

Polanyian Pathways: A review of The Power of Market Fundamentalism: Karl Polanyi's Critique by Fred Block and Margaret R. Somers and For a New West: Essays, 1919–1958 by Karl Polanyi; edited by Giorgio Resta and Mariavittoria Catanzariti

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The Power of Market Fundamentalism: Karl Polanyi's Critique By Fred Block and Margaret R. Somers
Cambridge, MA: Harvard University Press, 2014.

For a New West: Essays, 1919–1958 By Karl Polanyi; edited by Giorgio Resta and Mariavittoria Catanzariti
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226 Karl Polanyi has long been an engaging, distinctive, and significant figure in critical social theory and heterodox economics – if a somewhat elusive and sometimes perplexing one. The relevance and visibility of his contributions has waxed and waned over the decades since the publication of his magnum opus, *The Great Transformation* (Polanyi 1944), and since his death 20 years later. His was a following mostly of enthusiasts or specialists as recently as the early 1990s, after which the work began to achieve mainstream recognition – a milestone being the reissue of *The Great Transformation* in 2001, with a foreword by Joseph Stiglitz. Before this, the book had been lost and *rediscovered* more than once. It has been Polanyi's fate, until quite recently, to drift in and out of focus and fashion, to be read in confounding and contradictory ways from different vantage points, and to sustain little more than a fitful and scattered array of seriously *neo-Polanyian* projects.

Economic geography is certainly not alone, therefore, in its rather inconsistent, capricious, and selective engagements with Polanyi, as similar things might also be said about (economic) sociology, (economic) anthropology, and other fields. Polanyi's somewhat liminal presence in economic geography echoes this more general condition, but of course with its own particularities. One of his first appearances came courtesy of regulation and state theories, beginning in the mid-1980s, where Polanyi served as an avatar for the contradictory process of social regulation and for the periodic vulnerability of institutional fixes to programs of market-indexed transformation. This neo-Marxist appropriation of Polanyi would soon be eclipsed, after the early 1990s, by neo-Weberian forms of network sociology, following Mark Granovetter's influential (if also restrictive and opportunist) recovery of the embeddedness metaphor. Polanyi would duly become a godfather, of sorts, for a resurgent project of economic sociology. He would return in a more politicized form, in the early 2000s, as an accomplice in the rising critique of global-age triumphalism and neoliberal hubris, where an optimistic interpretation of the *double movement* concept was borrowed to frame Seattle and Porto Alegre as harbingers of a more generalized progressive countermovement. In the most recent instalment, Polanyi's prognostications have found a different kind of relevance after the Wall Street crash of 2008 as a critique, *avant la lettre*, of austerity as a mode of financialized discipline and crisis-driven restructuring – despite his own conviction that the follies of nineteenth-century *laissez faire* would never be repeated.¹ And there are surely other readings of the plural and polysemic potential of Polanyian formulations, yet to be fully articulated, including emerging lines of work on the

¹ 'Polanyi believed that the experience of the 1930s had ... discredited the ideas of his free market opponents' (Block and Somers 2014, 19).

variegation of markets and contributions to the interdisciplinary program of *comparative economy* (see Hess 2004; Berndt and Boeckler 2012; Muellerleile 2013; Peck 2012 2013a).

It has been said that everyone who made it to the end of Marx's *Capital* feels moved to write a book about the experience. Unfortunately, the same cannot be said of Polanyi's *oeuvre*, at least not until recently. There have been precious few book-length companions to *The Great Transformation*. The diverse *secondary* literature on (and around) Polanyi has tended to exhibit a sort of bipolar quality. On the one hand, there is a relatively small and scattered (but nevertheless loyal) band of card-carrying Polanyians, a conclave of the faithful that gathers for periodic meetings, usually in Montreal (home to Concordia University's Karl Polanyi Institute of Political Economy and the recently digitized, open access, Polanyi archive).² On the other hand, there is a yet more radically decentered and interdisciplinary array of selective *borrowers* from Polanyi, in sociology, history, political science, anthropology, cultural studies, and beyond. The Montreal diaspora has tended to favor faithful readings of the sanctified texts, grounded in a sustained and *up-close* relationship with the Polanyian legacy; meanwhile, those among the penumbra of long-distance borrowers have felt free to pick and mix from this kaleidoscopic inheritance, rather than dealing with the Polanyian project in its contradictory and incomplete whole. The relatively new genre of monograph-weight engagements with Polanyi was pioneered by Dale's (2010) *Karl Polanyi: The Limits of the Market*, although the accompanying apparatus has been inventively mobilized in Hann and Hart's (2011) *Economic Anthropology*, in Spies-Butcher, Paton, and Cahill's (2012) *Market Society*, and Harvey's (2015) *Drinking Water*, to mention just some examples.³

Block and Somers' long-anticipated book *The Power of Market Fundamentalism* represents a more-than-incremental addition to this shared project of broadly sympathetic recuperation, reinterpretation, and reconstruction, soon to be joined by two full-length intellectual biographies. Block and Somers' contribution is billed as an "exercise in interpretative social science," their prior commitment to saving the books in the spirit of the Montreal meetings being reflected in the acknowledgment of certain 'tangles' in the Polanyian legacy, matched with an obligation to various efforts at disentangling (2014, 7, x).⁴ It is revealing, in this context, that Block and Somers opt to place Polanyi in conversation with Keynes rather than Marx. The extent to which Polanyi veered toward an anti-Marxist position, from midway through *The Great Transformation* into his postwar career, an argument initiated by Block and endorsed here, remains a controversial and contested one, since one can clearly be skeptical of teleological stage models and singular modes (and motors) of economic transformation – as indeed Polanyi was – without burning all bridges to varieties of Marxian political economy (see Halperin 1994; Burawoy 2003; Dale 2010; Polanyi Levitt 2013). In their rendering of a 'usable' Polanyi, fit for contemporary purposes, Block and Somers take the project in a different direction, one trained on the destination of socially embedded markets and economic democratization, realized through political and ideational critique, and tuned into the degradations of what they opt to call "market fundamentalism," especially in its tarnished U.S. form (2014, ix).

² See <http://www.concordia.ca/research/polanyi/archive.html>.

³ See also the programmatic statements from Fraser and Evans, and recent special issues of *Environment and Planning A* and *Economy and Society* (Fraser 2013; Peck 2013a; Holmes 2014; Evans 2015).

⁴ '[U]nderstanding Polanyi's arguments calls for significant interpretive work' (Block and Somers 2014, 7).

Block and Somers' consistency of purpose and position is revealed in the fact that they are able to rework a series of old and new essays into a tightly argued explication of Polanyi's 'conceptual armature', although demurring from any claim to *singular* authoritative status – and the adjudication of what Polanyi 'truly' meant in a lifelong body of work that is (manifestly and properly) 'open to multiple interpretations' (2014, 8). In an especially effective introductory chapter, which comes as close as we may get to a *pocket Polanyi*, they outline seven *distinctive ideas*, each of which then gets its own chapter. The first properly prioritizes Polanyi the institutionalist. No receipt for reformist apologetics, this was his means of opening up theoretically salient differences in socioeconomic organization, and the *instituted* character of economic life. Western market societies were understood to be no less culturally embedded than their many (coexisting and preexisting) others, a position that necessitated the rejection of mechanistic economisms (both Marxist and orthodox), coupled with a recognition of the primacy of the social (analytically speaking) and of the humanly made (and always remarkable) character of economies.⁵ Alongside redistributive, reciprocal, and householding patterns of socioeconomic organization, 228 a range of market-exchange arrangements has been a recurring feature, although these have only achieved dominance in what Polanyi called *market societies*, like nineteenth-century Britain and the United States today (where they nevertheless coexist with other forms, all economies comprising such asymmetrical hybrids).⁶ Polanyians consequently 'avoid the fallacious assumption that all societies [have] operated on the same economic principles' (Block and Somers 2014, 65).

Second, Polanyi rejected the notion that the economy and politics represented autonomous spheres, driven by independent laws of motion, a point illustrated in his analysis of the multifaceted and far-reaching roles of the state in the making of markets for land, labor, and money, crystallized in the concept of *fictitious commodities* and in the (more ambiguous) metaphor of embeddedness, which awkwardly reinstates a market/society dualism en route to an insistence on the necessity of their complex interdependence. Social countermovements against excess commodification "shape and reshape how markets operate," and while "competitive markets require ongoing state action," the fact of that action, along with its intended and unintended effects, recursively transforms the nature and dynamics of those markets (Block and Somers 2014, 93). This said, despite being one of the originators of the notion of the hybrid economy, really running with the idea of the always *and everywhere* embedded economy is something that Polanyi never had an opportunity to do, for various reasons (Block 2003; Peck 2005, 2013a).

Third, even though the self-regulating market is a starkly utopian myth, the *ideology* of free markets has nevertheless exerted a persistent hold on liberal economic discourse as well as on socioeconomic imaginaries. How the (inevitable) failure of markets is managed, however, is always a matter of politics, not of predetermination, leading to authoritarianism in some circumstances, welfare-state accommodations in others, and much else besides, both in practice and principle. Adequate *progressive* responses to this recurring challenge must include unflinching critiques of free-market idealisms (and neoliberal delusions), bridging to normative visions of alternative, more humane

⁵ Polanyi's pluralist comparativism provided a means to render the (Western) familiar strange, acknowledging that 'we [in the West] are ourselves prisoners of modernity's culture of the market's natural inviolability' (Block and Somers 2014, 30).

⁶ '[M]arkets [can] operate on very different principles ... [What is at] issue is not the *existence* of markets, but the *relationship* of markets to the social whole ... [E]ven at its peak, market society is a hybrid' (Block and Somers 2014, 61, 87).

socioeconomies, always plural.⁷ Fourth, in something of an exception to the editorial commitment to look forward and outward, the book revisits the long-running debate over the impact of the Speenhamland Law, one of the original modes of poor relief in England. Polanyi himself famously dwelled on this at some length, but did not get it quite right. The Speenhamland detour – which feels somewhat arcane, at this remove – is justified on the grounds that it ‘provides powerful evidence that economic arrangements are neither natural nor autonomous’ (Block and Somers 2014, 37). This drift into revisionist interpretation prefigures a pivot into the book’s strongest *neo*-Polanyian claim that the contemporary hegemony of market fundamentalism illustrates a form of *ideational embeddedness*. Their fifth Polanyian principle relates to the contemporary *epistemic privilege* of these market rationalities, illustrated by the practically self-fulfilling power of conservative ideas in the arena of U.S. welfare reform since the 1970s, *our* Speenhamland. The denial of structural causes of poverty is shown to have been sustained through the advance of a pernicious bundle of behavioral, psychological, and cultural accounts, portrayed here as a neo-Malthusian scheme largely propelled by the power of political ideas, mobilized by conservative politicians and think-tank activists as a means of exploiting fortuitous socioeconomic circumstances. On this rather less materialist–institutionalist telling, the ideas themselves ‘served as the causal drive’ (Block and Somers 2014, 184).

Sixth, the account is broadened to a critical analysis of big-business and corporate-money politics in the United States, from the period of Fordism–Keynesianism through to the free-market counterrevolution, living proof that double-movement reflexes can just as easily go bad. Here, the analysis is only implicitly conjunctural, framed as it is alongside a sanguine reading of what are presented as *divergent* developments in Europe. Had the Polanyian armature been enriched, instead, by a processual and dialogic understanding of neoliberalization (as a historically distinctive, postwelfarist mode of promarket, procorporate regulation), perfunctory comparative conclusions of this kind might have been avoided, but this conceptual language is eschewed. At the very least, though, the analysis confirms the ‘ironic and unexpected consequences of the project of implementing the unachievable utopia of a self-regulating market’ (Block and Somers 2014, 216), with failure, backtracking, contradiction, and improvised recalibration being the normal state of affairs rather than deviations from some straight-line course. Finally, Block and Somers conclude with a reaffirmation of Polanyi’s inviolable commitment to the *reality of society*, and to modes of socioeconomic analysis that engage with variant forms and dynamics of actually existing economies, including and exceeding market societies.

One thing of which we can be fairly certain is that a twenty-first century Polanyi would have insisted on an exacting *substantive* analysis of the interlocking logics of financialization and neoliberalization across and beyond the contemporary array of market societies, understood as far-from-stable hybrids. After all, the publication of *The Great Transformation* in 1944 bisected a career that began with political activism, economic journalism, and working-class education, and ended with a radically incomplete program of heterodox research on the principles and practices of economic diversity, beginning in ancient times and routing through all manner of alt-formations, but (ironically) never quite connecting again with the capitalist

⁷ ‘For Polanyi, the idea of a society free of power is an impossible deceit: it is based on the false claim that, in contrast to government, markets and economic relationships are free of the exercise of power . . . The question is not whether the economy is politically embedded, rather it is what kinds of political interventions are used and to whose benefit do they operate’ (Block and Somers 2014, 105, 106).

economies of the here and now. The postwar Polanyi's here and now was North America, where a life profoundly shaped (and scarred) by two world wars would end up amid the stifling embrace of cold-war Manichaeism. Hence, the title of the new collection of essays, lecture notes, and commentaries by Karl Polanyi, *For a New West*, which speaks to the contested "history of the West", not just in the style of abstract macrohistory but "interwoven with the story of his life," these movements and displacements being 'the great forge that shaped Polanyi's work' (Catanzariti 2014, 221). Somewhat counterculturally for those postwar years of geopolitical and geoeconomic polarization, Polanyi went to great lengths, as an institutional economist of an almost unique kind,⁸ to take account of context, conjuncture, and complexity, waging a lifelong campaign against determinism, reductionism, and economism.

If Block and Somers' book is ultimately a project of synthesis, *For a New West* can be read as something like an unruly companion, a guide to Polanyian antithesis. This compilation of original texts is described as 'a collection of heterogeneous works' (Resta 2014, 4), ranging across history and anthropology, politics and method, and war and peace, but with precious few mentions of economies being 'imbedded' (Polanyi 2014, 34). But there is purpose in this diversity, especially when set against what can be foreshortened or fossilized readings of Polanyi's project derived only from *The Great Transformation*. To fully appreciate Polanyi, as the introduction to *For a New West* puts it, we must therefore 'consider the entirety of his output' (Resta 2014, 3).

The polemic intensity of Polanyi's diatribes against untrammelled market rule is echoed here and there in *For a New West*, but across these mostly postwar writings, he will often be found working in a palette of grays. In part, this reflects an abiding belief that the fatal errors of nineteenth-century market determinism would not be repeated, notwithstanding the efforts of a handful of unreconstructed revivalists (whose mid-twentieth-century-marginalization only fueled their ideological stridency), in addition to the apparently ingrained belief in one-best-way *universal capitalism* in the United States (Polanyi 1945; Polanyi Levitt 2013).⁹ This refugee from Red Vienna seemed never to know quite what to make of the United States with its paradoxical combination of constitutional traditionalism and fervent fundamentalism, 'religious tenets [being] enforced by state legislation'; the country's 'experimental creative attitude' being reflected in a pervasive culture of 'idealist "uplift"', albeit one tempered by 'a measure of superficiality' (Polanyi 2014, 101–2).

Contrary to the culture of market-constitutional exceptionalism, the challenge that Polanyi set for his students in his lecture courses at Columbia in the 1950s was nothing short of an exhaustive, comparative history of economic institutions, 'studied *in the framework of society as a whole ... as part of social organization*':

⁸ The cold war represented an especially hostile environment for proponents of comparative institutionalism, the long-delayed revival of which (not coincidentally) postdates the fall of the Berlin Wall. Nowhere was this chilling effect more pronounced than in the United States, where the Keynesian synthesis provided only limited respite, even prior to the Chicago School's successful counterattack.

⁹ 'If early free traders like Adam Smith seemed dogmatic, their dogmatism was nothing in comparison to that of the later Manchester School; and Manchester liberals themselves were wavering and compromising in comparison to the present-day protagonists of liberal capitalism. A Cobden and Bright appear as mere opportunists when contrasted with the unbending fanaticism of a Lionel Robbins or a Ludwig von Mises' (Polanyi 2014, 216).

Accordingly, our task will be:

- to define the meaning of the ‘economic’;
- to classify economic systems in a manner that does not prejudge the issues;
- to illustrate the changing place of the economy in human society through *historical examples* (Polanyi 2014, 143, 147, original emphasis).

Polanyi’s defining conviction was that there was much to learn from alternative arrangements for the organization of human affairs, lessons that were best recovered from the careful, *comparative* study of economies old and new, near and far. This entailed a serious (mostly historic) engagement with “market utopias,”¹⁰ but it most certainly could not be confined to analyses of (or in) the “market pattern.” What Polanyi portrayed as the ‘economistic fallacy’ involved the equation of the ‘human economy in general with its market form’ (1977, 6).

Polanyi’s alternative mode of analysis, *substantivism*, took as its object the diverse, hybrid, and variegated economy, combining situated local studies with transductive abstraction. Against improper formalism and “scarcity economics,” Polanyi argued for a

substantive definition of ‘economic’ [based on] a *redefinition* of the main economic institutions that *does not take as its frame of reference the market* . . . The substantive meaning of ‘economic’ thus opens up the road to an institutional analysis that eliminates the market assumption from the picture – and therewith also its modernizing and economistic associations. (2014, 61)

This entailed a theoretically informing style of thick description intended to ‘rid us of the incubus of an economistic or modernizing misinterpretation of the past’ (Polanyi 2014, 60).¹¹ What would later evolve into the project of ‘comparative economy’ represented a somewhat idiosyncratic but nevertheless revealing form of geoeconomic history, no longer confined to ‘the study of economic data of the past together with their changing background, but [instead interrogating] *the place occupied by the economy in society as a whole*, in other words the changing relation of the economic to the noneconomic institutions in society’ (Polanyi 2014, 133).

Yet if markets were, for Polanyi, a special case rather than the universal paradigm, he must be faulted for elsewhere making a contradictory concession to the (dominating) cause of orthodox analysis:

the substantive meaning of should be consistently adhered to throughout the social sciences, with the single exception of market phenomena, where the formal or scarcity definition can lead to an effective theory. (Polanyi 2014, 58–59)

There are situational explanations for this perplexing lapse, which may have been tactical (see Peck 2013b). If nothing else, this underscores the perils of abstracting the Polanyian method from a single text or statement. Historicized and contextualized, this must be *reconstructed* as a moving system of thought. It is commonplace

¹⁰ ‘The utopian character of a market economy explains why it never could be really put into practice. It was always more of an ideology than of an actual fact’ (Polanyi 2014, 218).

¹¹ ‘We tend to look at the past with the eyes of the present and recognize the familiar trends more easily than the unfamiliar ones’ (Polanyi 2014, 49).

nowadays to recognize that although Polanyi was clearly a man “of another time [and] of another place,” he remains a fecund source of insights acutely relevant to this second age of market fundamentalism (Cangiani 2002 translation in Resta 2014, 1; Kuttner 2014). Recognizing the prescience of Polanyi’s formulations, however, is no substitute for working more creatively and expansively to realize the methodological potential of his (unfinished) program. It is in this latter task that these two books, read together as introductions to Polanyian synthesis/antithesis, might find their real value.

As an antideterministic thinker, Polanyi was always concerned to open doors, not to close them. In looking to the past, he could see opportunities for the future, opportunities that he hoped would illuminate pathways toward a more humane economy. He refused to be confined by stagist teleologies – the grounds on which he rejected Marxian determinism as ‘based on some kind of railway timetable of social development’ (Polanyi 2014, 40). Yet neither did he accept the Hayekian dogma that planned or socially managed economy was but a way station on the road to serfdom, since ‘we will have just as much freedom in the future as we decide to create and safeguard’ (Polanyi 2014, 145). Like the rest of us, he could not see the future, though he retained a resolute faith in the primacy of politics and the power of economic democratization, even in the face of the destructive machinations of market rule. Given the parlous contemporary state of many actually existing economies, of economics, and indeed democracy itself in much of the world, we may need him now more than ever. After all, this was someone who long ago figured out that ‘[l]aissez-faire philosophy tends to be antidemocratic’ (Polanyi 2014, 188), his counter being that “[d]emocratic philosophy tends to be socialist.”

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