the destructiveness of capitalism on the market rather than on production, on commodification rather than on exploitation, on exchange rather than on labor. Examining nineteenth-century England, he argues that the important working-class struggles – the factory movement for reduced working hours, the cooperative movement, and Robert Owen's communalism – were driven by opposition to the sale of labor power rather than to the exploitation of labor, struggles over the reproduction of labor power

rather than the expenditure of labor. This provides Polanyi with an opening to extend the critique of capitalism to the way it turns three essential factors of production – labor, money, and land (nature) – into commodities subject to unregulated exchange.

These are “fictitious commodities” that were never intended to be commodities – so much so that turning them into commodities subject to unregulated exchange leads to the destruction of their use value. Indeed, in the extreme, these commodities are *ex-commodified*⁵ – expelled from the realm of exchange, as when workers can no longer find a job, when the environment is destroyed, when money becomes increasingly a source of profit rather than a means of exchange and measure of value. We can add a fourth fictitious commodity, knowledge, whose commodification turns it from a public good advancing a public interest, into an instrument to expand commodification. In her book *The Age of Surveillance Capitalism* (2019) Shoshana Zuboff shows how our participation in the digital world, in social media, produces “data” that is processed into knowledge sold to capitalist moguls who thereby profit from the regulation of our lives. Further, the commodification of knowledge becomes an instrument to more effectively commodify labor, as in the gig economy; commodify money, as in the speculative debt economy; and commodify the environment, as in carbon trading. The commodification of knowledge intensifies the commodification and even ex-commodification of the other three fictitious commodities.

Polanyi’s theory has an obvious resonance with the contemporary era but it had a fundamental flaw. Writing during World War II, Polanyi thought that humanity, having learned the lesson of the destructiveness of markets, would never again experiment with market fundamentalism. But he was wrong – beginning in the 1970s the world has been overwhelmed by another wave of marketization. Polanyi’s error was to attribute market fundamentalism to human volition, to the dangerous utopianism of economists such

as Hayek and von Mises. While they provide the ideology, the justification for market fundamentalism, it is capitalism that requires and regenerates markets to contain crises of profitability and overproduction. Extricating land, labor, money, and knowledge from their social integument and thereby subjecting them to commodification creates new markets and more profit.

This extrication or expropriation not only initiates capitalism as in Marx's "primitive accumulation," it is a continuing feature of capitalism, often violent, often generating social protest. David Harvey (2003) rightly makes much of this continuing "primitive accumulation" in his notion of "accumulation by dispossession." But are we witnessing "accumulation" or "disaccumulation"? Are the expropriations actually destroying capitalism rather than expanding it on the backs of the millions of displaced peasants, refugees, unemployed workers, evicted tenants and homeowners, victims of floods, fires, and pollution? Can we not say that markets are now in a mode of destroying capitalism, disaccumulation through dispossession, a process I earlier referred to as "involution"?

The reconstruction of *The Great Transformation* has to begin, therefore, with Polanyi's inability to anticipate another round of market fundamentalism tied to the destruction of capitalism. For Polanyi there is one long wave of marketization culminating in the crises of the 1930s that led to a *counter-movement* of state regulation – Stalinism, fascism, social democracy. Instead of one wave, I propose three waves of marketization, each with their distinctive counter-movements. The first wave defines early capitalism and generates counter-movements of a local character; the second wave calls forth a counter-movement centered on the state – organized capitalism or state socialism; while the third wave of marketization, what others call neoliberalism, has generated local and national reactions that have yet to summon up the global response necessary to fight international finance, climate change, and human displacement.

This Polanyi-inspired theory of capitalism offers a way of bringing real utopias under the umbrella of de-commodification. Universal basic income (UBI) provides a meaningful basic subsistence existence for every adult that removes their dependence on a wage. It *decom-modifies labor power*, enhancing the power of labor vis-à-vis capital, and provides the economic basis for other real utopias. Worker cooperatives in which workers both manage and own their enterprises would be more feasible if the state guarantees everyone a living wage. Even without UBI, cooperatives can offer security of employment unavailable to workers in capitalist enterprises. Erik's favorite cooperative, the huge Mondragon complex of worker cooperatives in the Basque country of Spain, is able to shuffle workers between units so as to keep many of them employed while unemployment soars in the wider society. Related to the survival of cooperatives is the availability of loans; for that we require public banks, sponsored by local communities accountable to the public rather than private interest. What is at stake is the *decommodification of money*, the regulation of its sale as credit to support community projects. Participatory budgeting is another real utopia involving de-commodification in which a proportion of the municipal budget is distributed among public projects – schools, parks, roads, and so on – as decided by neighborhood councils in an elaborate democratic process. We have seen how third-wave marketization has exploited the commodification of knowledge but here, too, Erik emphasized real utopias involving “peer-to-peer” collaboration in such enterprises as Wikipedia. Another of Erik's favorites was the public library, another form of the *decommodification of knowledge*, making it freely available to all. Indeed, for Erik, the public library illustrates one principle behind the public ownership and organization of goods and services.

Erik has little to say about the commodification of nature but as Polanyi and Marx knew only too well this is the other side of the commodification of labor power. The

working class, as a class of wage laborers, is produced by separating them from the land, which is thereby liberated for commodification. Land ownership becomes the basis of rural consolidation and dispossession, but also urban consolidation manifested in skyrocketing rents, evictions, and homelessness. In the rural areas cooperative farming and in the urban areas rent control or better public housing are forms of decommodification. Along with the commodification of land, there is the commodification of water and electricity, the creation and then profiteering from scarcity of the basic ingredients of human life. Centuries of plundering nature have given rise to new forms of commodification of the atmosphere through carbon trading, the sale of rights to pollute, which has failed to arrest global warming. We now learn that plundering nature is also a source of pandemics, exploited by Big Pharma, who make a killing from vaccines – a commodification of knowledge – developed after the spread of COVID-19. The Green New Deal is so far an imaginary utopia but it demonstrates what will be necessary to save the planet: it involves the radical transformation of capitalism, or more likely reimagining the meaning of socialism, whose condition will be the decommodification of money, labor, and knowledge.

Erik's project is one of organic public sociology: engaging with real utopias through collaborations with their architects and practitioners to elaborate their principles, to understand their mechanisms of expansion, to ferret out their contradictions, to explore the conditions of dissemination. It relies on the theories and methodologies of professional sociology, while also invigorating those theories; it deepens a critical sociology based on explicit values. Real utopias may be united in their reaction to third-wave marketization, projects of decommodification, but, at the same time, they are each propelled by their own distinctive normative foundations: equality-fairness, democracy-freedom, and community-solidarity. These are values touted by capitalism – recognized but not realized.

Taken as individual projects, real utopias represent reforms that maintain the capitalist ecosystem as a going concern – absorbing dissent and adapting to crisis. The goal of Erik’s public sociology is to meld them into a singular unifying project – a reaction to third-wave marketization and, at the same time, pointing beyond capitalism – that captures the imagination of the dispossessed, forging a social movement for the “erosion” of capitalism. However, as in the reaction to second-wave marketization, so in the reaction to third-wave marketization there are authoritarian as well as democratic tendencies. Erik’s real utopias aim to consolidate a socialist vision of an alternative future but what of the more right-wing populist movements? How does a public sociologist engage a very different politics than her own?

Arlie Hochschild (2016) spent five years with members of the Tea Party in Louisiana, 2011–16. Her book, *Strangers in Their Own Land*, sets out from a puzzle: why is it that victims of environmental degradation – the product of third-wave marketization – are so hostile to the state, the only institution that could regulate pollution, especially of the oil industry? As Raka Ray (2017) has argued, Hochschild’s subjects harbor a subliminal understanding of Louisiana as a colony within the US, held to ransom by the profiteering practices of oil corporations. Yet rather than turn against the companies, rather than demand the state provide for their physical and economic security, they direct their animus to those who are “jumping ahead of them in the queue,” minorities who are supposedly “privileged” by the state, immigrants flooding into the country to take their jobs. Having been neglected by the state, Tea Party supporters turn against those who are more marginal and vulnerable than themselves, people whom they have considered their inferiors. Even when Hochschild discovers community leaders who see the world as she does, they too have difficulty making inroads into the deeply entrenched common sense of a population fearing they will join the despised others at the bottom of society.

She sensitively but persistently engages with a view of the world so very different from her own. She struggles to climb the “empathy wall” that separates her from her subjects. She asks herself how it might be possible to redirect resentment targeting those they see as threatening toward the common enemy above. What are the crossover issues that might bring about a shared critique of their shared oppression? Under what conditions might the Green New Deal resonate with their lived experience? Can a project of decommodification have any meaning to Tea Party followers? These are the questions of the day tackled by such notable figures as Ruth Milkman (2020) and Chantal Mouffe (2018).

Can we redefine “decommodification” to attract broad popular support? What does decommodification mean today? In the first wave of marketization, decommodification focused on the self-destruction of the capitalist economy. Marxists paid little attention to the nature of socialism, the working class would make it themselves; it is not for intellectuals to design the specifics of socialism from above. In the second wave of marketization, decommodification was engineered by the state. This was the era of state socialism and social democracy in which the state substituted itself for the market. What then does decommodification mean under third-wave marketization, when the state is doing less to contain and more to promote the ravages of the market? The impetus for decommodification has to come from civil society. It doesn’t mean that the state and market miraculously disappear; rather, they are subordinated to collective self-organization of civil society. It is a matter of restoring the social to socialism.