

## Reconstructing Karl Polanyi



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Excavation and Critique

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**PlutoPress**  
[www.plutobooks.com](http://www.plutobooks.com)



First published 2016 by Pluto Press  
345 Archway Road, London N6 5AA

[www.plutobooks.com](http://www.plutobooks.com)

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British Library Cataloguing in Publication Data  
A catalogue record for this book is available from the British Library

ISBN 978 0 7453 3519 3	Hardback
ISBN 978 0 7453 3518 6	Paperback
ISBN 978 1 7837 1791 0	PDF eBook
ISBN 978 1 7837 1793 4	Kindle eBook
ISBN 978 1 7837 1792 7	EPUB eBook

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources. Logging, pulping and manufacturing processes are expected to conform to the environmental standards of the country of origin.

Typeset by Stanford DTP Services, Northampton, England  
Simultaneously printed in the European Union and United States of America



# Introduction

What accounts for the recent uptick in interest in the life and work of the Hungarian social theorist Karl Polanyi? At one level, it connects to the search for alternatives to neoliberal capitalism, an economic regime that resembles the ‘self-regulating market’ analysed in *The Great Transformation*. In that work, Polanyi skilfully untangles the threads of liberal-civilisational breakdown in the mid-twentieth century. Similar symptoms today of social and economic malaise, and ecological Armageddon, are surely another reason why he continues to attract an audience. Let me give an indicative snapshot. As I write, blowback from the 2003 Iraq War continues to fill the newsfeed. That attack, instigated by US neoconservatives in the hope of reversing their nation’s hegemonic decline, and backed by social-liberal imperialists à la Tony Blair, served only to destabilise the Middle East, contributing to Saudi Arabia’s assault on Yemen, the rise of Daesh, and a new round of warmaking – this time in Syria and led by Russia, with an assortment of western and Gulf states muscling in too – which has generated the largest movement of refugees since the Second World War. NATO warships are patrolling the Aegean to deter Syrian refugees from entering Europe and to deposit them in Turkey; the European Union’s member states are conspiring to trap refugees in crisis-wracked Greece; and in Greece itself, in Hungary and Germany and across Europe, fascist and far-right parties are on the march – scavenging not only on the ubiquitous spores of racism but more generally on the social fall-out from the Eurozone’s permanent crisis and ordoliberal politics of ‘austerity’. The odds, meanwhile, are shortening on further cycles of economic turmoil, as concerns mount over sluggish global trade and China’s reduced growth rate. A whiff of ‘fall of Rome’ decadence hovers over Washington, as the contenders for presidential candidate of the quaintly named Grand Old Party debate their penis size on national television.

Divination of liberal-civilisational disintegration is hardly the monopoly of radicals. In the mainstream, complacent triumphalism of the Fukuyaman ‘End of History’ kind has been edged aside by anxious tones and darker predictions. A Brexit victory in the UK’s June 2016 referendum may come to be seen as ‘the moment when the west started to unravel’, warns the *Financial Times*’ chief economics commentator Martin Wolf as this book goes to press.<sup>1</sup> ‘Is this the end of the West as we know it?’ asks Polish-American journalist Anne Applebaum in the *Washington Post*. Her overarching fear is of Washington’s imperial decline, but the monsters

and black swans she conjures in the near term are the unpredictability and potential isolationism of a President Trump; the possibility that a Présidente Marine Le Pen could take France out of NATO and the EU; Britain's possible exit from the EU followed by copycat referendums in Hungary and beyond; and a social democrat, Jeremy Corbyn, leader of the Labour Party, entering Downing Street. Right now, Applebaum cautions, we may be 'two or three bad elections away from the end of NATO, the end of the European Union and maybe the end of the liberal world order.'<sup>2</sup>

Polanyi predicted that the collapse of liberal civilisation in world wars and the Great Depression would give way to a 'great transformation' away from market society and towards 'democratic socialism', and Polanyians in the current era have often repeated that prediction – or at least its 'away from' clause. And yet the neoliberal apparatus appears invincible. Onward it grinds, Terminator-like in its ability to re-assemble itself after each financial meltdown. When can respite be expected, and from where? Not, we presume, from traditional social-democratic organisations. Their decomposition continues, their accommodation with neoliberalism having become an inviolable tenet. In some cases the adaptation has been reluctant, as social democrats peddle 'austerity with a human face'. In others it proceeded with unseemly eagerness – most memorably in the case of Tony Blair, christened by the *Economist* magazine as 'the strangest Tory ever sold', already in his first year of office.<sup>3</sup> In consequence, established social democratic parties have faced challenges from the left: from the likes of Die Linke, Syriza and Podemos, or from internal upwellings, as in Corbyn's shock victory in Britain's Labour Party leadership election. These left-populist surges appear sporadic but they are not isolated, or without pattern. They have precursors – for example in Latin America, in the Zapatista movement and the presidencies of Hugo Chavez, Rafael Correa and Evo Morales. New blooms continue to appear, most recently in Bernie Sanders' unexpected popularity in the US Democratic primaries.

What do these developments signal for social democracy? Reflecting in 2015 on the rise of Syriza and Podemos, the economist Paul Mason predicted that 'a new form of social democracy is being born – and one moulded to a very different set of priorities to those that guided Labour and its socialist variants in the twentieth century'.<sup>4</sup> In the aftermath of Syriza's neoliberal turn, and its tergiversation in the face of the Greek electorate's *ὄχι* (no) to austerity, Mason's prediction appears hasty. More importantly, it is oblivious to the history of social democratic organisations. In their early phases, they – including 'Labour and its socialist variants' – invariably possessed outsider status, offered bracingly radical programmes and 'very different priorities' to the established political vehicles of the lower orders, but sooner or later they clipped their revolutionary wings and assumed a seat at high table. It is a social-democratic

dialectic that was pursued by old-style European parties but also by most of the recent left-populist formations. They invariably follow what Robert Brenner refers to as ‘a characteristic paradox’: their rise has, on the one hand, ‘depended upon tumultuous mass working-class struggles, the same struggles which have provided the muscle to win major reforms’. On the other hand, ‘to the extent that social democracy has been able to consolidate itself organizationally, its core representatives’ (trade union officials, parliamentary politicians, leaderships of the organisations of the oppressed) ‘have invariably sought to implement policies reflecting their own distinctive social positions and interests’ – specifically, to maintain a secure place for themselves and their organisations, a goal that requires accommodation with institutions of capitalist power. As a result, they tend to relinquish socialism as a goal, and to contain and crush working-class upsurges – the very risings that had brought social democracy into being. The upshot is that such parties systematically undermine the basis for their continuing existence.<sup>5</sup>

If recent decades on the global scale witnessed relatively few sustained mass movements (compare the 2010s to the early 1910s, 1918–23, the mid-1940s or the 1960s–70s) and, correlatively, a tendency to social-democratic atrophy, there have been some dazzling exceptions. Latin America’s left leaders drew their energy from remarkable popular insurgencies: Chavez from the *caracazo* and Morales from the Cochabamba ‘water war’, the nationwide ‘gas war’, and other indigenous and *campesino* mobilisations, while Podemos in Spain gained its strength from the *indignados* movement. These sites of struggle have witnessed creative engagements between social movements and leftist parties, including attempts to construct non-state (or para-state) communal power structures. Upon entering government, left parties have endeavoured to make existence more habitable for the poor and have made resounding interventions into global political debate. But they have tended to return to recognisably social-democratic tracks, adapting to the priorities of global and local capital and slotting their cadre into the hierarchical structures of the existing state.

Although in some respects similar to traditional social democratic parties, the new left formations are not facsimiles. They tend to be less closely tied to trade unions, and, arguably, more open to previously non-incorporated constituencies – indigenous communities in Latin America, for example. For some of them, in addition, social democracy’s ‘third position’ features prominently. By this I refer to mutualist (or ‘utopian’) socialism – the attempt to create islands of socialism within capitalist society, for example in the production of goods and services by workers’ cooperatives, or credit unions and other worker-owned institutions of financial intermediation. Although, Owenism notwithstanding, mutualism was relatively peripheral in Britain’s socialist tradition, it did receive vocal support among the Fabians and was

for decades at the heart of French socialism, and the ‘liberal socialism’ of Eduard Bernstein and Franz Oppenheimer – in whose book on ‘cooperative settlements’ the young Polanyi expressed a burning interest.<sup>6</sup> Now more commonly tagged the ‘solidarity economy,’ mutualist socialism overlaps more closely with Proudhonism than do social democracy’s more familiar strands of union organisation and party politics.

I mention these phenomena because, were he alive today, Polanyi would surely be searching for a left-populist alternative to mainstream social democracy, or for the means by which to reinvent social democracy or to turn it toward the mutualist ‘third position.’ He has been described by Tariq Ali, rightly I think, as ‘the most gifted of the social democratic theorists,’ but his social democracy was not of the orthodox kind.<sup>7</sup> His daughter Kari Polanyi-Levitt characterises his socialism as ‘neither that of traditional European social democracy, nor that of centralised communist planning’ but more of ‘the populist, syndicalist, quasi-anarchist, and corporatist’ variety.<sup>8</sup>

#### THE ‘HARD’ AND THE ‘SOFT’ POLANYI

This book covers a range of topics but its central thread concerns Polanyi’s relationship with socialist politics and ideas. What bands of the social-democratic spectrum do his writings reflect? On this, there is no shortage of paradoxes. Some read *The Great Transformation* as a liberal treatise, others as a Communist Manifesto. Its concept of the ‘double movement,’ referring to the extension of market control over human livelihoods and the ‘protective counter-movement’ that arises in response, has been described as a ‘metaphor for class struggle,’ and, conversely, as a metaphor for cross-class coalitions, with the counter-movement envisaged as uniting otherwise antagonistic social groups: workers with employers for ‘protection’ from foreign capital, and peasants with the landed aristocracy in opposition to the importation of cheap foodstuffs.<sup>9</sup>

Polanyi’s socialism has been the subject of an ongoing controversy.<sup>10</sup> To simplify a little, it is a debate with two sides. One constructs a ‘soft’ Karl Polanyi (to borrow Iván Szelényi’s term), the other a ‘hard’ one.<sup>11</sup> The former is positioned in the social-democratic mainstream, for which the only goal that is both realistic and desirable is a regulated form of capitalism. For him, the market must remain the dominant coordinating mechanism in modern economies, albeit complemented by redistributive and socially protective institutions. Interpreted ‘softly,’ Polanyi frames the double movement as a self-equilibrating mechanism: at its least-regulated extreme, the market economy breeds institutional inefficiencies, social anomie and ethical debility, but a natural balance arises in the form of social protectionism. Taking the idea of balance to the limit, Sylvia Walby

plugs Polanyi's critique of market self-regulation into a cybernetic model of social self-regulation: the double movement commences with a harmful tendency to commercialism which then, by tickling 'civil society' into launching a healthy response, delivers 'a better balance of economy and society', with 'society restored to equilibrium' thanks to a beneficent and effective 'negative feedback loop'.<sup>12</sup>

In the 'soft' interpretation, then, Polanyi's counter-movement is explained in a distinctive way. In response to depreatory tendencies of *laissez-faire* capitalism, in particular the instability of the business cycle and mass unemployment, social forces struggled to socialise and regulate the conditions of investment. Their success led to a recognition that the self-regulating market needs to be supplemented with (not supplanted by) extra-market institutional arrangements, including fiscal policy and social security systems, which serve simultaneously to stabilise capitalism and to safeguard its vitality. For some, the emphasis is on what the neo-Polanyian sociologists Andrew Schrank and Josh Whitford describe as 'the pendular swing at the heart of Polanyi's *Great Transformation*.' The ebb and flow of *laissez-faire* and privatisation, on one hand, and social protection, on the other, they argue, represents 'the principal source of dynamism in capitalist society' – it 'brings to life' the capitalist system.<sup>13</sup> Others emphasise the tendency for free-market capitalism to submit to its social democratic nemesis. Polanyi's double movement, in this reading, reached its apotheosis in the postwar decades, during which Keynesian and Fordist political-economic regimes enabled politics to restrain the excesses of the market, ensuring that the state was relegitimated as the regulator of the economy and guarantor of a reasonable degree of social equality. Under the Bretton Woods regime, also known as 'embedded liberalism', states were able to play a muscular role in mediating between the national and international economy. Through regulation, including legislation and collective bargaining over the terms and remuneration of labour, the market economy was to a substantial extent 're-embedded'. With capital obliged to behave within a framework in which the state and trade unions also had a significant say, social progress ensued. Polanyi should therefore be read, in Jürgen Habermas's words, as the herald of 'the Bretton Woods system, which set up the framework for the more or less successful social welfare state policy' that most OECD countries followed in the embedded-liberal age.<sup>14</sup> Arguably, Germany was in the vanguard. Its 'social market economy' has been singled out by the Polanyian theorist (and leading light of 'Blue Labour') Lord Glasman, as 'close to the Polanyian ideal'.<sup>15</sup>

Polanyi's 'hard' alter ego is quite a different creature. A red-blooded socialist for whom the market could not remain and should never be the dominant mechanism of economic coordination, he advocated a mixed economy governed by redistributive mechanisms. According to his wife,

Iлона Duczynska, he had always avoided limiting himself ‘to a special field like “reform of capitalism”, [and] in his heart of hearts he thought jolly little even of the welfare state proper (there was a marked distaste for Sweden, for instance) on the grounds that no new society was emerging’.<sup>16</sup> The double movement, Polanyi-Levitt, maintains, was not intended to be understood as ‘an in-built repair operation’, an automatic self-correcting mechanism that simply moderates the excesses of market capitalism. It contains, instead, profoundly critical implications, theorising as it does the ‘existential contradiction between the requirements of a capitalist market economy for unlimited expansion and the requirements of people to live in mutually supportive relations in society’. Her father was and remained a socialist, and refused to believe that capitalism could be viable in the long term, due to its disembedding tendencies.<sup>17</sup> The ‘disembedding’ thesis of the hard Polanyi contains a radical, even Marxian, tale: of the market economy coming to dominate ‘society’, bringing forth a sorcerer’s-apprentice world of untrammelled market forces which, although human creations, lie beyond conscious human control. The case that Polanyi argued, in Timothy David Clark’s paraphrase, is ‘for the radical supersession of capitalism itself’.<sup>18</sup>

Hannes Lacher, similarly, denies that social policy, or Keynesian or Fordist modifications to the market economy, represent a Polanyian ‘re-embedding’ of economy in society. Re-embedding signifies nothing less than the complete subjugation of economic life to democratic control and the full decommodification of land, labour and money. Welfare systems may create non-commodified zones of society but under capitalist conditions they are necessary to the constitution of labour-power as a commodity.<sup>19</sup> Neither labour market regulation nor restrictions on capital mobility in the postwar era, Lacher argues, represented even the partial fulfilment of Polanyi’s vision of an embedded economy, and the welfare state itself ‘must be seen as the negation of all that Polanyi hoped and wrote for’.<sup>20</sup> For, state regulation and protectionism form an integral part of the pathogenesis of market society. Welfare institutions are not a *break from* but a *support structure* for an economic system based upon commodified labour power, with social policy acting to incorporate the working classes into the wage-labour relation and the state. Protectionism, Jan Drahokoupil concurs, figures in *Great Transformation* as ‘part of the market pathology’: it impairs the market’s self-regulation and dislocates economic life.<sup>21</sup>

Of the two interpretations, the ‘soft’ Polanyi enjoys a greater following but less textual support. Much evidence casts doubt on the supposition that Polanyi believed the market should prevail as the dominant mechanism of economic integration, and there emphatically is no ‘pendular swing’ at the heart of Polanyi’s *Great Transformation*. Polanyi failed to anticipate that state intervention could contribute to the long-term stabilisation of market

society; he was not a champion of ‘embedded liberalism’ or, as this book shows, of Keynesian economics, but was committed to the replacement of capitalism by a socialist order. *Pace* Habermas, he was a trenchant critic of the Bretton Woods system and, *pace* Glasman, he did not regard Germany’s social market economy as exemplary. (We may recall that the term social market economy, and to a considerable degree its reality too, was of ordoliberal manufacture.<sup>22</sup>) Indeed, Polanyi paid no particular heed to postwar Germany – in marked contrast to the Soviet Union, which he genuinely did see as admirable and pioneering in certain respects.

This does not mean that the ‘hard’ interpretation faces no difficulties. Although Polanyi’s ‘soft’ interpreters may be misguided in postulating a pendular swing between marketisation and protectionism, Polanyi does tend to dichotomise these two moments and to neglect the ways in which protectionist means may be deployed to capitalist ends. For all the radicalism of his views, particularly as they appear in the present age, his beliefs that the inequity and iniquities of modern society can largely be overcome through institutional reform, that islands of socialism – not merely as consciousness, spirit and organisations but as actual established institutions – can be securely planted within capitalist society, and that social democratic governments (such as Attlee’s) are desirous and capable of implementing a socialist transformation, were all of a piece with the social democratic credo, as was Polanyi’s belief that ‘actually existing democracy’ in the political sphere provided the platform on which a socialist democracy could be constructed.

#### WHYS AND WHEREFORES OF PROTECTION

Polanyi is best known as a theorist of the market economy. It is conventional to divide market theories into two types. One, neoclassical economics, conceives of the market system as self-sustaining and self-regulating, of market actors as rational agents, and supply and demand as independent, abstract forces. The other, gathering sociologists, anthropologists and heterodox economists, views markets as socially constructed institutions and ‘supply’ and ‘demand’ as fields of social struggle. In essence, Polanyi belongs in the latter camp. He is known for his theorisation of the part played by ideas and political forces in constituting the market system and he regarded the idea of a self-regulating market system as absurd. However, he also retained elements of the neoclassical position that he had adopted when young.<sup>23</sup> The resulting tension in his thought found expression in several ways. One was his assumption that the neoclassical method is applicable to market societies but not to non-market societies. A second was his thesis that the aspiration to construct the self-regulating

market was utopian and therefore doomed to fail. In this belief, he retains the neoclassical conception of the self-regulating market, but refigured as utopia, or ideology: a zone beyond the reach of policy. The third, relatedly, was his belief – shared with Austrians such as Ludwig von Mises and with many neoclassical economists – that protectionism impairs the functioning of markets, reinforcing monopolies, rendering prices (including wages) inflexible and catalysing escalating rounds of government intervention. Thus, Polanyi's explanation of the social catastrophes that accompanied the Industrial Revolution was that 'protective action conflicted fatally with the self-regulation of the [market] system', and his explanation of the disintegration of liberal civilisation in the early twentieth century was that the protective measures that societies adopted in order not to be 'annihilated by the action of the self-regulating market' mortally impaired the functioning of the economic system.<sup>24</sup> The relationship between the market economy and protectionism, he argued, sharpened into a clash in the twentieth century due to the rise of political democracy. He was alert to the thesis, expounded for example by Walter Lippmann, that demands for universal suffrage were part of the protectionist movement, but he developed it in a very distinctive way, as this book will show.<sup>25</sup>

What was Polanyi's general approach to 'protection'? In *The Great Transformation* it is broadly left-Romantic. Traditional economic organisation, medieval towns, rural culture, nature and human beings, are all protected from the market system with its commodifying imperative. Protection is invoked, frequently, as applying to 'society' and 'nature'; sometimes it is aligned with paternalistic anti-industrialism; and in one or two places capitalist corporations are included as institutions that require protection from the market. As regards agency, *The Great Transformation* portrays the protective movement as, normally, initiated by political elites and the state (protecting citizens from market externalities and foreign competition), flanked by labour-movement organisations, churches and landlords. Polanyi's analysis of protection is historically and spatially differentiated. He posits protective measures as having been essential to society and to the natural environment in the nineteenth century, but also to the functioning of the market system – examples include 'tariffs, factory laws, and an active colonial policy'. From the 1880s, these were 'prerequisites of a stable external currency', and only when they were in place could 'the methods of market economy be safely introduced'. Whereas in Europe, states were able to 'protect themselves against the backwash of international free trade', the 'politically unorganized colonial peoples could not'. As a result, peoples in the 'exotic and semicolonial regions' were subjected to 'unspeakable suffering', and their anti-imperialist revolts should be seen as the attempt

‘to achieve the political status necessary to shelter themselves from the social dislocations caused by European trade policies.’<sup>26</sup>

Who, one might ask, do protectionist policies protect? The line between protection and protection racket is not always easy to discern. By way of illustration, consider one ‘exotic region’: the British-occupied Gold Coast (now Ghana). Its major export crop was cocoa, for which colonial administrators, during the Second World War and under the postwar Attlee government, operated a state-controlled marketing scheme. They informed the growers that the scheme, with its administered price for cocoa, was designed to protect them from market volatility. Polanyi regarded interventionist measures such as this as signs of a global shift away from ‘market society’. Yet the pressure to introduce this one had come from the European cocoa corporations, motivated by an interest in predictable profit-making, and from His Majesty’s Government, motivated by interests in funding the war effort and in warding off the social protest (with its inevitable anti-colonial sting) that price fluctuations could spark. The Colonial Office’s justification of the scheme carried an almost Polanyian ring. In the absence of state intervention, it warned, ‘the working of the price system may ... operate at the cost of dangerous social strains.’<sup>27</sup> But who creamed the best of the deal? Without question, the corporations and the UK Treasury, for prices were set at the lowest levels that could be achieved without serious risk of social unrest. Following their success on the Gold Coast, marketing boards mushroomed across the post-colonial world, supported by Keynesian and developmental-étatiste economists and by governments of all colours. While the boards’ actions were invariably justified in terms of price stabilisation and the avoidance of social strain, the net material effect was to depress agricultural incomes, redistributing resources from peasants to corporations and the state. By setting prices below average world levels they imposed what was in effect a tax on agricultural communities, in the interests of industrial capital accumulation.<sup>28</sup>

The moral of the tale is not only that protectionist policies serve particular interests (and never ‘society’ in the abstract) but also that partial decommodification can operate, sometimes very effectively, in the interests of capital accumulation – and thereby reinforce commodifying logics over the long run. An example discussed in Chapter 5 of this book is central banking and fiat money, institutions that in Polanyi’s view developed in order to protect ‘the community as a whole’ from the deflationary pressures associated with commodity money but which, according to critics, serve an altogether different purpose.<sup>29</sup> Another example is the Soviet system (discussed in Chapter 4). Although it appeared as an island of decommodification in a world of encroaching capitalism, its material base was

a process of proletarianisation that accelerated the commodification of labour in particular and the 'economisation' of society in general.<sup>30</sup>

#### RECONSTRUCTING POLANYI

Why has Karl Polanyi been subject to divergent interpretations? Aside from the obvious (that interpretive battles inevitably flare over the work of significant figures; that his work spanned decades, during which his outlook evolved), three factors present themselves. One is that the critical literature focuses upon a few English-language publications written in the 1940s and 1950s, with little awareness of Polanyi's *oeuvre* in the round, with its innumerable texts penned in several languages between 1907 and 1964. Secondly, significant scope exists for misinterpretation, as a result of a lack of familiarity with the contours and context of Polanyi's thought, not least the Central European political and intellectual environment in which his outlook was anchored and the interwar debates that inspired the writing of *The Great Transformation*. Thirdly, Polanyi was not an especially systematic thinker. He possessed a penchant – boldly innovative to his admirers, eclectic to his detractors – for splicing together ideas from contrasting intellectual traditions. Adding mud to the waters was his tendency, as one of his followers has put it, 'to be inconsistent in his definition of key concepts' and to 'contradict himself in the same work'. (His writing, she adds – rather harshly – 'is abstract, often to the point of incoherence and incomprehensibility'.<sup>31</sup>) There is some semantic slippage, for example, in Polanyi's usage of the pivotal concepts 'market economy' and 'market society'. He refers to the 'first phase of Industrial Civilisation' in which 'a separate and distinct "economic sphere" in society' existed, 'controlled by a system of markets', but he elsewhere construes market society as a chimera, an 'inherent impossibility', the market economy as 'more of an ideology than an actual fact', and the institutional separation of spheres as an analytical construct that in practice 'did never quite hold'.<sup>32</sup>

On all three points, scope exists for Polanyi to be 'reconstructed', for his ideas to be re-presented with attention to their historical and discursive context and drawing on a much broader range of sources. I have begun these tasks in other publications and intend to complete them in this book. Chapter 1 surveys Polanyi's reflections on social-scientific method, including his fascination with positivist social science, his quest for an ethically oriented sociology, and his attraction to 'liberal', 'guild' and 'Christian' strands of socialist thought. Chapter 2 analyses Polanyi's engagement with a fourth socialist strand: Marxism. It probes some shortcomings in his critique, identifies two sub-species of Marxian thought to which he was drawn, Austro-Marxism and Eduard Bernstein's

'revisionism', and finds in them a form of determinism: a conviction in democratic-socialist progress.

Democracy itself is the subject of Chapter 3, together with the related (and at present hotly debated<sup>33</sup>) question of its relationship with the capitalist economy. Polanyi was an ardent advocate of democracy – in the form that he describes as 'the transformation of souls' rather than 'the artificial kneading of the electorate'<sup>34</sup> – and was concerned that its advance, at one time facilitated by capitalism, was entering conflict with it. He was of course far from alone in advocating the thesis that capitalism and democracy exist in irreconcilable tension, and Chapter 3 assesses his writings on the topic in juxtaposition with those of a galaxy of other thinkers. 'Capitalism', in Polanyi's rendition of the argument, 'cannot hold out against democracy and the advance towards socialism', and yet the victory of socialism, or at least the triumph of 'society' over 'economy', could conceivably be implemented by non-democratic means.<sup>35</sup> We are witnessing, he declared in 1943, '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', a process that could be implemented under a wide assortment of political regimes, including the 'democratic and aristocratic, constitutionalist and authoritarian'.<sup>36</sup> In his day, the apparent alternative to capitalism was Soviet Russia, a state which in his view was socialist and tentatively democratic. Polanyi's understanding of the paradoxes of the Soviet system forms the subject of Chapter 4.

Polanyi's thesis on the incompatibility of democracy and market economy is a leitmotif of *The Great Transformation*, but that book roams widely, taking in its era's fundamental political-economic controversies – concerning socialism, capitalism, corporatism, planning, mass society and totalitarianism. In Chapter 5 I reconstruct and critically parse Polanyi's engagement with these debates. *The Great Transformation* contains, if *sotto voce*, Polanyi's case for a democratic socialist society, organised within the nation state. But what sort of world order could accommodate that arrangement? This is the subject of Chapter 6. It introduces Polanyi's case for a regionalised world order, and remarks upon the conundrum that he showed negligible interest in the great regional adventure of the age: European integration. Polanyi's European lacuna, the same chapter details, has been more than compensated for by his followers. Yet here we encounter another puzzle: among them, despite kindred theoretical foundations, strikingly discordant conclusions are reached. From Europe the focus then shifts to the United States. Chapter 7 tackles Polanyi's response to America's totalitarian turn, examines commonalities between Talcott Parsons' explanation of the red scare and Polanyi's diagnosis of 'social strains' and assays the nature and extent of his Aesopian adaptations to McCarthyism.

To an eye-catching degree, the transformation of the social sciences in 1950s America was driven by Polanyi's colleagues at Columbia University. Their achievements included the construction of the pluralist paradigm in political science, which I interrogate in Chapter 7, and the seminal work of radical archaeologists and anthropologists, which, godfathered in part by Polanyi, forms the subject of Chapter 8. The 1950s also saw the first forays by the economist Douglass North, whose later (1977) paper on 'The Challenge of Karl Polanyi' inaugurated a new research programme for economic history: the New Institutional Economic History (NIEH).<sup>37</sup> The NIEH aimed to supplant the 'old institutionalism' of Polanyi and his ilk by showing institutions to be amenable to analysis by the (suitably tweaked) tools of neoclassical theory, and also to overcome the impasse that had been reached in the debate between 'primitivists' and 'modernists' on the character of ancient economies. The NIEH is widely thought to have succeeded in the first aim, but how convincing is the result? And what of the second aim? Chapter 9, co-authored with Matthijs Krul, analyses these questions, with ancient Greece selected as a case study. These final chapters explore Polanyi's research on the economic life of antiquity, which stands as arguably his most impressive achievement.