



## BOOK REVIEWS

**Dale, Gareth. *Karl Polanyi: The Limits of the Market*. Cambridge, UK, and Malden, MA: Polity Press, 2010. Pp. 309 + ix. ISBN 978-0-7456-4071-6. \$72.75 hb. ISBN 978-0-7456-4072-3. \$26.00 pb.**

Apart from a few passes in *The Great Transformation (TGT)* and the good work done by Gulick and Mullins at previous Polanyi Society Meetings and in publications, my reading of Gareth Dale's *Karl Polanyi: The Limits of the Market* was my first exposure to the life and thought of Michael's older brother, Karl Polanyi (KP).

I can't imagine a better way to start learning about this brilliant, controversial, and still highly relevant "economist." (The single disciplinary descriptor fails to capture the breadth of his thought.)

Dale's grasp and exposition of KP's key conceptual contributions, the contexts of their emergence, and their criticisms, strengths, weaknesses, and development over the five decades of KP's productive career is astounding. KP's continuing and current influence on a variety of thinkers and fields and his bearing on central political-economic issues still facing us today are also treated with insight and clarity.

I noticed only one mention of Michael Polanyi, and he doesn't make the index of the almost thirty pages of references. Yet dozens, probably hundreds, of other thinkers are referenced and discussed with great insight. Dale's command of the vast literature and the history from which it emerged is amazing. Those familiar with Michael's central intellectual concerns, especially but not exclusively in the period around WWII, will find many points of possible cross-pollination between the brothers'

concerns and approaches, and these are treated in the longer biography that follows this volume (see Gulick's review below).

So what is the focus and approach of this book? Dale's opening paragraph says it far better than I can:

This book is a critical introduction to the work of Karl Polanyi. It provides an exposition of his key texts and presents a range of criticisms of his principal theses. Its origins lie in my interest in Polanyi's method. He meshes concepts from a variety of sociological and political-economic traditions to produce his own distinctive approach, but which ones was he appropriating and to what uses was he putting them? As I engaged more intensively with his works that sense of puzzlement began to recede. In its place there arose an admiration for the depth, breadth and originality of his intellectual engagement, albeit coupled with a greater awareness of its shortcomings in a number of areas, both empirical and theoretical. This book, then, is written from a broadly sympathetic yet critical stand-point (vi).

Dale goes on to distinguish his book from the others on KP available in 2010 and explains what he has omitted in this volume and where he has treated omissions elsewhere. His "brief conspectus of his life and times" will whet your appetite for the longer biography, but Dale's ability to stay on track and not share all he knows makes for an excellent introduction to KP's central contributions.

Having set the stage and briefly painted the background, Dale next takes his readers through

KP's major contributions in three areas, arranged chronologically: KP's early ethics and economics of socialism, his masterpiece, *The Great Transformation* (*TGT*), and his substantial contributions to economic anthropology and history.

As an activist and journalist in the complex socialist movements in Budapest prior to WWI, KP rose to co-edit the periodical of the Galilei Circle. The conflict between the deterministic positivism of many socialists and his own "most cherished tenet" of individual responsibility gave Karl a problem with which he wrestled throughout his life (7). "It was a conflict with both intellectual and political aspects, and throughout his life Polanyi's philosophical and political reflections revolved around puzzles concerning the role of the individual in 'complex society', and how to steer political engagement between the rocks of determinism and voluntarism" (8). Injured in WWI, he remained in Budapest through the end of the war, the Aster Revolution ("which he supported wholeheartedly"), and the Soviet Republic ("which he regarded with ambivalence"). In 1919 he fled to Vienna.

Dale's first chapter treats KP's writings in Vienna through the early period of his second exile to London (1933). From the vast output of this period, Dale has "winnowed out three contributions of particular importance: his intervention in the 'socialist accounting' debate, his philosophical writings on ethics in capitalist society, and his promotion of Christian socialism" (19). Dale navigates through the complex issues of the times and KP's writings including laying the groundwork for *The Great Transformation*. With WWII approaching as the 1930s end, KP "returns again and again to the image of an intensifying collision between socialism and capitalism (or fascist capitalism), and goes so far as to predict that 'capitalist nations must decline into the dusty past' and give way to an International of Socialist states—a necessary human development which has been rendered apparent by the emergence of the first socialist state" (43).

If you have ever struggled with *TGT* and given up, get this book for Dale's chapter on KP's magnum opus. It is a masterful exposition, analysis, balanced treatment of criticisms, and application of KP's difficult treatise. The only improvement I could suggest would have been a glossary. You should start your own if you read it. Again and again I realized how thoroughly my mind has been captured by a picture of what economics is and how it works that KP shows to be tied to a particular historical period. It is a picture that is distorted, destructive, and disastrous for human flourishing, but most of us have absorbed it. When moving from one picture to another at this level of thinking, a list of key terms with traditional and revised definitions would have helped me regain my bearings in the new landscape.

Dale explains that KP's title goes beyond "the great transformation of European civilization from a pre-industrial to an industrial phase," although that and the market's breakthrough in Britain is a central concern of the book. "But for Polanyi the phrase referred to the sociopolitical drama that had commenced in 1914 and continued throughout his life. At its apogee the liberal system, predicated upon the separate institutionalization of economics and politics, had presided over economic growth and international stability, but with the outbreak of world war, 'nineteenth century civilization collapsed', to quote the book's resounding opening line, ushering in an 'Age of Transformation' towards a new order of 'integrated societies'" (46).

In examining this transformation, *TGT* "was representative of a wave of literature written during the Great Depression—including masterpieces by Polanyi's fellow Austro-Hungarian exiles Karl Mannheim, Joseph Schumpeter, and Peter Drucker." What is different about *TGT* "is its identification of 'market utopianism' as the root cause of the crisis" (46). The dense and complex book develops this thesis "single-mindedly and with great conviction, and this has contributed to *TGT*'s abiding influence" (46).

If you approach Dale's exposition of *TGT* with assumptions, images, and models that most of us share about economics, you are in for a conceptual wrecking job and overhaul. That was certainly my experience after a half-dozen undergraduate economics courses, years of reading business publications related to teaching Business Ethics, and decades of daily reading of the *Wall Street Journal*. To add to the difficulty, KP's conceptual revisions are developed through his detailed analysis of eighteenth- and nineteenth-century British economic and political history, which was new to me.

As Dale presents KP's analysis of the "fictitious" commodification of labor, land, and capital, he describes the institutions that came to support the world economic and political system: "the balance of power system, the liberal state, the gold standard, and 'fount and matrix' of the entire arrangement, the self-regulating market" (47ff.). I realized again and again how deeply ingrained liberal economic assumptions are in current thinking. Don't we treat land, labor, and capital as commodities? It is hard for me to think about economics without "the expectation that human beings behave in such a way as to achieve maximum money gain," but Polanyi shows the origin and fallacies of that assumption (53).

At the core of KP's analysis and predictions is his double movement theorem—his idea of the central tension at the heart of emerging liberal market societies that eventually leads to their collapse. "Its premise is that transforming land, labour and money into fictitious commodities endangers nature, human beings and business respectively, leading to grievances, resistance and the imperative of protection. No society, argues Polanyi, 'could stand the effects of such a system of crude fictions even for the shortest stretch of time unless its human and natural substance as well as its business organization was protected against the ravages of this satanic mill'" (60). In nineteenth century England this takes the form of the expansion of the vote and increased democratic participation and other reforms. KP's

detailed historical analysis finds confirmation for the "collision between socialism and capitalism" we saw predicted above.

After explaining Polanyi's analysis, Dale turns to criticisms of *TGT*, both conceptual and historiographical. Again, Dale's command of thinkers from Smith, Ricardo, and Marx through Hayek, Stiglitz, and McCloskey, not to mention Weber, Tönnies and other sociologists, is impressive. The criticisms are extensive and Dale presents many incisive points. Polanyi predicted the irreconcilable clash between democracy and capitalism because of the doomed unstable formation of regulated capitalism in 1944 just as regulated capitalism would enter its golden age. "From the late 1940s until ten years after his death, the world economy enjoyed its greatest ever boom under relatively vigorous regulation, and it was not until that phase gave way to a resurgence of classical liberalism, in the 1980s, that interest in *TGT* took off" (88). More on that recent revival after we briefly look at the third period and area of interest of KP's work.

While *TGT* focused on British (and to a lesser extent North American) history and political-economic systems and thought, KP continued exploring its implications for almost twenty years after its 1944 publication. Dale covers both the empirical and theoretical dimensions of KP's considerable work in these decades. Much of this work is even more relevant to today's issues and accounts for the influence of KP in recent scholarly and political-economic debates.

Dale first explores KP's critical work on classical economic theories and their application to non-market societies. A good example would be KP's formulation of the "economistic fallacy" (also called the "catallactic fallacy"). This assumes "that a complex division of labour implies market exchange, with the riders that humans are by nature market-oriented beings and that economic behaviour should be universally modeled as if it were market-oriented individual action" (90). Such

concepts lead to engagement with economists from Smith to contemporary thinkers and Dale's knowledge of their positions is clearly displayed. Again, a glossary would have helped keep straight marginalists, formalists, institutionalists, substantivists, classical and neo-classical theorists, not to mention liberals, neo-liberals, functionalists, Marxists, and more.

KP's extensive work in economic anthropology and history is given fifty pages in a chapter titled "Trade, Markets, and Money in Archaic Societies." If you need convincing that economies and economics based on self-regulating markets are the exception rather than the rule, KP's detailed examination of ancient Mesopotamia, Bronze and Iron Age Greece, West Africa's Dahomey, Whydah, and Tivland, Meso-America, and rural India are all discussed. After summarizing KP's explorations, Dale presents a section of evaluation and critique recognizing KP's limitations and tendency to overreach, but shows KP's "pioneering and ambitious enterprise" (187) has continuing significance. KP's amazing range is dwarfed by Dale's deep understanding of his work and the subsequent commentary and criticism of it.

As Dale concludes his book he presents chapters on two themes in KP that are most significant in current scholarship and debate: "disembedded" or "always embedded" economies, and "neoliberalism and its discontents." Written ten years ago, they are as relevant today, if not more so.

Dale explores the roots of KP's notion of embeddedness in Marx, Tönnies, and German sociology. "Embeddedness', a metaphor denoting a state of dependence upon or subordination to, refers to the relationship between 'economy' and 'society'" (189). This concept is closely identified with Polanyi and is surrounded by much debate "generating some light and not a little heat. I begin by looking at three reasons that account for some of the 'heat': the divided sociological terrain upon which it stands; Polanyi's shifting relationship to that terrain; and the diverse purposes to which economic sociologists

have put the term" (188). Polanyi's classic formulation of the concept in a series of texts between 1947 and 1957 has continued to fuel flames and Dale traces the debates around the concept through various disciplines showing "embeddedness has come a long way" (195). Debates about social intervention into markets and the economy fill our news and politics today, amplified by the current pandemic crisis.

The same can be said of "neoliberalism and its discontents"—the theme to which Dale turns in his penultimate chapter: "At the Brink of a 'Great Transformation'? Neoliberalism and the Countermovement Today."

As neoliberalism gained strength towards the turn of the last century and its deficiencies became more apparent to its critics, Polanyi's writings rose in importance. Neo-Polanyians find parallels in his work in *TGT* and other writings with the rise of neoliberalism in the latter part of twentieth century and seek alternatives that would be similar to counter movements he found in his time.

"By common consent, what gives Polanyi's work its contemporary relevance is his analysis of the pathogenesis and malign consequences of free market globalization. In the market-fundamentalist climate that prevailed across much of the globe in the 1990s and 2000s, the motif in *The Great Transformation* that has resonated most widely is that *laissez-faire* liberalism represents a utopian attempt to apply the principle of the self-regulating market to the international economy, a project that sowed the seeds of its own destruction" (207). Those inspired by Polanyi share an antipathy toward the neoliberal belief system and agree that an excess of markets generates socioeconomic instability. They saw a direct connection between increased intensity of market mentality and decline in social solidarity.

Dale does dissent from the neo-Polanyian consensus on account of neoliberalism's new strength, which he summarizes as "a crisis induced by the clash between political regulation and market

imperatives, the intervention of free market economists, and their influence on policy-makers” (208). Among other reservations about this explanation he thinks it overestimates the influence of ideology in seeing the rise as a utopian project of universal marketization. With David Harvey and others, he views the ideas as “ideological cover for a drive, pioneered in the US and adopted in much of the rest of the world, to restore corporate profit rates at the expense of workers and welfare recipients and to lever open protected markets in industrializing countries” (210).

But the focus of the chapter is less on the explanation of neoliberalism’s resurgence as on what alternatives can be found among counter-movements to replace it. Even a brief survey would exceed the limits on this review, but Dale presents some fascinating thinkers and ideas influenced by Polanyi among current theorists, almost all unfamiliar to me. Many are even more relevant today, ten to twenty years later, than when originally offered.

Dale’s short conclusion displays the balance I found throughout the volume of broad sympathy combined with illuminating criticism. He reviews the debates about “how to characterize his *Weltanschauung*” occasioned by the renaissance of interest in Polanyi around viewing him as “a Cold War liberal, a Marxist, and a Romantic” (237). While Dale remains balanced throughout, he holds no fire when exposing those critics of KP—and some who seek to enlist his support for their causes—when they distort his positions or fail to understand their complexity. Weaknesses can be found in many dimensions of his thought and many details of Polanyi’s work can be criticized, but Dale argues the crises of our time cry out for the kind of engaged social science KP embodied.

Dale’s final section, “Tribute and Critique,” closes with an inspiring appeal around runaway global warming and climate breakdown —sustainability issues on which Polanyi was prescient. “While humankind busily builds a funeral pyre for

tens of thousands of species, including conceivably itself, it would be faintly ridiculous were the social sciences to be preoccupied with a narrow, business-as-usual agenda. The age calls for vision, for the sort of critically engaged social science of which Karl Polanyi is an outstanding representative” (250).

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**Dale, Gareth. *Karl Polanyi: A Life on the Left*. New York, NY: Columbia University Press, 2016. Pp. 381 + ix. ISBN 978-0-231-17608-8. \$40.00 hb. ISBN 978-0-231-17609-5. \$27.00 pb.**

These days if one Googles “Polanyi,” the first Polanyian name that comes up is Karl rather than Michael. Karl’s unusual intellectual output combining economic history, political analysis, and social thought (socialism!) has attracted greatly increased attention in recent years. A fair share of that added attention can be attributed to the writings of Gareth Dale. During the past decade Dale has authored three and edited three books on Karl’s thought. However, the book under review here is his first—and really the only—large scale chronological biography tracing Karl’s life and thought.

*Karl Polanyi: A Life on the Left* skillfully fulfills Dale’s avowed purpose: to focus on “the process of Polanyi’s intellectual formation, as he interacted with the changing social and geopolitical environment” (9) during the twentieth century. Dale has researched widely and thought deeply about the competing interests and passions that drive Karl’s tangled thought. The many “puzzles and paradoxes” that characterize Karl’s writings “proved the initial impetus for the writing of this biography, in part because to understand them requires a thinking through of Polanyi’s life and times, but also because it is the tensions and contradictions in his personal commitments and his oeuvre that give them their engagingly maverick character” (7).