

Defiance and Game-Playing in the Global Economy: Rethinking Polanyi's 'collectivist countermovement'

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Abstract

Polanyi's vision of a 'collectivist countermovement' – a social and political reaction to the subordination of society to the demands of the market economy that triggered a 'great transformation' – has gained renewed interest and currency in the context of the current global economic crisis. This paper suggests this romanticised vision of change needs examination. The analytical framework of 'defiance', considered in the context of the global Fair Trade movement, offers purchase on the diverse styles and evolutionary dynamics of engagement adopted by different actors in the process of change. This analysis de-romanticises the collective, demonstrating the less-than-desirable political and organisational directions the 'collective' can take, and the influence of prevailing free-market narratives within an 'alternative' movement. Yet it also injects hope by illuminating the actors who exploit organisational and institutional entrepreneurship to evade the fate of institutional ossification and capture. This analysis draws attention to the realities of 'taming' the economy and calls for social theorising that better captures and contends with these realities.

Taming the Global Economy: The Collectivist Countermovement

In recent years, critics of neoliberal economic globalisation such as Lourdes Beneria (2003) have drawn on Polanyi's notion of the collectivist countermovement taming laissez-faire markets to urge the creation of a more people-centred form of development whereby the needs of society supersede market demands. While the state embodied this countermove in Polanyi's work, the recent proliferation of transnational movements opposed to and affected by the excesses of global deregulation and privatisation can be seen as modern iterations of Polanyi's 'collectivist countermovement' (Jaffee, 2007). Nevertheless, Polanyi's idealisation of the countermovement requires more serious thought. The collective appears to exist in a binary relationship with the free-market society wherein 'non-market' values and

relations and 'market' values and relations are distinct and mutually exclusive. Furthermore, and construed as the solution to the free market's excesses, the collective appears to possess only strengths, not weaknesses, the evolution of its organisation and institutionalisation seems unproblematic, its membership and their values homogenous and traditional, its outcomes beneficial for and desirable to all, and its creation of utopia a static end-point.

Scholars such as Douglas (1992) have warned against romanticising the collective, however. Further, writing in the 1940s, Polanyi's belief that the rise of 'movements of self-protection' would end in an era of unprecedented freedom was unchallenged by the weaknesses that state intervention later created (Beneria, 1999). Indeed, the organisational challenges – if not pathologies – encountered by social actors over time, such as the 'iron cage' of bureaucratisation (Weber, 1952) or institutional capture (Ayres & Braithwaite, 1992), were left unexplored in Polanyi's work as potential obstacles to change. However, movements must engage with the economy in order to change it, and in doing so are themselves transformed. At the same time, movements are not homogenous, and different social actors within them engage in and conceptualise change in different ways and trigger different institutional effects.

Defiance and Game-Playing in the Global Economy

A defiance framework is a useful and fertile tool to explore this actor- and institutional- complexity. Defiance (Braithwaite, 2009) is a term used to describe the psychology of defying social structures and institutional constraints. It is an attitude or behaviour that social actors adopt when they engage in a conscious process of questioning or opposing 'the path laid out for them by an authority'. Defiance is a particular outlook on the world that may be expressed through words or actions,

sometimes both. Defiance is deliberative: individuals have thought about their position and intend to convey the message that they reject blind acceptance and subservience to rules or authority. It is also a rational and healthy response that any individual is capable of making to the demands of society; it does not refer to abnormal or pathological psychological states or behaviours. Defiance is thus a healthy micro-response of individuals to macro-social conditions that are harmful to or destructive of qualities that are important for the individual's self-identity or self-worth.

The analytical lens of defiance captures, and permits the exploration of, the heterogeneity of dimensions and expressions of individual agency in movements seeking economic change. According to Braithwaite (2009), defiance can take a number of different forms (termed 'motivational postures'). Motivational postures describe the internal beliefs and attitudes that determine the degree and nature of an individual's engagement with an authority. The analytical framework for posturing derives from large Australian empirical studies of the sociology of regulation. Individuals assume postures when they have reason to express their belief in the dysfunctional nature and impact of existing institutions and structures on their social environment. These 'postures' include 'resistance' and 'game-playing'.

In Braithwaite's research, 'resistance' involves active defiance, and resisters want their criticisms heard and want to play a part in changing the system for the better. Resisters challenge regulations and regulatory administrators, yet not by creating new norms or rules. Rather, resisters work to inject the new ideas of others into the system. In order to do so, they 'yield' to the norms and constraints imposed by the existing order: 'resisters often lose the argument and succumb to become a compliant citizen of the regulatory order over time' (Braithwaite et al 2007: 292).

‘Game-playing’ by contrast is a more ‘imaginative’ and ‘bold’ form of defiance. It involves defying or transcending regulatory constraints through ‘moving around or redefining’ the rules’ of the game. This response involves ‘keen engagement with the regulatory codes’ and exploiting the code ‘to dismantle or change the regulatory system’. Game-players innovate where there is an absence of recognition of authority: they think outside the square rather than acknowledge the confines of convention. The ‘game-player’ is a creative and visionary individual seeking transformation of his/her regulatory environment. The portrait of the game-player draws parallels with Schumpeter’s classic entrepreneur who is ‘rendered by the notion of a creative, convention-defying individual entrepreneur, making innovative decisions in the face of a hostile, or at least a passively resistant, environment’ (Cauthorn, 1989: 15).

On the one hand, resistance and game-playing occupy opposite ends of a spectrum of agency – one is conservative, the other radical (though the two are not rigid or homogenous categories). Endowed with different degrees of agency, individuals interact differently with institutional structures. These varied forms of institutional engagement in turn cause different institutional impacts but which are intricately related to one another in evolutionary terms (see Hutchens, 2009).

On the other hand, then, resistance and game-playing share a symbiotic existence in the context of social movement politics (see Braithwaite, 1998). The motivation underpinning resistance lies in the resisters’ structural location in capitalist market institutions. Resisters institutionalise alternative models into those capitalist institutions rather than seek institutional transformation. Resisters do the ‘hard sell and execute model implementation’, transporting game-players’ radical models from the periphery to the centre to make money out of the propagation of the model. In the process of institutionalisation, resisters seek engagement with conventional actors – a

process of negotiation and compromise which tends to result in resisters' 'capture' (Ayres & Braithwaite, 1992) and the modification of game-players' radical models. Resisters do not aim to change institutional actors' motivations, but rather to convince those actors of the attractiveness (economic, political, culture etc) of the model. Game-players by contrast refuse to play within or be conditioned by the rules of the game. Game-playing involves not only transcending existing regulatory codes, but also the creation of new structures liberated from their institutional moorings. They can never be captured. Rather, when resisters become captured game-players re-innovate as a means of enabling continued evolution in the normative basis of markets. In this regard, game-playing holds the potential for agency and empowerment of both self and others by freeing structures from their traditional institutional anchors, producing new structures and institutions (ibid, 2009).

The point here is that resistance and game-playing operate in a dynamic evolutionary dance in a social movement context. They are also highly relevant to understanding the evolution of the Fair Trade movement where the analytical framework of these categories of defiance have been applied and further developed (Hutchens, 2009). The framework not only focuses central attention on the diverse styles and capacities for agency in the process of institutional change and the obstacles to the transformation project this creates, but also highlights one motivational posture, namely 'game-playing', as capable of evading institutional capture.

Defiance in Fair Trade

For over half a century the Fair Trade movement has attempted to change the international trading system in the interests of small-scale developing-country producers. The movement aims to embed 'non-market' values in the global trading

relations between producers and traders, such as social justice, equity, transparency, dialogue, solidarity and respect. It attempts this values-based transformation traditionally through 'Fair Trade Organisations' (FTOs) that serve the organisational and operational mission of Fair Trade. In general, FTOs identify and work with small-scale marginalised producers and artisans, pay fair prices and premiums for community development, and engage in long-term and direct trading relationships. FTOs exist in the global North (as traders) and South (as producer organisations and/or marketing and export organisations). Collectively, the global movement of FTOs is represented by the World Fair Trade Organisation (WFTO).

Though pioneered by Oxfam and other FTOs in Europe and the US, Fair Trade has evolved in the last two decades into a broader and more complex market phenomenon associated with a product certification label in 'mainstream' markets. This project of 'mainstreaming' Fair Trade originated in 1989 with the product certification organisation 'Max Havelaar'. The (later named) Fairtrade certification system quickly spread among sister organisations (now-called national Labelling Initiatives (LIs)) across Europe. In 1997, this organisational cluster established the Fairtrade Labelling Organisations International (FLO) and today, FLO is the worldwide standard-setting and certification organisation for labelled Fairtrade products. FLO has centralised three main responsibilities under its control: setting the international Fairtrade standards, product certification and trade auditing, and producer support services.

FLO's institutional development has been controversial. When FLO was created, a new governing body for Fairtrade product markets was introduced and comprised mostly of LIs and a reduced number of producer representatives. Until this time, a democratically-mixed body of producers, consumers and fair traders had overseen the market. In FLO's governance body, producers have struggled to influence the

decisions and direction taken by the governing LIs. Producers have felt the increasing need to defend their interests within FLO due to the stronghold of one of two distinct LI-subcultures governing FLO. The ‘advocacy’ culture views Fairtrade product certification as merely a starting point for larger scale transformation of economic relations between the global South and North. The business-model’ culture, the more dominant of the two groups, views the goal of increasing the availability of Fairtrade products in consumer markets as their role, and an endpoint in itself. The business-model culture and its conservative market-oriented perspective has influenced FLO’s development. There are two key reasons for this. First was the LIs’ legal ownership of FLO, giving them effective total control over FLO and disempowering non-LI voices (producers, FTOs) from its ownership. Second, and *among* the LI voices, the business-model LIs have gained significantly greater influence over FLO’s decision- and policy-making as a result of FLO’s funding model.

This model is based on three key revenue streams. First, firms pay license fees to their national LI in order to use the Fairtrade label. Calculated as a percentage of a firm’s market share, sales or volumes, license fees are a primary revenue source for LIs, and by virtue of their enormous market share, volumes and sales, commercial firms such as Starbucks or Chiquita represent LIs’ most lucrative clients regardless of how little Fairtrade volume they stock or sell relative to their overall business. The focus on volumes as the basis for most license fee payments – as well as producers’ remuneration - has steered FLO’s attention away from producers’ *value* share: the Fairtrade system requires higher-than-market commodity prices be paid to Fairtrade producers for each pound of raw commodity produced – a high volume, low-value activity compared with (especially) brand manufacturers’ continued capture of the lion’s share of the value in the Fairtrade chain. Second, the LIs contribute license fee-

revenues to FLO for its operating budget, and the LIs with the most money – those focused on large commercial clients – have exercised the most influence over FLO by either granting or refusing to support particular activities or initiatives within FLO. The advocacy LIs, (ideologically) reluctant to draw large multinational firms into the market, have fewer funds for FLO and thus less ‘buying power’. Finally, since 2002, producer cooperatives registered with FLO are required to pay prohibitive certification fees to FLO, in turn creating a new entry barrier for small producers who lack the financial resources.

The cost of these legal and incentive structures is a political one. The increasing bureaucratisation and complexity of certification criteria, rules and requirements for producers has made it difficult and administratively burdensome for producers to engage in the Fairtrade system. Furthermore, in their dependence on large commercial traders for funds and market access, FLO and the LIs have been relatively passive in response to commercial brand licensees’ tendency to purchase minimal amounts of Fairtrade relative to their overall volumes and selling it as a specialty ‘niche’ brand in their brand range. This strategy aims to prevent the Fairtrade Mark becoming more influential than the company’s brand in consumer decision making.

FLO’s evolution shows the pathway and psychology of resistance: the LIs and FLO are located within capitalist market institutions and, in seeking to institutionalise the model among institutional actors, they have begun to negotiate and modify the terms of requirements of the model to achieve this end. In one sense, FLO’s development demonstrates aspects of Weber’s iron cage of bureaucracy and its capture by market-oriented interests. Weber highlighted that bureaucracy, the rationalist spirit’s organisational form, would act like an ‘iron cage’ that would rob individuals of their freedom to pursue social change. Regulatory scholars have also observed how

institutional ‘capture’ of marginal voices and alternative institutions by powerful institutional interests can undermine attempts at change (Ayres & Braithwaite, 1992). While these influential dynamics in social change processes are reflected in this case, they are not the only ones at play. That is, while FLO’s evolution de-romanticises Polanyi’s vision by creating less than ‘ideal’ or alternative institutional processes, structures and outcomes, FLO’s capture and ossification represents only one set of actors and institutions in the wider movement. The organisational and institutional responses of the movement’s ‘game-players’ offer hope in this context.

The pioneers in the Fair Trade movement created the original system of certification which FLO has sought to institutionalise. Its relatively conservative development however and the impact of this on producers has motivated the pioneers, or ‘game-players’, to create an alternative approach to ‘mainstreaming’ fair trade: a *mainstream-market, for-profit* FTO brand company based on producer co-ownership. Exploiting commercial and legal tools of marketing and branding the FTO brand model effectively transported a more comprehensive and radical version of fair trade into the *mainstream* commercial environment. An example is AgroFair, a farmer-owned banana and fresh fruits company. Spread across Ghana, Ecuador and Costa Rica, AgroFair fruit farmers and cooperatives own 50 per cent of AgroFair’s shares and profits. New growers are offered company shares after a period of 12 months of trading with AgroFair. AgroFair producers gain direct experience and skills in value-added activities such as sales and marketing. This novel enterprise has had much success in the banana sector in particular (its first product) with the Swiss retailer, *Coop*, which sells 100 per cent of its bananas as Fairtrade (to sell more Fairtrade bananas than any other supermarket retailer worldwide) (AgroFair, 2004: 4, 24). In 2004, AgroFair’s turnover increased by 47 per cent to €37.6 million, up from €25.6

million in 2003. In 2006, the company grew a further 40 per cent, with a turnover of €62 million and a share dividend of €236,000 (half of which has gone to producers). AgroFair is an intentional agitator in the market, seeking to be a catalyst for change in its industry and wider business practice.

The pioneers of this and other models since have bypassed the Fairtrade certification system to realise more significant institutional and structural change for producers in the market, evading capture through continued innovation, both organisational *and* institutional. This second level of entrepreneurship is crucial in order to change the selection pressures influencing all companies in the Fair Trade market and in turn to force the pace of change among commercial traders (Hutchens, 2009). Game-playing in Fair Trade has thus taken the form not only of business model innovation but also macro-institutional entrepreneurship: fair trade's pioneers have agitated and mobilised fair trade networks to trigger change in FLO's political environment. This has involved both the ongoing strengthening of IFAT's institutional structure, ongoing vocal criticism and agitation for change within networks linked between FLO and the wider movement. In response to these demands, FLO underwent Constitutional change in 2007 not least to broaden FLO's ownership to include producers, and its 2008 Strategic Review reflects an internal reorientation towards producers (ibid, 2009).

Taming the Global Economy: a need to 'get real'?

An analysis of Fair Trade's evolution through a defiance framework draws attention to important issues, in particular the ongoing struggle between different actors, values, ideologies and interests within the movement – and the complex evolutionary trajectories and strategies they take and alternatives they create. These insights adding

greater complexity and unpredictability to Polanyi's relatively homogenous, idealised and uni-linear 'collectivist countermovement'. On the one hand it de-romanticises the collective, demonstrating the less-than-desirable political and organisational directions they can take, and the influence of prevailing free-market narratives within an 'alternative' movement. On the other hand, it injects hope in the sense of illuminating the actors who exploit organisational and institutional entrepreneurship to evade a fate of institutional ossification. The implication of all this for theory-building is the importance of focusing substantive intellectual enquiry on the actor-complexities, competing dynamics and the nuanced organisational and institutional evolutions that this heterogeneous group of actors stimulates and engages with.

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