

**Exploring Neoliberalism's *Fascist Move*:
Explaining Present-day Far-Right through a Polanyian Case Study on the
Alternative für Deutschland (AfD)**

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Abstract:

In this dissertation, I introduce the Polanyian Political Economy as laid out in *The Great Transformation* (1944), and analyse *how the renewed rise of the far-right in the 2010s/2020s and its orientation towards (neo)liberalism can be explained through a Polanyian lens*. I compare and contextualise two different interpretations of Polanyi on the case of the German AfD; the first interpretation being the far-right as a countermovement, contrasted to the far-right being part of the liberal movement itself; and have argued for the latter interpretation. Finally, I have extended the second interpretation, by positioning the AfD's role within the liberal movement, where it is functioning as a radical flank - significantly enhancing the liberal movement's capabilities by using fascist methods.

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I. Introduction

Regulations may take away someone's freedom, but in doing so they may enhance another's. [...] Unfortunately, the myth of the self-regulating economy, in either the old guise of laissez-faire or in the new clothing of the Washington consensus, does not represent a balancing of these freedoms, for the poor face a greater sense of insecurity than everyone else, and in some places [...], the absolute number of those in poverty has soared and living standards have fallen. [...] Were he writing today, I am sure Polanyi would suggest that the challenge facing the global community today is whether it can redress these imbalances—before it is too late. - Joseph E. Stiglitz, 2001

Joseph Stiglitz concluded the foreword of Karl Polanyi's *The Great Transformation* (TGT) 2001 version with these words. Since then, and, despite the global economic crisis of 2008, the recent COVID-19 pandemic and an intensifying climate crisis, the neoliberal project¹ was only further expanded - unsurprisingly resulting in intensified global economic inequality. In fact, today's levels of income concentration at the top 1% have, in many places, returned to or even surpassed the levels present during the 'roaring twenties'² - the time period at the dawn of the second world war (WWII) (Piketty, 2014). Thus, the (economic) imbalances Stiglitz is referring to, have been rather exacerbated than redressed, suggesting that the '*challenge facing the global community*' is today even graver, than it was 23 years ago. Further, a number of other pressing global issues, such as the climate crisis and mass-migration have picked up speed and require transnational cooperation of unseen scale. Now, as if overcoming these issues under liberal capitalism proves not challenging enough, in light of the recent far-right waves hitting Europe and other parts of the world³, the solutions to these intensifying global issues seem even more

¹ The establishment of a competitive world order, organised to some extent under a market system

² Interwar period during the late 1920s marked by unparalleled economic growth and hinted prosperity

³ The 'far-right' will be, for the rest of the text, used as umbrella term for parties, movements, groups, leaders and other hosts of far-right and right-extremist ideologies. Some popular examples for the far-right include the AfD in Germany, Trump in the USA, or the BJP in India

jeopardised. The far-rights responses to these issues - denial, simplification and antipathy - are clearly irrational and insufficient. In this regard, the renewed rise of the far-right can be argued to pose existential threats to the integrity and future of entire human civilizations across the globe. Polanyi's warning of '*before it is too late*' - the collapse of civilisation by the hand of fascism - is becoming of serious concern. Now, to effectively combat and prevent the threat of the far-right and eventual societal collapse we need to understand the reasons for their (re-)emergence which I will explore in the following section.

However, as if the moral virtues of far-right ideologies are, in and by themselves, not questionable enough⁴, also the rationale behind their recent (re-)emergence and contemporary manifestations remain somewhat elusive. This is especially true when restricting oneself to traditionally dominating lenses of political economy, liberalism and marxism, which see economic rationale and difference as the motors of transformative change. This can be vividly shown by the example of Germany: The Alternative für Deutschland (AfD) is championing itself as a party for the 'little man' standing against the 'elites' (Klikauer, 2020). Considering today's levels of inequality through a lens reduced to economic difference, such positioning makes sense. However, in a recent report analysing the AfD's party programme the *Deutsches Institut für Wirtschaftsforschung* (DIW) calculated that under the AfD its own most common voter strata would suffer most themselves as the result of their neoliberal economic policies (Fratzscher, 2023). Hence, the DIW study highlights the importance of looking for explanations beyond mere economic motives - they don't seem fit to explain the neoliberal character of the popular far-right.

Here, Polanyi's magnum opus *The Great Transformation* (1944) offers a potential way out to explain this seeming contradiction of the emerging far-right streams and trends: Polanyi sees society and its subjects as being governed by various sets of social institutions. This structural view already signals a break with liberal economic theorists which reject structuralism for reducing the agency of individual human beings to determine their own lives (rational choice theory), which they believe is the sole factor on which people act upon. Further, Polanyi bases his analysis largely on historical economic analysis and anthropology. Combined with his aforementioned structural lens, this might position Polanyi somewhat

⁴ Far-right ideologies thrive from discrimination against outgroup members, threatening their lives and dignity

within the Marxian tradition of viewing society. However, in Polanyi's institutional understanding, he sees the Marxist explanation of class struggle in merely economic terms as a reductionist view and is wary of the historical determinism, which lies at the heart of Scientific Marxism. Not directly rooted in any of the aforementioned dominating narratives and theories of political economy, but going beyond them, Polanyi offers a quite unique understanding of society. He presents his very own original reading of the world - thus deriving starkly different interpretations. Further, the non-deterministic nature of Polanyi also means that there are contesting and mutually exclusive readings and interpretations, spawning a rich stream of political theory and theoretical political economy.

Therefore, in this political theory dissertation, I will explain *how the renewed rise of the far-right in the 2010s/2020s and its orientation towards (neo)liberalism can be explained through a Polanyian lens*. I will argue that, while the AfD's and contemporary far-rights rise can be indeed attributed as a reaction to neoliberal commodification, they cannot be understood as a movement against such commodification. Instead, their reinterpretation of commodification along cultural dimensions allows them to expand commodification at the cost of individual freedoms and democratic backsliding. Ultimately, the far-rights employment of fascist methods can be understood as a radical flank to the liberal movement, effectively aiding other neoliberal parties to pursue their neoliberal agendas, otherwise faced with resistance.

In Chapter II, I will first introduce the Polanyian Political Economy as laid out in TGT, to establish the underlying theoretical political economy approach this dissertation is based on. After establishing these fundamental principles of Polanyi's Political Economy, in Chapter III I will present two deriving interpretations for the far-rights reinvigoration commonly occurring in secondary literature: the far-right as Polanyian countermovement opposed to the far-right as a liberal movement. While contextualising them with the case of the AfD in Germany, I will argue for and expand the latter. In Chapter IV, I will summarize my results and demonstrate their relevance and shortcomings. Finally in

Chapter V, I will outline first steps to prevent the further rise of the AfD and second steps for the long-term achievement of human welfare beyond the means of liberal capitalism.

II. A Polanyian Political Economy

At the heart of Polanyian Political Economy lie social institutions. An institutionalist view suggests that all human activity, and hence the totality of society and the economic system constituted by it, are governed according to a complex web of social institutions. These institutions can take various shapes and importance, deriving from cultural traditions, environmental conditions and constraints. Institutions change over time and according to the needs of society, for example following an emergency situation⁵ to be better equipped for the changed environmental conditions and enhance the resilience of the institutionalized system. Yet, institutional change is usually slow and implies some sort of path-dependency, making, in a non-deterministic way, certain outcomes more likely than others. Now, to understand the reasons for today's re-emergence of the far-right, we first need to retrace the path on which the institutions underlying today's society - a *market society* - were created.

Foundations of Polanyian Political Economy: Embeddedness of Economic Systems

Following an institutionalist analysis of the history of human societies, Polanyi concludes that, prior to the emergence of the *market society*, all human societies were organised according to institutions amalgamating to one of the following three principles - *reciprocity*, *redistribution*, and *householding* - or at least some combination of these. These three organising principles each follow respective patterns, which can be summarised in varying degrees of symmetry, centricity and autarchy. For example, the ancient Chinese Empire, depended on *redistributional* mechanisms through centralising institutions of bureaucracy to allow for its elaborate division of labour. In this instance, bureaucracy as an institutional derivative of central *redistribution* fulfils a multitude of functions to the society, both economic and non-economic: bureaucracy allowed for the elaborated division of labour in the economic sphere, but further established some sort of justice system and defined the social status of, and, the relationship between, people. *'In this framework, the orderly production and distribution of goods [is] secured*

⁵ E.g. famine, war, or environmental disaster

through a great variety of individual motives disciplined by general principles of behavior.' (Polanyi, 1944, p. 57). This is not only true with centrality for the principle of *redistribution*, but for all three mentioned patterns and principles - as a rule, the human economy is embedded in social relations, culture and traditions.

Polanyi further observed the presence of a fourth principle, which he termed *barter*. Just as the other three principles, *barter* emerged in certain societies, however, it always took a subordinate place, never the most prevalent one. To function, *barter* depends on the market pattern '*for the purpose of barter or buying and selling*' (Polanyi, 1944, p. 59). Just as the other patterns, the market can create institutions fulfilling different functions. However, '*in contrast to the market pattern, [the former patterns] are mere "traits," and do not create institutions designed for one function only*' (Polanyi, 1944, p. 59). Polanyi distinguishes the different institutions resulting from the market patterns based on their economic function, resulting in external, internal and local trade. External trade is making goods available, which otherwise could not be found in the locality, e.g. bananas in Europe and local trade allows for the division of labour. Both of these were essentially non-competitive and heavily regulated by local authorities or guilds to prevent the forming of monopolies.

This, however, started to change around the 15th and 16th centuries with the emergence of new and territorially growing political entities, such as States, in Western Europe. To establish and gain sovereign power in foreign affairs, larger resource mobilisation was required - hence, mercantile statecraft created internal or national markets. The resulting institutions widened the scope of previously isolated and protected markets. Although the national market was still regulated by the centralised body political, the integration meant that the local character of these institutions was lost - competition among producers, consumers and entire regions became essentially institutionalised. With its protective regulations, the mercantile system managed for some time to check the competitive character of national markets inherently gravitating towards monopolies. However, as Polanyi argues, it paved the way for the institutional development of unforeseen dimensions - the creation of self-regulating markets.

A New World Order: The Emergence of the Market System

For Polanyi, the mechanism of self-regulation was introduced to markets with the emergence of machinery during the 18th century, drastically changing the relationship between merchant and production. The specific and ever more elaborated machines required the setting up of much larger plants and factories - hence a larger investment, harbouring larger risks. Merchants were, at the time, pretty much the only social class with enough liquid capital for such endeavours. Rather than being the mere middleman, or, perhaps even a small workshop owner, the merchant developed a much larger stake in guaranteeing smooth production processes. The resulting new productive organisation of the industrial factory system had to safeguard the availability of the factors of production - land, labour and money. '*In a commercial society their supply could be organized in one way only: by being made available for purchase.*' (Polanyi, 1944, p. 87). This commodification of land, labour and money, so Polanyi, made the transition of regulated markets into self-regulating markets complete - out of the market pattern the market system⁶ was born.

The developments of the 18th century, turning merchants into capitalists, land and labour into commodities and regulated markets into self-regulating markets, thus marked the emergence of the *market society*: the total organisation of society according to the principle of *barter*, instead of (a mix of) the formerly established organisational principles. Never before has *barter* been the most prevalent principle - with grave consequences as Polanyi shows. As established earlier, the institutions which resulted from the traditional organising principles served a multitude of functions that essentially embedded the economy in a society's social relations, cultures and traditions. The market pattern, however, being capable of creating institutions for specific purposes and in the economic sphere only, radically breaks with that tradition. While this fact has never carried much weight before, it does with the factors of production, land, labour and money, being organised in a market system. The crux of the matter: land and labour are essentially a society peoples and the environment itself, or in Polanyi's words,

⁶ Synonymous with market economy or liberal capitalism

the fabric of society. As such, land, labour and money are no commodities, produced with the intention to be up for sale - they are *fictitious commodities*. The self-regulating function of the market system depends on this fiction, exposing its victims⁷ to be ruled by soulless institutions stipulating competition, self-interest, material gain and profit instead of culturally-derived and community-oriented motives, such as customs, values and beliefs. Therefore, the total organisation of society under a market system '*means no less than the running of society as an adjunct to the market. Instead of economy being embedded in social relations, social relations are embedded in the economic system*' (Polanyi, 1944, p. 60).

This commodity fiction represents the root of economic liberalism's famous claim, that the economic and political are two separate spheres which should not interfere with each other, as '*any measures or policies that would inhibit [this institutional separation] would ipso facto endanger the self-regulation of the system*' (Polanyi, 1944, p. 76). Once this institutional separation is complete, society must be shaped '*in such a manner as to allow that [economic] system to function according to its own laws*' (Polanyi, 1944, p. 60) - or its economic base, without which no society can function, would collapse. Therefore, for the economic liberal, any measurement, action or policy undermining this separation must be prevented, if necessary by violent means. Ironically, as Polanyi argues, the separation can only be achieved through active involvement of the political authority, contradicting to the liberal claim that a free market requires no control, regulation and intervention. Instead, all of these were increased when establishing *laissez-faire*: central banking was needed to guarantee a constant supply of accepted currency, education systems to supply the market with skilled labour, and, an expansive police force to safeguard property and the orderly organisation of production. Where in previous systems the economic order was merely a part to the social order, in a *market society* and by means of the institutional separation, it became the social order.

Moreover, this new order ruled not only on a national level but internationally. Overseas markets with favourable trade terms for the colonising powers have, under the mercantile system, already been established before the rise of liberal capitalism. However, with the introduction of the gold standard,

⁷ People and nature

international free trade became institutionalised under the market system, entrenching the new social order over most parts of the globe. The gold standard functioned as a tool to integrate the various national markets into one unified market. It achieved this by having a common token of purchasing power (gold), to automatically fix the monetary exchange rates between them. This mechanism ultimately determined the central banks' scope of monetary policies - whether they wanted to or not, they could only (re)act in accordance with the foreign exchanges set by the gold standard. For Polanyi, the resulting '*monetary policy created what amounted to veritable artificial weather conditions varying day by day*' (Polanyi, 1944, p. 214), with sometimes detrimental consequences: central banks and other creditors could only extend further credit to industry if the stability of exchange rates were not threatened. If however stricken by depression, the safety of currency required measures of austerity, thus shifting the economic strain onto other spheres of the state - usually onto the common labourer, now carrying the extra burden of slumping real wages and missing social services. Political workarounds, such as relief or public works, causing a budget deficit, could not be put in place without jeopardising the foreign exchange rates, ultimately further destabilising the import and export rates of any economy. The consequences of any monetary policy '*were inescapably set by the mechanism of the market*' (Polanyi, 1944, p. 235).

The institution of the gold standard had another effect on the world system: with the expansion of the market across the globe, not only trade volume increased, but also the mobility of labour and especially of capital. Dividing the world into lending and borrowing countries, Polanyi argued, that borrowing countries⁸ frequently found themselves unable to repay foreign debts, leading, under the gold standard, to the collapse of their national currencies. To prevent insolvency, they sometimes resorted '*to right the balance by political means and interfered with the property of foreign investors*' (Polanyi, 1944, p. 216). Crossing the institutional separation on which the market system functions, '*gunboats were dispatched on the spot and the defaulting government, [...] faced with the alternative of bombardment or settlement. No other method was available to enforce payment, avoid great losses, and keep the system*

⁸ Borrowing countries were in most cases colonies or post-colonial countries

going' (Polanyi, 1944, p. 217). This was especially evident for regions rich in raw materials required by Western manufacturers.

Thus, *'[t]he repayment of foreign loans and the return to stable currencies were recognized as the touchstone of rationality in politics; and no private suffering, no restriction of sovereignty, was deemed too great a sacrifice for the recovery of monetary integrity'* (Polanyi, 1944, p. 148). The new world order, enforced by the gold standard, meant planetary interdependence; a national economic crisis could quickly become a worldwide economic crisis. While upholding the impression that nations exerted sovereign power over themselves, the gold standard ensured that *'[n]ations and peoples were mere puppets in a show utterly beyond their control'* (Polanyi, 1944, p. 226).

Struggle over Society: A Double Movement

With the help of the gold standard, the market system's effects were enforced into virtually all spheres of life across the entire world. And while economic liberalism was (and still is) hailed by its proponents as the holy grail to realise utilitarianism⁹, Polanyi vividly unveils the ridicule of this fallacy. As I have implied previously, the disembedding of the economic system from social relations unleashed by means of the commodity fiction and institutional separation between the economic and political had grave consequences on the fabric of society: labour, the technical term for human beings, *'cannot be shoved about, used indiscriminately, or even left unused, without affecting also the human individual who happens to be the bearer of this peculiar commodity. [...] Robbed of the protective covering of cultural institutions'* (Polanyi, 1944, p. 76) the labour markets' supply and demand mechanism becomes the sole indicator deciding one's worth¹⁰. Exposed to the brute force of the market, social dislocation is the inevitable outcome - if supply and demand command it, until starvation. Similar perils threaten the environment as nature becomes reduced to its resources leaving its integrity jeopardised through pollution and exploitation. Even business enterprises, the epitome and champion of capitalist society, are not safe

⁹ The greatest utility for the greatest number

¹⁰ /wage, whatever term one prefers

from the market's mechanisms to regulate purchasing power (money), leaving them eventually liquidated. These 'externalities', as economists like to call them, are nowhere accounted for in the self-regulating system of the free market.

'But no society could stand the effects of such a system of crude fictions even for the shortest stretch of time unless its human and natural substance as well as its business organization was protected against the ravages of this satanic mill' (Polanyi, 1944, pp. 76, 77) - without such protection, society would be annihilated by the self-destructing market. However, Polanyi holds that society would never allow itself to be fully destroyed by the market's perils and thus, organises a protective countermovement to check its deleterious effects with control and regulation. This duality; is the liberal movement, striving for a *liberal Utopia* by freeing and expanding the self-regulated market as opposed to the countermovement, limiting its confines to protect society; Polanyi calls the *double movement*. Therein, either in the form of self-destruction through the market, or by being checked from the countermovement, lies for Polanyi both the impossibility of the *liberal Utopia*, and, the gears of social change in the 20th century.

As the two competing organising principles of society, both liberal and countermovement have their own distinct institutional aims, methods and support from certain social forces within society. The liberal movement with its aim of establishing the *liberal Utopia*¹¹ by means of laissez-faire and free trade largely depended on the trading and middle classes' support, as well as the early State- organisation including its coercive means. The countermovement on the other hand aimed to limit the market's destruction of society's fabric, by using protective legislation, labour parties and unions, cooperatives, strikes and other instruments of intervention, and was set in motion mostly by the classes most marginalised, typically the working class. To properly understand the works of this double movement, we need to provide an account of Polanyi's view on class struggle. In Polanyi's institutional narrative of the world, class struggle is more nuanced than the simple economic antagonism of classes, commonly known in political theory, and depends on the sectional interest of groups as the ultimate motivator to take action.

¹¹ A self-regulating free market

However, *'the chances of classes in a struggle will depend upon their ability to win support from outside their own membership, which again will depend upon their fulfillment of tasks set by interests wider than their own'* (Polanyi, 1944, p. 159). As such, the middle classes, largely benefiting from the market economy without experiencing its disintegrating effect on society would, as long as business was flourishing, side with the trading classes. On the other hand, the working people usually *'became representatives of the common human interests that had become homeless'* (Polanyi, 1944, p. 139), thus carrying the brunt of the countermovement. The landed aristocracy and peasantry would side, at one time or another, with either of the double movements' organising principles. While this largely depended on the current economic and legislative aims of the movements, because of their relative immobility and connection to the land, the territorial factor permeating nationalism tended to be relatively strong among them. From this conception of the double movements class struggle over society, Polanyi derives that general, not only sectional interest, *can* become effective, as well as that the interest of human groups goes much beyond their economic standing. Hence, the resulting manifestations of the countermovement in its socialist or sometimes even nationalist shapes were, rather than being ideologically rooted, a mere reaction to safeguard the broad vital social interests of affected groups. Contrasting the relatively unified and planned liberal movement, the countermovement was widely dispersed and spontaneous.

One of the countermovement's great achievements was a popular government - *'the more the labor market contorted the lives of the workers, the more insistently they clamoured for the vote'* (Polanyi, 1944, p. 233). With universal suffrage becoming more common across Europe by the turn of the 19th century, the countermovement was finally enabled to exert a larger influence on the economy through the political sphere. Much of the horror of the economic liberal, *'whose sway over the legislature went no longer unchallenged'* (Polanyi, 1944, p. 139), the countermovement could now enact protective directives and laws themselves, shielding themselves from the market's perils. However, as we remember from the institutional analysis of the market mechanism, intervening in the economy by regulating the factors of production hampers the market system's self-regulating function - here lies for Polanyi the incompatibility

of capitalism and democracy. Strains on the market's self-regulation were '*[a]s long as the vote was restricted and only the few exerted political influence, [...] a much less urgent problem*' (Polanyi, 1944, p. 216). However, once '*universal suffrage made the state the organ of the ruling million—the identical million who, in the economic realm, had often to carry in bitterness the burden of the ruled*' (Polanyi, 1944, p. 216) - the self-regulating function of the market system became seriously impaired and slowed down. Here lies, for Polanyi, the incompatibility of capitalism and democracy.

After living through a prolonged time of institutional separation, however, society was still dependent on the market system as its economic base - the formerly established institutions ensuring the integration of economic activities into everyday life have already disintegrated. As a result of this disruptive strain on the economy class tensions intensified: with the trading classes using the industry, and the working class the state, as their respective strongholds, the *[t]wo vital functions of society—the political and the economic—were being used and abused as weapons in a struggle for sectional interests*' (Polanyi, 1944, p. 140). Eventually reaching an impasse where '*both the economic and the political systems were threatened by complete paralysis*' (Polanyi, 1944, p. 244), fear intensified, and radical solutions were called for. In this desperate situation, no price seemed too much, as long as it offered an easy way out of this perilous deadlock. The double movement's induced institutional strain resulted in a '*conflict of classes which, interacting with the first, turned crisis into catastrophe*' (Polanyi, 1944, p. 140) - the way was paved for fascism to enter the stage.

The Deadlock of the Double Movement: Fascism on the Abyss of Liberal Utopia

As we have seen, the market system, serving largely sectional interests, could only function as long as that same section ruled. Once political power within the state shifted towards the representation of broader interests, manifested in the countermovement, the self-regulating system collapsed. Posing itself as an ideology to enable freedom-for-all, economic liberalism revealed itself as an freedom-for-some ideology. As such, it had no major problem with fascism taking over the political state as long as

institutional separation could be maintained. Without sparing (human) costs, as is typical in liberal fashion, the middle classes accepted the fascist solution, more or less without resistance.

To fully understand the argument, we first need to extend a bit on what ‘freedom’ means and how it relates to liberalism and fascism. For Polanyi, freedom entails personal liberties such as the right to nonconformity and that one is free to follow one's own consciousness without the fear of sanctions. However, Polanyi also holds, that ‘*[o]n the institutional level, regulation both extends and restricts freedom*’ (Polanyi, 1944, p. 262) with only the balance of freedom changing. To exemplify this; by restricting someone's freedom to exploit others, the latter gains freedom at the expense of the former's ‘freedom’ - resulting in more freedom than without the restriction of ‘freedom’. Once a certain freedom endangers the freedom of others, it needs ‘*regulation and control [to] achieve freedom not only for the few, but for all*’ (Polanyi, 1944, p. 265). In liberal philosophy, however, freedom is seen as the absence of power and compulsion. Thus planning, control and regulation are seen ‘*as a denial of freedom [while] [f]ree enterprise and private ownership are declared to be essentials of freedom*’ (Polanyi, 1944, p. 265). And while Polanyi acknowledged, that the market system allowed for certain positive civil liberties, freedoms such as private property and free enterprise can hardly exist without the presence of power and coercion¹². ‘*This leaves no alternative but either to remain faithful to an illusionary idea of freedom and deny the reality of society, or to accept that reality and reject the idea of freedom. The first is the liberal's conclusion; the latter the fascist's*’ (Polanyi, 1944, p. 266).

Accepting this reality of freedom in an industrialised *market society*, the fascist solution represents essentially ‘*a reform of market economy achieved at the price of the extirpation of all democratic institutions, both in the industrial and in the political realm*’ (Polanyi, 1944, p. 245). By destroying freedom and democracy as an institution safeguarding first, the protective countermovements means to interfere in the market system are taken. ‘*The economic system which was in peril of disruption would thus be revitalized, while the people themselves were subjected to a re-education*

¹² The freedom to refuse a certain wage and, instead starve to death, can be hardly described as ‘freedom’ in absence of power and coercion. Other examples are the states coercive means, such as police, as safeguards of private property

designed to denaturalize the individual and make [one] unable to function as the responsible unit of the body politic' (Polanyi, 1944, p. 245).

Polanyi further observed, that, fascism cannot be '*ascribed to local causes, national mentalities, or historical backgrounds as was so consistently done by contemporaries*' (Polanyi, 1944, p. 245), but, strikingly, emerges as a response to industrialised countries facing the afore-described institutional deadlock. Owing to the gold standards and free-trades induced planetary interdependence, this deadlock was essentially alike in most industrialised societies making '*[f]ascism [...] an ever-given political possibility, an almost instantaneous emotional reaction in every industrial community since the 1930s*' (Polanyi, 1944, p. 247). As such, fascism was not, as commonly attributed, a popular political movement, but rather a political *move*.

Polanyi underpins this conception of fascism as a political *move* arguing, that contrary to common belief, fascism's political effectiveness was almost independent from its numerical strength. Mass following was, just as nationalism, simply a common attribute to fascism easing the processes for its leaders, however, by no means a condition for it. Instead, its potential is set by '*the influence of the persons in high position whose good will the fascist leaders possessed [...] to shelter them from the consequences of an abortive revolt, thus taking the risks out of revolution*' (Polanyi, 1944, p. 246). Possessing the support of key holders of political power - it being police, military, judiciary, business or media - the fascist revolution depicts in fact '*a sham rebellion arranged with the tacit approval of the authorities who pretended to have been overwhelmed by force*' (Polanyi, 1944, p. 247). As such a move, the formula of fascism offered a 'remedy' against institutional deadlock - the more the deadlock advanced, the more readily available was the fascist solution to the powerful¹³.

In any industrialised society organised under liberal capitalism, fascism is a permanent political option for two reasons: Firstly, it's the market's commodity fiction that causes inherent instabilities inevitably leading up to the double movement and resulting conflicts. Further, the institutional separation practically facilitates seizing control over the entire society by taking control of the political state only (as

¹³ Both in terms of offering incentives to liberal, as to the ease of executing the fascist solution

opposed to a system where both are intertwined). Secondly, fascism's inherent function lies in limiting *freedom*, which concurrently, is the same means it can champion itself over other organising principles once a deadlock is reached for the aforementioned reasons. As such once fascism is practised, '*it would everywhere produce sickness unto death*' (Polanyi, 1944, p. 245).

III. Polanyi in 21st Century Germany: The AfD Between Countermovement and Neoliberal Fascism

Now, that we have established some of the theoretical foundations of Polanyi's TGT, how can we explain the rise of the far-right during the 2010s/2020s? And how does this relate to the neoliberal manifestations so typical for the contemporary far-right? To answer these questions without jumping to conclusions too quickly, there are some things regarding the theoretical framework we need to sort out first: simply concluding that we are re-living Polanyi's narrative of human history - liberal capitalism annihilating itself alongside taking its host civilisation to the grave - would not only paint a rather dark outlook for our near future, it would not fit Polanyi's non-deterministic methodology of analysing the underlying institutions governing society. All Polanyi did was give an account of human history through his institutional lens, not predicting the future - the famous phrase 'history repeats itself', Polanyi would firmly reject. That being said, this does not mean that it *could* not repeat itself, but rather that it does not *have* to: the past 80 years saw institutions coming and going, some gaining in relevance, others dwindling and some just changing their function to society.

Therefore, in this chapter, I aim to contextualise Polanyi's Political Economy into the circumstances of our times so we can explain the recent popularity and neoliberal character of the far-right. And because this is a Bachelor's dissertation and not its own book, I will do so with the example of the *Alternative für Deutschland* (AfD). However, in theory, the results should apply not only to the AfD in Germany but to any industrial society organised under the market system.

The *AfD*, literally translated as '*Alternative for Germany*', was founded in 2013 as a neoliberal party with strong stances against the European Union and foreigners (Klikauer, 2020). Being the first major eurosceptic party in Germany's party-scape, many of the AfD's prominent founders were previously active in the conservative *Christdemokratische Partei Deutschlands* (CDU) and neoliberal

Freie Demokratische Partei (FDP). As a party not opposed to chauvinist, sexist, xenophobic, racist and antisemitic ideas, the, more or less socially accepted AfD quickly became a stage for far-right extremist figures, posing their interests as being identical with the ‘middle’ of society (Klikauer, 2020). Initially missing entry to Germany’s parliament with 4,7% of votes at the federal election of 2013¹⁴, following the so-called refugee crisis in 2015 and multiple electoral successes in individual German state elections, the AfD received 12,6% at the federal elections in 2017. And while the AfD achieved ‘only’ 10% in the last 2021 federal elections, the AfD is in six out of sixteen states the second strongest party, with a leading majority in many districts and municipalities across the entirety of Germany (Klikauer, 2020). After some internal power struggles determining the AfD’s future agenda, the nationalistic *völkische*¹⁵ wing under Björn Höcke eventually won against the liberal and business-oriented wing under Alice Weidel (Parth, 2023). As *völkisch* far-right party, unofficial polls of January 2024 projected the AfD as the second biggest party in Germany, standing at around 22% (Politico, n.d.). And while, against the backdrop of a revelatory report about a secret AfD conference in which the deportation of millions of people with a ‘non-German background’ was planned even before the AfD is in power (Bensmann et al., 2024), millions of Germans took to the streets to protest against right-wing extremism - current (May 31, 2024) polls still show popular support of around 16% for the AfD (Politico, n.d.).

To explain the electoral successes of such far-right parties, within secondary literature regarding Polanyi there are multiple contesting interpretations. These can be more or less grouped in the following two streams: The first interpretation reads the contemporary far-right as a (1) countermovement to the (neo)liberal movement. This is the interpretation most commonly found in secondary literature regarding Polanyi. The second option is to see the contemporary far-right as something like an early manifestation of the (2) liberal movements *fascist move*. The aspect of Polanyi’s fascist situation is only little explored within secondary literature on Polanyi. In the following, I will elaborate on both explanations by the

¹⁴ Following the *fünf-prozent-hürde*, a party must receive at least 5% at elections to move into parliament

¹⁵ *Völkisch* entails an ethnicised and racialised view on a ‘people’, ‘race’ or ‘folk’

example of the AfD and argue for the latter, in which the AfD represents the liberal movement's *fascist move*. Furthermore, I will extend this argument beyond the AfD onto the liberal movement as a whole, in which the AfD emerges as a radical flank to other liberal parties legitimizing their anti-democratic measures against the countermovement.

The AfD as New Polanyian Countermovement?

In the first interpretation, the far-right is seen as a reactionary countermovement to the free-market neoliberalism of the previous decades. This narrative is mostly chosen for the application of Polanyi's double-movement theory when explaining the far-right (Becker and Dörre, 2019; Berman, 2006; Brandsma, 2019; Eichengreen 2020; Fraser, 2013, 2016; Holmes, 2014; Hopkin, 2017; Sandbrook, 2018). The argument runs in the capacity of the far-right aiming to redress the neoliberal policies causing social dislocation¹⁶. In the following, I will show some general examples and explain how they relate to the AfD.

In the case of Sweden, Brandsma (2019) notes that Sweden's '*distinct move towards neoliberalism, has been followed by a distinct counter-movement towards far-right nationalism.*' The Sweden Democrats (SD), the far-right party at the centre of Brandsma's analysis, have indeed economic and welfare aims which would achieve social protection, however only for certain groups. Exclusive welfare policies, such as the SD's, can be described as welfare-chauvinism (Backlund, 2011) - a fairly common aim for far-right parties also outside of Sweden. The AfD however, is against welfare generally; not even in a 'chauvinist' manner (Klikauer, 2020). When questioning the reasons for the successes of far-right countermovements, as opposed to the left ones, Brandsma (2019) makes an interesting observation also relevant to the AfD: In his understanding of Polanyi, the countermovement is a movement against modernity. As modernity caused the social dislocation underlying fictitious commodities in the first place, the nostalgic conservatism of the far-right seems for many more

¹⁶ Increasing prices for rent, gas, food and other commodities while real wages plummet

convincing than the social progressivism of the left - it is therefore a counter-movement against cultural progressivism.

While not necessarily ascribing the far right as an anti-modernity movement, the cultural (anti-)progressivism dimension of Brandsma's argument also finds itself in other cases. Bohle and Greskovits (2019) note that the contemporary far-right movements commonly aim to undo recent socially progressive achievements such as the '*emancipation of women, sexual and ethnic minorities and non-whites*'. Sauer (2019), terms this tendency as 'Cultural War 2.0' and observes that contemporary right-wing populist mobilisation is essentially gendered identity movements, often also along class, religious, ethnic and sexuality lines. Especially this gendered dimension seems to fit well with the AfD; advocating for 'traditional' gender roles and family structures, most of their members and voters happen to be men (Klikauer, 2020). According to this view, neoliberal market expansion brought not only extended re-commodification, but also allowed for the further emancipation of women and migrants - men are not the only group re-commodified, and, as a result of the neoliberal marketization, there are winners and losers found among all groups (Fraser, 2016). As deregulation and welfare cuts made (male) labour more precarious, the culprits were quickly found in the newly emancipated groups causing this 'crisis of masculinity' (Sauer, 2019). Ironically the gendered dimension can, where useful for their own ends, be flipped around, for example, to stigmatise Muslim culture as not fit to Western gender equality - an argument also called 'femonationalist' (Ferris, 2017).

But not only narratives against cultural progressivism *per se* contribute to the success of far-right parties such as the AfD. When interviewing blue-collar AfD voters in East Germany - the AfD's strongest voting strata (Nickel and Groß, 2021) - Becker and Dörre (2019) observe some recurring frustrations among their interviewees involving general thoughts on topics such as distributive justice, political decision making and feeling of exclusion.

With the *Wende*¹⁷, but especially after 2000, a re-commodification of labour took place, which, is further differentiated between East and West Germany. In the East people work longer hours for less wage, have less security and infrastructure, all for the same work. To stay competitive with West German companies, East German businesses underwent several '*rationalization and marketization processes*' increasing their workload (Becker and Dörre, 2019). Under the same rationale '*housing, health, and education, public goods and services were also commodified*' (Becker and Dörre, 2019). While commodification and austerity measures of the German state were largely accepted as being necessary to prevent East German businesses from going bankrupt, the bailouts of Greek banks, the admission of refugees, or most recently, development 'aid'¹⁸ for the construction of bicycle paths in Peru, turned this narrative of required austerity onto its head (Huser, 2024).

The East German blue-collar workers started feeling betrayed and left behind; while carrying the brunt of Germany's austerity politics, others, perceived as 'non-deserving' welfare, receive such social benefits (Becker and Dörre, 2019). As in their perception, they are being robbed, the concept of distributive justice is by many seen as unjust - instead of class, the conflict is reinterpreted as being between 'insider' and 'outsider'. Further participation in far-right protest movements like Pegida¹⁹ are understood as the only access to (democratic) political decision-making available to them (Becker and Dörre, 2019). The so-called 'elite', elected politicians, supposedly stopped serving the national interests, hence calls for direct democracy and referendums are being made, reducing democracy to the majority principle. Here Becker and Dörre (2019) see a major break of the 'new-right' to traditional right-extremisms for appropriating democracy, rather than an inherent rejection of democracy.

Furthermore, they highlight the wishes of their participants to reclaim the community feeling lost since the *Wende* - even of those who only heard about it from their parents. Blaming the increasing globalisation and omnipresent egoism for the community's decline, the populism of the AfD and

¹⁷ German reunification in 1990 and integration of the German Democratic Republic into the Federal Republic of Germany

¹⁸ Actually a loan, but this distinction does not matter in right-wing narrative (often brought forward by both AfD and CDU)

¹⁹ Patriotic Europeans Against the Islamisation of the West

movements like Pegida promise such return through creating an ethnically homogenous 'we' (Becker and Dörre, 2019).

So, is the AfD now a countermovement in a Polanyian sense? While this distinction might be easier in the cases of other far-right parties, such as the SD, struggling for some version of welfare-chauvinism, it seems more complex in Germany: currently, most mainstream parties in Germany demand welfare-chauvinist aims²⁰. The AfD on the other hand, goes further and would leave even less social protection left in place than is the case under the incumbent status quo. For Becker and Dörre (2019), the AfD voting strata's demand to be protected against 'inequalities', albeit an interesting interpretation of those, the longing for the economic re-embedding of the community, the feeling of missing political representation and being left out, as well as the general lack of social and material recognition all surmount to qualify as Polanyian countermovement.

While I agree with the notion that the AfD is in large part a reactionary movement to neoliberalism, instead of actually addressing the root causes of experienced exposure to the market, they simply reinterpret the cause to stem from the external 'outsiders'²¹. Consequently, the exposure of the market is redirected and extended to the 'outsider' while, at the same time no social protection is enacted, even for the 'insiders'. Under such circumstances, the ascription of the AfD to the countermovement seems obscure to me. If the AfD would indeed count as a 'new countermovement', as it is sometimes titled (Becker and Dörre, 2019), it seems that rather than protecting itself from the market, it seeks to deal itself a death blow. With the AfD having no ambitions to transcend the self-regulating market in any way, we come to the second possible interpretation - the AfD functioning as the fascist move of the (neo)liberal movement.

²⁰ Still resulting in a net negative in terms of social protection compared to before

²¹ In fact a typical liberal behaviour, as liberals often blame imperfections of the market onto market intervention, e.g. social protection interfering with the self-regulating function of the market (Polanyi, 1944)

The AfD as Neoliberal Move(ment)

In the second conception, rather than seeing the far-right as a countermovement, it is defined as part of the liberal movement itself. Interestingly enough, most secondary literature explaining the new far-right with Polanyi argues with the double movement only in the way I have just described. Largely ignored, however, is what Polanyi described as the *fascist move* after the double movement reached an impasse (Lim, 2021; Reynolds, 2015).

As we have already established, far-right parties are often regarded as welfare chauvinists. Lim (2021) however holds that this is a reductionist take as by criticising high levels of taxation, bureaucracy and welfare generally, one of the far-rights primary features is their support of neoliberal reforms - as is also the case with the AfD. Welfare provisions are not only delegitimised towards (ethnic) minorities and the afore-described 'outsiders', '*but also to so-called 'work capable' benefit recipients among their nationals*' (Lim, 2021). Atzmüller and Decieux (2020) write that neoliberalism's re-commodification of labour, by integration of foreigners and women into the labour market, constituted the promise of opportunity for any able-bodied to achieve self-fulfilment - hard work would be rewarded by quickly climbing the social ladder.

Under this meritocratic and hierarchical logic of success, someone's failure to climb the ladder despite doing hard work leads to devaluation of oneself - something also Becker and Dörre (2019) observed to be fairly common among blue-collar AfD voters in East Germany, where social mobility is often non-existing. These unequal outcomes are then not perceived as being the result of one's own missing effort but rather retracted to the social benefits the 'outsiders' received. Instead of questioning the overall re-moralization of the economy, the individuals' (self-)adaption to these competitive market dynamics is being demanded (Atzmüller and Decieux, 2020). In contemporary Germany, this can, again, be observed not only among the far-right but across all political parties' narratives - the often-used

buzzword of *Leitkultur*²² stands as testimony for this re-moralisation (Scholz, 2024). This conformism to liberal individualisation of the markets brute force, further helps the far-right to ethnicise and culturalise social policies, in their eyes de-legitimizing the latter (Atzmüller and Deciousx, 2019).

So far, the argument has been thus far, mostly a reinterpretation of the AfD's dismissal of welfare generally. Here Polanyi would remind us that, just as the countermovement, (neo)liberalism is also a political movement. As such, its supporters vary and represent varying sectional interests, sometimes general ones. Contrary to what liberals claim themselves, the liberal movement is not aiming at reducing the government's role in the economy, but rather re-directing it (Deutschmann, 2019). Aiming at exclusive control over political decisions the liberals can, when faced with a crisis, decide themselves over the quality and extent of the 'interventions' necessary - incidentally benefitting the owning upper and middle classes (Cangiani, 2019). The ought-to-be institutional separation of politics and economics is thus different from its implementation in reality (Markantonatou, 2019).

Thus it is worth investigating the beneficiaries of the liberal movement's intervention closely. While working-class voters, just as those interviewed by Becker and Dörre (2019), are often perceived to be the common voters chauvinistic, racist and other far-right politics, far-right parties often find also much support among the higher classes (Lim, 2021). This, in part, coincides with Nickel and Groß (2023) observation: While in East Germany most voters have low purchasing power, in West Germany the same correlation between low purchasing power and support of the AfD is not present.

And in the beneficiaries of the AfD's rise, hiddenly lies the real threat of fascism: in Polanyi's observation, fascism was no 'countermovement' in support of the 'down-trodden' masses, as it is interpreted by some (Becker and Dörre, 2019); it was not (only) a nationalist, populist and xenophobic movement; instead it was an extreme measure taken by the upper-classes, capitalist- and intellectual-elite, in a bid to preserve the self-regulating market against the 'threat' of working-class popular government (Lim, 2021) - hence the mutual incompatibility of capitalism and democracy (Markantonatou, 2019). This

²² Literally translated to as 'leading culture', *Leitkultur* describe fundamental 'German' values, altogether constructing a desired national identity. According to this narrative, being German means living in accordance with the *Leitkultur*.

incompatibility can be well summarised in Cangiani's (2019) interpretation of Polanyi's concept of fascism, in which '*the "fascist virus" is endemic in the market society, and awakens when necessary*'. This 'fascist virus'²³ has, as already established in Chapter II, the general aim to insulate the economy from protective 'interventionist' influence worked through the sphere of political decision-making (Markantonatou, 2019). Fascism thus needs to be understood against the broader backdrop of capitalism's hostility against popular decision-making and vice versa. This raises the question of how the anti-democratic fascist-virus ties in with the AfD's afore-described appropriation of democracy.

While there is a broad consensus on the 'new' right refraining from being outright against democratic institutions, as opposed to the 'old' right (Becker and Dörre, 2019; Lim, 2021), this tendency can be easily explained as serving as means to its current ends: Polanyi assertively described that, '*[i]n its struggle for political power fascism is entirely free to disregard or to use local issues, at will. Its aim transcends the political and economic framework: it is social*' (Polanyi, 1944, p. 249). In this regard, the appropriation of democracy is, just as often the case with nationalism, a characteristic trait it *can* assume. In light of the role fascism played during WWII, the AfD's branding as being identical to fascism would represent a large barrier towards popular support (Lim, 2021) - in light of the AfD's recent expulsion from the far-right 'Identity and Democracy' group in the European Parliament for relativising the Nazi-regime (DW, 2024), this proves a decisive factor. Vice versa, the historical load of fascism also leads to a higher bar when calling out others for their fascist practices. This is especially true for the 'democratic forces' of established parties. However, far-right parties have, unfortunately, no exclusivity over the *fascist move*.

The AfD as Neoliberalisms Fascist Flank

Here I will expand on the former argument, in which the AfD emerged as the liberal movement's *fascist move* and argue that within the liberal movement, the AfD is not an isolated actor. This might be confusing at first: all major parties in Germany pledged not to cooperate with the AfD²⁴ and usually don't

²³ Alternately also called anti-democratic virus

²⁴ CDU and FDP did it anyways triggering a government crisis in one of Germanys states (Kehrer, 2023)

miss any instance to distance themselves and denounce the AfD. However, with or without them knowing, they are actively playing into each other's hands - we remember that under the mechanism of the double movement '*[n]ations and peoples [are] mere puppets in a show utterly beyond their control*' (Polanyi, 1944, p. 226). Under this conception, I argue that the AfD is not merely a far-right liberal movement playing the *fascist move*, but functions as a radical flank of the liberal movement as a whole, making it *easier* for other liberal parties to go the fascist way.

To explain the rationale behind this argument, we need to return to the aims of the (neo-)liberal movement: the establishment of a self-regulating market - as we know by now, an impossible project. The remnants of it can be perhaps summarised as the neoliberal project - a competitive world order, largely resting on market mechanisms and private property enforced by the state's coercion. And here lies one distinct quality of neoliberalism as opposed to laissez-faire liberalism; while the latter, claiming a 'weak state', would only reluctantly enact market-intervening reforms²⁵ when deemed necessary, the former acknowledged the need for intervention and thus has no ideological refrains from claiming a 'strong state' (Cangiani, 2019). Thus the hurdles to enforce the liberal's interest by force are lowered and the erosion of democratic institutions is not seen as a byproduct, but a goal - democracy poses after all a threat to the neoliberal world order. Perhaps the closest the neoliberal project can ultimately be achieved is under a fascist regime by using its authoritarian coercive means to suppress the countermovements' sway over the economy. In the absence of the latter's 'intervention' the self-regulating market becomes under this neoliberal order the closest to full realisation (Cangiani, 2019) - if the fascist regime wishes it.

Under the backdrop of these wider implications between democracy, neoliberalism and fascism, and in light of the discourse happening within Germany's wider political party-scape, the AfD becomes more than being 'merely' an isolated fascist party. It becomes clear that, since the AfD's emergence in 2013, an overall shift across society and parties happened in terms of enacted legislation and used rhetoric. If we see the liberal movement as the political movement it is, carried by a large number of

²⁵ Basically neoliberal ones

actors, including multiple political parties, the liberal movement made massive gains in recent years. Welfare is reduced, taxes are lowered, price controls removed, and public services are privatised - the list is long (Petzold, 2018).

While this process was, for example with the *Agenda 2010*²⁶, already well on its way, the presence of the AfD consolidates this process (Klikauer, 2020). The AfD's electoral successes incentivise other parties, in a bid to reclaim voters, to take up their populist anti-migration and anti-welfare *Leitkultur* narratives - contributing to its spreading and reaffirmation. Apart from this opportunism, legislation and interventions which were previously seen as too far-reaching, suddenly become fit for parliament - the alternative proposed by the AfD would be much worse after all. Therefore, the AfD helps other neoliberal parties to justify their controversial proposals, simply by taking a more radical stance.

Also, the countermovement's sway over society has in recent years been significantly diminished by the hands of other liberal parties following up on aforementioned narratives. Public fundings for democratic initiatives are cut, and ever more rigorous laws are enacted allowing police to ignore citizens' civil rights (Thurm, 2018). Racist-motivated acts of terrorism by both neo-nazis and police come without consequences (Jakob and Unsleber, 2020), freedom of the press is reduced (RSF, 2023), while physical attacks against politicians become more common over time (Aktay, 2024) - the democratic backsliding becomes more visible day by day.

The emergence of the AfD re-activated, or rather re-intensified, the anti-democratic fascist-virus endemic to (German) *market society*. As such, the fascist virus inhibits not exclusively the AfD, but all political parties and institutions. Under this conception, the AfD becomes a so-called 'radical flank' of the liberal movement as a whole. Independent of its actual legislative power in parliament, its mere presence shifts what can be said, done, or not done without facing the appropriate consequences.

²⁶ A series of reforms enacted in 2001 to promote economic growth by making Germany's economy more competitive and attractive for investors

IV. Conclusion

In this dissertation, I have introduced the Polanyian Political Economy as laid out in TGT and analysed *how the renewed rise of the far-right in the 2010s/2020s and its orientation towards (neo)liberalism can be explained through a Polanyian lens*. I have compared and contextualised two different interpretations of Polanyi on the case of the German AfD; the first interpretation being the far-right as a countermovement to commodification, contrasted to the far-right being part of the liberal movement itself; and have argued for the latter interpretation.

While the AfD's rise can indeed be seen as a reaction to neoliberal commodification, I have shown that this is due to their misinterpretation of neoliberal commodification, which they see as taking place under the guise of cultural progressivism. It is about the *way* commodification takes place - the AfD voting strata carrying a brunt of it - and not about commodification generally. AfD voters feel they deserve more and as a solution seek to extend the commodification onto other groups, perceived to be excluded from commodification - the unemployed, homeless, students, migrants and the global south. What they tend to forget, or rather are told to ignore, is, that most of them without assets themselves, are only one crisis away from being dependent on the welfare schemes they try to ride themselves off (Fratzscher, 2023). The AfD is not enacting social protection - not even for its own supporters - thus I argued that it cannot qualify as a Polanyian countermovement.

Instead, I have argued for the AfD being a radical actor of the liberal movement itself. While their voters are reacting to neoliberal commodification, the past decades taught especially East German voters, that the alternative to commodification - closing businesses and unemployment - is worse. Joan Robinson's (1962) claim that '*[t]he misery of being exploited by capitalists is nothing compared to the misery of not being exploited at all*' seems to have manifested itself setting in stone the scope for possible action. Instead of interpreting their commodification as a class struggle, it is misread in terms of 'insiders'

versus 'outsiders'. Demanding the former's conformism and the latter's re-moralisation to *Leitkultur* - else facing deportation - signifies the AfD voter's blind allegiance to the liberal creed.

I have further extended this interpretation, by positioning the AfD's role within the liberal movement, in which it is functioning as a radical flank - significantly enhancing the whole liberal's movement's capabilities. I argued, that by re-activating the fascist-virus inhibiting Germany's *market society*, the AfD helps other liberal parties to push through their neoliberal agendas. Posing itself as an alternative, the AfD gives Germans the choice between a xenophobic far-right fascist party with unfettered capitalism against the austerity of 'democratic' parties. Being put to such a choice, the 'democratic' parties' window of opportunity opens to enact much more stringent and far-reaching market measures than ever before - the alternative with the AfD will always seem worse. Further, in an act of opportunism, by riding the bandwagon of populism alongside the AfD, fascist methods are carried right into the middle of German society - causing a crippled countermovement at the cost of democratic backsliding.

My case study of Germany's AfD shows that the double movement offers an unconventional, but promising explanation for the rise of the far-right and its connections to neoliberalism. This case gets eleven stronger looking beyond Germany; while the framework's application in different contexts will have its own specifications and twists, the far-right is almost unanimously on the rise across industrialised *market societies* (Toscano, 2023). While the far-right's restrengthening is often ascribed to different local causes²⁷, the only common denominator able to explain the worldwide unanimity of the far-right wave is the globalised free market enforced by the global financial system. Further case studies exploring this aspect would be interesting.

However, the ambivalence to make definite claims about the double movements' boundaries and categorisations might give rise to questions about the value of Polanyi's thought when applying it to

²⁷ The so-called refugee crisis to which the far-right's rise across Europe is often ascribed to, can hardly explain the popularity of Trump in the US, of Modi in India, of Milei in Argentina or of Netanyahu in Israel

contemporary circumstances. This is perhaps best summarised by Zayed (2022) noting that *'[t]he double movement [...] becomes a continuous, complex, contradictory, fragmented and variegated process that is never complete. Perhaps the biggest insight of this conceptual bifurcation is that the same actor can embody and enact both movements'* (Zayed, 2022). Even simpler examples, such as the Green party, which would most likely be identified as a left countermovement to restrict and regulate the market, could be argued that they form part of the liberal movement - including its anti-democratic tendencies. Although they aim to enact more market regulations, they often compromise on neoliberal policies and the coercive anti-democratic means coming along with it - the use of massive police violence to evict climate-justice activists from Lützerath for coal-giant RWE's profit is a prominent example of this (Kaiser, 2023).

Nevertheless, I would argue that Polanyi, equips us with much-needed tools to explain the motivation of actors based upon the institutions underlying them without tripping into the 'economist fallacy' - as both liberalism and marxism commonly do. As long as Polanyi's thought can help us to identify the root causes of the far-rights reinvigoration, the potential implications of not acting upon them, and provides guiding ways to act upon them, it is useful to us. Therefore, the final chapter outlines possible actions to prevent the liberal movement from further awakening the fascist-virus.

V. Transcending the Double Movement

Just as in the 1930s when social democrats, centre and conservatives showed no backbone at resisting the rise of fascism but rather facilitated it, we find ourselves in a similar position today. '*[T]he victory of fascism was made practically unavoidable by the liberals' obstruction of any reform involving planning, regulation, or control*' (Polanyi, 1944, p. 265) Therefore, to avert the worse and take the AfD the wind out of its sails, there are a few measures whose implementations are both feasible and would show immediate effect:

Firstly, the austerity measures in place must be removed immediately. Especially the AfD voters in East Germany could be relieved this way, thus decedibilising the narrative for the irrevocable need for increased commodification. To finance this, the *Schuldenbremse* as the main mechanism enforcing the austerity needs to be lifted (Petzold, 2018). While this enlarging of the state deficit would, by rules of the market mechanism, destabilise the Euro, this is only in the long run. Keynes (1923) famously argued, that '*[t]he long run is a misleading guide to current affairs. In the long run we are all dead*'. In other words, following this approach would buy us time to overcome the austerity without repeating some version of 1933. Secondly, all democratic parties must immediately refrain from the use of anti-democratic populist rhetoric or actions as such opportunistic behaviour is poison for any democracy. While liberal parties currently benefit from the AfD's radical flank effect, this will reverse once it becomes too powerful.

Finally, to prevent future outbursts of the far-right in the future, we need to transcend the double movement and therefore the self-regulating market itself. As long as fictitious commodities are controlled by market mechanisms instead of society's own regulations, the remote possibility of a *fascist move* is present. Achieving this is a massive societal challenge. Polanyi envisioned this to be possible by subordinating the factors of production to the control of the democratic society. This represents a restriction of freedom as opposed to the market where, for example, one can 'choose' themselves to whom one sells their labour power. However, as this choice is set by the market mechanism, calling this a

choice would not describe reality. Instead, regulating the factors of production in a planned manner can, if done correctly, produce a much better outcome for most members of society²⁸. To ensure the best possible outcome for all members of society, the decision has to be taken collectively, hence in a democracy (Polanyi, 1944). The only system, known to me, capable of direct *and* fair representative democracy²⁹ are stratified randomly selected citizens' assemblies (for examples see Landemore, 2020). Under such assemblies, the economy can be re-embedded in social relations. However, there are no clear paths nor guarantees for the achievement of enhanced overall human welfare and freedom - ultimately the institutions of liberal capitalism have, incidentally, also brought down negative institutions that prevented social mobility, such as aristocratic feudalism (Polanyi, 1944).

However, by acknowledging the limits of freedom achievable under a *market society* and what could be possible instead, we can make a conscious effort to build *just* institutions re-embedding the economy in social relations. Just imagine what the world would look like if, instead of institutionalising self- or national interest, we institutionalise general human interests. If, instead of competition we institutionalise cooperation? If we create our own institutions for transnational peace and harmony instead of having them as byproducts of imperialistic institutions³⁰? If we could institutionalise a harmonic and respectful relationship with nature instead of what it can provide for us³¹? If we would institutionalise solidarity instead of the individualisation of responsibility? If instead of *Leitkultur* we would institutionalise diversity and freedom? Ultimately, freedoms will exist as to the degree to which we put institutional safeguards for their maintenance and extension in place - ultimately '*[a]n industrial society can afford to be free*' (Polanyi, 1944, p. 264).

²⁸ The, under the market system, 'rich' would be the only group losing freedom

²⁹ Direct and representative democracies can be misused as instruments for majority politics or personal power abuse

³⁰ The institutions I meant are free trade and imperialistic dominance: Free-trade and war go usually not well along, and, as some argue (NATO, 2023) that the deterring effect of nuclear weapon, initially meant for dominance, instead brought about longest period of 'peace' as institutional byproduct (however 'peace' is defined in this argument)

³¹ It being nature's raw materials or its uses in terms of creating a liveable earth system

Once the re-embedding of the economy in social relations is achieved, the gears of the double movement stop turning - with nobody's need to be protected from artificially created perils, the counter-movement loses its necessity. And, while this vision of a future might, just as the realisation of a perfect self-regulating market, just be another *Utopia*, without having positive imaginations of the future, what is supposed to give us the necessary hope, strength and motivation to realise them? While I have hope for a better future, the liberal optimism alone will not achieve it - actions will.

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