

## Editorial

### Yehouda Shenhav

The Big Bang — this time taking the form of the collapse of the international financial markets — was an “exception” in politico-theological parlance. So was 9/11. But “exceptions,” by their very nature, are what allow us to take a fresh look at the system’s routine methodology. As Carl Schmitt quotes from a Protestant theologian — probably Kierkegaard:

The exception explains the general and itself. And if one wants to study the general correctly, one only needs to look around for a true exception. It reveals everything more clearly than does the general. Endless talk about the general becomes boring; there are exceptions. If they cannot be explained, then the general cannot be explained. The difficulty is usually not noticed because the general is not thought about with passion but with a comfortable superficiality. The exception, on the other hand, thinks the general with intense passion.<sup>1</sup>

At the height of the Second World War Karl Polanyi (brother of the Austrian philosopher Michael Polanyi) published an extraordinary book, *The Great Transformation*.<sup>2</sup> There he advances a sober, original, and critical analysis — for all that it is dominated by liberal postulates — that can be applied to the origins of the economic and political crises of the present day. Polanyi, born in Vienna, served in the Austro-Hungarian army during the First World War and later worked as a journalist and university lecturer. He wrote *The Great Transformation* in London, where he moved in the late 1930s. Like many of his contemporaries — such as Karl Popper, who wrote his major essay on the enemies of the open society during the war — Polanyi’s writing is anchored in the great political crisis of his time, and especially the rise of fascism.

Starting from a profound criticism of the Austrian school of economics and the

<sup>1</sup> Carl Schmitt, *Political Theology: Four Chapters on the Concept of Sovereignty*, trans. George Schwab (Chicago: University of Chicago Press, 2005), p. 15.

<sup>2</sup> Karl Polanyi, *The Great Transformation* (New York: Beacon Press, [1944], 1965).

abstract models it had developed during the nineteenth century, Polanyi examines the institutional and political context of the transatlantic economy and its networked periphery. At the center of his analysis he places the market, which for all practical purposes is a system of markets, not a single entity. Polanyi analyzes what he refers to as a “double movement”: on the one hand the creation and animation of the market; on the other hand, strict supervision of its size, conduct, and ethics. Polanyi reminds us that the market, by its very definition, must be limited and fenced in by restraining laws and administrative mechanisms (“decisionism”) that can protect us from its turning into a devouring monster. This double movement, which makes possible both creativity and impulsiveness while protecting society against the market, is the sole responsibility of the state. The state created the market and has a moral obligation to protect us against the havoc it can wreak.

Polanyi explains that the market — both as an institution and as a network (for example, international cooperation) — must be embedded in a broad and balanced economic and political matrix that is more than the sum of its parts. In this he deviates from the liberal notion (articulated, for example, by Friedrich Hayek) that the market is self-regulating. Polanyi teaches us that the market is not a product of nature but a web of social relations, and that these must stabilize and regulate the market and legitimize its activities. The social, monetary, and fiscal institutions must stand vigilant to moderate its cyclical booms and busts and to provide social security. The absence of such restraints corrodes the vigor of any democratic regime.

Although Polanyi did not use the term “neoliberalism,” we can argue that the neoliberal ideology that emerged from the crisis of the welfare state after the Second World War offered legitimacy to the global capitalism of wealth, very different from the organized capitalism of the first half of the twentieth century. The latter was based on the nation-state as the arena in which production is organized and on production based on the involvement of the state, labor unions, and industrialists. The oligarchies of wealth still consisted of human beings with names, identities, and nationalities. Labor — not credit and speculation — was still the main axis of the economy. Although this was not capitalism with a human face, in some large capitalist societies the state alleviated the effects of the market’s misdeeds by the welfare system that developed after the Second World War. Even if the investments in health and education were motivated by functional objectives, the needs of industry and managing the population justified investments in human beings.

For all that the supporters of the neoliberal project cite classical liberalism

(Adam Smith, David Hume, and John Stuart Mill) as their ideological starting point, their link to classical liberalism is in fact no more than semantic. Neoliberalism favors large capitalist corporations and justifies their metamorphosis into ministates that control and abuse their subjects. After centuries during which political thought produced theories of rights (human rights, social rights, and even collective rights), the sovereign corporation suddenly appeared and, under the aegis of neoliberalism, declared the network of liberal rights superfluous. Conspicuous examples are the trampling of individual freedom and the trampling of democracy by predatory corporations such as John D. Rockefeller's Standard Oil or, a century later, Wal-Mart. As scholars have found, these plunder individuals, trample their workers, and destroy the livelihoods of many human beings who are not willing to work in such unfair conditions. The present international crisis spurs us to ask the inevitable question (but never seen as such until after the fact): how is it that, despite neoliberalism's harsh assault on society, it was never braked by a crisis? On the contrary, it was — and still is — viewed as part of the “natural” development of the market. The answer to this question is of course infused with class and race: there are social regions in which the market runs amok like a lethal cyclone, and others where it is no more destructive than a normal winter's blizzard.

The ideological roots of the neoliberal project can be traced to the 1940s in Austria and the 1950s in the United States. The Austrian group, led by Friedrich Hayek, framed its agenda not only as an economic program for growth and efficiency, but also as a political program that offered more liberty and freedom to individuals. Democracy, freedom, and the market economy were viewed as complementary. The American group, led by Milton Friedman and the Chicago school and firmly embedded in the cultural network of the Cold War, promoted the market as a supreme value. Hayek's and Friedman's theories gained worldwide legitimacy after the two received the Nobel Economic Prize in the 1970s. During those same years, on September 11, 1973 (what in retrospect we might call a “mini 9/11”), the United States conducted a neoliberal experiment when it assisted Augusto Pinochet's coup against the socialist government of Salvador Allende in Chile. This neocolonial regime stifled all criticism, dissolved labor unions, and supported capital as part of a massive move to privatization. This political and ideological project was overseen by Henry Kissinger, assisted by the disciples of the Chicago school, who became the advisers of the dictator Pinochet.

In the early 1980s, Margaret Thatcher in England, Deng Xiaoping in China, and Ronald Reagan in the United States forged the neoliberal project into a political

program based on withdrawal from economic involvement and the fetishization of the free market. The economic philosophy propounded by Reagan and his advisers, which came to be known as “Reaganomics,” was based on supply-side economics — a theory that advocates concentrating on making the rich richer in order to create capital as an engine for growth, using monetary tools rather than fiscal ones, and maintaining a low inflation rate, with blithe disregard of its implications for jobs and unemployment. This approach was promoted by Paul Volcker, who was appointed chairman of the Federal Reserve in the United States in the late 1970s.

Karl Polanyi did not write in the tradition of critical thought. He did not describe how, under the onslaught of the neoliberal market, many human beings — the aged and infirm, the disabled, the poor, the imprisoned — were left exposed and vulnerable. He did not describe the logic invoked by the state to explain the dilution of the healthcare basket, the logic that blurs the distinction between journalism and entertainment, between literature and a commodity, and between academic knowledge and a consumer product. He did not describe how neoliberalism is used to justify the privatization of sovereign rights (such as outsourcing the management of prisons and their conveyance to labor contractors) or the outrageous enrichment of the few and destitution of the many.

In this context, David Harvey argues that neoliberalism is a political project, a tool in an inverted class war: an extremely powerful ideological instrument wielded by the strong in their war against disempowered groups.<sup>3</sup> Harvey shows, systematically and persuasively, how the neoliberal project is at base a means to restore the political and economic power of the financial capital class and the economic élites, whose hegemony was eroded after the Second World War. Global capitalism has a different geography and different perception of time than nation-state capitalism. It is disconnected (in part) from the logic of the state and is grounded on a problematic division between capital and labor. One of the astounding facts that indicates this disconnection is that at the end of the nineteenth century, the volume of commodities as a percentage of the total economy exceeded that at the end of the twentieth century. That is, today a very large proportion of wealth is no longer directed to production or wages but to speculative investments. This is one of the reasons why capital is no longer interested in investing in education, infrastructure, healthcare, housing, or welfare (unlike Fordist national capitalism). What is more, the asymmetry between capital and labor in global

<sup>3</sup> David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005).

processes is indicated by the following datum: despite all the talk about migration and the mobility of workers, the percentage of workers employed outside their home countries does not exceed 1.5% of the labor force. Globalization, unlike the situation described by Polanyi, is mainly a concept that expresses how capital rolls around the world, but not labor, which is relatively stationary as compared to the mobility of capital. The main reason for this is that capital relocates production to those places where labor can be purchased cheaply. Not only does this lack of symmetry lead to the exploitation of the labor force in the Third World, it has also increased unemployment in the industrialized countries. Between 1980 and 1995, unemployment in the seven leading industrialized countries rose from 13 million to 24 million; that is, it almost doubled in 15 years, without taking into account the million workers who dropped out of the labor force and another 15 million who were working part-time or in temporary positions.

The fundamentalism of the financial market views the economy as an autonomous entity with its own laws and holds that society is embedded in the economy, not the other way around. The individual, not society, is the main unit of reference. Poverty is parsed as the consequence of an individual's weakness and not as the product of political and structural processes. This view is embodied in Thatcher's dictum that "there is no such thing as society: there are individual men and women, and there are families." This does not mean that capital is necessarily vicious. It is merely callous, faceless, and intangible. Human beings are too abstract a concept for it. Not only did September 11, 2001 make us realize the magnitude of the atrocity of killing civilians, it also called our attention to the fact that the money to finance such activities is transferred through the channels of the new globalization. The author of a background piece in the American press has informed us that the stockholders of the Washington investment house Carlyle, deeply invested in the American defense industries, include such prominent figures as George H. W. Bush, Frank Carlucci (the one-time deputy director of the CIA and secretary of defense), James Baker, and ... Osama bin Laden.

Here I have presented Polanyi's analysis as one carried out from the inside, based on the internal logic of the system. I am certain that Polanyi would not have endorsed my formulation of the criticism of the political economy. But his book is a must read in economic departments precisely because it emerges from the system itself and accepts its tenets. There is no doubt that Polanyi teaches us a lesson about the insatiable appetite of the international plutocracy.

For Polanyi, the nineteenth century was the true era of globalization. Four

important political and economic institutions were founded then, two on the global level (the Treaty of Vienna of 1815 and the transatlantic monetary system, including the gold standard), and two on the national level (the market and the institutions of the liberal state). The present crisis is the failure of the modern project in Polanyi's terms. Today's financial capitalism is a social, political, and moral fiasco; but it is mainly a misunderstanding of what the market really is. Once again we are learning that an unregulated market is not only an enemy of the people but also inimical to the economic mechanisms themselves. Polanyi teaches us that international cooperation is not an instrument for enhancing or enlarging the market; on the contrary, it is a mechanism that recognizes the limits of the market and blocks its expansion. Consequently, what we call globalization is not what Polanyi had in mind at all, but rather the malignant growth of the capital market, a Frankenstein's monster turned on its creator.

It is difficult to exaggerate the importance of Polanyi's analysis, both for understanding the true dimensions of the market and for understanding the peril latent in the link between the political exception (in Schmitt's sense) and the economic exception (in Franz Neumann's sense) as well as for revising the history of globalization. Two of the articles in the present issue deal precisely with this point, criticizing the periodization of globalization and its significance in the local context.

*Naor Ben-Yehoyada* proposes a renewed look at globalization in Israel/Palestine. He examines one local story: the rise of sardine fishing, especially from the port of Jaffa, and its collapse in the 1970s. The anthropology of the Jaffa fishery he presents exposes the discursive and practical polarization between "modern fishery" — mechanized and based on the logic of industrial production — and "primitive fishery" — the seasonal and limited fishing carried out by the Jaffa fishermen on the margins of the Zionist project. Along the way he criticizes both the local discourse about globalization and the parameters for dating it in Israel. In particular he comes out against the fossilized notion that globalization in Israel is anchored in processes that began in the 1980s, after the Economic Stabilization Plan and the fall of the Berlin Wall. He proposes a more complex perspective that locates the discourse about globalization in its colonial context and in the matrix of power relations.

*Tamar Barkay* takes a critical look at the neoliberal discourse and the history of globalization, focusing on what is referred to in the business world as "corporate social responsibility." This is a field of organizational activity that promotes the idea that, in addition to the creation of profits, corporations also have a responsibility

to the community. The theoretical field oscillates between two poles: One sees corporate social responsibility as an ideological category created by corporations and management experts as a mechanism to sanitize their economic activity and achieve legitimacy in times of crisis; the other agrees that there is an ideological dimension, but also notes the unexpected consequences of actions. Corporations that launch such a program are thereafter bound to reporting and accountability, even if they took on this commitment unwittingly and without informed consent. Barkay carries the discussion further. She looks at the phenomenon from a local perspective and shows how its translation (in the Latourian sense) to Israel has been characterized by a one-to-one identification of social accountability with the national ideology and thereby mediated by the accumulation of symbolic and real capital.

Two articles in this issue deal with questions of identity. *Orna Sasson-Levy* summarizes a research project that lasted several years, in which she posited the category of “Ashkenazi-tude” both as an object of knowledge (which distinguishes between Ashkenazitude and Ashkenazim) and as a signifier in Israeli identity politics. Drawing on several dozen interviews she sketches the theoretical and empirical lineaments of the discourse about Ashkenazitude. She highlights the double-talk about Ashkenazitude: One voice personifies it as the signifier of a cultural hierarchy and as an asset that produces rewards; the other obfuscates the positive (and positivist) existence of the category and denies that it exists. The article by *Meirav Aharon Gutman*, based on a four-year ethnographic study in Ashdod, deals with the mirror image of this: the Mizrahi discourse and the way in which it is anchored in cultural and political privileges. She notes the linguistic and cultural strategies employed by the Israeli-Andalusit Orchestra and its members to correspond with various cultural fields in Israel. In the process she points to the differential access to the symbolic resources of the constitution of identity in general, and of Mizrahi identity in particular, and argues that an ethnic Mizrahi identity is an option only when it provides its members with symbolic and material privileges. This argument, despite its broad sweep, has the potential to link the issue of identity with the ethnic and racial morphology of Israel and distinctly class-related issues.

This issue also contains two translated theoretical texts. One is by *Bernard Lahire*, “From the Theory of the Habitus to Psychological Sociology,” with an explanatory introduction by *Gadi Algazi*. Algazi sees Lahire, a young French sociologist, as outlining a critical approach to the unity of the concept of Habitus as used by Pierre Bourdieu. In the process he also tackles the key sociological question of what the

“social” is, in the French intellectual discourse. *Judith Butler*’s essay addresses the “black hole of American democracy”: the Guantanamo detention camp. Since 2001 the United States has been holding hundreds of administrative detainees, some of them arrested in the United States, others in places all over the world (such as Afghanistan), at the naval base in Guantanamo Bay. Many of the detainees maintain that they were sent there because of a confusion between their names and those of other suspects, but have been given no real opportunity to prove their claim. Amnesty International has reported that the torture of detainees there includes waterboarding, forced shaving of body hair, electric shocks, and the mocking of religious beliefs. Butler returns to Guantanamo (which President-elect Barack Obama has promised to close) in order to consider the meaning of the term “detention for an unlimited term.” A comparative historical perspective reveals that when the British Mandatory authorities enacted the Emergency Defense Regulations in 1945, Jewish attorneys convened a protest meeting in Tel Aviv. We should remember some of what was said there, whose tenor is not heard in Israel today with regard to administrative detention: “There is nothing like this in any enlightened country; even in Nazi Germany there were no laws like that,” said Yaakov Shimshon Shapiro (later attorney general and justice minister of Israel). The regulations “destroy the foundations of justice in the country,” he added. “This is a violation of elementary notions of law and justice. ... Such arbitrariness, even if approved by the legislator, is anarchy,” said Dr. M. Dunkelblum, later a justice of the Supreme Court of Israel. Can there be any security “that a citizen will not be detained for the rest of his life without trial?” wondered Dov Joseph (another future justice minister). “Citizens cannot be asked to comply with a law that places them outside the law,” he added.<sup>4</sup>

In this issue we have added a new section, “Research Report.” In its inaugural appearance, *Israel Blechman* reports on a study conducted at Tel Aviv University, which notes, for the first time in Israel, the under-representation of Mizrahim (and even more so of Mizrahi women) at Israeli universities. There are also two essays, by *Roy Wagner* (“Could the Subaltern Remain Silent?”) and by *Noam Gal* (“On the Political Action of the Metaphoroid”).

The book review section has three contributions. *Almog Behar* writes about recent studies of Hebrew literature that offer a new perspective on the history and criticism of Hebrew literature, based on theoretical notions of the criticism of nationalism,

<sup>4</sup> S. Jerais, *The Arab in Israel* (Haifa: al-Ittihad, 1966), pp. 14–15.



post-colonialism, gender, and Mizrahi criticism. *Dan Rabinowitz* surveys books on the climate crisis, including the perplexed reaction by the social sciences to the data related to the crisis and the idea of the reality and challenges of sociopolitical change raised by these data and their analysis. *Oded Na'aman* writes about *The Seventh Day* (*Siach Lochamim*, 1967) and the first volume of soldiers' testimonies about their experiences in the territories published by the Breaking the Silence organization (2004). He compares the historical circumstances and the social and political climate that produced these two texts, with their different intensities.

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Sara Chinski, a member of the editorial board of this journal and a critical scholar in her own right, passed away earlier this year. Chinski, who was associated with *Theory and Criticism* since its founding, contributed several brilliant articles that have become prime assets of critical thought about Israeli art and culture, including "Silence of the Fish" and "Eyes Wide Shut." In both she refers to the intolerable connection between national ideology and power, on the one hand, and the field of art, on the other. Her death is a great loss to her family and to the entire critical community.

Finally, an erratum. Due to an editorial error the Derridean term *différance* in the article by Aïm Deüelle Lüski in *Theory and Criticism* 32, "Borrowed Shame" (pp. 91, 95, and 96), appeared incorrectly as *différence*. I apologize for this error.