Globalization and the Efficacy of National Culture: A Methodological Framework for Analyzing the Neoliberal State

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ABSTRACT

This essay presents a methodological framework designed to examine the increased utility of national culture as a state legitimation strategy in response to economic protectionist capacity changes resulting from global political economic integration. Based on a reconceptualization of Karl Polanyi’s double movement, the framework enables future empirical research on neoliberal state institutions, while retaining sensitivity to the influence of both global political economic structures and national populations. The methodological strategy is presented in historical comparative context that highlights the integration of national cultural definitions into state institutional agendas as an alternative means to meet national protectionist demands and maintain legitimate authority. The essay concludes with two empirical examples designed to briefly illustrate the potential of the framework and offer suggestions for future application.

Keywords: Nation-State, National Culture, Globalization, Methodology, Karl Polanyi

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Introduction

The link between local culture and state institutions is historically contentious. The old political adage that “you can’t legislate morality” seems to rest on the belief that culture and the state shouldn’t mix. Despite the obvious philosophical fiction implied by the phrase, it has served as a popular exhortation for those articulating the limits of the traditional state. However, one could easily argue that this saying is increasingly obsolescent. Contemporary state institutions and actors appear to be increasingly utilizing local culture in several forms. From the integration of religion in the United States and Turkey, to the integration of language in Quebec and Belgium, the use of local culture as a state legitimation strategy appears to be increasingly effective. This essay argues that monolithic, popular definitions of national culture are increasingly integrated into state institutional agendas for the purpose of sustained or increased legitimation.

In fact, one of the more tangible features of the contemporary globalization era is an increasing integration of local normative culture into state institutional agendas and activities. A recent essay in The Economist (2007: 15) comments on the contemporary value of religious affiliation in state institutional legitimacy:

Outside Western Europe, religion has forced itself dramatically into the public square. In 1960 John Kennedy pleaded with Americans to treat his Catholicism as irrelevant; now a born-again Christian sits in the White House and his most likely Democrat replacement wants voters to know she prays. An Islamist party rules once-secular Turkey; Hindu nationalists may return to power in India’s next election…President Mahmoud Ahmadinejad…got it right in an open letter to George Bush: “Whether we like it or not,” he wrote, “the world is gravitating towards faith in the Almighty.”

Contrary to the traditional “top-down” imposition of a common nationalist ideology by respective state institutions, the contemporary era appears to create space for “bottom-up” mobilization of local and competing definitions of national culture. The rise of “identity politics” (Pieterse, 2003; Piven, 1995), macro-cultural conflict (Chua, 2003; Huntington, 1996), and minority nationalism (Keating and McGarry, 2001; Danspeckgruber, 2002) are simply a few categorical examples of analyses attempting to understand the increased political efficacy of culture. While there is a certain diversity of analytical focus, many point to a common causal factor enabling the rise of this cultural mobilization: state decline resulting from increased global
political economic integration (globalization). Anthony Giddens (2003) encapsulates this view:

Globalisation is the reason for the revival of local cultural identities in different parts of the world. If one asks, for example, why the Scots want more independence in the UK, or why there is a strong separatist movement in Quebec, the answer is not to be found only in their cultural history. Local nationalisms spring up as a response to globalizing tendencies, as the hold of older nation-states weakens (2003: 13).

The state, therefore, plays an important role in the effective rise of culturally-oriented nationalist debate only to the extent that its decline creates opportunities for nationalist mobilization.

There are two problems with this causal explanation. First, due to the methodological focus on distancing national movements from state institutions, conceptualizations of state decline tend to be overly general with little attention paid to more precisely conceptualizing the nature of such decline. The result is an analytical bias toward the national and a tendency to minimize the role of the state as a casualty of globalization. This is not necessarily a problem if the analytical focus is on national mobilization, but it does not explain the increased role of national cultural forms within state institutional activities. Second, the concept of “state decline” is, in itself, contested. While globalization theorists provide substantial evidence to support the claim that state capacities have been eroded or otherwise circumvented by private transnational capitalist networks, state theorists effectively argue that state institutions retain their authority and relative power despite the homogenizing tendencies of globalization. This point will be detailed below, but it is safe to say that the general causal factor said to facilitate the rise of national cultural mobilization is, at the very least, in dispute.

The question then becomes how to analyze the rise of national cultural efficacy without minimizing the role of the state. This essay presents an analytical framework designed to examine the contemporary neoliberal state as an institution faced with dual challenges: the emergence of a dominant global political economic system and the commensurate rise of national movement challenges. Based on a reconceptualization of Karl Polanyi’s double movement, this framework offers a methodological strategy for examining the state as an integral institution in the tripartite relationship between global political economic structures, state institutions, and national populations.
The framework is based on several predicate assumptions: (1) the advanced capitalist state is a mediating institution that is responsible for promoting both market capitalist interests and protecting national populations from the adverse conditions created by market capitalism; (2) state institutional authority must be legitimated by national populations – this legitimacy is obtained in exchange for meeting national protectionist demands; (3) the integration of respective states into the contemporary global political economic system reduces state capacities to meet national protectionist demands through traditional economic means, thus threatening state legitimacy; and (4) in response to both global political economic structures and a commensurate decline in national popular legitimation, state institutions are forced to seek alternative means to meet national protectionist demands. This essay argues that the integration of monolithic national cultural definitions is increasingly utilized to meet national protectionist demands for the purpose of maintaining state legitimate authority while simultaneously promoting neoliberal integration.

Globalization and the Rise of National Culture

The link between globalization and the rise of “local nationalisms” or national cultural definitional conflict is regularly based on a single concept: state decline. For most, the rise of national cultural definitional conflict is an indirect result of state authoritative decline resulting from increased integration into global political economic systemic processes. Put more simply, globalization erodes state authority, which decreases the state capacity to manage and control ideological structures that formerly reinforced “official” definitions of national identity. As a result, political

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1 The concept of national cultural definitions is constructed to generally describe cultural norms, symbols, and traditions that can be used to describe the cultural affinity of respective members of any national population. As several scholars point out, there are several competing national cultural definitions in any respective national state. For example, describing Québec citzenry as French-speaking, Christian, and of European descent may fit a majority, but it does not encompass the entirety of the national population. Other Quebec national cultural definitions include (but are not limited to) English-speaking, Muslim, and/or of South Asian descent. While similar to competing “nationalisms,” the concept of national cultural definitions is intentionally general for the purpose of (1) emphasizing the diversity of respective national culture and the reality of competition over definitional authority as well as (2) avoiding the analytical quagmires associated with studies of national identity and ethnic or cultural nationalism. The purpose of this framework is to examine the relationship between global political economic structures, state institutions, and national populations – a different emphasis than most associated with identity and nationalism and thus necessitating an alternative conceptual foundation.
space is created that facilitates the emergence of competing national cultural definitions (or, “new nationalisms” to use Keating’s (2001) term).

Manuel Castells (2004) argues that the emergence of information and communication technologies facilitated the emergence of a truly global flow of information and capital. The development of these global networks adversely affected state institutions due to the fact that they were “bypassed by global flows of capital, goods, services, technology, communication, and information” (ibid., p. 303). As a result of these globalization processes, the state is decreasingly capable of managing uniformity with respect to a common national identity thus facilitating the emergence of competing national cultural definitions. The traditional state, as envisioned by Hobsbawm (1991) and Gellner (1983), manufactured and managed a common ideology, which subjugated alternative definitions and regulated social stability. The circumvention of the state in the era of globalization creates a new condition resulting in “…the simultaneous rise of postmodern nationalism and decline of the modern state” (Castells, 2004: 34).

Montserrat Guibernau (1999) identifies a related connection between increasing global economic integration and subsequent state decline motivating competing definitions of national cultural identity. Her work on sub-state nationalist mobilization rests on a similar causal foundation that “the globalization of the economy and social relations which contributed to the weakening of the nation-state, also seems to have contributed to the intensification of regional forms of nationalism” (Guibernau, 1999: 19).

In a similar vein, S.N. Eisenstadt’s (2000) attention to the “resurgence” of religious movements identifies state decline as a primary causal factor in religious movement mobilization. In sum, “the common denominator of many new movements is that they do not see themselves as bound by the strong homogenizing cultural premises of the classical model of the nation-state” (Eisenstadt, 2000: 6). Eisenstadt mirrors previously mentioned accounts in identifying state decline as a contemporary condition that facilitates national cultural mobilization. The issue of significance here is a tendency toward analytical minimization, if not dismissal, of the state in developing causal explanations for the rise of competing national cultural definitions.

Michael Keating’s (2001) research on plurinationalism enables a more state-centric analysis of the rise of competing national cultural definitions (focusing on resurgent “new nationalisms”). In short, Keating argues that while globalization processes reduce state authoritative capacities we cannot
ignore the fact that advanced capitalist states remain centers of institutional authority. His argument rests on the empirical observation that many minority ethnic populations do not seek sovereignty from a respect “parent” nation-state, but rather increased autonomy within an existing nation-state (Keating, 2001: 20, 57, 166). Thus for Keating, state institutions remain central locations of institutional political authority and moreso, “still form the basis for the emerging global security system” (Keating, 2001: 170).

States clearly have not declined to the point of irrelevance, according to Keating. But the changes in authoritative capacity wrought by global political economic integration have created conditions that make traditional means for maintaining national cultural/ideological uniformity difficult if not impossible (ibid., p. 56). In other words, states must adapt to new realities of the globalization era – primarily, the emergence of competing national cultural definitions. Keating offers a conceptualization of the “plurinational state,” in which state institutions integrate multiple definitions of national identity, as a model for future state institutional development. This “plurinational state” is reflective of the fact that national populations regularly integrate multiple national identities and facilitating the integration of competing minority national groups into state institutions will enable political discourse necessary for true plurinational democratization (see ibid., p. 160-171).

Keating’s goal is to justify an “evolving political practice, in which issues of plurinationality can be work out through politics” (ibid., p. 171) and thus, a prescriptive strategy for state adaptation in an age of global integration. We are left with a wonderful picture of how these groups could be integrated into a “plurinational state,” but without a method for integrating the demands of global political economic structures and state institutions. In addition, his analysis is not centered on the active state, but rather the active nation, as a primary concept. Because of this analytical position, Keating minimizes the role of monolithic national culture by arguing that “exclusive identities are mobilized only in times of threat, crisis, or political polarization” (ibid., p. 165). While the minimization of monolithic culture makes sense given the general contention that state capacity to promote a singular nationalism is in decline, I would argue that ignoring the fact that monolithic culture is increasingly useful as a means to maintain state legitimacy reduces our ability to effectively analyze the contemporary neoliberal state.

While many of Keating’s contributions are not only laudable, but integrated into this essay, there are two primary problems with respect to
understanding the role of the state in this era of globalization and local cultural efficacy. First, the dismissal of monolithic national cultural definitions may be a necessary precondition for the development of plurinational perspectives, but it also weakens our ability to analyze the contemporary neoliberal state. Second, the focus on plurinational nation-state development reduces analytical ability to examine the tripartite relationship between global political economic structures, state institutions, and national populations. While I do not seek to refute Keating’s theoretical position, I do argue that an emphasis on the integration of monolithic national culture is an important endeavor if we are to work toward a more complete understanding of the neoliberal state.

These exemplars illustrate a common theoretical foundation that understands the traditional state to be in decline as a result of specific attributes of global integration or, more generally, a shift away from the dominant structures of modernity (see Schwartzmantel, 1998: 160-161). This general contention, that state authority and subsequent capacity to enforce traditional social control mechanisms, is supported by evidence from globalization theories/analyses that argue the decline of the state is a result of accelerating globalization processes. Some argue that increasingly powerful global economic actors and relationships have rendered the traditional state relatively powerless as institutions of political economic control (Camilleri and Falk, 1992; Horsman and Marshall, 1994; Ohmae, 1995; Robinson, 2004). Others are less assertive in their dismissal of the state and believe that while the state remains an institution of significant political power, it is hindered in its ability to act in an exclusively autonomous fashion (Cerny, 1996; Cox, 1997; Gill, 1990; Held, 1995; Shaw, 1997).

Evidence that global economic integration, based on liberal economic principles of “free trade” and the primacy of private capital mobility, has forced the contemporary state to seek adaptive strategies is firmly established (Gill and Law, 1988; Kingfisher, 2002; Korpi and Palme, 2003;

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2 It is important to note that while this project does not share Keating’s analytical emphasis, it does integrate his contention that the traditional definition of the nation-state is increasingly arcane. That is, to understand the nation-state as a unified entity with a monopoly on sovereignty and territorial claims is, as Keating suggests, weakened in the globalization era. Alternative understandings of state sovereignty and autonomy must be integrated into any contemporary understand of the state – Quebec serves as an excellent case in point as it incorporates significant political autonomy (including control over immigration, education, health care, and other areas of traditional state responsibilities) under the umbrella organization of the Canadian federation. Add to this political autonomy the recent recognition of Quebec as a “nation within Canada” and the universalist grip of traditional state ideological unity is clearly broken.
Robinson, 2004; Rudra, 2003; Sassen, 1997; Sklair, 2002). However, significant evidence exists disputing these claims of general decline in state political economic capacities (Evans, 1997; Helleiner and Pickel, 2005; Smith et al., 1999; Weiss, 1998, Yeates 2002).

In fact, several attempts to reconcile this manufactured analytical dichotomy have resulted in integrative theories of the state that are sensitive to global structural influences. More to the point, many of these integrative approaches also recognize (to a degree) the role of national populations in legitimating state institutional authority. The fundamental notion of national protectionism is central in this regard. As Polanyi (2001) and Gill (1996) note, the role of the state in the twentieth century is specifically tied to the reactionary response of national populations when confronted with the detrimental economic effects of liberal market integration. The state becomes the central mediator between extra-national and domestic forces (Cox, 1987; Panitch, 1994). This has, in keeping with the Polanyian and Marxian traditions, been an economic project. The traditional state is granted legitimate authority over national populations in exchange for socio-economic protections (Beetham, 1991; O’Connor, 1973; Polanyi, 2001; Schumpeter, 1976). This is the foundation for the classical Polanyian double movement that will be discussed in the subsequent section. However, the conditions that enabled the classical double movement have changed.

In the contemporary era of globalization, the advanced capitalist state has altered itself to facilitate liberal market capitalism on a global scale. This change, begun with the crisis years of the 1970s, has become institutionalized in the 1990s with the dominance of a neoliberal political economic model embodied in state (e.g., the Washington Consensus) and non-state (e.g., the World Trade Organization) institutional promotion. The massive expansion of financial capital mobility, due to the elimination of Bretton Woods (i.e., national) capital mobility controls, since the 1970s is a primary causal factor in the decline of state policy autonomy (see Helleiner, 1994; Pauly, 1995). And while many view this as a sign of the decline of the state itself, substantial evidence exists in support of the claim that the state remains a significant locus of regional control and power. Barrow (2005), for one, argues that proponents of the global system itself have a vested interest in maintaining the sovereignty of states, albeit within specific neoliberal parameters: “Transnational capital – American or otherwise – would have no long-term interest in constructing a global state or a transnational state, because such an arrangement would jeopardize, or at least mitigate, the political basis of its structural power (Barrow, 2005: 136).”
Advanced capitalist states are left with reduced (but not eliminated) protectionist capacities and confronted by national populations with sustained demands for socio-economic protection. Or, as Barrow succinctly states, “Within the new global political economy, state elites must still manage the contradictory pressures of (global) accumulation and (national) legitimation” (ibid., p. 125). If states are to remain legitimate centers of socio-political authority, clearly altering the strategic means to obtain such legitimacy is required.

The issue of legitimacy is essential, but unfortunately overlooked in recent state theoretical approaches (see Seabrooke, 2002). At this point it is important to identify the problem of legitimacy with respect to state decline; specifically, the point that the post-World War II welfare state relied extensively on its capacity to provide economic protections to respective national populations and economic interests. These protections are commonly understood in terms of social welfare provisions; however, it should be noted that state capacity to protect national economic interests through political (policy) means is also of primary importance. The establishment of trade tariffs, provision of production subsidies, and management monetary policy (with respect to aforementioned capital controls established in the Bretton Woods agreements) are all examples of traditional economic protectionist strategies. In fact, these latter forms of protectionism play a primary role in Polanyi’s (2001) theory of the state: “The integrating power of monetary policy surpassed by far that of the other kinds of protectionism, with their slow and cumbersome apparatus, for the influence of monetary protection was ever active and ever changing (Polanyi, 2001: 214).”

In sum, the ability of the state to control monetary policy and other means of economic protectionism, including trade tariffs, subsidies, and social welfare provisions, ensured the granting of legitimate authority by adequately protected national populations. The continued legitimate authority of the traditional state is therefore contingent on a sustained ability to ensure national economic protection.

The problem of legitimacy has grown more acute for state institutions due largely to altered protectionist capacity resulting from increased global political economic integration. Changes in the international economic system, beginning with the oil shocks of the 1970s and progressing through the institutionalization of the World Trade Organization (WTO) in 1995, have had a profound effect on how states meet the protectionist demands of national populations in exchange for continued legitimate authority. It is
difficult to refute the claim that globalization has adversely affected state economic protectionist capacity. For example, the adoption of floating foreign exchange rates in 1973 effectively privatized national currency valuation and successive General Agreement on Trade and Tariff (GATT) agreements (culminating in the institutionalization of the WTO) effectively reduced, and in some cases eliminated state ability to enact tariff and subsidy protectionist strategies. The caveat is that this reduction is relative to the respective state in question and uneven in its impact. As Esping-Andersen (1996) states: “Within the group of advanced welfare states, only a few have undertaken radical steps to roll back or deregulate the existing system. All, however, have sought to trim benefits at the margin or to introduce cautious measures of flexibilization” (Esping-Andersen, 1996: 25).

Jessop offers a substantial description of a large-scale ideological and structural shift during this period away from the “Keynesian welfare national state” to a more flexible, supply-side-friendly, “Schumpeterian workfare postnational regime” (Jessop, 1993). This adaptation allows the state to effectively reduce itself while at the same time retain control over limited national protectionist (social service provision) strategies. This “Schumpeterian” state is explicitly neoliberal in its structure and scope as its primary vehicle for state restructuring is reduction through decentralization and privatization. For Jessop, this includes “attempts to reduce social expenditure where it is not directly related to enhanced flexibility and competitiveness within the circuits of capital” (Jessop, 2002: 204).

He continues to argue that the state is of primary importance in “responsibility for their oversight in the light of the overall balance of class forces and the maintenance of social cohesion” (ibid., p. 208). This is primarily due to the adverse conditions created for national populations as (neo)liberal market forces dismantle traditional national economic and social protections (or “barriers” from the liberal perspective). Thus, the shift away from the Keynesian welfare state represents a clear structural and empirical trend away from economic protection of national populations.

The state, in this view, remains institutionally viable and autonomous to a degree. However, the shift away from traditional economic protectionist strategies creates a condition in which national populations begin to question the legitimate authority of respective governmental institutions. Habermas (2001: 98) comments on this contemporary phenomenon: “We have reached the point where the thick horizontal net stretched over markets by relatively weak political regulations is now being expanded by even more weakly legitimized authorities”. This condition leads many to the conclusion
that the state is in its death throes; however, evidence from Jessop, Barrow, and others shows that the state remains active in support of global systemic imperatives and must retain some semblance of legitimate authority in order to do so. The question at hand then becomes how the state is able to sustain legitimate authority with reduced economic protectionist capacity?

One of the more innovative approaches to this problem is undertaken by George Yúdice (2005: 224), who focuses on a similar question: “free trade is not in itself the issue; it is the occasion for discussion of the increasing protagonism of culture in the articulated management of the economy, mediated representation, and citizenship”. He offers a nuanced account of globalization’s impact on state authority, paying particular attention to the increased efficacy of national culture. Similar in perspective to Giddens, Castells, and others, Yúdice identifies globalization as the primary culprit in the declining “instrumental capacity” (Castells, 2004: 304) of the state. Specifically, he links global economic integration to the declining capacity of the state to “shield citizens from the ups and downs of the world market, the disciplining of labor to the criterion of competitiveness, and the unprecedented dissemination of the ideology of the free market” (Yúdice, 2005: 94). The specificity of this argument is notable because of Yúdice’s conceptualization of state decline as a decreased capacity to protect national economic interests.

In this sense, state decline remains central in Yúdice’s analysis; however, he does not eliminate the role of the state. In fact, his efforts are geared toward explaining the increased efficacy (or “expediency,” to use Yúdice’s term) of local normative culture as a political mobilization strategy. While many analyses of national culture focus exclusively on the development of national movement mobilization, Yúdice offers a more integrated approach that understands the increased utility of national culture for both national populations and state institutions. Central to this perspective is a specifically identified process: the decline of state economic protectionist capacity, due to increased global political economic integration, resulting in decreased legitimate authority. The relative withdrawal of the state from traditional economic protectionist responsibilities has created a condition in which

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3 Yudice is careful to differentiate between state ideology and national culture. In sum, he argues that the capacity of state institutions to manage and disseminate a “top-down” national ideology, in the tradition of Hobsbawm and Geller, is weakened through the processes of global integration. On the other hand, the utility of “bottom-up” national culture is more and more useful as states attempt to capitalize on opportunities presented by global integration and seek to manage the form of national culture that is subsequently integrated as *ex officio* “national culture.”
national culture becomes increasingly efficacious for national groups, state institutions, and as a means for global capital accumulation. Yúdice argues that national culture has become an integral means to state legitimacy: “The imbrication of culture with economics and the solution of social problems is a conjectural phenomenon analogous to the Keynesian compromise between capital and labor brokered by nation-states” (ibid., p. 284).

Yúdice’s claim that national culture is increasingly useful as an alternative means to ensure state legitimacy provides the theoretical foundation for this essay. While this perspective enables a more integrative study of the neoliberal state, Yúdice does not offer a methodological framework to facilitate further theoretical development. The remainder of this essay presents an analytical framework designed for this purpose; specifically, examining the integration of monolithic national culture as a state legitimation strategy. As previously stated, the framework is based on a Polanyian theory of the state and a reconceptualization of the double movement. The goal of this framework is to provide a means for analyzing the interactive dynamic between global political economic structures, state institutions, and national populations. In short, it offers a method for studying the efficacy of monolithic national cultural integration while retaining sensitivity to sustained state institutional authority. The following section details the importance of a Polanyian perspective of the state then articulates the classical and reconceptualized models of the double movement.

The Analytical Framework

As the purpose of this essay is to offer a method of examining the increased efficacy of monolithic national cultural definitions in state legitimation, any methodological perspective of the state employed to this end must ensure sensitivity to issues of national populations and global political economic structures. Very few state theoretical options are available to satisfy these requirements. This project seeks to circumvent many of these persistent analytical problems by conceptualizing the state as a mediation institution.

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4 This understanding of the state is actually drawn from Weberian and Marxian conceptualizations of the state. In short, Weber (1978: 56) defined the state as a mutable institution that managed the “administrative and legal order subject to change by legislation, to which the organized activities of the administrative staff...are oriented”. In short, according to Weber, the state managed the rules and administration of these rules for the purpose of social organization. The oft-cited reference to the state’s “monopoly of force” is the primary state disciplinary mechanism identified by Weber to this end of social organization/stability. Similarly, Engels (1972: 154) understands the state to be a “product
required to ensure social stability through the promotion of liberal capitalist interests as well as protect national populations from the adverse conditions created by the same liberal capitalist interests. Rather than reinvent the wheel, it is usually preferable to simply improve on the original design. In that spirit, the analytical framework presented in this essay is based on Karl Polanyi’s understanding of the state in this mediating role (see Polanyi, 2001: 146-47, 162, and 216).

The lynchpin of this perspective is, of course, Polanyi’s integrative concept of the double movement. In short, the double movement describes the dynamic process in which liberal market capitalism creates unfavorable conditions for local populations who then, in turn, react with a spontaneous and organic call for protection from said market forces. This discordant and contradictory process is clear elucidated by Polanyi:

For a century the dynamics of modern society was governed by a double movement: the market expanded continuously but this movement was met by a countermovement checking the expansion in definite directions. Vital though to such a movement was for the protection of society, in the last analysis it was incompatible with the self-regulation of the market, and thus with the market system itself (ibid., p. 136).

The state serves a valuable and requisite role in mediating the double movement between external (read: global) market pressures and national social protectionist demands.

Without the mediation of the state, the impact of such an unregulated economic system would disrupt existing social structures and arrangements to the point of “social calamity” (ibid., p. 164). In order to avoid such a broad social destabilization, the protectionist counter-movement crossed class boundaries in its attempt to mitigate the ubiquitous effects of liberal market integration. In sum, “…the state acted in the interests of society as a whole when it passed protective legislation, and yet the same was true when it

of society at a particular stage of development” and as such must meet the demands within the context of the material conditions that respective stage of development. Therefore, from a Marxian perspective, the state is understood as follows: “But in order that these antagonisms, classes with conflicting economic interests, shall not consume themselves and society in a fruitless struggle, a power, apparently standing above society, has become necessary to moderate the conflict...this power...is the state” (ibid., p. 155).
passed promarket laws; it clearly did not belong to either of these forces” (Block and Somers, 1984: 68).

Polanyi emphasized the social roots of the double movement (and by association, the socially embedded nature of the state) by refuting the economic determinism of class-based analyses. For Polanyi, this method of analysis examines the “mechanism of the change only” (Polanyi, 2001: 159-160) and does not allow for a more comprehensive examination of the nature of the double movement as a social phenomenon. This emphasis on the socio-cultural nature of the double movement is also reflected in his theory of the state. Specifically, Polanyi viewed the state as fundamentally managing the conflict between systemic liberal market pressures and social protectionist demands. As Block and Somers (1984: 68) succinctly affirm, the Polanyian conceptualization of the state “acts to preserve society by transcending conflictual, particular interests in favor of general ones”.

The state, therefore, holds significant, but not full, autonomy from class interests. In fact, its primary responsibility is not to exclusively promote capitalist class interests, but rather to mediate conflict between contradictory liberal economic pressures and social protectionist demands. This is the conditional paradox that is commonly recognized in state theory today—the (neo)liberal ideological demand for reduced regulation and protectionism on the part of the state, yet the continued necessity for state management, regulation, and protectionism of national economic interests. Liberal economic ideology champions state reduction, while liberal economic practice utilizes state institutions and authority to create positive conditions for national capital accumulation (the contradictory condition is noted by Polanyi (2001: 147) as well). The process of facilitating economic processes could not occur without sustained legitimate authority, however. National populations, therefore, play a central role in the operation of the larger capitalist social system through their granting or withdrawal of state

5 It should be noted here that Polanyi’s attempt to overcome the perceived weaknesses of class reductionism that has led many to argue that Polanyi’s perspective is inherently weak for this very reason (Halperin, 2004a; 2004b; see also Valensi, 1981). Clearly, this essay does not conform to this perspective; however, it should be noted that in order to understand the increased efficacy of national culture in state agenda formation, class must be a significant variable in understanding the increased efficacy of global (transnational) capital in motivating (neo)liberal market reforms. I would argue that while class is a primary variable in understanding the contemporary double movement, it cannot be the sole causal variable if our goal is to understand the role of national culture in the legitimation of state institutions. This point is also made by Stanfield (1986: 13-15) in his review of Polanyi’s Marxist critics.
legitimate authority. The satisfaction of dual, contradictory demands is central to this understanding of the state.

From this perspective, we can identify the role of the state as satisfying, to a limited degree, the conflicting demands inherent in the double movement. As we have already seen, the classical strategy for mediating this conflict has been through economic means. Specifically, the adverse economic conditions engendered by liberal market economic integration are largely met through economic protectionist strategies such as social welfare provisions and monetary policy autonomy. In this way, the state has traditionally been able to negotiate the double movement dynamic through partial satisfaction of contradictory socio-economic demands.

If we take into account the decline of state monetary policy autonomy and limited social welfare retrenchment, we must also recognize that this reduces or eliminates traditional economic means of satisfying national protectionist demands and thus threatens both the state and social order. State institutions cannot perform their primary function, ensuring social stability and order, without authority that is deemed legitimate through national popular support.

O’Connor (1973: 6) clearly identifies the tenuous nature of balancing the dual pressures of capital accumulation and national popular legitimation: “A capitalist state that openly uses its coercive forces to help one class accumulate capital at the expense of other classes loses its legitimacy and hence undermines the basis of its loyalty and support.” Unless we assume the radical position that the contemporary state holds no effective political economic power, we must understand how state institutions maintain legitimate authority with limited economic protectionist capacity.

The analytical framework presented below is designed to meet this goal. First, the classical model of the double movement is articulated and embedded in a historical narrative of the “embedded liberalism” of the Bretton Woods system (1944-1971). Second, the reconceptualized double movement is presented with its increased emphasis on the role of cultural nationalism as a state legitimation strategy. This reconceptualized double movement is again embedded in a brief historical discussion of the crisis years of the 1970s and the emergent hegemony of the neoliberal era in which we continue to exist. The historical epochs are presented in juxtaposition to illustrate the historical-empirical changes that necessitate a shift in the mechanical operation of the double movement but also to illustrate the sustained dynamic relationships between national populations, state
institutions, and global structures that allow the double movement to remain a powerful analytical schema.

Again, I should reiterate that the historical narrative to follow is solely intended to justify the reconceptualization of the double movement. Testing of the analytical framework itself is a task that will be undertaken in future case and comparative application. The concluding remarks include several anecdotal cases that could serve as possible cases for future application, but again, are purely descriptive. No effort has been made in the limited scope of this essay to test the framework presented.

The Classical Double Movement

The classical model of the double movement must depict the main mechanism of the dynamic: liberal market integration creating adverse conditions for national populations followed by a reactionary response from national populations demanding protections from these adverse conditions created by liberal market integration.

This dynamic conceptualization is linked to the institution of the state. As Polanyi demonstrates, laissez-faire (or liberal capitalism) could neither emerge nor survive without extensive state support. Conversely, the protectionist demands of national populations could not be fulfilled without the institutional structure of the state. Therefore, we can describe that this relationship is a triadic interaction in which the component parts rely on the mediating capacity of the state to maintain the “material foundation of society.” We can illustrate this dynamic tripartite relationship as shown in figure 1.
For Polanyi, the modern double movement emerged out of a temporally-specific moment: the ideological and structural shift away from mercantile to liberal market capitalism in the early 1800s. The development of classical economic theories of liberal market supremacy and the adoption of this ideological position by bourgeois elites in the mid-1800s created a condition of massive social disjunction. The transformative effects of liberal market integration created hardship conditions within national populations that motivated large-scale reactionary protest. The conflict inherent in this understanding of the double movement would result in systemic disjunction – as the state encapsulates the tension of the double movement: excessive power on either end evidenced in Polanyi’s own work, in which he identifies the danger of both laissez-faire and social protectionist success. In sum, Polanyi theorizes that the state must broker a compromise or balance within the double movement in order to achieve social stability.

Polanyi’s theory of the state allowed for a surprisingly accurate theoretical description of the compromises that would define the period of “embedded liberalism” (Ruggie, 1982). Briefly, the Bretton Woods system, established in 1944, was intended as a compromise between the monetarism of liberal market capitalism (which was dominant at the end of the 19th century until 1914) and the full-employment, demand-side preferences of Keynesian economists. Liberal market capitalism would be revived under a new international monetary system that was disciplined through the use of the American dollar as the official “reserve currency” (pegged to gold at the standardized value of $35 per ounce). Basically, this resulted in the American dollar becoming the de facto official currency of the revived global economic system. This system allowed national currencies flexibility (as opposed to the inflexible gold standard of the pre-war period) while ensuring a single dominant currency standard for international exchange purposes. The monitoring and management of this system was institutionalized in the form of the International Monetary Fund and the
The liberalization of international trade was codified in the General Agreement on Trade and Tariffs (GATT) in 1947.

From a national protectionist perspective, the ability of respective states to manage national monetary policy facilitated a strategic flexibility that enabled increased protectionist capabilities. More to the point, the promotion of demand-side policies through Keynesian macroeconomic strategies encouraged consumption and increased national popular participation in national economic activities. For state institutions this meant an increase in deficit spending and an expansion of social service provisions. In sum, a compromise within the dynamic of the double movement was established – liberal economic structures were institutionalized while the sovereign right of respective nation-states to regular national economic conditions was confirmed.

Within this context, social protectionist measures could be enacted that met the economic needs of respective classes within advanced capitalist states. For example, the interests of financial capitalist elites were met (albeit in a compromised fashion) through the institutionalization of liberal economic ideology, while protections were enacted for other industries threatened by liberalized trade. Middle-class interests were met with such state-funded programs as subsidized mortgages and subsidized loans for higher education. Lower-class protectionist demands were met through the institutionalization of welfare state policies including unemployment protection, subsidized health care, and basic subsistence assistance. Understanding embedded liberalism as a cross-class compromise (regardless of motivation) allows for a much more holistic understanding of this period and allows for an accurate conceptualization of the state during this period as working to mediate diverse class interests. From this perspective, we can see that while class-interests were, perhaps, insular and contradictory, the actions of the embedded liberal state were not.

It seemed, during this period of embedded liberalism, that Polanyi’s theory of the state as a manager of the double movement was empirically verifiable. Additionally, the relative success of the embedded liberalism/welfare state model in the 1944-1971 period also confirmed Polanyi’s concluding optimism in the prospects of “re-embedding” of the economic into the social. However, times were, as the saying goes, a changing.

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6 Originally the International Bank for Reconstruction and Development, “the World Bank” the umbrella term for a conglomeration of several organizations tasked with developmental loan programs and other related activities.
By the mid- to late-1960s, global confidence in the American dollar to serve in its “reserve currency” capacity was declining (not in the least due to the fact that by 1960 foreign currency holdings, exclusive of domestic supplies, were in excess of American gold reserves\(^7\), see Isaak, 2000: 43). In 1971, faced with a number of domestic political pressures (demands for protectionism, a trade deficit, and a pending election) and international pressures (a decline in confidence due to the expansion of an inflated dollar and the inability of the US to match its gold-convertibility responsibilities), Richard Nixon ended dollar to gold convertibility. This action effectively ended the Bretton Woods system by abandoning the primary disciplinary mechanism designed to stabilize the global currency unit (the U.S. Dollar).

**The Reconceptualized Double Movement**

The prior emphasis on reduced state economic protectionist capacity leads us to the larger question of whether the traditional dynamic of the double movement remains applicable. I would argue that the interactive relationship between national populations and state institutions has been altered by increased global (liberal market) integration: the withdrawal of the state from the realm of socio-economic protectionism has resulted in decreased legitimacy granted by national populations. However, the dynamic of the double movement has not been significantly altered. States continue to require sustained legitimate authority to retain power and facilitate global economic systemic operations. Put explicitly: the economic protectionist capacity of the state has been reduced due to global neoliberal political economic integration, but the demand of national populations for protection from these integrative effects has not subsided. Rather, the continued necessity of the state from the perspective of the global systemic and state institutional proponents ensures that states must utilize alternative means to maintain legitimate authority from respective national populations.

The argument presented here is that states have increasingly turned to monolithic national cultural definitions to fulfill this strategic function. The

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\(^7\) This is commonly referred to as the development of a “Euro-dollar” market. Basically, European financial institutions would accumulate and lending American dollars at terms more favorable than were being provided by the US Federal Reserve. Ultimately, the outflow of American dollars to (1) ensure global liquidity and (2) to finance American domestic (“Great Society,” for example) and foreign (Vietnam War) activities without increasing the tax burden on American citizens, created a supply of American currency that was primarily outside of the control of American financial institutions. Without management and control mechanisms, the system would inevitably collapse.
double movement remains a viable analytical tool in examining this interactive process; however a reconceptualization is necessary to reflect the reduced role for national economic protectionism and expanded role of national culture to meet national protectionist demands. We must therefore adapt the analytical model as shown in figure 2.

The adapted model reflects historical changes that have altered the mechanics of the double movement but not it’s dynamic. As states relinquish economic protectionist capacity (to varying degrees) in favor of liberalizing global economic integration, national populations are adversely affected. For example, deindustrialization in the United States is commonly understood to be a historical outcome of global economic integration (see Wilson, 1996). As states lose the ability to control capital mobility and protect national economic interests, the production base of the capitalist system is able to shift to areas of lower cost – generally in the developing world (see Robinson, 2004). While this process has had broad transformative effects in developed and developing regions of the world, our focus here is on state protectionist capacity in the developed world. We must explain the decline of state economic protectionist capacity and justify the inclusion of cultural nationalism in the above analytical model.

Figure 2. Reconceptualized Double Movement in the Era of Neoliberal Globalization

Decline of Embedded Liberalism and the Rise of Neoliberalism
The end of the Bretton Woods system was most immediately felt in the realm of national monetary policy. From 1944-1973, national currencies were valued based on their comparison with the American dollar. This “fixed” exchange system was quickly replaced with a system of “floating” exchange rates in which national currency values are determined by open trade in the foreign exchange market (FOREX). The ability of the state to directly influence the value of national currency was reduced in favor of private market valuation. States were left with a reduced capacity to protect national economic interests while at the same time financial capital was increasingly unrestrained. States were forced to relinquish monetary control to appease markets and in turn create demand for their respective national currencies (see Helleiner, 1994; Gilpin, 2000: 52-87).

This situation was aggravated in 1973 (and again in 1979) with successive OPEC oil embargo and price increases. The result was a massive increase in energy costs that were directly transmitted to consumers – including federal, state, and local governments and the decreased ability to enact traditional national economic protectionist measures (such as currency revaluation) without feeling the wrath of foreign currency markets. States were faced with rising prices and few available strategies to control these increases. More to the point, this inflationary period made social protections increasingly expensive for state institutions. The resulting “fiscal crisis of the state” (Block, 1981; O’Connor, 1973) made social service provision achieved in the period of embedded liberalism increasingly difficult.

It should be noted that the shift from gold to floating exchanges had a much more positive effect on the development of transnational financial capital. The American shift away from the regulatory mechanism of gold convertibility enabled the mobility of financial capital by making currency speculation a lucrative investment strategy. The removal of fiscal regulations allowed investors the opportunity to move their financial capital

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8 The reduction of capital controls designed to limit national capital mobility significantly reduced the political autonomy of state institutions. This was not necessarily the desired outcome as the promotion of floating exchange rates in the early 1970s was intended to create increased policy autonomy for states. However, the basis of the FOREX system relied on private market trades of national currencies which eventually eliminated any opportunity for increased monetary policy autonomy for respective states (see Helleiner, 1994: 123-124).

9 Daily trading on global FOREX markets was estimated at nearly $2 trillion by the Bank of International Settlements in 2004. The sheer volume of trade on the foreign currency exchange market dwarfs any other commodity exchange on the planet. For more information see the Triennial Central Bank Survey (2005) performed by the Bank for International Settlements (http://www.bis.org/publ/rpfx05t.pdf).
to locations with the most positive financial conditions (most notably, countries with higher interest rates). The resultant impact on state monetary policy became the use of interest rate adjustment as a tool to motivate or reduce foreign financial investment\textsuperscript{10}. The outcome was a capitalist state less interested in meeting non-liberal social protectionist demands (that they could rarely afford during this period of fiscal crisis) and moving in the direction of creating conditions favorable to domestic and foreign capital investment.

By the 1980s the class compromises that provided the foundation for embedded liberalism were abandoned in favor of a return to liberal market economic imperatives and a dismantling of the social protectionist structures that defined the embedded liberal state. The state, in this “new” neoliberal model was the protector of capital and should not be involved in the regulation and/or restriction of capital and market operation.

The political success of the “neoliberal turn” was manifested in state institutions controlled by the Regan (US), Thatcher (UK), and Pinochet (Chile) administrations and the integration of the ideology into revived Bretton Woods international institutions of the IMF and World Bank (see Harvey, 2005). The administrations of all three states sought to pass neoliberal “reforms” that were designed to significantly cut state social service spending and promote the privatization of such service provision. The state was summarily deemed inefficient, counter-productive, and even “evil” by Reagan, Thatcher, and a growing number of global political elites.

If the 1980s saw the burgeoning of neoliberalism, the 1990s saw its maturation and expansion through the mechanisms of policy coordination in the developed world (see Gilpin, 1987: 151-154 and 160-168) and debt in the developing world (generally, through austerity policies transmitted through IMF and World Bank lending schemes, see Larner, 2000). This ideology assumed its dominant position with the advent of the “Washington Consensus” in the late 1980s and early 1990s. The fundamental tenets of this “Consensus” were based on the belief that several conditions must be met in order for positive economic conditions, foreign investment, and stable growth to occur. These conditions included fiscal discipline (or, a reversal of the deficit-spending toleration in Keynesian economics), reduction in public

\textsuperscript{10} Interestingly, this situation was exactly the scenario John Maynard Keynes warned against in his 1933 essay, “National Self-Sufficiency.” His argument against decreased state monetary policy capacity (or capital control mechanisms) rested on the belief that if financial capital were unrestrained it would then flee to areas of greatest return.
spending (or, a dismantling of welfare state protectionist structures) in favor of privatization of both state institutions and responsibilities, and the liberalization of trade (or, the removal of national trade protections such as tariffs and subsidies). The promotion of this neoliberal ideal became paramount for establishing hegemonic dominance and ensuring state compliance (see Williamson, 1993; 1990; and for counter-arguments/analysis see Stiglitz et al., 2006; Brecher and Costello, 1999; Thomas, 1999).

**Conclusions**

To say that contemporary states are explicitly neoliberal would be inaccurate. As previously stated, the effects of neoliberalism and global political economic integration are uneven, which creates problems in theorizing the neoliberal state. However, there are commonalities with respect to the development of neoliberal state practices. For instance, David Harvey identifies two general conditions that typify neoliberal states: (1) the promotion of a “good business or investment climate for capitalistic endeavors” and (2) the observation that “neoliberal states typically favor the integrity of the financial system and the solvency of financial institutions over the well-being of the population” (Harvey, 2005: 70-71).

While these general conditions may typify neoliberal state strategies with respect to its relationship with the global political economic system, they do not describe the means of legitimation that neoliberal states must maintain. The analytical framework presented in this essay offers a means to study the neoliberal state as an embedded mediation institution. It is general enough to be applied to various cases and not limited by the substantial problem of the uneven effects of global political economic integration. Two descriptive cases are briefly presented in support of this claim. The cases are purely descriptive in this context and require future case comparison to determine the viability of the framework; however, they do illustrate the potential of this methodological strategy

**Québec**

National culture in Québec has long been at the center of legitimate state authority. The defense of the Francophone linguistic tradition serves as a form of solidarity linking all political parties in the province. The reality of being a Francophone “island” in a the “sea” of Anglophone Canada has contributed to this self-protective position; however, as Raymond Breton comments, this traditional condition has shifted: “Québec nationalism has
lost much of its defensive, post-oriented, and ‘Survivance’ character to become assertive and oriented toward development” (Breton, 2000: 1857).

In fact, post-1960 Québec has steadily moved away from exclusive culturally-oriented definitions of its collective national identity. The project in this era was social and economic development; this project was driven by the basic assumption that Québec is a Francophone nation, but one rooted solidly in a statist, Keynesian/social democratic model of political economic development. Even its famous sovereignty movement, which relied heavily on national culture as a mobilization strategy, defied superficial attempts to label Québec nationalism as a reactionary ethnic form (see Balthazar, 1986). In fact, following the 1995 referendum on political sovereignty, the Parti Québécois (the primary sovereigntist party) moved toward an explicit embrace of civic nationalism that offered a more inclusive national cultural definition that reflected the growing role of immigrant populations in Québec society.

This push toward an inclusive, pluralist national cultural definition began to weaken in recent years as neoliberal reforms began to erode traditional state-supported services throughout the province. In fact, neoliberalism is a relatively new political ideology in Québec, gaining dominance only in the late 1990s. Some Québec scholars argue that the relatively late embrace of neoliberalism by state institutions and parties is the result of a popular resistance to the implications of such reforms (see Graefe, 2004; Béland and Lecours, 2006). One party, the Action démocratique du Québec (ADQ), had consistently supported neoliberal reforms since its inception in 1994 and had suffered mediocre popular support as a result. This condition changed in 2007 when the ADQ, while maintaining its ardent support for neoliberalism, began to embrace a platform that defined Québécois nationalism in explicitly cultural terms – European-descended, Christian, and French-speaking (see Dumont, 2007).

This change in party platform was driven by an emergent debate in the province over the “reasonable accommodation” of non-Western cultural traditions practiced by new arrivals to the province. By linking the ADQ with this emergent focus on a monolithic national cultural definition embraced by a majority of Québec citizens, the ADQ was able to circumvent popular skepticism over its neoliberal platform and increase its legitimate authority in the March 2007 provincial elections. The ADQ increased its sitting members of the Québec National Assembly from five to thirty-six, moved from perennial Assembly obscurity to official opposition party status, and for the first time gain official political party recognition by the
federal government of Canada. While there are several explanations for this massive rise in public support for the ADQ, one primary factor must be recognized – the turn towards integrating a monolithic (populist) national cultural definition for the purpose of increasing legitimate authority.

United States

This phenomenon is not limited to sub-state minority nationalist cases. The example of the United States offers significant analytical opportunities in this regard. Specifically, the strategic relationship between Evangelical Christians and the Republican Party that emerged out of the post-Watergate era of the 1970s led to an effective partnership that generally illustrates the role of national culture in facilitating (1) the ability of a specific portion of the national population to have increased influence in the political agendas of respective state institutions and (2) enable the Republican Party to continue the nonpartisan process of global economic integration (neoliberalism under Reagan, G.H.W. Bush, and Clinton) while ensuring legitimate authority as the protectors of American society – albeit from a particularly limited perspective. The success of this alliance is found in voting patterns that illustrate contradictory trends, namely the solid support for the Republican party in areas of the country adversely affected by Republican pro-business (i.e., neoliberal) reforms enacted in the 1980s (and, it should be noted, accelerated by the Democratic Clinton Administration in the 1990s) (see Frank, 2004). The situation becomes one in which a monolithic national cultural definition, and a legitimate belief that one political party can defend such monolithic definitions, becomes the primary locus of legitimation in the neoliberal era.

It would be difficult to argue that the integration of evangelical Christianity into a monolithic definition of American national culture was an ideological project engendered by the state. There are obvious divergences of opinion concerning what (if anything) typifies American national culture; however, it is notable that recent electoral politics have centered on integrating a Christian national cultural definition into Democratic, as well as Republican, platforms (see Hamby, 2007; Pew Research Center, 2005). A useful contemporary example of this integrative process involves the creation of the Office of Faith-Based and Community Initiatives by the current Bush Administration. The purpose of the Office was to enable federal funding of religious institutions offering social services and represents a concrete example of the alliance between the Republican Party and the Christian Right. That is, the alliance between state institutional actors and a national cultural movement, based on a monolithic definition of national culture,
resulted in an integrated institutional role for this movement and *de facto* its monolithic definition of national culture.

Fractures have recently emerged in this political relationship due to a perceived lack of attention to the national cultural definitions promoted by the American Evangelical right. The former deputy directory of the Office of Faith-Based and Community Initiatives in the most recent Bush Administration, David Kuo, recently argued that the lack of dedication to Evangelical Christian “values” among Bush Administration officials and the perverting effects of institutional politics on cultural values would lead to a withdrawal of Evangelical Christians from the Republican Party and American politics in general (see Kuo, 2006).

This call for deligitimization has yet to materialize in any large-scale fashion; however, the process of withdrawing legitimate authority by national groups attuned to powerful national cultural definitions offers an interesting avenue for research in the future. If Kuo’s contention that Evangelical Christians are on the verge of a “fast” from political involvement is correct, this could have very interesting implications for the legitimation of U.S. state institutions. While the creation of the office represents the significant role national culture can play in legitimating state institutions and actors, the organizational controversy described by Kuo also illustrates the potential for national populations to withdraw this legitimating support when they perceive their demands are not being met through state institutional action.

As these anecdotal cases illustrate, the role of national cultural definitions in state institutional legitimacy is a contemporary condition. The analytical framework presented here seeks to offer an opportunity to study this rise of cultural nationalism without minimizing the role of the state. Through the lens of the Polanyian double movement we can see that the state has long served as a locus for national socio-economic protectionism – particularly evidenced by the emergence of the welfare state model during the embedded liberal era. The withdrawal of national economic protectionist strategies have resulted in increased political opportunities for national groups and actors; however, these demands continue to be directed through state institutional filters. That is, the articulated grievance may be increasingly focused on global political economic integration effects, but the focus of movement demands remains, in most cases, the state. The declining strategic capacities of the state as a result of neoliberal requisites and commensurate reductions in legitimate authority over national populations motivates national (civil) group mobilization as an organizational alternative to the traditional socio-economic protectionist role of the state. Due to the
origins of national cultural definitions within national populations (Geertz, 1983; 1973), this becomes the medium of legitimation for respective national groups seeking political power in the post-Bretton Woods era of resurgent liberalism.

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