

intersections online

Volume 12, Number 1 (Winter 2012)

Adam Holzman, "Karl Polanyi and the Rise of Modernity: A Critique," *intersections* 12, no. 1 (2012): 91-112.

ABSTRACT

Prior to the rise of modernity, Karl Polanyi argues, the economy was embedded in the social relations of man. Economic activity – the allocation of scarce resources across society – was no more than an aspect of social behavior, itself defined by the order according which men organized their relationships. With the rise of modernity, however, came the rise of market society – a community arranged not according to organic human relationships, but to the prerogative of the market order. Man's institutions evolved to unearth the economy from beneath the order of society. Supported by such novel institutions, the economic order, now independent from a definitively human community, made man subordinate to the allocative mechanisms that were once subordinate to – and part of – his relations; the infrastructure of society, as it were, had supplanted the superstructure. Polanyi successfully recognizes the warped structure of modern society, driven not by human ends, but by an economic engine; yet, one is left asking: what of the *individual* who willingly performs this society? Polanyi, I argue, fails to give a sufficient account of the modern transformation of man into a being who *willingly* performs the market order. It is not the transformation of social institutions, but the transformation of man himself, that definitively marks the emergence of modern society. Any lesser metamorphosis – including the purely institutional evolution described by Polanyi – would be merely superficial.

http://depts.washington.edu/chid/intersections_Winter_2012/Adam_Holzman_Karl_Polanyi_and_the_Rise_of_Modernity.pdf

Karl Polanyi and the Rise of Modernity

A Critique

By Adam Holzman
Yale University

I walk among these people and keep my eyes open; they have become *smaller* and are becoming ever smaller: *but this is because of their teaching on happiness and virtue.*

For they are modest even in their virtue – because they want contentment. But only modest virtue goes along with contentment.¹

Friedrich Nietzsche, *Thus Spoke Zarathustra*

The tremendous productivity of modern man stands as a testament to the commercial and industrial forces released from the very structure of market society. The growth of commerce that followed the rise of the market and mass industry brought forth an explosive expansion of economic activity and productive power. The unprecedented transformation of the manner in which men organized themselves within their societies was, without question, fundamental the eventual productive explosion which began with the Industrial Revolution. The rhythm of man's everyday behaviors was determined by the pace of the productive process; the activities to which he dedicated his life were at once bound up in his 'career,' through which he obtained the economic resources necessary for his livelihood; the manner in which he related to other individuals and to society as a whole was at once defined by the all-encompassing structure of the division of labor. Man, as it were, had become the medium through which the economic system was manifest into reality, as the organizational principles according to which he structured his very life seem only to facilitate the efficient functioning of the market system of production and exchange.

Such was the claim of Karl Polanyi, who lamented the "disembedding" of the economic system from its political and social mores. Only when the *economic* activities through which resources and goods were allocated across individuals was freed from the organizational principles and institutional regulations born of the *social* order – a consequence of the rise of the market system – were such revolutionary dynamics released into society. Polanyi, however, considers the

¹ Friedrich Wilhelm Nietzsche, Adrian Del Caro, and Robert B. Pippin, *Thus spoke Zarathustra: a book for all and none* (Cambridge: Cambridge University Press, 2006), 134.

metamorphosis of modern society to be one of institutional change alone: although the structures and institutions by which he orders his society and livelihood have transformed, the men who function within such structures have changed little, if at all. It may be difficult or, indeed, impossible to distil man's psychology from his organizational principles empirically, as both are made operative and, thus, discernable only in the observed behaviors of men in their society.

Polanyi's analysis of the evolution of the modern social order, however, fails to consider appropriately the individuals from whose personal behaviors emerge patterns of social organization. Polanyi thus fails to capture in full the unprecedented transformative power of the modern market system. The immense social transformation witnessed with the rise of modernity would seem, in fact, to extend beyond mere institutional change alone. The revolutionized social order which emerged with the development of modernity – and, indeed, man's very willingness to give his social institutions unto himself – are indicative of a more fundamental transformation of the manner in which individuals relate to themselves and one another within the social realm. Only upon a consideration of the individuals whose behaviors give rise to broader patterns of social organization, along with the motives and pursuits according to which they direct their activities, can the social metamorphosis characteristic of modernity be recognized in its entirety. Polanyi's restriction of his own analysis to social structures and institutions, though informative, ignores the radically revolutionary nature of the rise of the modern social order, for it considers not the individuals through which they are made operative.

Fundamental to Polanyi's conception of human society is the notion that the economy is inseparable from – or, 'embedded' within – the society's system of interpersonal relations. Only under modern market society, claims Polanyi, does man conceive of the economy as an independent entity, distinct from the order of social relationships among a given people. The separation thought to exist between economy and social relations is but a projection of modern economic consciousness unto bygone societies, communities whose modes of resource allocation and social interaction were fundamentally distinct from our own.² With the exception of the modern market, economies are but components of the social order, accessory to the ends sought by deeds performed in the social arena:

² Peter McMylor, "Moral Philosophy and Economic Sociology: What Macintyre Learnt from Polanyi," in *Karl Polanyi: New perspectives on the place of the economy in society*, eds. Mark Harvey, R. Ramlogan, and Sally Randles (Manchester: Manchester University Press, 2007), 119.

man's economy, as a rule, is submerged in his social relationships. He does not act so as to safeguard his individual interest in the possession of material goods; he acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end. Neither the process of production nor that of distribution is linked to specific economic interests attached to the possession of goods; but every single step in that process is geared to a number of social interests which eventually ensure that the required step be taken.³

The principal concerns of the human individual lie not within the private realm of economic needs, but among the activities, taken together, constitutive of the public sphere. Man is, by nature, a social being; his very existence is both defined and ensured by the social order to which he belongs. The manner in which his society is structured determines his values, customs, and interpersonal relationships – the cultural characteristics of the public pursuits according to which he leads his life. His private interests, however, are supplied by precisely the same social structures:

The individual's economic interest is rarely paramount [in a tribal society], for the community keeps all its members from starving unless it is itself borne down by catastrophe, in which case interests are again threatened collectively, not individually. The maintenance of social ties, on the other hand, is crucial.... Such a situation must exert a continuous pressure on the individual to eliminate economic self-interest from his consciousness.⁴

In the absence of trade or market systems, his sustenance depends on the strength and breadth of his social ties, through which he is ensured access to his rudimentary wants and needs. His economic interests, therefore, are at once aligned with the noneconomic motives of his public existence. To characterize his public and private interest as such, however, is somewhat deceptive; it tempts the modern consciousness to think that economy and human society persist as separate entities, systems whose constituent motives may or may not coincide. It is precisely this modern fallacy that Polanyi seeks to refute in his illustrations of the embeddedness of the economy in social relations. Aside from those associated with market society, economies are part and parcel of the social order, inseparable from the very structure of social relations. Private economic interests, to be sure, remain distinct from the social ends pursued within the

³ Karl Polanyi, *The great transformation* (Boston: Beacon Press, 2001), 48.

⁴ *Ibid.*

public realm, for no society is liberated from its responsibility to secure the subsistence of its members. Nonetheless, the organization and allocation of economic necessities are wholly encompassed within the social order itself – a system of interpersonal relationships whose attendant motives remain the foremost concerns of man.

That man is a social being, regardless of the particularities of his society, Polanyi holds to be axiomatic. The specific manner in which his pursuit of social ends is manifest, however, varies according to the structure of the society to which he belongs. Polanyi cites three particular “principles of behavior,” social systems according to which interpersonal relations are governed within the community. Each arrangement, meanwhile, is attended by a particular “institutional pattern,” an organizational arrangement by which economic resources are allocated across individuals. The principle of reciprocity, for example – a mode of social relations within which individuals depend on others to reciprocate their own socially-oriented deeds – is upheld by institutions supportive of symmetry, by which the mutual interdependence of the society’s constituents is maintained. The reciprocal nature of the relations maintained by society, reinforced by the requisite institutions, ensures that all members of the community have access to a quantity of resources appropriate to ensure their subsistence.⁵

The social order, therefore, at once defines both the interpersonal relationships characteristic of the community and the manner in which scarce resources are distributed across individuals.⁶ The principle of redistribution, meanwhile, is upheld by institutions of centrality, political or bureaucratic organizations which maintain authority over the society’s storehouses of basic resources. The third and final principle, householding, is somewhat unique among its counterparts. The householding principle is itself sustained by institutional patterns of autarchy. The self-sufficient estates to which it gives rise, however, may inevitably engage in barter and trade – the economic conditions under which market institutions are born.⁷ As Polanyi claims Aristotle to have recognized, such market exchange need not undermine the primacy of social relations above economic motives. Nonetheless, the ‘money factor’ and patterns of social behavior which emerge from such societies at once make plausible the ascension

⁵ Polanyi, *The great transformation*, 51.

⁶ John Harriss, “Institutions, Politics and Culture: A Polanyian Perspective on Economic Change,” in *Karl Polanyi: new perspectives on the place of the economy in society*, eds. Mark Harvey, R. Ramlogan, and Sally Randles (Manchester: Manchester University Press, 2007), 43-44.

⁷ Karl Polanyi, *Primitive, archaic and modern economies: essays of Karl Polanyi* (Boston: Beacon Press, 1971), 56.

of the money-making motive amidst its populace – a motive which arises not of social relations proper, but of their component economic system.⁸

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Essential to each of the principles proposed by Polanyi is their subordination of economic concerns to interpersonal relations and social ends. Although Polanyi states explicitly that economic activity is *embedded within* social relations, his suggestions amount to an insinuation of the notion that such economic activity serves only to make social relations plausible. The characteristically human ends according to which men lead their lives can be sought only when supported by an appropriate economic ‘infrastructure’ through which he may obtain his necessities. Patterns of economic activity, therefore, are necessarily dictated by the structure maintained by prevailing social relations, the preservation of which economic allocation is employed to ensure.⁹ Polanyi thus makes unambiguously clear the subordinate status of economic concerns relative to purely social ends – the definitive pursuits of man insofar as he is a social being. Although societies adopt norms, religions, and customs which shape his social behaviors such as to permit the proper functioning of economic institutions, his socially-oriented activities remain generally superior to all others.¹⁰

The explicit motivation for economic gain provoked by the market economy, the lone economic order capable of generating unique motives and ends which demand their own regulatory institutions, at once threatens the primacy of social pursuits above economic drives. The “peculiar motive” of the market economy – the pursuit of money itself – does not *necessarily* undermine the proper functioning of an economy of autarchic households; indeed, mutual exchange agreements between self-sufficient economic units may be required for the very possibility of self-sufficiency.¹¹ Such was the claim of Aristotle, the first person, according to Polanyi, to have identified the potentially pernicious dynamics of the market. Aristotle’s idealized market economy was one in which, through the imposition of set prices and other regulatory methods, an exchange of resources between autarchic households or poleis would permit each party to persist under superabundance, thereby leaving their constituent citizens free to pursue definitively human ends.¹² Polanyi himself supposed that self-sufficient towns or

⁸ Polanyi, *The great transformation*, 56.

⁹ McMylor, 120.

¹⁰ Polanyi, *The great transformation*, 57.

¹¹ Polanyi, *Primitive, archaic and modern economies*, 96-97.

¹² *Ibid.*, 99-100, 107-108.

localities may autonomously engineer and employ institutions designed to protect the sanctity of social pursuits from economic motives.¹³ Such institutions would preserve the commitment of the society in question to a ‘substantive’ economy – an allocative mechanism in which resources are exchanged on the basis of their use-value rather than for the purpose of gain, liberating man from concerns regarding both scarcity and money-making.¹⁴

Although localities themselves maintained institutions which successfully preserved the supremacy of social pursuits over economic drives, they remained exposed to the antithetical trading practices of foreign merchants – the middlemen who made possible all inter-locality exchange. The long-distance exchange by which autarchic towns exported and imported economic resources occurred outside the jurisdiction of the political bodies themselves and, therefore, persisted under the authority of no regulatory force. With no authoritative check present to tranquilize the money-making motive, international merchants eventually adopted ‘capitalistic’ patterns of trade driven by the pursuit of gain. The towns with which these merchants traded yet remained free from the capitalistic dynamics of market exchange; although they continued to do business with international traders, they established strict regulatory practices and institutions with which to protect the primacy of their social relations and noneconomic pursuits. Localities adopted rigid town boundaries, idiosyncratic religious customs, and other obstacles to foreign integration in an attempt to insulate their internal economies from the capitalistic practices of long-distance traders. The ultimate “nationalization” of the inter-locality market at the hands of state-dictated intervention, however, rendered such practices irrelevant.¹⁵

With its neutralization of the institutions through which localities protected their economic activities from the intensifying money-making motive, the mercantilist state undermined the municipal system under which social activities were preserved. The task of regulating the money-making motive at once shifted to the mercantilist state, which, for a time, successfully protected its citizens from the self-interested practices of monopolistic and competitive capitalists.¹⁶ However, under the auspices of the national market – the market order which had undermined economic power of the town – private merchants assumed control of industrial production, the control of which had previously remained

¹³ Polanyi, *The great transformation*, 56-57.

¹⁴ McMyler, 120.

¹⁵ Polanyi, *The great transformation*, 67-69.

¹⁶ *Ibid.*, 69-70.

under the authority of the municipality. The simultaneous expansion of the factory system – a capital-intensive mode of production – required that the factors of production, including land and labor, be organized as though they existed as commodities themselves. The combination of the privatization of the production process with the commodification of labor brought the ascent of the self-regulating market – a system of exchange under which man himself was made subordinate to economic production.¹⁷

Polanyi was under no illusion that such a market could persist unfettered and unregulated without destroying man himself. The decisive characteristic of the self-regulating market, however, was its ability to wrestle the regulative authority from the state and bestow it upon the owners of capitalist production. No longer would regulation be designed to preserve the social pursuits of man from the pressures of the market pattern, but merely to ensure the continued functioning of the market pattern itself – that is, to ensure that the productive process and economic system did not destroy mankind. Man was thus left exposed to the motives of the market, an economic order that undermined the superiority of social relations by transforming man into the “fictitious commodity” of labor.¹⁸ He could take solace in the sole fact that it cared to keep him alive.

With the rise of industry and commercial society, therefore, the economy was effectively “disembedded” from social relations. As man became an object of exchange himself, a “fictitious commodity” whose labor power was appropriated by the market economy, the ascendancy of characteristically human ends above economic drives was at once perverted:

henceforth the organization of labor would change concurrently with the organization of the market system. But as the organization of labor is only another word for the forms of life of the common people, this means that the development of the market system would be accomplished by a change in the organization of society itself. All along the line, human society had become an accessory of the economic system.¹⁹

The expansion of the market order, as it were, reduced man to an artifact of his own infrastructure. No longer would he be free to pursue social relations for their own sake; no longer could he persist as a “social being” in practice; no

¹⁷ *Ibid.*, 77-79.

¹⁸ Polanyi, *The great transformation*, 75-77

¹⁹ *Ibid.*, 79.

longer would he be permitted to exist as man *qua* man. With the “disembedding” of the economy from social relations and political regulation at the hands of the capitalist market, man became an accessory of that which was to be *his* accessory – and thus he was lost to the modern world.

Polanyi, however, refrains from admitting such a stark *moral* conclusion upon completion of his genealogy of market society. Not until Britain had concluded its experiments with the Speenhamland Law, which instituted a minimum income for all citizens, and the Poor Laws, which provided general relief for maltreated laborers, was the labor market permitted to develop on its own terms, supported by the institutions and morals of political economy.²⁰ Even then, institutions were inaugurated to insulate laborers from the potentially destructive forces wrought by market systems upon its commodities. Thus, according to Polanyi’s conception of the evolution of modern society, though man remained subject to the antagonistic dynamics of an unprecedented and unparalleled social order – the only order through which the economy was liberated from its embeddedness in social relations and permitted to achieve an independent existence – the subjection of man to the motives of the economy represented not a *fundamental* shift in the nature of human society.²¹ Man, as it were, had merely stumbled upon a system of long-distance trade which, when combined with the intervention of the mercantilist state and the privatization of the productive process, eventually brought forth a social order characterized by a disembedded economy. Were it not for the inauspicious conditions under which such trade developed, it seems, European societies would have been equally as likely to adopt another form of social organization from among Polanyi’s proposed ‘menu’ of social orders – reciprocity or redistribution, for example. Indeed, Polanyi is vehement in his objection to the notion that market economies are unique to and indicative of preeminently advanced social organizations. Tribal societies, he claims, though often considered technologically inferior to the commercial society characteristic of Western civilization, can and have been shown to adopt socioeconomic orders equally as complex as those of the market pattern.²²

Polanyi, therefore, seems to suggest that the rise of the modern social order can be characterized solely as transformation of the formal institutions according to which a society is structured. The exchange principle, to be sure, is fundamentally unique among all other principles of social organization. The

²⁰ Ibid., 86-88.

²¹ Michael Hechter, “Karl Polanyi’s Social Theory: A Critique,” *Politics & Society* 10, no. 4 (1981): 405-406.

²² Polanyi, *The great transformation*, 52-53.

market pattern with which it is associated is the sole economic arrangement which is characterized by a particular motive and, consequently, which maintains the ability to create self-regulating institutions. Whereas the economic patterns of symmetry, centricity, and autarchy are but mere traits of societies, the market pattern alone lays claim to the capacity to influence the order of the societies by which it is adopted.²³ To conclude, however, that the social metamorphosis wrought by the introduction of the market economy is limited to institutional change alone would appear to ignore – or, at the very least, indicate a failure to reflect upon – the enormously powerful transformative forces engendered by market economies throughout modernity.

More recent analyses have shown that, while outstanding arrangements of reciprocal exchange may persist, they tend to do so only within restricted and structurally unique spaces amidst the broader market arrangement; further, once presented with the external market systems, tribal societies tend to gravitate towards market-based economies over a period of time.²⁴ The observed predominance of the exchange principle and market pattern across modern societies would seem to contradict Polanyi's suggestion that, aside from their ability to produce their own motives and institutions, the exchange principle and market pattern are on parity with other organizational forms, none representing a fundamentally different system of human organization.²⁵ Polanyi's implicit claim that the development of market society was not preeminently likely, taking into consideration only the influence of social and economic institutions, is rather unsatisfying, leaving his genealogy seemingly incomplete. This is not to suggest the opposing claim that the emergence of market society *was* indeed inevitable; rather, it is to suggest that Polanyi fails to provide an exhaustive explanation for the vigorous ascendance of the modern market, considering only the effects of loosely comparable institutional arrangements.

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Particularly unsatisfying is Polanyi's failure to provide a definitively positive explanation on the level of the individual for the observed predominance of market society. Though his history of modern society suggests that the market economy was sufficiently powerful to undermine the political institutions by which men protected themselves from market motives, his account does nothing to explain the reasons for which a people might have elected to adopt a system of

²³ Ibid., 59-60.

²⁴ Rachel E. Kranton, "Reciprocal Exchange: A Self-Sustaining System," *The American Economic Review* 86, no. 4 (1996): 843-845

²⁵ Polanyi, *The great transformation*, 59.

market exchange. This failure, in itself, is not necessarily crippling to the logic of his proposed history of the modern market; indeed, he depicts the eventual emergence of the self-regulating market not as the product of voluntary decisions, but a consequence of the expansion of long-distance trade, the ascendance of the mercantilist state, and the eventual appropriation of the production process by capitalist interests. His omission, however, is indicative of a more fundamental flaw ingrained within his conception of social systems: his analyses of social orders, institutional patterns, and the dynamics of social evolution consider society only on the level of society itself, ignoring its constituent individuals. As such, his evaluations take for granted the fact that orders of society and patterns of social behavior must be performed on an individual level. To investigate the dynamics of a given society without taking into consideration its human components is to ignore the very behaviors from which social dynamics and patterns must themselves emerge. His analyses of social orders and institutional patterns, therefore, remain valid as analyses of orders and institutions in themselves; his attempts to *explain* the social dynamics from which modern society emerged, however, remain incomplete.

In a fundamental sense, social orders are but the aggregate reflections of the individual relationships maintained by their constituents – the social structures through which men conduct their social pursuits. As was previously discussed, Polanyi's conception of the embeddedness of the economic system within the social order is tantamount to the notion that the economy is structured in such a manner as to serve the ends of the social order. As such, the concept of embeddedness takes the ends of the social system to be prior to the economic system – the mechanism which serves to provide man's necessities as he pursues his social ends. The social structures within which individuals act as social beings, however, are not sought by men for their own sake; rather, social orders emerge of the public pursuits of individual men, and it is the ends towards which such pursuits are oriented which define the ends of the social order – and, by implication, the associated economic system. Indeed, no organization of social relations may lay claim to its own motives, but will only reflect the particular ends of human individuals as they are pursued in the public arena.

Individual men, meanwhile, will pursue individual relationships and social ends in a manner which accords with the customs, religions, and virtues held within their society. Individuals will behave only in a manner which accords with their worldviews and self-conceptions, both of which reflexively determine and are determined by the manner in which they relate to their social peers. The structure of man's social order may reflect the aggregate patterns according to

which men systematically pursue their social ends; however, it is his adherence to his society's customs and values by which man finds meaning in the performance of his actions. The organizational structures to which Polanyi restricts his analysis are, therefore, normatively impotent in themselves. Religions, traditions, virtues – any ideology or set of practices through which individuals find meaning in the daily performance of their lives – will ultimately define the manner in which individuals relate to their peers, thereby providing the organic structure assumed by the society to which they belong.

Upon his presentation of the various principles according to which a social order may function, Polanyi illustrates the particular structures according to which men pursue their ends in the aggregate. Never, however, does Polanyi define principles of behavior as the mere infrastructure through which individuals pursue their social ends; rather, he seems content to identify such social structures as representative of social pursuits themselves. As he analyzes the evolution of economy and society on an aggregate level alone, he is content to characterize society as an admixture of social intercourse and economic organization, going no further to explain the origins of modes of intercourse themselves. In his ignorance towards the individual, he fails to recognize the significance of ideology (broadly defined) as that which *positively* determines the behaviors of individuals and, as such, defines the emergent order of society. He therefore gives no thought to the positive reasons for which a given populace might be compelled to adopt any one paradigmatic social principles of reciprocity, redistribution, or householding. Social forms, themselves normatively inert infrastructures, are made operative solely by the actions of their constituent individuals – actions which are determined by the content of the ideologies in which they find meaning as individuals. Societies do not, as it were, merely adopt a principle of behavior and institutional pattern from among Polanyi's 'menu' at random; rather, their characteristic social orders will reflect patterns of human behavior from whose performance their constituent individuals derive personal meaning.

Polanyi's disregard of individual motives for socially-oriented behavior seems to be a consequence of his contentment to restrict his analysis to the level of society itself. Insofar as his investigation is acknowledged to be confined to a 'removed' perspective, his examination might still be considered valuable for its illustration of the relationship between economy and society. It becomes clear, however, that his 'removed' level of analysis leads him to misconstrue the significance of ideology and culture, failing to recognize them as 'meaning-conferring modes' – sets of norms and customs which bestow meaning upon individual behavior and,

therefore, which positively encourage socially-oriented pursuits. His misconception of ideology and custom is at times subtle, visible only upon a careful treatment of his language. Indeed, in his comparison of Polanyi with Alasdair MacIntyre, Peter McMylor seems to have been deceived into overemphasizing their shared veneration for social pursuits above economic motives. MacIntyre, a moral philosopher, examines culture and virtue on the level of the individual, lamenting the loss of man's interest in moral and social pursuits at the hands of economic self-interest. MacIntyre maintains that the economic substructure of society, though at once structurally ingrained within the social order, should serve only to make possible the ends of the social superstructure – pursuits which are motivated by a shared 'social consciousness' shaped by values and cultural standards.²⁶

Polanyi, however, in his 'removed' analysis of society in general, seems to employ terms such as 'culture' and 'social interest' to represent not particular social customs and practices, but the social order in general. It is these, he claims, within which economic activity was once entrenched, but from which economic concerns were disembedded with the rise of modernity. In a sense, MacIntyre's and Polanyi's respective treatments of ideology and culture are but differing perspectives of a singular idea – the notion that distinctly social pursuits were once superior to economic motives, but were eclipsed by self-interested pursuits with the rise of the modern market. It is precisely this commonality which McMylor attempts to reveal in his comparison. His analysis, therefore, is appropriate as a comparison of Polanyi's and MacIntyre's general sentiment regarding modernity. McMylor, however, seems to assume that MacIntyre and Polanyi consider culture and religion to serve the same function – positive social standards around which human behavior coalesces, whether on the level of the individual or society. Although Polanyi considers customs to influence the order of society, a closer examination of the manner in which he analytically operationalizes the concepts of culture and norms reveals a fundamentally distinct conception of ideology – one that lies at odds with that of MacIntyre.

Polanyi by no means considers ideology to be representative of systems of thought and practice which bestow positive meaning upon individual actions. Remaining true to his 'removed' perspective in his analysis of society, he conceives of culture instead as a 'socializing' force – that is, a mechanism of social homogenization, employed to ensure the stability of social and economic structures. The various aspects of culture, according to Polanyi, constitute a

²⁶ McMylor, 118.

system of norms and ‘taboos’ which serve to align social behaviors with those required for the proper functioning of the economic order: “Custom and law, magic and religion cooperated in inducing the individual to comply with rules of behavior which, eventually, ensured his functioning in the economic system.”²⁷ Ideology, therefore, is considered not as a ‘meaning-conferring mode’ by which the *individual* directs his behavior *positively*, but as an instrument of the *economy* employed to ensure its own stability. Further, it supports the functioning of the economic order by *restricting* the actions of social actors. As such, ideology and culture help to define the structure of social relations, but only by subordinating the individual’s public pursuits to the functioning of the social system as a whole. Any social tool which demotes distinctly social ends to a status subservient to that of the economic system would seem antithetical to the notion that the economic system operates to enable socially-oriented pursuits.

Indeed, Polanyi’s conceptions of ideology and culture not only stand in stark contrast to those of MacIntyre, but seem to contradict his own vision of a ‘substantive’ economy – one which frees individuals of all concerns regarding the economy, a mere accessory of social relations, and permits them to pursue their social ends. Nonetheless, culture thus conceived should be viewed not as an explicit burden upon the populous to which it belongs. Alternatively, Polanyi’s account of ideology and culture serves to shed further light upon his notion of embeddedness. The economic system is not explicitly subordinate to socially-oriented pursuits, nor does a restrictive culture subject social ends to economic desires. Rather, all aspects of society – be they ‘social,’ economic, or cultural – mutually conform to give rise to a social order with a definite structure, worldview, and method of resource allocation, each of which is holistically commensurable with each other. In their mutual compatibility, ‘social ends’ are just as subordinate to economic ends as are economic ends to social pursuits, both of which contribute to define the order of society as a whole.

Such a conception of the embeddedness of the economic system, as well as all other aspects of society, under the social order would seem rather plausible. Over time, the mode of relationships, worldviews, and economic systems will undergo a reflexive coevolution through which each element is made compatible with each other. The notion that the economic activities of individual actors evolve reflexively with the very structure of society is posited by Yannis Ioannides in his article “Evolution of Trading Structures,” in which he explains that the network structure by which economic actors are connected will evolve

²⁷ Polanyi, *The great transformation*, 57.

endogenously with the actions of the actors themselves.²⁸ Alan Kirman suggests a similar notion in “The Economy as an Evolving Network,” in which he holds that patterns of economic behavior and network structures evolve reflexively due to the influence of agent memory, herding dynamics, and feedback mechanisms, among other factors.²⁹

However, to pose such a close interrelationship between the various aspects of the social order at once brings into question the very notion of ‘disembedding.’ To suggest that the economic system was ‘disembedded’ from social relations with the rise of modernity – indeed, even to suggest that there *is* an economic system to be embedded within a social order – is to suggest that each aspect of the social order, however embedded, do not cease to exist as entities in themselves by virtue of their entrenchment within a greater social order. Although the economic order will evolve in conjunction with the structure of social relations, there remains an economy – a system according to which resources are distributed across individuals. Likewise, although ideology and culture will evolve in conjunction with the economic order to ensure that social behavior does not antagonize the functioning of the economy, religions, customs, and norms remain present within society. In a broader sense, they restrict individual actions according to the requirements of the economic order; the individual, however, will nonetheless behave willfully according to the standards of his meaning-conferring culture, for his own “social consciousness” would have evolved in conjunction with his social order and economic system. Polanyi’s claim that particular aspects of society are embedded within others, therefore, may be more appropriately characterized to suggest that the elements of society – in particular, interpersonal intercourse, the economic system, and culture – reflexively evolve to give rise to a unified social structure.

Nonetheless, Polanyi by no means intends to propose that each aspect of society is on parity with each other. It is without question that he holds social relations to be, in a sense, the definitively human activity for which man’s society exists at all and, therefore, the aspect of the social order which stands superior to all others. Only with the ascension of the exchange principle and market pattern is this hierarchy threatened, for only then does “human society [become] an accessory of the economic system.”³⁰ In a purely technical sense, the economy was disembedded from its social mores when capitalists themselves assumed the

²⁸ Yannis A. Ioannides, “Evolution of Trading Structures,” in *The economy as an evolving complex system II*, eds. W. Brian Arthur, Steven N. Durlauf, and David A. Lane (Reading, Mass: Addison-Wesley, 1997), 149-150.

²⁹ See A.P. Kirman, “Economy as an Interactive System,” in *The economy as an evolving complex system II*, op. cit.

³⁰ Polanyi, *The great transformation*, 79.

authority to regulate the processes of production and exchange, leaving labor subject to the whims of ‘nonhuman’ economic interest without the protection of a political or social regulator. The exclusively institutional disembedding of the economic system, however, does not quite capture fully the moral significance of the liberation of the economy from social relations. From the perspective of embeddedness, which itself maintains no analytical hierarchy among various aspects of a singular social order, the institutional description suffices. The significance of the disembedding of the economy, in this case, lies entirely in the transference of regulatory power to capitalists. Yet, Polanyi’s intended message is much more profound. From the perspective of his implied hierarchy, the liberation of the economy was no mere disembedding, but an inversion of human ends.

As was mentioned earlier, man, as it were, was made an accessory of his own economic order – the system which was to serve as his infrastructure of basic human needs as he pursued his characteristically human ends in the public realm. What was, in one sense, the release of the economy from its social mores was, in another, the subjugation of man under economic mores. Transformed into the “fictitious commodity” of labor, his life was regulated by the rhythm of the process of production of which he had become an ingredient – his daily tasks and social relationships defined by his position in the division of labor, his waking hours determined by his working hours. The primarily institutional character of the notion of disembeddedness simply does not suffice to reflect the pronounced social and moral consequences which Polanyi seeks to convey. Although the moral consequences of the rise of the modern social order may follow from institutional disembeddedness, the shift in regulatory authority, the moral consequences are reflected in the severance of economically-oriented activities from socially-oriented activities witnessed within society itself – a disjunction which is followed immediately by the subordination of social interests to economic interests. The notion of an inverted hierarchy goes unspoken by Polanyi; yet, it is perhaps the most salient aspect of his analysis of modernity.

By no means is the concept of an inversion incongruent with that of disembedding. Nonetheless, a tension arises as his analytical focus remains fixed to the notion of embeddedness, whereas his moral focus turns to the inversion. However nuanced this tension persists, within it lies buried the missing element of Polanyi’s conception of modernity – man himself. Implied by Polanyi’s

conception of embeddedness is the notion that the social order, in a broad sense, consists of both a behavioral principle – a structure of social relations – and institutional pattern – a mode of economic allocation. From a removed, institutional perspective, such a characterization may suffice; yet, it at once ignores the individuals who constitute and, indeed, perform the social order. It is they who represent the essential element of the inversion model, for it is their own pursuits and ends through which the inversion is manifest. In his concentration on the institutional notion of embeddedness, however, he ignores the human element of the transition to modernity. One would be tempted to believe that an inversion of man's ends – an eclipse of the ends of man in his society by the motives of the market pattern – would be among the most distasteful social dynamics conceivable to man. For man to be made subordinate to the infrastructure of his own livelihood, to be transformed into a mere “fictitious commodity,” to be *given* his ends by his economic system rather than to give his ends unto himself as an autonomous individual, would at once incite social uprisings of an unprecedented scale. A society in which man is treated as a mere factor of production – at the hands of wealthy capitalists, no less, the privileged few who retain their humanity – would by no means persist sustainably. The capitalists would be forced either to induce hunger among its subjects, thereby subjecting men to labor for the fulfillment of their very subsistence, or would employ political force to prevent a workers' rebellion.

Polanyi concedes that the rise of poverty and hunger with the emergence of modern society was among the prime reasons for which modern man consented to the inverted social order: “Only an overworked and downtrodden laborer would forego to associate with his like in order to escape from that state of personal servitude under which he could be made to do whatever his master required of him.”³¹ Adam Smith, considered by many to be the patriarch of the modern economy, thought the market to be a socializing and moralizing force, one which would encourage man to behave humanely in his relations with the peers with whom he transacts.³² Yet, according to Polanyi, it was the economic vision of Townshend – a vision which held man to be subject to the market for his very subsistence – which was to define the political economy:

Hunger will tame the fiercest animals, it will teach decency and civility, obedience and subjection, to the most perverse. In general it is only hunger which can spur and goad them [the poor] on to labour; yet our laws have said that they shall never hunger. The laws, it must be confessed, have likewise said, they shall be

³¹ Polanyi, *The great transformation*, 173.

³² Albert O. Hirshman, “Rival Interpretations of Market Society: Civilizing, Destructive, or Feeble,” *Journal of Economic Literature* 20, no. 4 (1982): 1465.

compelled to work. But then legal constraint is attended with much trouble, violence and noise; creates ill will, and never can be productive of good and acceptable service: whereas hunger is not only peaceable, silent, unremitting pressure, but, as the most natural motive to industry and labour, it calls forth the most powerful exertions; and, when satisfied by the free bounty of another, lays lasting and sure foundations for the goodwill and gratitude. The slave must be compelled to work but the free man should be left to his own judgment, and discretion.³³

Thus was man subject to the will of capital by the force of biological necessity. Yet, it seems that, in the present, hunger ceases to persist with sufficient pervasiveness to coerce man to adopt an antagonistic social system. Though man may depend on his work for the attainment of his income, by no means is the state of labor as destitute presently as during the Industrial Revolution or Gilded Age. The welfare state, meanwhile, ensures that individuals maintain access to at least a limited quantity of economic resources – and, indeed, far more in various European nations. We live not in a society of laborers, but a society of jobholders – a society in which those who perform the inverted economy do so neither in hunger nor against their will, but in listless and quiescent contentment. Why then, we must ask, does modern man consent to his inverted society? Why does he hold his economic wants and needs above all else? Why does he permit his livelihood to be dictated by the motives of the marketplace? Why does he not demand the return of his humanity?

The answer lies precisely in that which Polanyi ignored – worldview and social consciousness, the ideologies which define man's positive pursuits. In limiting his conception of embeddedness to social relations and the economic system alone, thereby ignoring the individual, Polanyi fails to acknowledge the third fundamental characteristic of all-encompassing order of society – ideology and culture. The two-pronged characterization of the social order presented by Polanyi may appropriately address the institutional dynamic of the rise of modern society, but as yet fails to suggest why man himself actively performs the social order. Only the contents of man's customs, self-conception, and worldview reveal the positive reasons for which he might pursue the ends of a particular social order; and, indeed, as modern man pursues his economic ends free of the coercive forces of hunger or political compulsion, it appears that he performs the market society of his own accord.

³³ Polanyi, *The great transformation*, 118-119.

The social transformation characteristic of modernity, therefore, is by no means limited to a mere substitution of the socioeconomic institutions of society. The modern social order is not forced *upon* men, but emerges *of* men, an organic reflection of the pursuits in which individuals find personal meaning. Why, it is asked, does man not demand the return of his humanity? The answer is as simple as it is disturbing: man never lost his humanity; rather, humanity itself has evolved. Yet, it has transformed into an entity which, in a sense, lacks its characteristically human element – its genuine desire for the definitively human pursuits of social and cultural ends. In no way must such pursuits be defined in any *particular* fashion; indeed, in their very diversity, inexplicableness, and originality – even in their irrationality – there is something of their quintessential humanness. Modern man, however, *positively* pursues the ends of the economy as though they were his own. We are forced to conclude, consequently, that they are indeed his own. Man justifies his own ends in the very act of their pursuit; we are not to question the justification of economic ends, therefore, but the man who chooses to pursue them.

The positive reasons for which modern man pursues fundamentally economic ends, like the reasons for which earlier men pursued their own aims, can be provided only by his worldview and conception of self. According to Polanyi, the ideologies and philosophies characteristic of modern political economy were twofold. First, of course, was Utilitarianism – a philosophy which at once defined the ends of economic pursuits as concomitant with ‘the good.’ Perhaps more important at the birth of modernity, however, were the notions of hope and despair – the infinite (and, therefore, unattainable) aim of ever-higher social status, combined with the opposite fear of unbounded destitution.³⁴ Per Polanyi’s notion of ideology and worldview, he conceived of these notions primarily as tools by which the political economists aligned the mentality of the masses with the social order:

The form in which the nascent reality came to our consciousness was political economy. Its amazing regularities and stunning contradictions had to be fitted into the scheme of philosophy and theology in order to be assimilated to human meanings. The stubborn facts and the inexorable brute laws that appeared to abolish our freedom had in one way or another to be reconciled to freedom. This was the mainspring of the metaphysical forces that secretly sustained the positivists and utilitarians.³⁵

³⁴ Polanyi, *The great transformation*, 88.

³⁵ *Ibid.*

This may very well have been the intention of utilitarian philosophers, rather wealthy individuals invested in the continued functioning of modern society. Nonetheless, modern man need not be reminded of utilitarian philosophy in order to actively perform the ends which it promotes; rather, modern man acts of his own initiative to pursue utilitarian ends. As such, modern society has become an organically economic and utilitarian society, maintained not by coercive institutions and regulations, but by autonomous men. From the reflexive coevolution of social relations, economic order, and ideology have emerged a social consciousness and standards of behavior which are at once bound up in economic motives, yet which give man positive meaning.

Herein lies the truly revolutionary aspect of the modern social order. The social forms which constitute Polanyi's 'menu' of principles of behavior and institutional patterns represent alternative modes of social relations which preserve the hierarchy of social pursuits over economic ends – allocative measures which provide the very infrastructure of man's socially-oriented activities. The exchange principle and associated market pattern, Polanyi illustrates, represent the only form of social organization in which the economy maintains its own motives. As was seen at the commencement of modernity, its adoption at once makes possible the disembedding of the economy from social relations and the simultaneous inversion of social and economic pursuits. The foundational analytics suggested by Polanyi to explain the rise of modernity, however, end here. All other forces associated with the rise of modern society, including the rise of Utilitarianism, are either particular to the conditions under which our own society arose, or are but secondary considerations. Utilitarianism and hope, for example, represented mere philosophical rationalizations for the emerging social order – ideologies which were not necessary to convince an impoverished and hungry populace of the justness of its society.

Polanyi's discussion, however, fails to account for the very reason for which the society characterized by political economy continues to persist – the evolution of the individual. His claim that the rise of modernity was an entirely institutional phenomenon at once suggests that the changes wrought by modernity were not genuinely revolutionary in a truly *fundamental* sense, for institutional substitutions need not be irreversible. It forever remains possible that the institutional forms of the market society, in themselves, may be reversed. The practical plausibility of institutional change, however, rests within the will of both those responsible for the design social institutions and, more importantly, the individuals who perform the social order itself. Polanyi's omission of the individual and his ideology, therefore, leaves him ignorant of the truly

revolutionary nature of the transformation of modern society. Man's very worldview, conception of self, and sources of personal meaning have reflexively evolved alongside the institutional changes wrought by modernity. From Polanyi's 'removed' perspective, Utilitarianism may serve merely to align individual behaviors with the functioning of the economy. From the perspective of the individual, however, the utilitarian philosophy and the ends of the modern market are reflective of that in which he finds positive meaning in his existence. No longer must man pursue social interaction, religious customs, or social intercourse to derive existential meaning; rather, he finds meaning in the pursuit of economic ends – the ends of an allocative system which once served only as the infrastructure for his characteristically human pursuits.

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Polanyi's institutional conception of the inversion of social and economic ends, therefore, is purely superficial, for he gives no reason for which the institutional conditions of modernity might be irreversible. When we take man and his psychology into consideration, however, the truly transformative nature of the rise of modernity is made patently clear. The very nature of man has evolved to make him 'an animal of his own infrastructure,' forever an accessory to the economic order which was to be his *own* accessory. The inversion of modernity, therefore, extends beyond the conditionality of the mere disembedding described by Polanyi. It is not man's *institutions* which have wrought the inversions of man's ends; rather, man *himself* has been inverted. Man autonomously gives unto himself the ends of the market economy – mechanistic ends which originated outside of himself and his characteristic social activities. Institutional change and the pervasiveness of poverty may have provided the necessary conditions for the eventual rise of modernity; the institutions of political economy and the coercive force of hunger, however, are no longer required for the maintenance of modern society. It is man's own autonomous behaviors, rather, that give birth to an organic market society. There can be no *return* to humanity, therefore, for man himself has transformed in the contents of his principal pursuits – man has become *Homo economicus*, and the inverted society of modernity is *his own* society.

Polanyi does not seem to be entirely opposed to the notion that man himself has, to an extent, transformed with the rise of modernity. Yet, his idealization of Robert Owen and other socialistic reformers seems, at points, excessively idealistic. It may be so that the psychology of man will continue to evolve reflexively alongside his economic and social orders. Hopes for immediate

revolutionary change, however – changes wrought by man himself – would seem highly unlikely. The ascendancy of the society of jobholders and the growing contentment characteristic of modern man seem largely to have tranquilized any revolutionary sentiment among mankind. The future of man may yet hold a return to a characteristically human existence – one in which social and cultural ends are pursued for their own sake. Yet, the most we can do in modernity, it seems, is to lament the loss of man *qua* man.

Adam Holzman is senior at Yale University pursuing an honors degree in Ethics, Politics and Economics and in Economics.