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Polanyi Revisited. Introduction

Intersections. EEJSP
2(2): 4-10.
DOI: 10.17356/ieejsp.v2i2.246
<http://intersections.tk.mta.hu>

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Karl Polanyi's impact on social sciences

Polanyi¹ as a very young man started a brilliant career in Budapest in the left-leaning Galilei Circle during the years of the first world war, but after the rise of the right wing regime of Admiral Horthy he emigrated. He worked in Vienna as an editor, then in 1933 moved to London where he obtained a post as a lecturer at the Workers' Educational Association (WEA)—an organization promoting and providing adult higher education—in 1936, and unlike other famous Hungarian intellectuals, like Georg Lukács or Karl Mannheim who belong to the same cohort he looked like an academic failure. In 1940 he got a job at Bennington College—a fine liberal art college offering four-year courses, but it took him until 1947 to land a position at Columbia University, a major research institution. But he used his lectures from his time at WEA effectively and in 1944 under the title *The Great Transformation* he published a brilliant book that instantly made him world famous and certainly helped him to move from Bennington College to Columbia. *The Great Transformation* was a typical work written at the end of the Second World War, when major scholars believed that a new social order would have to emerge after the war when there was no way back to liberal, laissez-faire capitalism. Let us mention here Schumpeter's *Capitalism, Socialism and Democracy* and Mannheim's *Man and Society in the Age of Reconstruction*.

With the raise of neo-Marxism in the 1960s Polanyi was often seen with some suspicion—he was not sufficiently Marxist and appeared to be too close to the arch enemy of Marxists of the 1960s and 70s Marxism (namely Max Weber). In socialist Hungary Polanyi was basically ignored. When the second author of this Introduction (Iván Szélenyi) spent a semester at Columbia University in the fall of 1964 it was the first time he had heard the name of Karl Polanyi, from Terrence Hopkins, a great Polanyi admirer. Hopkins was also close to Wallerstein—who obviously knew Polanyi closely—followed Wallerstein from Columbia to SUNY-Binghamton. Astonishingly in 1974, in *The Modern World-System* there is hardly any mention of Polanyi and even in *The Capitalist World-Economy*, published in 1979 there are two brief references to Polanyi although the critical distinction between world empires and world economies was obviously first proposed by Polanyi. Andre Gunder Frank, an interesting but at that time rather unimportant theorist gathered six citations, Marx of course 32. So the 1960s and 1970s were a low-ebb in Polanyi's fame in Western Scholarship. This had a lot to do with the anti-Polanyi attitudes of neo-Marxism, its eventual shift to analytic

¹ Karl Polanyi's name is rendered as Polanyi Károly in Hungarian texts. In this issue of Intersections.EEJSP Polanyi's name is rendered in the text of each article in compliance with the wishes of the individual authors.

Marxism and its flirtation with neo-classical economic and rational choice theory. Interestingly, when the second author of this Introduction was appointed to a named chair in 1984 and was given the choice to name that chair and he picked Karl Polanyi, his colleagues both on the left and the right shook their heads. To the best of our understanding the work of Mark Granovetter represents the breakthrough and a rediscovery of Polanyi as the superstar of institutional economics and sociology, the substantivist school of economic anthropology. While he already begins to move in this direction in his 1973 article *Strength of weak ties* (though very importantly it still lacks any Polanyi citation) his path-breaking 1985 article on embeddedness is a fascinating reinterpretation of Polanyi and this unleashed the second wave of the Polanyi cult, whose major figures were Fred Block and Margaret Sommers. Karl's daughter, Kari Polanyi Levitt, of course played a major role in nurturing this revival as well as that of the Karl Polanyi Institute of Political Economy, Concordia University.

Interestingly the story unfolded differently in socialist Europe, especially in Hungary. Already during the early 1970s Polanyi was (re)discovered and found especially useful to describe the political economy of state socialism as a redistributive economy. In Hungary at least this idea spread like wild fire and Polanyi instantly became the star of the social sciences. Interestingly Polanyi never seriously considered describing the Soviet type of economies in this way. He called ancient empires redistributively integrated economies, although at one point he did mention that the USSR is also probably a redistributive economy. Until 1956 he took great care not to write anything critical of the USSR, rather not writing much about it so as to upset neither his conservative brother nor his Communist wife, both of whom he loved dearly.

Renewed interest in Polanyi's work and the critique of global capitalism

During the 1990s globalization became the critical issue in social sciences. Globalization resurrected world system theory, which indeed was the first to emphasize that the nation state is not the right unit of analysis, and at the same time distanced itself from some forms of Marxist critique, especially the original thesis of Andre Gunder Frank on development of underdevelopment which in some key aspects (like the existence of a category of an overarching and homogeneous periphery) was empirically untenable. The exceptionally unique contribution of this issue of *Intersections.EEJSP* is that it brings Polanyi back to the center of this project. We can only hope that this attempt to bring Polanyi back in will again be like a wild prairie fire and will be the beginning of a third world-wide cult of Karl Polanyi.

In the 2010s global capitalism is certainly entering into a new phase or at least a new cycle. There is a widespread concern that no or very low inflation as part of a Kondratiev cycle causes further severe economic tensions. This shows structural changes, but also signals that the realization of profits has got under stress at least in some major sectors of the global economy and most importantly in the core Western economies. According to a recent analysis the labor income share of GDP has declined in all major regions of the world since 1990, most dramatically in the ex-state socialist, ex-Soviet Union (CIS) region, but substantially in most developed economies and the United States as well as in China and Africa (Capaldo 2014, 12). Thus it

seems that due to various reasons, including the recent technological innovations, there is a push toward a less intensive use of live human labor at least in terms of its market values. In Polanyian terms thus we observe the increased use of more fictitious (meaning more abstract, more socially disembodied) migrant and online labor, we see the collapse and/or decline of welfare and labor protective regimes and the diminishing social potential of labor even in growing economies. In addition, as József Böröcz below demonstrates very nicely, since 1996 the share of redistribution (as a percentage of all revenues) has not really changed from the approximate level of 20 percent and thus the decline of the share of labor (i.e., wages) is declining without any real increase in redistribution, two trends that cannot be without serious social consequences and tensions.

Society is thus under further stress globally. Following the soft interpretation of Polanyi's work (as Iván Szelényi termed this in 1991, see also Dale 2016) this would mean, that political reactions and social movements would somehow counterbalance the above mentioned disruptive tendencies arising from the dominance of self-regulating global markets. In this perspective we should see a rising double movement in the forms of social movements to fight for some kind of self-correction (Dale 2016). Clearly this is not happening and the upsurge of such movements in the 1990s came to an abrupt end in the early 2000s.

Beside some attempts in Greece, Spain, and Portugal the hegemony of neoliberal economic policies have only been questioned by illiberal states of the right. Actually they also claim a better protection of their working classes against global capitalism. Interestingly in his work on rural workfare and the double movement in Hungary below, Chris Hann shows some elements of the so called public work programs as containing elements of a double movement, because it is able to handle some of the adverse consequences of the new labor regimes, or better to say at least as it can be seen in this way in a local community in Hungary. It basically provides some stability of income for some of the unprivileged groups. This is how he concludes after reconstructing a long historical process of changes in labor relations:

However, focusing on workfare, the most controversial policy of the present Hungarian government for dealing with the adverse consequences for employment of the country's weak structural position in contemporary European and global capitalism, I have questioned the usefulness of this classification. Far from being punitive, at least in the countryside these programmes have been almost universally welcomed, both by the participants and by other villagers. (53)

Nevertheless this does not mean that through changing the educational systems, introducing more practical education for the laboring classes these states are not pushing for better methods of disciplining the local labor force for the sake of producing more flexible labor groups to be sold in a newly globalized labor market. Moreover, in a situation when labor loses positions in the capitalist economies these states push for higher labor force participation rates via punishing the poor through providing less and less redistribution toward the unprivileged groups even when overall redistribution rates do not go down as shown by Böröcz below.

These processes of restructuring property via the use of the political power of the state and the further disciplining the population with very conservative ideologies are key in the new authoritarianism. Thus following the so-called soft interpretation of Polanyi's work Scheiring shows below that it is now easier to endanger the sustainability of democracy than to start such social reforms that would allow a better integration of societies and economies. It is worth citing him in this respect:

The thrust of Polanyi's argument about the perils of fictitious commodification is that democracy can only be sustained if the operation of the market in general and money in particular is embedded into regulation. Failing to recognize this interrelation leads to the rise of antidemocratic forces according to Polanyi. (86)

Gábor Scheiring is certainly right that the previous more liberal period of capitalism in Eastern Europe failed to provide workable regulations and in the midst of a financial crisis and the ongoing monetization of society democratic forms of governance loose further credentials. But as opposed to Scheiring we may suggest that it is better to rely on the hard interpretation of Polanyi. This would mean that due to inherent structural tensions democratic forms are always under dramatic stress in global capitalism. Thus the appearance of new forms of political discourses and structures is not an accident of global political changes, but actually an outcome of tensions of disembeddedness and a continuous search for new types of non-democratic hegemonies within the same system as portrayed by Gramsci in his texts on passive revolution (*The Antonio Gramsci Reader*, 2000, 246-274).

Our authors abundantly refer to such tensions just like in the most recent literature on Polanyi (Dale etc.) Chris Hann, in another recent writing of his focusing on the consequences of TTIP, goes as far as saying that the EU is complicit in a global degradation toward repression:

From this perspective, TTIP is a reactionary threat. The best way to counter this Atlantic civilization, which is archaic in the sense that is the civilization of a capitalism that is now in decline, based on a mentality correctly diagnosed by Polanyi 70 years ago as "obsolete", is to build new forms of democratic polity and society with dynamic partners elsewhere in Eurasia. Alas, instead of seeking conversations with China and other civilizational centres of Eurasia with the aim of retaining substantive moral economies and promoting more real freedom and equality in the world, the EU is currently complicit in market-led global degradation which has the political effect of pushing Eurasian neighbours into deeper spirals of repression. (Hann 2016).

These threats of further spirals of repression haunt all our authors. In his thorough analysis György Lengyel not only reflects on the reception of Polanyian views, but he goes into current debates on methodology of economic sociology and most importantly into issues of changing structural conditions in the global relationship between economy, state, and society. He draws attention to the fact that in the current status of double dependency (as he refers to dual dependency as originally coined by

Böröcz writing on state socialism) (Böröcz, 1992) East European and other states are weakened. They lose action potential by the double obligations toward hosting and servicing transnational companies and in their duty of providing forms of redistribution.

The state thus appears as a key actor in both market building and in the defensive mechanisms. Under the conditions of double dependence, the defensive potential of a society, which Polányi regarded as the crucial element of the double movement, is weakened. (30)

This can be a key point concerning the observations of Böröcz on redistributive rates globally, but can also lead to authoritarianism, a point raised by Lengyel:

Are the political institutions of simulated democracy and an inclination toward authoritarianism necessarily in connection with the nature of double dependence and re-regulation of the markets of fictitious commodities? (31)

We do not know the full answer to these questions. But the contours of the new global political arrangements are becoming much clearer. Moreover, we might see the actual political processes and political mechanisms. The current transformation has its own political engines as for instance raised by Böröcz. Concerning the implications of processes of global redistribution Böröcz laments that in these redistributive and economic tensions moral panic can occur among larger segments of the European societies with regard to refugees

To a large extent, the current moral panic regarding a putatively mass influx of redistribution-dependent foreign populations in the European Union's Schengen area thematizes these inequalities in a brutally direct way. (80)

It might thus be a trick of history that an increased flow of refugees generates political processes via which at least EU countries turn toward a more aggressive and more repressive system. The European public is against people being uprooted via conflicts generated by global geopolitical conflicts in an era when migrant labor (due to its flexibility) is actually much more widely used. We can conclude then, that Polanyi is extremely relevant as the major structural tensions, imbalances of modes of integration economy and society in modern capitalism have not been handled by human societies up till now. So Polanyi can actually be a guide for us even in the 21st century.

Polanyi in the 21st century

This was the title of the first major debate organized by the recently established Karl Polanyi Center for Global Social Studies at the Institute of Sociology at Corvinus University of Budapest (April 23, 2015). This inspiring debate, in which not only Chris Hann, and György Lengyel gave talks, but also Mihály Sárkány, a very important anthropologist of Hungary and Kenya who was a prime interpreter and user of Polanyi's ideas while sociologists and economists were struggling with how to

incorporate him. His talk was rightly on *The Unity of Karl Polanyi's Oeuvre*, as the works of Polanyi, regardless of some internal contradictions and shifts, represents a set of coherent key ideas on how to analyze societies institutionally in a complex and historical manner and on how not to forget that there is nothing eternal in the current social arrangements, which deserve thorough and systemic critique in any event.

In this struggle to re-embed the ideas of Polanyi into current social thinking Kari Polanyi Levitt has been a major force and a key interpreter. Celebrating the 130th anniversary of the birth of Polanyi this year it is indeed a great privilege to thank Kari Polanyi Levitt's kind words written for this special issue and even a document from her father concerning the Hungarian revolution of 1956, which as Polanyi said also had the chance of offering alternatives to the current social and political arrangements of that time. We need to read Polanyi again and again to be analytically prepared when new real alternatives occur in global society.

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