

THE SIGNIFICANCE OF POLANYI'S CONTRIBUTION: AN INTERPRETATION OF THE NEOLIBERALIZATION AND COMMODIFICATION OF NATURE

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Abstract

Polanyi's analysis and contributions have been brought back into discussion due to the rapid emergence of market-based instruments designed to tackle environmental degradation. Polanyi is a crucial reference in current debates on globalization and international political economy. This article seeks to explore and discuss how his perspective, and the founding concepts of his work, can help us to interpret the current process of the neoliberalization and commodification of nature.

Keywords

Polanyi, environment, commodification of nature

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1. Introduction

Polanyi's work, The Great Transformation: the political and economic origins of our time, published in 1944, is a critique of free-market capitalism established in the nineteenth century. It is a historical analysis of human institutions that goes back to the English Industrial Revolution, when economic liberalism emerged as the organizing principle of society in view of the creation of the market economy. Polanyi's analysis aims to explain the crisis produced by the influence of liberal market ideologies and the belief in "laissez-faire", which also became the organizing principle of the world economy; a crisis which is not purely economic, in the narrow sense, as it entails the destruction of communities and livelihood provoking movements of social protection. A crisis that triggered institutional transformations of the 1930s. *The Great Transformation*, is increasingly recognized as a crucial reference in current debates on globalization and international political economy.

The concept of embeddedness, best expounded in his most famous work, is important to understand Polanyi's thought and his contribution to social sciences. In this paper it is a key starting point to comprehend other relevant concepts – such as fictitious commodity, the double movement or the economistic fallacy- analytically useful to study the current process of the neoliberalization and marketization of nature.

The article is structured as follows: first, it will provide a brief outline of Polanyi's view by attempting to clarify the main theoretical concepts elaborated in *The Great Transformation (and developed in other works)*. Then it will focus on the contemporary relevance of Polanyi's insights. Since Polanyi's analysis and contributions have been brought back into discussion due to the rapid emergence of market-based instruments to tackle environmental degradation, it will focus particular on how Polanyi's perspective - and the founding concepts of his work- can help us interpret the current process of the neoliberalization and commodification of nature.

2. Insights of Polanyi's perspective: the utopian vision of self-regulating markets



2.1. Focusing on the concept of embeddedness

Polanyi is often considered the father of the concept of embeddedness, though he borrowed it from Thurnewald's ethnographic studies on primitive societies and archaic cultures (Machado, 2010).

In *The Great Transformation* Polanyi only uses the term twice¹, nevertheless, the concept is a leitmotiv throughout his great work, particularly in specific chapters, and it plays a relevant role in his entire oeuvre. In the chapter on the "Evolution of the Market Pattern", he presents the contrasts between the market economy and pre-modern economies where the integration of economic life takes place through patterns of reciprocity and redistribution. Here, referring to the market economy, he writes: "*Instead of economy being embedded in social relations, social relations are embedded in the economic system*" (Polanyi, 2001- [1944]: 57).

A few pages later, the difference is explained in more detail, focusing on the acts of barter and redistribution:

In the vast ancient systems of redistribution, acts of barter as well as local markets were a usual but not more than a subordinate trait. The same is true where reciprocity rules: Acts of barter are here usually embedded in long-range relations implying trust and confidence, a situation which tends to obliterate the bilateral character of the transaction. (Polanyi, 2001- [1944]: 61)

Moreover, it has already been noted that, in other passages, Polanyi prefers to use 'absorbed' and 'submerged' to describe the relationship between economy and society (Barber, 1995: 401).

Therefore, the concept of (dis)embeddedness is used in the paragraphs quoted above, to illustrate the exceptional nature of the liberal capitalist market economy in the history of humankind. While in tribal societies economy was framed in other social institutional patterns, being reciprocity and redistribution the dominant forms of integration, the self-regulated market is intended as a sphere separated from the rest of society. However, the institutional separation is not due to the existence of trade, markets², and money, that were also present in non-capitalist societies (e.g. in ancient civilizations and feudal Europe³), but to the market mechanism that follows the law of supply and demand, and to the principle of gain that replaces subsistence as the dominant motive of action. In the transition to a full market economy, political efforts aiming at creating an economic sphere increasingly separated from non-economic institutions, culminate in embedding social relations in the market through the commodification of three factors of production: labour, money and land. The creation of fictitious commodities makes human social life dependent upon the fluctuations of supply and demand and causes the dehumanization of social conditions and the ensuing societal reactions to it.

¹ While the term "embedded" appears six times in the text. However, Polanyi had an "*armoury of additional terms that suggest similar meanings*" (Hodgson, 2016: 10).

² Polanyi defines markets as organized arena of exchange (see Hodgson, 2016).

³ For a review of the debate on the role of market as system in ancient civilizations see Schiavone (1999).



Undoubtedly, labour, land, and money markets are essential to a market economy. 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, 2001-[1944]: 76-77)

These contradictory forces, the process of disembedding and the consequent attempts to re-embed, constitute the core of The Great Transformation narrative as well as Polanyi's main thesis: the double movement. With this he means that market societies have been shaped by: on the one hand the movement toward self-regulating markets; on the other hand, a counter-movement of protection (not limited to a working-class movement) against the threats posed by increasing marketization and commodification that annihilates human and nature's substantial characters. In order to explain the shifting balance between the *laissez faire* approach and protective countermovement Polanyi focuses especially on Speenhamland Law of 1795, which became an obstacle to the development of a national labor market. "*The tendency of this law was to the opposite; namely, towards a powerful reinforcement of the paternalistic system of labor organization as inherited from the Tudors and Stuarts.*" (*ibid.*, 82) since the labourer had his income supplemented to subsistence level by the allowance system. This law was abolished in 1834, in order to allow movement of labour factor and the creation of a competitive labour market. The passage about the Speenhamland Law explains that the creation of self-regulating market needs state intervention as a precondition for the creation of the market economy (Just as happened with enclosures); in Polanyi's words "laissez-faire was planned". Polanyi suggests that there is often the need of greater government efforts to assure that groups that will bear increased costs of self-regulating economy will not engage in disruptive political actions. His detailed analysis of the Speenhamland period and the subsequent Poor Law Reform sheds light on the tensions between liberal mechanism and utilitarian principle that supports it, on the one hand, and the demands of solidarity and social cohesion on the other hand. However, the chapter about the Speenhamland Law shows that the forces of embeddedness and disembeddedness as well as movements aimed at the expansion of market system and counter movements, do not follow one another neatly, nor should they be studied following a simplistic dichotomous view that would fail to grasp their complexity. This point is reflected in Polanyi's criticism of the Speenhamland allowance system, whose "*outcome was merely the pauperization of the masses, who almost lost their human shape in the process*" (*ibid.*, 86), a trap for workers that allowed employers to pay as little as they wished.

The conceptualization of embeddedness described so far, as present in The Great Transformation, is a gradational notion since it is an historical variable (Gemici, 2008). As discussed above, in Polanyi's analysis societies are distinguished according to the place of economy in society. Interlinkages between markets, economic life and social life have been studied by Polanyi also in South Pacific communities from an anthropological point of view.



Another variation of the concept of embeddedness in Polanyi's body of work refers to the fact that all empirical economies are embedded and enmeshed in institutions (both economic and noneconomic). This concept is especially developed in his paper on "The Economy as an Instituted Process"⁴ where he sets forth his critique of the neoclassical view of the economy and the "economistic fallacy", viz. identifying the economy with its market form. More in detail, the formalist definition of the economy refers to a situation of choice between scarce means in relation to preferred ends, where the rule governing choices is the logic of rational actions. This approach can only be applied to study price-making markets in the modern capitalistic economies, since *homo oeconomicus* perspective is devised for that special form of economy.

"The relation between formal economics and the human economy is (...) contingent. Outside of a system of price making markets economic analysis loses most of its relevance as a method of inquiry" (Polanyi, 1957: 247).

The substantive approach, on the contrary, views economy as an instituted process of interaction between man and his natural and social environment. According to Polanyi, only the substantive meaning of economic allows social scientists to research past and present economies.

Therefore, the study of the economy in its forms of integration- reciprocity, redistribution and exchange (market)- is an institutional analysis. Likewise, an accurate analysis of economic actions has to take into account the social character of human actions and human preference interpreted within institutional and cultural context.

Gemici (2008) argues that in this case the embeddedness concept is used not as an historical variable but as a broader and general methodological principle, in an attempt to formalize a cross-cultural comparative theory of economics. The ambiguity between the two aspects of the concept (the historical dimension and the methodological notion) has been debated by scholars and derives from the lack of an explicit definition and the ensuing contradictory interpretations. The concept has indeed, been further developed by contemporary scholars- namely it has become a focal point of the new economic sociology following Mark Granovetter's (1985) seminal article "Economic Action and Social Structure – The Problem of Embeddedness". For instance, here the notion is reframed with the focus on the role of networks of social relationships among actors⁵.

The two aspects of the concepts are not contradictory. Instead, they strengthen each other, and are a key starting point to understand the main strands of Polanyi's argument and his original enduring contributions.

⁴ In the publication *Trade and Market in the Early Empires* (1957) resulting from an Interdisciplinary Research Project on the Institutional Aspects of Economic Growth.

⁵ Granovetter (1985) aims to critique a pure market approach to economic action and to create a balance between the "undersocialized" view of atomized actors as isolated from each other in neoclassical economics, and the "oversocialized" view of actors whose behavior are entirely controlled by social norms, in structural-functional sociology⁵. According to Beckert (2007) the concept of embeddedness, in the works of economic sociologists, has lost part of its original significant meanings. In particular, the macro level analysis as well as the social-reformist inclinations of Polanyi's have been neglected.



2.2. An apparent contradiction.

As a historical variable, (dis)embeddedness sheds light on the liberal ideological project to separate economy from society. This approach has been considered potentially misleading since it assumes social life as consisting of separated, or separable, spheres hence applying the (neo)classical perspective. However, Polanyi's aim is precisely to point out, through his historical analysis, that the idea of self-regulating market developed by Adam Smith, Ricardo and their successors, is a "stark utopia" unfeasible in practice because it entails to threat fictitiously entities that are not produced originally for sale⁶. This fictitious basis is the cause of the eradication of social institutions and protective counter movements⁷. The rise of market liberalism has caused forms of state regulation and intervention against free-markets dangers: on one hand New Deal and social democracy, on the other hand Fascism⁸ and communist planned economies.

Marx believed that capitalism would prove unable to further develop a continuous growth of the forces applied in the production process (means of production and labour power). The stage expansion of the productive forces reached in capitalism would not allow further development without causing cyclic economic crises and social impacts, making socialist transformation inevitable. For Polanyi, the core contradiction was that self-regulating markets are not able to produce and maintain economic and social order because of their deficiencies and inevitable responses, necessarily requiring government intervention (Block, 2008).

As a methodological principle, embeddedness can be credited with suggesting that market is a part of the broader economy, and the broader economy is enmeshed in a broader society. Moving from neoclassical economic to an institutional analysis, Polanyi affirms the importance of social relations, norms, religious and political institutions. This perspective allows him to highlight the social implications of a particular economic system which can not be disembedded from society as economic models would suggest.

Therefore, the embeddedness concept, in its variations, is the foundation upon which he builds his central argument: market liberalism could not work as intended. Its essential nature is a myth, a fiction⁹. Polanyi's alternative is not a step back to pre-modern communities. However, he insists on the need of economic system being in the service of natural human institutions, and not the other way round. In this respect it is important to recall Andre Tiran's (1998) interpretation according to which Polanyi seeks to reconcile Rousseau's social holism –showed in the community concept- and the concept of individualism developed and encouraged by the Reformation.

2.3. Fictitious commodities

⁶ Additionally market economy assumes that all humans behave in such a way as to maximize their personal utility.

⁷ Polanyi does say that the classical economists wanted to create a society in which the economy had been effectively disembedded, encouraging governments to pursue this objective. But he also argues that they did not and could not achieve this goal.

⁸ "In order to comprehend German fascism, we must revert to Ricardian England" (Polanyi, 2001 [1944]32) is a passage often cited.

⁹ According to Kari Polanyi-Levitt "the apparent contradictions in *The Great Transformation* are not contradictions, but expressions of the contradictions that exist in the self-regulating market system itself." (Maucourant and Plociniczak 2013; 519).



The unfeasibility of a fully self-regulating market economy, regulated and directed by market prices through the law of supply and demand, is intrinsically linked to Polanyi's critique of fictitious commodities. Self-regulation implies that there must be "*markets for all elements of industries, not only for goods (always including services) but also for labour, land and money.*" (Polanyi, 2001 [1944]: 72). This means that market economy needs the commodification of all elements of industry. According to Polanyi's definition, commodities are "*empirically defined as object produced for sale on the market*" (*ibid.*, 75). Hence, he points out that the extension of the market logic to the essential elements of labour, land and money is highly problematic. While labour, land, and money are essential to the market economy, the fact is they are not commodities, in the sense that they are not objects produced for sale on the market.

Labor is only another name for a human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilized; land is only another name for nature, which is not produced by man; actual money, finally, is merely a token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity description of labor, land, and money is entirely fictitious. (ibid.; 76,77)

The point is that, to include these fictitious commodities in the market mechanism, means to "*subordinate the substance of society itself to the laws of the market*" (*ibid.*, 75). For Polanyi this would inevitably result on the demolishing of society or, to put in another way, in the violation of the sociality substance of human beings. In particular, Polanyi argues that subordinating nature (land) and man to the requirements of the market mechanisms is part of the utopian project of a market economy which is not concerned about how nature, and land principally, is "*inextricably interwoven with man's institutions*" (*ibid.*; 187). In market society, social beings become factor inputs and nature (land) is included as part of the production process. Therefore, the institutional separation of the economic is the result of two commodity fictions: land and labour commodification.

Commodification as a process refers to the assignment of economic value to something that was not previously considered in economic terms, followed by the expansion of market trade to the sector that was not previously marketed. Therefore, Polanyi's definition of commodity-and consequently, of commodification - is centered on the "market trade" aspect, i.e. the inclusion of the product in the supply and demand mechanisms. While commodities are produced for sale on the market, fictitious commodities are not; that is to say, only a fiction makes them alienable and exchangeable in the market place.

"Commodity fictions" created in capitalism, particularly their social consequences, are reminiscent of Marx's theory of commodity fetishism. Centering his analysis on the relationship between capital and labour, Marx argues that commodities, when produced for the market, render the information about the social relations behind their production



invisible; human labour, embedded in the product, appears as an objective of the good. Under commodity production, relationships between human beings take the form of relations between "things", since they are mediated by objects.

However, it is worth noting that the notion of fetishism in Marx refers to the exchange value of not-fictitious commodities. In Polanyi's words *"Marx's assertion of the fetish character of the value of commodities refers to the exchange value of genuine commodities and has nothing in common with the fictitious commodities"* (Polanyi, 1944: 72). Notwithstanding, it should also be underlined that Polanyi and Marx both share their aversion to capitalism which *"was not primarily due to the fact that workers were exploited, but rather because they were dehumanized, degraded, decultured, reduced to toilers in William Blake's dark satanic mills"* (Polanyi-Lewitt and Mendell, 1987: 28).

Still focusing on the concept of commodity, and on his interpretation and elaboration of Marx's view in Polanyi's work, Appadurai points out:

In modern analysis of economy (outside anthropology), the meaning of the term commodity has narrowed to reflect only one part of the heritage of Marx and the early political economists. That is, in most contemporary uses, commodities are special kind of manufactured goods (or services) which are associated only with capitalist mode of production" (Appadurai, 1986: 7)

Historically, commodification (in Polanyi's perspective) is not a no-return process, since decommodification processes have occurred. The most emblematic example is the abolition of slavery. However, Polanyi argues that the dominant trend has been towards commodification. As will be discussed in more detail below, particularly with regard to environmental policies, this trend has intensified since the 1980s against the backdrop of the dominant international political-economic context, commonly referred as neoliberalism.

3. Polanyi's enduring contributions

Over 70 years ago Polanyi wrote: *"To allow the market mechanism to be sole director of the fate of human beings and their natural environment...would result in the demolition of society"* (Polanyi [1944] 2001: 73). Nevertheless, Polanyi was optimistic in his conviction that such a destruction could no longer happen after the Second World War, since *"Within the nations we are witnessing a development under which the economic system ceases to lay down the law to society and the primacy of society over that system is secured"*. (Polanyi [1944] 2001: 511).

It is worth noting that, as argued by Stiglitz in his foreword to the 2001 edition of *The Great Transformation*, nowadays it is widely acknowledged that free markets left by themselves, do not lead to efficient and equitable outcomes. The need for government intervention is recognized due to the limitations of markets (e.g. imperfect markets, externalities, imperfect information etc.). It is also currently more evident that reciprocity is a fundamental norm of action in modern societies (Block, 2008). Moreover, Amartya Sen's liberal paradox (1970) has shown the inherent contradiction in the [classical liberal](#)



claim that markets are both efficient, in this case in terms of Pareto optimality, and respectful of individual freedoms. However, while economic science is aware of free market limitations public policies do not seem to have recognised Polanyi's concerns, as demonstrated by the Reagan and Thatcher's doctrine, the Washington consensus, and more broadly, the globalization process that has evolved against a backdrop of neoliberal discourse.

Therefore, despite Polanyi's misplaced optimism, his arguments are still relevant. The "double movement" is a valuable tool for understanding current sociopolitical change. According to Block (2008: 5)

"The double movement is about the normal politics of market societies with democratic governance, where adherents of both laissez-faire and the protective counter movement are able to press their case in the political arena".

In other words, it is about the tension between economic liberalism principles and their opponents.

The contemporary relevance of Polanyi's insights is being reviewed and explored with regard to the interpretation of financialized capitalism as well as issues of social justice¹⁰. Moreover, the dangers posed by the commodification of nature have been brought back to debate. The commodification of land and the effects of the marketization of nature have become some of the core issues being discussed in recent works of political ecology. Castree (2010), for example, drawing on Marx and Polanyi's thoughts, identifies seven characteristics of the current process of the neoliberalization of nature: privatization, marketization, State roll-back, market-friendly re-regulation, use of market proxies, the promotion of 'flanking mechanisms' in civil society and the creation of 'self-sufficient' communities. He points out the fundamental role of the state in enforcing property rights to make markets work, reinforcing Polanyi statement that the market system could not exist without government action.

4. Interpreting the neoliberalization and commodification of nature

The unsustainable exploitation of natural resources, habitat destruction and the loss of biodiversity, often caused by the principle of immediate gain and profit, have mainly been addressed with two different type of policy instruments, both on the national and international scale: command and control instruments and economic tools. Regulatory approaches using command and control legislation (regulating, for instance, industrial pollution) can be viewed as a countermovement using non-economic values to interfere with market mechanisms, against their negative effects on the environment. In the environmental and nature conservation policy portfolio, a rapid emergence of market-based instruments (the second type of the abovementioned policy instruments) is

¹⁰ See the academic contributions to the 13th international Karl Polanyi Conference "The enduring legacy of Karl Polanyi" held at Concordia University, (Canada) on November 6-8, 2014, for further insights.



noteworthy. These include forest certifications, the payment of ecosystem services and carbon markets.

Probably the most important trend in conservation science at the moment is 'ecosystem services', typically seen as economic benefits provided by natural ecosystems. They form the basis of most market-oriented mechanisms for conservation. The underlying assumption is that if scientists can identify ecosystem services, quantify their economic value, and ultimately bring conservation more in synchrony with market ideologies, then the decision-makers will recognize the folly of environmental destruction on work to safeguard nature (McCauley, 2006; 26)

Market-based tools for conservation and sustainable use of resources are more flexible than direct regulatory approaches and they are considered more efficient and effective, since based on self-regulating market forces that determine, through price signals, the efficient allocation. In this regard, it is important to draw attention to the fact that the main theoretical foundations of this approach emanate from neoclassical environmental economics, which considers the non-existence of a market price for the services provided by natural ecosystems, and market failures in general, the root cause of environmental degradation. From this point of view, the solution proposed to avoid the degradation of ecosystems is thus the monetary valuation of the services delivered (e.g. water and flood regulation supplied by a forest)¹¹. However, recalling Polanyi's (1957: 72) notion of fictitious commodities - something that has been fictitiously produced (or placed) for sale on a market- we should make a distinction. A proxy commodification occurs when a natural entity (e.g. clean air) is priced in order to signal to policymakers, a value that can be taken into account in a cost-benefit analysis. Furthermore, there is the case of the actual creation of a market when the natural thing is priced so as to be bought and sold, thus producing a complete (fictitious) commodification (e.g. pollution permits created by the Kyoto Protocol in the contest of the international emission trading scheme-ETS).

Similarly, Gomez-Baggethun and Perez (2011) clarify in detail the differences between the concepts of valuation, privatization, and commodification (mainly focusing their analysis on the economic valuation and commodification of ecosystem services). In theoretical terms, they are distinct, well differentiated concepts. However, they can become tightly intertwined within the commodification process since the demarcation line separating the different stages may fade. First, the economic framing of the environment refers particularly to the conceptualization of the ecosystem functions as services defined as acts with the capacity to fulfill human needs. The conceptualization of ecosystem services was, indeed, intended with the aim of creating a framework to define and analyze the relationship between natural and human systems and to increase awareness on the contribution of biotic nature to human well-being. For instance, water purification by ecosystems (e.g. forests or wetlands), categorized as a regulating system, provides

¹¹ For instance, the main objective of the global initiative called "The Economics of Ecosystems and Biodiversity" (TEEB) is to draw attention of policymakers to the economic benefits of biodiversity and to the growing cost of biodiversity loss so that they can also be "captured" by market mechanisms.



clean water without having to use water treatment plants. Second, monetary valuation is the first step of the commodification process; assigning an economic value is a necessary for the sale or the exchange of the potential commodity but does not suffice on its own. Indeed, according to the definition of commodity proposed by Polanyi, as a product produced to be sold in the market, commodification requires the creation of a market for their sale or exchange. The creation of an institutional structure is necessary, starting with the definition of property rights (e.g. through privatization) which makes good and services alienable. When the commodification process is completed, monetary valuation can be realized as cash flows.

Contending views in the debate on the growing reliance on economic valuation of ecosystem services, and more broadly on the expansion of market valuation to spheres that were unaffected by commerce, range from the support of valuation as a pragmatic tool to the rejection of utilitarian rationales for conservation purposes¹². According to the first view, monetary valuation is considered crucial to communicate the value of biodiversity and allow for a cost benefit analysis. This enables the effective and efficient management and allocation of natural resources and ecosystem services, aimed at a sustainable development. In turn, concerns about monetary valuation are especially linked to its potentiality to act as a driver to commodification. Assigning a price to nature may become a first step towards the introduction of the logic of profit in specific spheres of human-nature relation only fictitiously marketable. In recent critiques of commodification scholars have also drawn upon Marx's analysis of commodification and his concept of commodity fetishism viewing the social relationships involved in production, not as relationships among people, but as asocial and economic relationships between money (the universal mediator) and commodities exchanged in market trade. As commodification makes human labour invisible, it also obscures the relevance of ecological complexity and of biological interactions¹³ contributing to the function of ecosystems. The attempt to translate these complex ecological relations in marketable units is met with obstacles at the operational level, since it is difficult to disentangle the overlapping components and functions, and then to assign a price to trade the services in the market. It is important to note that double counting is a frequent and well-acknowledged issue in estimating the value of ecosystem services. Moreover, many species and the peculiarities of ecosystem processes are still unknown. As highlighted by Gomez-Baggethun and Perez (2011) another significant issue concerning the process of nature commodification is linked to the ethical reasons against placing a monetary value on various aspects of the environment because of the incommensurability of their intrinsic, cultural, and social value, which depend on institutional and cultural settings. Finally, commodification through the annihilation of the multiple languages of valuing nature, can have worrisome implications on the way we relate to and perceive nature.

Translating the value of nature into the language of economics makes it possible to apply of the polluters-pay principle and, similarly, it allows policymakers to make their choices based on a cost-benefit analysis. Two main criticisms arise and have been well exposed by McCauley. First, to make monetary valuation the foundation of nature conservation strategies and of a path to sustainability is "*to imply —intentionally or otherwise — that*

¹² For a detailed review of this debate see Gomez-Baggethun and Perez (2011). Their analysis focuses on institutional and socioeconomical setup in which environmental policy and governance is currently embedded.

¹³ Intertwined in spatial as well as temporal dimension.



nature is only worth conserving when it is, or can be made, profitable" (McCauley, 2006; 27). Secondly, "nature conservation must be framed as a moral issue and argued as such to policy-makers, who are just as accustomed to making decisions based on morality as on finances." (ibidem; 28)

The financialization of new areas associated with environmental conservation and sustainability makes "green growth" the new frontier of market expansion¹⁴. Additionally, according to Sullivan (2013) conservation organizations, and international environmental NGOs are engaging with business and finance sectors, in an intensified financialisation of discourses related to nature conservation. Remarkably, the paradox is that, also environmental movements, emerging as reactions to the principles of market neoliberalism to contain the effects of commodification, can have the unintended consequence of extending marketization. *"Inasmuch as the solution to climate change becomes the creation of a carbon market (...) the result is the extension of the market with no obvious diminution of global warming."* (Burawoy, 2015: 24).

To conclude, Jessop (2007) argues that in contemporary capitalism, we have to add to the three fictitious commodities explored by Polanyi – land (or nature), labour, and money – a fourth factor of production that has been commodified: knowledge. Analysing this fictitious commodity is also of key importance to deepen our understanding of the ongoing process of nature commodification. It should be remembered that genetically manufactured crops are a product of new modes of transforming nature in a knowledge-based economy.

5. Concluding remarks

As illustrated above, the concepts of (dis)embeddedness, fictitious commodity and double movement, along with other theoretical insights of Polanyi's work, provide a useful conceptual framework for analyzing and interpreting neoliberalization and commodification of nature, as well as their social effects. These issues have been brought back into discussion, particularly due to the rapid emergence of market-based instruments designed to tackle pollution, the loss of biodiversity and the unsustainable use of natural resources. As Sandberg and Wekerle (2010; 42) point out *"in this neoliberal conservation narrative, nature is increasingly constructed as a commodity or real estate which is enclosed or fenced in order to be properly conserved."* Specific case studies and a historical approach are needed in order to determine local manifestation and contingencies of the processes of neoliberalization, commodification and the marketization of nature.

Notwithstanding this, Fraser warns us that Polanyi's framework must be revised in order to allow an *"integrated structural analysis (...) that is sensitive to, and critical of, domination."* (2012: 5). Indeed, she recalls that *"social constructions of labor, land, and money have typically encoded forms of domination, many of which long predate their commodification—witness feudalism, slavery and patriarchy"* (Fraser 2012: 7).

¹⁴ It is also important to note that the dominant paradigm of growth-oriented capitalism framing the arguments of those who are proposing the "green economy" or "green growth" model is being questioned by those supporting a "degrowth" paradigm. Nicholas Georgescu-Roegen coined the term *"decroissance"* in 1979, and the last decade has witnessed the consolidation of "degrowth" as a political, economic and social movement and as an intellectual current in the literature. Degrowth can generally be defined as a collective and planned process aimed at the equitable downscaling of the overall capacity to produce and consume and of the role of markets as a central organising principle of human lives (Schneider et al., 2010).



Therefore, marketization and enforcing of property rights should also be researched as potential opportunities for emancipation. Conversely, with particular regard to privatization and marketization in support of nature conservation, a number of scholars lament their social and environmental consequences: benefit and risk are unequally shared, new types of social and economic capital are generated and "captured" by *élites* and, as a result, processes of rural gentrification may arise or be reinforced (Sandberg and Wekerle, 2010). The question that emerges from these conflicting views is whether the application of social principles, distributed concerns and the ethical allocation of resources throughout the development and implementation of political ecology's approaches and specific governance settings, would be able to re-embed nature and the economy into society and so creating an alternative within the global political trend of neoliberalism.

Concurrently, a deeper perspective should focus on the impacts of fictitious commodification, on social relations and on the complex relationship between man and nature. Particular attention must be given to the fact that the dominant discourse of valuation and the market logic imposed on different aspects of social life tend to subordinate moral and ethical values to market and monetary exchange values. It is worth mentioning that anthropocentric concerns and materialistic values have been found to be negatively associated with pro-environmental attitudes and behaviours, by a growing body of evidence and empirical studies (Hurts *et al.*, 2013). Therefore, monetary valuation and the ongoing process of commodification of nature intended to solve pressing environmental issues through novel market-based conservation strategies (e.g. wetland banking), may be potentially counterproductive. "*In marked contrast to the neoliberal narrative, however, this process of conforming nature to fit neoliberal market logic has tended to accelerate rather than lessen the degradation of natural resources.*" (Vogelpohl, 2014; 237). This implication calls to mind Polanyi's reflection on the need for the economic system be in the service of human institutions (and not the other way round). It also recalls the central argument of *The Great Transformation*, built on the concept of (dis)embeddedness, i.e. that market liberalism to work as intended because of its fictitious basis. The fiction and the contradiction inherent in the logic of the "neoliberalization of nature" consists in solving market failures and inefficiencies with the expansion of market mechanisms and market-friendly regulations.

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