Work and Neoliberal Globalization: A Polanyian Synthesis

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Abstract

This article reviews sociological research about economic globalization’s impact on work and labor in developed and developing countries since the 1980s. We find that this period of neoliberal globalization influences work because of intensified activities of multinational corporations (MNCs), financialization of the global economy, and amplified prominence of international organizations, some of which diffuse neoliberal policy scripts while others mobilize a transnational civil society. Research we review generally points to liabilities of neoliberal globalization for workers. To understand these findings, we apply Karl Polanyi’s concepts of fictitious commodities, the self-regulating market, and the double movement. We propose that, on the one hand, the activities of MNCs, international financial organizations, and many states exemplify pushes for institutional separation of economy and society in effort to institutionalize the idea of a self-regulating market at a global scale, which increases labor commodification and global inequalities. On the other hand, the activities of social movements, including unions and transnational actors that target globalization’s impact on work, constitute the counter movement at national and global levels resisting marketization and pushing for labor decommodification. The aftermath of the ongoing economic crisis will tell to what extent this countermovement will be successful in generating an alternative to neoliberal globalization, and more protections for workers.

Introduction

A search of Sociological Abstracts at the end of 2010 yields 13,350 journal articles that include globalization among their keywords. Almost 3000 of these articles are about work/labor and globalization, but only 12 discuss the work of Karl Polanyi as relevant for our understanding of the work/globalization dynamic. A further search reveals that a few recent book-length publications have found value in Polanyi for shedding light on global economic change (Hann and Hart 2009; Harvey et al. 2007; Silver 2003; Smith and Korzeniewicz 1997). We build on this scholarship and the idea that Polanyi’s The Great Transformation (1957 [1944]), ‘is indispensable for understanding the dilemmas facing global society at the beginning of the twenty-first century’ (Block 2001, xviii; see also Block 2005). Specifically, we apply (i) Polanyi’s concept of labor as a fictitious commodity – fictitious because it is not inherently produced to be supplied for sale on the market and be manipulated by the logic of supply and demand; (ii) his argument about the push for institutional separation of economy and society with the advent of the idea of a self-regulating market, which increases labor commodification; and (iii) his proposition that this process is met with a counter movement to protect society from market forces. While Polanyi developed his argument on the case of free-market building in 19th century England, we propose that renewed claims of the virtues of laissez-faire markets and liberalizing policies since the 1980s, or neoliberalism, represent a parallel context at the global level (cf. Hann and Hart 2009; Mittelman 1996). This makes Polanyi’s arguments particularly salient for our understanding of work in the period of neoliberal globalization.
Globalization is a historical process with economic, cultural, political, legal, and technological dimensions. For our purposes, we largely focus on the economic aspect of the phenomenon since the late 1980s, which we call the neoliberal globalization phase because of the prominence of the neo-liberal agenda in economic policy making across the world during this period (Campbell and Pedersen 2001; Prasad 2006; Spilerman 2009). We define neoliberal economic globalization as a process characterized by intensified economic exchange of goods, services, capital, labor, and new technologies across national borders, in particular foreign direct and portfolio investment, and increased fragmentation of production and power shifts in the organization of industries across the globe. Key to neoliberal globalization is financialization, or the process whereby financial services come to dominate over productive activities as sources of profits. Neoliberal globalization is also characterized by the growing influence of international organizations on state and firm-level activities, and creation of transnational civil society.

This article proceeds by reviewing sociological research about neoliberal globalization and work, covering developed and developing countries. The review is necessarily selective and focuses on the studies that examine the impacts of increased volatility of global product and financial markets, intensified activities of multinational corporations (MNCs), and amplified prominence of international organizations, on the character, inequalities, and protection of work. Based on our reading, this research emphasizes some benefits but, generally, points to liabilities of neoliberal globalization for workers. To understand these findings and the dynamic of work and neoliberal globalization, we apply Karl Polanyi’s concepts of fictitious commodities, self-regulating market, and the double movement. We propose that, on the one hand, the activities of MNCs, international financial organizations and many states exemplify pushes for institutional separation of economy and society in an effort to institutionalize the idea of a self-regulating market and the shareholder profit imperative at a global scale. The resultant wage-driven competition in a global arena increases labor commodification, or the extent to which the demand and cost of labor is adjudicated by sheer market forces rather than regulation and protection. This leads to greater insecurity, intensity, and contingency in the character of contemporary work as well as persistent inequalities. On the other hand, the activities of social movements, including unions and transnational actors that target globalization’s impact on work, constitute the counter movement at national and global levels resisting marketization and pushing for the protection of workers from the market, or labor dec commodification. These efforts have been bolstered with protests in response to the world-wide economic crisis, which started in 2008, as the ultimate consequence of financial market deregulation and financialization. Only the aftermath of the crisis will tell to what extent this countermovement will be successful in generating an alternative to neoliberal globalization, and more protections for workers.

Globalization and the changing character of work in the developed countries

Work in the global era is characterized by rising insecurity, increased intensification, more flexible organizational forms, and altered power relations between employers and employees. Openness to global product and financial markets increases fluctuations in the price of products, volatility in short-term capital injections from capital markets that impact countries’ exchange rates, and proneness of foreign investors to move to other locations in search of higher profits. All these translate into volatility in hiring and firing, accentuating overall sense of job insecurity (Archibald 2009; Burchell et al. 2002; Green 2006).
Moreover, financialization (Epstein 2005; Krippner 2005) has resulted in a reorientation of firms to financial markets solidifying the profit imperative and the increased importance of shareholder value. As the overarching goal of management becomes to increase the share price, firms that will not (or cannot) make necessary structural adjustments to maintain their profitability will be taken over by those who can (Krippner 2011). Reducing labor cost is often one of the first moves in ‘lean-and-mean’ company restructuring efforts, including layoffs, outsourcing, adopting contingent work arrangements, or other workplace changes that generally impact employees negatively (Froud et al. 2000).

*Job insecurity, intensification of work, and flexible work arrangements*

The increased job insecurity in the developed world due to ‘outsourcing’, or ‘off-shoring’, i.e. the relocation of jobs that were once part of the advanced industrial countries to places with lower wages, has received the most popular attention. Related is the notion of the ‘race-to-the-bottom’, suggesting that developing country governments go as far as lowering taxes and labor and environment standards to lure MNCs to relocate production to their country. While empirical evidence for the race to the bottom is inconclusive (Castles 2006; Jensen 2006; Mosley 2003), there is evidence that some jobs from the developed West, but also from middle-income countries, have been relocated to the developing world (Aspray 2010; Davis-Blake and Broschak 2009; Smith 2006). Moreover, a simple threat from management about downsizing due to outsourcing forces workers to accept more encroachments on their working environment than they would otherwise (Castles 2006; Scharpf 2006).

Workers in the developed world are also experiencing changes in the nature of the time they spend on-the-job. The amount of effort expected from workers has increased leading to an intensification of work (Burchell et al. 2002) and at the same time, workers in the developed world are now spending much more time at work, especially in the United States (Green 2006; Sweet and Meiksins 2008; Thomas 2007). This does not pertain mostly to workers at the lower end of the pay grade; studies have demonstrated the increasing overextension of knowledge workers (Kvande 2009) and stockbrokers (Blair-Loy and Jacobs 2003).

Another important aspect of the changing workplace involves the increasing emphasis on flexibility as an organizational form in response to the demands of global competitiveness. This means introducing part-time, temporary, and other forms of contingent work to ensure that a company never pays for more labor than it actually needs (Amoore 2004; Kalleberg 2001; McKeown and Hanley 2009). Though this strategy lowers costs to firms, non-standard work arrangements contribute to job insecurity, reduced wages and benefits, and increased stress (Quinlan et al. 2010). Overall, neoliberal globalization increases a general sense of uncertainty due to a less predictable and changing environment that organizational actors have to confront (Bandelj 2008; Vidal 2009).

*The power of labor and state protection of workers*

So far, the picture of globalization’s impact on work in the developed world today seems rather dim. Scholars have argued that this is also because globalization undermines the class capacity of workers, shifting power to capital, and away from labor (Bieler et al. 2010; Levesque and Murray 2002; Sklair 2002). Diminishing power of labor in the recent decades is indicated by declining strike activity and decreasing union density (Clawson 2003; Lichtenstein 2002; Slaughter 2007). These declines are generally linked to the
increased trade openness (Baldwin 2003; Western 1997) and foreign investment penetration (Brady and Wallace 2000); the combined forces of deindustrialization and international migration (Lee 2005); the threat of job relocation by employers (Choi 2006; Raess and Burgoon 2006); and reflect the need for new labor organizing strategies to target MNCs (Gennard and Newsome 2005). However, Wallerstein and Western (2000) and Visser (2006) demonstrate that the decline of unionization has not occurred equally in all Organization for Economic Co-operation and Development (OECD) countries in recent decades. While many countries, like New Zealand, Australia, the UK, the United States, and Austria experienced large declines in union density since the 1970s, in other cases, like Canada, Italy, and Norway, declines were small. And in a smaller number of countries, union density exhibited growth, as in Finland, Sweden, Belgium, and Denmark (Visser 2006). Their findings suggest that though unions have generally been weakened in recent decades, there is no single effect of globalization on union activity. Moreover, according to Silver (2003), increased flexible production makes capital actually more vulnerable to disruptions from labor.

This suggests caution from making simple conclusions about how character of work has changed since the 1980s (Williams 2008). For example, Royal and Althauser (2003) provide an analysis of workplace relations in Finland, which have remained remarkably constant in spite of narratives of the dramatically changing world of work. And there may be certain categories of workers who actually benefit from the increased use of flexible work organization, particularly highly skilled workers who can potentially follow job opportunities around the world (Kalleberg 2001; Kennedy 2007). In addition, workplaces have benefited from the increasing prominence of information and computer technology (ICT) for work activities (Antonioli et al. 2009; Dolton and Pelkonen 2008) by facilitating greater communication and a more collaborative, team work oriented, workplace (Askenazy and Caroli 2010; Galbraith 2010; Workman 2007), even if they also increase workloads and on-the-job stress (Chesleya 2010).

Finally, we know that the nature of the work is importantly influenced by the level of state protections and regulation. One of the key questions is, therefore, whether globalization leads to a retrenchment of the welfare state. The results of empirical research on this topic are mixed. Some have found a negative relationship between economic openness (in terms of trade and investment) and levels, generosity, or composition of expenditures on social benefits (Busemeyer 2009; Cortez 2008; Koster 2008). Others have pointed out that it is the ideology of globalization in the rhetoric of retrenchment that politicians use to provide legitimacy for fiscal cutbacks in line with neoliberal economic policies (Castles 2006; Hay 2006). Most studies, however, do not find evidence that globalization requires retrenchment of welfare states across the board (see summary by Koster 2009). Benner (2003) and Nielsen and Kesting (2003) show how particular Scandinavian countries have maintained their welfare states in spite of globalization. As Brady et al. (2005) conclude, there is no single impact of globalization on the welfare state.

But even if state social protections are not cut across the board because of neoliberal globalization, the reviewed research does show increased job insecurity, outsourcing, contingency of work, longer work hours, and added stress. Internal labor markets no longer characterize employment relations in the post-Fordist period (Vidal 2011), and the profit imperative and global wage-driven competition introduce a new kind of commodification of labor in the era of neoliberal globalization. But, as Polanyi (1944) argued, labor is a fictitious commodity, not inherently produced to be adjudicated by market forces. For the case of 19th century England, Polanyi documented how society pushed against the attempt to transform human beings into commodities and the effort to institutionalize the
‘stark utopia’ (Polanyi 1957 [1944], 3) of self-regulating markets. This was evidenced in the demands for state legislation concerning social insurance, public health, factory conditions, and the like (Block and Somers 1984, 57). We discuss the parallel counter movement at a global scale during the neoliberal period in the last section of the paper.

Globalization and work in the developing countries

Generally, there is much less research on the impact of globalization on developing rather than developed countries (Spilerman 2009). In particular the issues of state protections and labor unions in the global South are rarely discussed. Nevertheless, we found some exemplary studies on the character of work in developing countries, the impact of neoliberal policies on economic prosperity and well-being in Africa and Latin America, as well as notable scholarship on the impact of globalization on female workers in the global South.

Work in the global South

Pronounced outsourcing in the global North would imply that globalization brings benefits to the global South. Indeed, research finds that MNCs have contributed to an influx of labor-intensive, low-paying manufacturing jobs as well as some relatively well-paying, white-collar jobs, including those in ICT, customer service and legal work in developing countries (Liu 2008; Spilerman 2009). Still, these jobs come with liabilities. For example, Nadeem (2009) argues that for workers in call-centers in India, increased efficiency enjoyed by global corporations on account of off-shore activities translates into social isolation, health and safety problems due to long hours, and intense work paces and temporal displacement because of adjusting to consumers in different time zones. Other challenges include suppressed wages and diminished collective power, as Pun and Smith (2007) document for the case of internal migrant laborers in China; declining labor standards, as revealed by Bloor and Sampson (2009) in their study of seafarer laborers; and the use of child and forced labor in the agricultural industry (Athreya and Newman 2009; ILO/IPEC 2005).

Further, female workers in developing countries, who tend to occupy the most unstable and lowest paying jobs, have been disproportionately negatively affected. Gunewardena and Kingsolver (2007) argue that migrant Filipina domestic workers in Los Angeles and Rome, hotel workers in San Francisco, and women in tourism in Jamaica are among the most marginalized in the global economy. Likewise, female manufacturing workers in Sri Lanka experience great distress in the pull between modern and traditional values (Lynch 2007), and female workers in the garment industries in Mexico and China frequently earn below-living wages and experience long hours and ineffective grievance procedures (Collins 2003). Further, the conditions of women’s jobs, especially labor-intensive and part-time work in global manufacturing centers, tends to promote high rates of turnover, which is used to justify low wages and poor working conditions (Caraway 2007).

Washington consensus and its impact on the developing world

From a broader view, many developing countries have been affected by the rising prominence of neoliberal economic policies of deregulation, liberalization, and privatization (Draibe and Riesco 2009; Henisz et al. 2005; Williamson 2003), codified in the
‘Washington Consensus’, because they are promulgated by international agencies located in Washington D.C., such as the World Bank and the International Monetary Fund (IMF). Kogut and Macpherson (2007) document the rapid and wide-spread adoption of privatization world-wide, and argue this has a lot to do with the number of US-trained and particularly Chicago-trained economists in the countries of adoption. Still, efforts of privatization have real consequences for firms (Meggginson and Netter 2001). Chong and Galdo (2009) find that firms often reduce their workforces before and during privatization, regardless of whether the firm is state- or foreign-owned. Further, many neoliberal structural adjustment programs, led by the World Bank and the IMF, have had negative consequences for workers, including increased food insecurity, malnutrition and decreasing access to health care services in a large majority of African countries subject to these policies (Braimoh 2009; Loewenson 1993).

The Washington Consensus has recently been extensively criticized (Florio 2002; Rodrik 2006), especially when it was made clear that economic growth in Latin America after implementing neoliberal reforms never achieved the desired heights, and the crises experienced during the transition to privatization and liberalization were much greater and more sustained than imagined (Carruthers and Babb 1996). Likewise, in Sub-Saharan Africa, economic growth and success were limited, with market-oriented policies increasing unemployment (Boafo-Arthur 2003; Geo-Jaja and Mangum 2001) and proving hardly capable of addressing the growing public health issues that span the region (Rodrik 2006). Critiques of the neoliberal model and its consequences for the developing world have also been voiced by transnational advocacy networks, a point to which we return in the last section of the paper.

Global inequalities

The combined impact of globalization on both the developed and the developing world has resulted in the ‘New International Division of Labor’ between the global North and South (Centeno and Cohen 2010; Frobel et al. 1978; Gereffi and Korzeniewicz 1994). While inequalities between rich and poor countries have been documented since the rise of the world system (Wallerstein 1974), there is evidence that the income division between workers in the global North and South is becoming increasingly polarized (Arrighi et al. 2003; Smith and Mahutga 2009). This is largely because of intensified fragmentation of production and power shifts in the organization of industries. Scholarship on the global commodity chains and global value chains (Bair 2008, 2009; Gereffi and Korzeniewicz 1994; Gibbon et al. 2009) has investigated these inter-firm linkages that create global interdependencies but also breed power inequalities since the lead firms, which are by-and-large located in the global North, have the power to organize the division of labor and influence outcomes for suppliers and workers in the global South (Appelbaum and Gereffi 1994; Gereffi and Christian 2009).

In fact, researchers have noted rising earnings inequalities also in the developed world (Brady 2009; Morris and Western 1999) and linked this to increased trade openness and immigration from least developed countries (Cline 1997; Wood 1995), and to a lesser extent, investment openness (Brady 2009). Alderson and Nielsn (2002) find that longitudinal variation in income inequality among 16 OECD nations is principally affected by southern import penetration and direct investment outflow. Bandelj and Mahutga (2010) show the strong association between rising income inequality in 10 postsocialist European countries with their foreign investment penetration.
This is consistent with the trends of growing income inequality between nations on a
global scale (Arrighi et al. 2003; Dixon and Boswell 1996; Milanovic 2002). In contrast,
Firebaugh and Goesling (2004) find evidence that industrialization in large developing
countries such as China and India results in declining between-nation income inequality
between 1980 and 2000. Reviewers of the inequality and globalization literature empha-
size that many differences are due to how researchers measure inequality, and whether
they weight the measures by country population. But there is little doubt that today’s
average incomes in the richest countries far exceed those in the poorest countries, which
‘reflects the increasing divergence between countries produced by globalization, not
growing convergence’ (Mills 2009, 3).
There is another aspect of polarization that deserves mention: the simultaneous con-
centration of high-level, and high-paying, MNC coordination activities, supported by a
concentration of very low wage services, in ‘global cities’ (Derudder and Witlox 2010;
Sassen 2006, 2010). Widely dispersed production networks require ‘command and con-
trol’ centers to manage them, often located in major world cities, like New York,
Paris, and Tokyo. Global cities are remarkable for concentrating high-wage work (e.g.
legal and financial consultants) in the same area with low wage, service sector work
(e.g. janitors, delivery people) that is needed to support these empires, which increases
polarization in these cities (Sassen 2006, 2008; Valenzuela et al. 2002; Wills et al.
2010).
All in all, persistent global inequalities, and the introduction of new ones such as in
global cities, are among the reasons that have spurred national and transnational social
movements to frame neoliberalism as a social problem (Ayres 2004; Gould et al. 2004;
Smith 2001). Such efforts are part of what we call a Polanyian countermovement against
labor commodification in the late 20th and early 21st centuries. The next section
expands our argument about the relevance of Polanyi for understanding the dynamic of
work and neoliberal globalization, and then provides more evidence for this counter-
movement.

The Polanyian synthesis: the fictitious commodity of labor, self-regulating
market, and the countermovement at the global scale

Globalization is a multidimensional process with various direct and indirect consequences
for work. We acknowledge that there are likely many more studies that are relevant and
relate to this subject. Given this caveat, we do find that, on average, the sociological
research we reviewed portrays neoliberal globalization as posing more liabilities than ben-
etits for workers. In our view, this is not surprising if we consider Karl Polanyi’s concep-
tualization of labor as a fictitious commodity and understand neoliberal globalization as a
process that promotes the idea of a self-regulating market on a global scale.

The fictitious commodity of labor, self-regulating market, and the double movement

In The Great Transformation (1944), Polanyi explains the revolutionary rise of laissez-faire
markets in the 19th-century England with a focus on two forces. The first is the com-
modification of (or extension of the mechanisms of market supply and demand to) land,
labor, and money. The second is the institutional separation between economy and soci-
ety whereby the existing institutional mechanisms of regulation are destroyed in favor of
the laissez-faire market system, so that society becomes dominated by economy, and the
market is seen as dis-embedded from society,1 even if a complete separation between
these institutional spheres, in a system of a truly self-regulating market, is impossible. As writes Polanyi (1957 [1944], 3), ‘the idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society’. Thus, a truly self-regulating market would be self-destructive (cf. Block 2005). This is primarily because labor, land, and money, are ‘fictitious commodities’ (Polanyi 1957 [1944], 68). Labor is a fictitious commodity because it is not manufactured to be sold on the market: people do not reproduce with the intention of providing more labor power. Moreover, if human labor were to be treated as any other commodity to be sold on the market, then there would be no limit to the kinds and extent of its use by employers, resulting in exploitation and overexhaustion. This makes clear that labor markets do not emerge spontaneously but are instituted (Moncel 2007), and if we want economies to be sustainable, regulation is necessary to put limits to the commodification of labor.

Indeed, according to Polanyi, in face of the ever expanding role of the unimpeded functioning of free markets in the 19th century England and resultant commodification of labor, society responded with a protective countermovement designed to keep the expansion of the market in check through measures and policies that would prevent market principles from dominating, thus re-embedding its structures in society. Polanyi calls this logic the ‘double movement’. Here he describes the twin forces of the push for laissez-faire markets and the pull by citizen protest and advocacy against the ‘dis-embedding’ of markets from society:

The one [is] the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely laissez-faire and free trade as its methods; the other [is] the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market – primarily, but not exclusively, the working and the landed classes – and using protective legislations, restrictive association, and other instruments of intervention as its methods. (Polanyi 1957 [1944], 132)

We transpose Polanyi’s argument about the creation of a market society guided by the ‘liberal creed’ in the 19th century England, to the creation of a global market guided by ‘neoliberal creed’ at the end of the 20th century (cf. Evans 2008; Munck 2006). If the Fordist era was characterized by decommodification of work, with internal labor markets and labor protections (Vidal 2011), the neoliberal principles codified in the Washington Consensus and promulgated by international financial organizations as part of a global culture (Meyer et al. 1997), legitimized the idea of self-regulating markets at a global scale, and ushered in a new period of labor commodification.

As documented in the studies reviewed in the first part of the essay, submitting more and more aspects of work to the market principles of profit maximization and wage-based competition on a global scale has increased the insecurity and contingency of work, the strengthening of capital compared to labor, as well as poor labor conditions and further marginalization of female workers in the developing world. We take this as evidence of labor commodification brought about by neoliberal globalization. Indeed, for Polanyi, commodification of labor lies at the core of a market society (Block and Somers 1984, 57), and is thus an unavoidable part of efforts to institute global self-regulating markets. But much like at a national level in 19th century England, increasing pressures of global markets to commodify labor and stifle its power at the end of the 20th century have been met with a protective countermovement at the national and global scales.
Protective counter movement against neoliberal global markets

Reactions to the global markets mostly involve transnational civil society actors, but the consolidation of social movements at national levels should not be ignored, especially the role of labor unions (Bieler et al. 2010; Visser 2006; Wallerstein and Western 2000). Laroché (2010) indicates that there is still a strong union presence in the Quebec menswear industry, and Lopez (2004) documents union activity among service workers in the United States (see also Milkman 2006), which is a growing sector of employment in many developed countries. Researchers also discuss the potential for coalitions between labor unions and other social movements (Clawson 2003), such as in the 1999 protests surrounding the World Trade Organization’s Third Ministerial Conference in Seattle, Washington, where a wide ranging social coalition of demonstrators took to streets against the effects of neoliberalism (Ayres 2004; Gould et al. 2004; Smith 2001). There is also evidence of South–South labor cooperation, as Howard (1995) shows in the case of international cooperation between workers in Mexico and Central America in response to their subordinate position in the Western hemisphere.

While efforts at the national and regional levels against neoliberal globalization are important, the weight of initiatives against labor commodification in the neoliberal period comes from the rapid growth and pronounced presence of international non-governmen- tal organizations (INGOs) during this period (Beckfield 2010; Boli and Thomas 1999). Some argue that it is precisely the strength of international financial organizations (and consequent imposition of neoliberal reforms impacting workers) that inspires the counter expansion of regulation by INGOs (Fridell 2007; Schneiberg and Bartley 2008), such as regulation of coffee prices (Talbot 2004), standard setting in the forestry and apparel industries (Bartley 2007), and labor, social, and environmental standards in the production of various agricultural products (Raynolds et al. 2007; Ruben 2009). Advances in technology along with the diffusion of human rights discourse globally facilitate the formation of ‘transnational advocacy networks’ (Keck and Sikkink 1998), i.e. complex interrelationships between international organizations, attending to issues of work (among others), especially in the developing world. For instance, Locke et al. (2009) show how transnational activist groups have employed ‘naming and shaming’ tactics to improve labor and other conditions of production, and have made a positive, though small and uneven, impact in the areas of health and safety.

An example of efforts on the part of transnational civil society to counter global self-regulating market are also alternative trade organizations (ATOs), such as Fair Trade organizations, which aim to reduce inequalities between global North and South through more direct trade relationships that return larger profits to developing world producers than traditional market exchanges. The majority of research on the impacts of ATOs on work in the developing world concludes that producers receive positive, though limited, benefits from their participation in or proximity to such producer organizations (Jaffee 2007; Ruben 2009). Many ATOs employ certification or labeling systems, i.e. initiatives to certify products or companies based on the social or environmental conditions of production, which have provided means to audit MNC practices and have effectively become a new institutionalized form of labor, social, and environmental regulation (Bartley 2003).

Finally, the International Labor Organization continues to be a prominent advocate for workers’ rights and a source of protective standards to cover laborers, including policies protecting collective bargaining, standards against forced and child labor, equal opportunity statutes, and governance of wages, working time, and occupational health and safety.
(International Labor Office 2009; Reinecke 2006). Though these policies are often intended to remedy labor issues in the developing world, they also apply to developed countries that have ratified them, even if the lack of formal avenues for punishment often leads to decoupling between stated policy and its implementation (Garcia 2008; Sengenberger 2004).

Admittedly, the counter movement to protect global labor is not always effective and sometimes contradictory. Globalization promotes practices that often run counter to the interests of labor but at the same time empower other social movements in the developing world (Carty 2006; Pechlaner and Otero 2010). For instance, in Bolivia the response to neoliberal globalization included growth of the indigenous and campesino social movements but stifled once strong labor unions (Haarstad 2009). Seidman (2007) also argues that international voluntary attempts at labor regulation often are not as effective as intended, since they lack mandatory enforcement mechanisms. Power imbalances between workers in the global North and South also impede the development of strong labor movements in the developing world (Friedman 2009; Sklair 1995). As regards the ‘Battle of Seattle’, in the years since 1999, we have not seen the large-scale maintenance of these patterns of cross-coalitional collaboration as a means to protest trends in the global economy (Ayres 2004; French and Winersteen 2009; Gould et al. 2004). Scholarship on ATOs also points to the paradox of the anti-capitalist goals of these organizations while operating in capitalist markets (Bacon 2005), ATOs dependence on serving an exclusive niche market of socially conscious consumers and being open only to select producers in the developing world (Guthman 2009), and overly authoritarian third-party regulations in case of private certification systems (Locke et al. 2009).

Despite the challenges to social movements at the national and global scale in their efforts to protect workers from the consequences of neoliberal globalization, it is clear that such movements exist and demand change in management of global economy (see also Evans 2008; Munck 2006, 2004; Raynolds 2000). Moreover, the world-wide economic crisis spurred by financial crashes in 2008, as the apex of global financialization, brought those dissatisfied with economic conditions and state handling of the crisis to the streets in many countries. These protests, in several cases led by labor unions, can also be seen as part of the movement to protect society from ruthlessness of global market forces.

Conclusion

We argued that neoliberal globalization influences work because of increased volatility of global product and financial markets, intensified activities of MNCs, financialization of the global economy, and amplified prominence of international organizations, some of which diffuse neoliberal policy scripts while others mobilize a transnational civil society. The review of research on the impact of neoliberal globalization on the character of work in developed and developing countries, worker protection, and inequalities between workers, leads us to conclude that there have been some benefits to globalization, in particular the increase of jobs in developing countries, and the introduction of flexibility for higher skilled jobs in developed countries. However, among the many liabilities of neoliberal globalization are increased job insecurity, work hours, and levels of stress in the developed world, and bouts of unemployment, long work hours, little labor protection, and marginalization of female workers in the developing world, in addition to persisting, or rising, earnings and income inequality within and across nations. It seems that, in the world of work, the liabilities posed by neoliberal globalization are relatively widespread in their influence, while the benefits are considerably more uneven and concentrated among certain groups.
To understand these findings and the dynamic of work and neoliberal globalization, we applied Karl Polanyi’s concepts of fictitious commodities, self-regulating market, and the double movement. We proposed that the activities of MNCs, international financial organizations, and many states exemplify pushes for institutional separation of economy and society in effort to institutionalize the idea of a self-regulating market at a global scale, which increases labor commodification and inequalities in the post-Fordist era. If the Fordist period saw decommodification of work, with vertically integrated firms, internal labor markets and labor protections, the neoliberal period re-commodifies labor as the profit imperative and wage-based competition, undergirding the idea of the self-regulating global market, dominate employer concerns. Polanyi would expect that such pushes for the institutional separation of economy and society are eventually unsustainable and provoke a push back by the society. Indeed, the counter movement to global marketization is evident in the activities of labor unions, ATOs, and other transnational civil society actors that attempt to resist neoliberal globalization’s impact on work at the national, regional, and global levels. Even if these countermovements are not always effective and sometimes contradictory, their existence points to ‘the tendency inherent in an industrial civilization to transcend the self-regulating market by consciously subordinating it to a democratic society’ (Polanyi 1957 [1944], 234). The economic crisis that started in 2008 painfully exposed many of the liabilities of neoliberalization and financialization, and opened up opportunities to invigorate the societal countermovement. Only the aftermath of the crisis will tell to what extent efforts to discipline the global free-market and find alternatives to neoliberal globalization will be successful, and resulting in more labor protection.

In a Polanyian spirit, future research should study systematically dynamics of both the liberalizing and the regulative forces in the context of neoliberal globalization. On the one hand, such research would work to specify better the ways in which MNCs, international organizations, states and other actors accomplish increased institutional separation of the economy and society as evidenced at the firm and the market level. On the other hand, we need to know more about the conditions in which countermovements emerge and are effective, be it local or transnational, explicitly focused on work conditions but also as part of a larger struggle against neoliberalism. Moreover, while in this paper we focused primarily on the fictitious commodity of labor, a Polanyian analysis would be usefully employed also for the other two fictitious commodities of land and money to understand better, for instance, the dynamics of climate change and the 2008 financial crisis.

Short Biographies

Nina Bandelj is associate professor of sociology and faculty associate at the Center for the Study of Democracy, University of California, Irvine. She received a PhD from Princeton University and was awarded the Martin Seymour Lipset Dissertation Award from the Society for Comparative Research. She has held fellowships from the Robert Schuman Centre for Advanced Studies of the European University Institute and the Max Planck Institute for the Study of Societies. Her research examines the social and cultural bases of economic phenomena, determinants and consequences of globalization, and social change in postsocialist Europe. Bandelj’s articles have been published in the American Sociological Review, Social Forces, Theory and Society, and Socio-Economic Review, among others. She is the author of From Communists to Foreign Capitalists: The Social Foundations of Foreign Direct Investment in Postsocialist Europe (Princeton University Press, 2008), Economy and State: A Sociological Perspective (with Elizabeth Sowers, Polity Press, 2010), and editor of Economic
Kristen Shorette is a PhD candidate in the Department of Sociology at the University of California, Irvine. She holds BAs in Sociology and English from Ithaca College. Shorette has received fellowships and grants from the School of Social Sciences, Sociology Department and Center for Organizational Research at UC Irvine. Her primary areas of academic interest are in globalization, economic sociology, environmental sociology and organizations. Her dissertation research examines the emergence and proliferation of ATOs; changes in the structure of their organizational networks over time; and the economic activity associated with them. Shorette’s chapter in the forthcoming *Handbook of World-Systems Research* considers the limitations of voluntary certification systems in regulating the trade of commodities that require multiple stages of transformation. Her other research examines the effects of world cultural and political economic forces on patterns of agrochemical use cross-nationally and the effects of trading relationships on economic development.

Elizabeth Sowers’ research interests include the sociology of work, the sociology of globalization, and economic sociology. Her current research centers upon the areas of work and globalization, with a specific focus on collective action and inequality within the trucking, transportation, and logistics industries. Recently, Nina Bandelj and Elizabeth Sowers published *Economy and State: A Sociological Perspective* (Polity 2010), which provides evidence from the areas of property, money, labor, firms, development, and globalization to argue that states are never completely separated from economies. Sowers has held fellowships from University of California Irvine’s School of Social Sciences and Center for the Study of Democracy, the UCLA Institute for Research on Labor and Employment, the Gates Cambridge Trust, and the Society for Logistics Education. Sowers is presently a doctoral student at the University of California, Irvine. She holds a BA in Global Studies from the University of California, Santa Barbara, a MPhil in Sociology from the University of Cambridge, UK, and a MA in Social Sciences from the University of California, Irvine.

### Notes

1 Gemici (2008) reveals the inherent tension in Polanyi’s conceptualization of embeddedness. In *The Great Transformation* (1944) embeddedness is seen as a variable, so that the efforts in the 19th century England represent efforts to dis-embed the economy from the society, implying that institutional separation is achievable. Such a view is quite contradictory to the definition of embeddedness in ‘Economy as an Instituted Process’ (1957) where Polanyi asserts that ‘economies are always embedded and enmeshed in institutions, economic and non-economic’. This view of embeddedness rejects the plausibility of institutional separation and analytically autonomous economy. It is this latter understanding of embeddedness that dominates Polanyi inspired economic sociology (Bandelj 2008; Bandelj 2009; Bandelj and Sowers 2010; Block 2001; Block and Somers 1984; Krippner 2001; Krippner and Alvarez 2007).

### References


