

What Can Marxists Learn From Polanyi?

Hüseyin Özel and Erdal Yılmaz

Department of Economics
Hacettepe University
06532 Beytepe, Ankara, Turkey

ozel@hacettepe.edu.tr

erdalyilmaz_21@mynet.com

Paper presented to the 10th International Polanyi Conference: “Protecting Society and Nature from Commodity Fiction”, October 13-16, 2005, Boğaziçi University, İstanbul, Turkey

The relationship between Marx and Polanyi is complex. In some ways Polanyi's work is an interpretation of Marx; in some ways it is an elaboration, or at least a significant departure; in some ways it is a critique. A reading of Polanyi enables us to read Marx differently, and vice versa. The issue is not, simply, whether or not Polanyi was a Marxist. (Halperin, 1984: 268)

INTRODUCTION

The starting point of this paper is this comment by Rhoda Halperin on the relationship between Marx and Polanyi. Our objective is, however, to examine how reading of Polanyi could be useful to understand, or supplement, Marx's own views on both capitalism and the "human condition" in general, rather than vice versa. In this regard, we argue first that those followers of Polanyi who believe that Marx should be treated as a rival of Polanyi, and that Marx's "historical materialism" and his critique of capitalism is economically (or technologically) determinist, mechanistic, and reductionist, either misunderstand or misrepresent Marx.. We believe that these properties should be taken as representing the position that could be called as "vulgar" Marxism, rather than representing Marx's own position. This type of "vulgar" Marxism is first of all positivistic or scientistic in its outlook; that is, it maintains the positivistic distinction between facts and values and thus considers ethics as being trivial in understanding and resisting capitalism. Secondly, its "materialistic conception of history" is guilty of the "economic fallacy", since it overlooks the fact only under capitalism do we have an "economic society". Third, its class conception is mechanistic and reductionistic in that every act of resistance to capitalism must be explained in terms of, and carried out through, class struggle. Last, but not least, the "vulgar" Marxism is fatalistic in the sense that it maintains the view that capitalism will inevitably be collapsed through class struggle.

We believe that none of these charges can be sustained if one considers Marx's work in its entirety, and that there are important affinities and overlaps between Marx and Polanyi, differences notwithstanding. But still, since these types of interpretations are usually founded on Marx's own writings, we feel obliged to show that it is a misconception to identify Marx with the above "straw man". Therefore, we argue that Polanyi can be used in a constructive way "to save Marx from himself", i.e., from these unnecessary, and we believe unfounded, charges by reclaiming some of the notions and methods that are emphasized in Polanyi.

Therefore in this paper, mainly by using Marx's and Polanyi's own writings, we will argue that, with respect to the critique of capitalism, the differences of opinion between the two are of minor significance and that substantially they share the same basic conception about human beings, society and

capitalism. In this connection, two aspects of Polanyi's system that correspond to that of Marx are worth mentioning: First, the "commodity fictions" created in capitalism, a notion which corresponds to Marx's analysis of commodity fetishism, and second, the "substantive" understanding of economics which appears to be quite similar to Marx's conception of "historical materialism".

Secondly, the "dehumanizing" aspect of capitalism was noticed and made the very basis of a critique of capitalism itself by both Karl Marx and Karl Polanyi. In both, capitalism is a "violation" of essential powers of human beings, or human nature in general, that is, both thought that man's essence is contradicted by his essence under capitalism. The reason for this is that in capitalism, the sphere of the "economic" becomes separate and dominates over individuals' lives. In other words, under capitalism, the "totality" of man, as the unity of different aspects, has been broken down into separate and autonomous entities, and among these entities, economic one become dominant, or man become an "economic" being. As opposed to this, both emphasized the fact that man is essentially a "political animal" and therefore both of these thinkers represent the "societal" approach, to use Polanyi's expression. However, although this is the essential concern in both Marx and Polanyi, that is, both of them insisted on the totality of human "livelihood", again to use one of Polanyi's favorite expressions, the two differed in some points of emphasis and terminology.

Thus, we will first outline Polanyi's critique of capitalism which emphasizes the "noneconomic nature" of man, and his substantive view, which can be seen as an elaboration of this noneconomic nature. Then, in the second section, we will give a brief outline of Marx's views and draw attention to some similarities and differences between the two. In this respect, we will specifically argue that Marx's concept of human nature is essentially same with Polanyi's although Polanyi defends this conception on the basis of anthropological data whereas Marx's concern is basically philosophical. In other words, the two concepts are complementary rather than substitutes. Along the same lines, we will argue that for Polanyi's critique of capitalism to be complete, there should be a close co-operation between Marx and Polanyi. In this context, however, we believe that Polanyi's critique of capitalism is flawed in one important respect: this criticism is not accompanied with an *explicit* criticism of the neoclassical economics; in fact, Polanyi seems to share neoclassical price and therefore value theory in its description of the economic process. In this regard, we believe that although Polanyi understands the importance of Marx's concept of alienation, and fetishism, he does not seem to be aware that it is this analysis of alienation which points to the elemental fact that the very reality itself is "upside-down" in capitalism, using Marx's metaphor. That is to say, if the very reality from which we abstract our theories itself is inverted, then our theory which reflects, or "mirrors" this reality will also be inverted. In other words, what we need is an explicit critique of *both* the reality and the theory. Therefore, in this respect, an attempt to reach a synthesis between Polanyi's and Marx's accounts does not seem to be worthless, for

the two are quite compatible.

1. Karl Polanyi: From the Specific to the General

Polanyi, in *The Great Transformation* (Polanyi 1944), engages into a critique both of the utilitarian outlook for the human economies, which is based on the “invisible hand” paradigm and its essential constituent, the principle of *laissez-faire*, and, more importantly, of capitalism, or what he calls “market economy”, itself. According to him, the nineteenth endeavor to create a self-regulating market system “was in the very nature of things impossible.” (Polanyi 1944: 269). Market economy is a unique and peculiar economic system in the history of mankind; for the first time in the history, has the “economy” become an independent sphere within society, which functions according to its own laws. Considering Polanyi’s (later) distinction between *embedded* and *disembedded* conditions of the economy in relation to society, it is easy to see the peculiarity of this nineteenth century society. Before capitalism, the economic sphere, or the market, is embedded in to the social relations and in this setting it is not possible to distinguish between market as a self-regulating, independent institution and other social relations. The elements of the economy, or economic transactions, are always subject to essentially non-economic considerations, like social status, political or religious motives. The term “economic life” have no meaning in these societies (Polanyi 1957a: 70). On the other hand, the disembedded economy, capitalism or “market economy”, is characterized by an independent economic sphere in society. This disembedded economy of the nineteenth century must stand apart from the political system of the “rest” of the society. The working of this disembedded market institution should not be interfered by “blood-tie, legal compulsion, religious obligation, fealty or magic” (Polanyi 1957a: 68). Such an independent existence of the market institution is also the source of the dominance of market over other social relations. This process of the subordination of social to the economic under capitalism is mainly a ‘commodification’ process. For Polanyi, a self-regulating market demands such a subordination for

"such an institutional pattern could not function unless society was somehow subordinated to its requirements. A market economy can exist only in a market society. ... A market economy must comprise all elements of industry, including labor, land, and money. ... But labor and land are no other than natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market. (Polanyi 1944: 71)

Such a subordination, of course, requires the creation of *fictitious commodities*, labor, land, and money, which are themselves are not “produced” for the market.:

Labor is only another name for a human activity which goes with the life itself, which in its turn is not produced for sale, but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilized; land is only another name for nature, which is not produced by man; actual money, finally is merely as token of purchasing power which, as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity description of labor, land and money is entirely fictitious. (Polanyi 1944: 72).

After this crucial step, economic sphere has arisen as an independent sphere which “was sharply delimited from other institutions in society” and the inevitable effect of this separation was the dominating power of the market, “since no human aggregation can survive without a functioning productive apparatus, its embodiment in a distinct and separate sphere had the effect of making the ‘rest’ of society dependent upon that sphere.” (Polanyi 1947: 111).

Then, this step gives rise to a “dehumanization” process; under the market system, human beings are forced to live through a “perverse” life within which they are deprived of the very qualities that make them human beings, or to use Rotstein’s (1990: 100) apt metaphor, market system represents the artificial, externalized embodiment of the individual or the “blind and dark alter ego.” The institutional structure of the market economy forces human beings to live through a separate, fragmented life; under this system, in other words, the “totality” of human existence breaks down, a process which should be conceived within two steps; first, creation of the commodity fictions leads to the breakdown both of the totality of human life activity into “economic” and “non-economic” spheres, and of the unity between man and his own powers he exerts within this life activity in the case of commodification of labor power, and breakdown of the unity of man with the nature in the case of the commodification of land. Secondly, the institutional separation of the economic, this “disembedded economy”, which is the result of these two commodity fictions, leads to the transformation of the notion of the human condition; that is, human beings in capitalism are now characterized as guided by two “economic” motives, the hope of profit or the fear of hunger. All other motives, no matter how essential they are in understanding what a human being is, are reduced to the level of insignificance in everyday life through being enveloped within the term “ideal”: “man’s vital unity” has been split into a “‘real’ man, bent on material values, and his ideal better self” (OMM, 116). This is nothing but the manifestation of the separation of economics from politics, or actually from morality or ethics. (Lind 1994: 147).

Yet, to put it another way, this is nothing but the violation of the very sociality of human beings. The market mechanism transformed the very substance of human economy, by transforming both “man’s ultimate dependence on nature and his fellows for the means of his survival” for it put this dependence under the rule of the market (LM, 8), which transforms the individual into a mere “atom.” In other words,

the disembedded market economy makes the rule of the “changelessness of man as a social being” (GT, 46) obsolete for it inevitably leads to the dissolution of the society itself by forcing man to behave like a *homo oeconomicus*.

However, such an attempt to subordinate society to the market could not take place without resistance by the society for self-protection. That is to say, “for a century, ... the market expanded continuously but this movement was met by a countermovement checking the expansion in definite directions.” (Polanyi 1944: 130) This *double movement*, at first sight appears as a struggle between two abstract entities: “market” on the one side and “society” on the other. However, as Block and Sommers (1984, pp. 71-72) suggest, this should be considered as a “metaphor”, which operates as a “heuristic” but carries no specific causal argument by itself. What we need here is, then, a causal argument for this double movement. In this regard, the double movement, according to Polanyi,

can be personified as the action of two organizing principles in society, each of them setting itself specific institutional aims, having the support of definite social forces and using its own distinctive methods. The one was the principle of economic liberalism, aiming at the establishment of a self-regulating market, relying on the support of the trading classes, and using largely *laissez-faire* and free trade as its methods; the other was the principle of social protection aiming at the conservation of man and nature as well as productive organization, relying on the varying support of those most immediately affected by the deleterious action of the market --primarily, but not exclusively, the working and the landed classes-- and using protective legislation, restrictive associations, and other instruments of intervention as its methods.

The emphasis on class is important. The services to society performed by the landed, the middle, and the working classes shaped the whole social history of the nineteenth century (Polanyi 1944: 132-33)

In other words, first, the causal “agents” in the double movement are classes, and second, as an implication, state appears as a platform or an “arena” of the class struggle, a concept with the help of which capitalist (market) society can be analyzed.¹ Nevertheless, the double movement should not be reduced to a simple clash between the classes in the society, even though both of these movements were conducted mainly by classes and the principles they represent, even when these principles are not

¹ We will return to this point when we will be discussing the similarities between Polanyi and Marx. Here, it might be interesting to note the three levels of analysis in Polanyi, according to Block and Summers (1984: 74-75): the world economy, actions of the (national) states and class (and other group) conflicts within society; and these three levels are integrated with two “opportunity structures”: a global opportunity structure which shapes what is possible for states (like the one which allowed Germany, Italy and Japan to break with the 19th century “order”), and a national opportunity structure which determines the options for social groups to affect state policies.

compatible, from time to time, with their immediate “interests.” And it is the existence of this struggle between the classes and its effect on the economic sphere, the market, which makes capitalist society inherently unstable. But there is a double, or indeed circular, process at work here: since these classes themselves and their conflicts emanate from the economic sphere within a capitalist society, conflicts between them will necessarily have social dimensions, that is, they will spread throughout the society, even if these conflicts may be economic in character, and this in turn creates further disruptive effects on the economic sphere whose impairment will intensify the tensions existing in the society. That is to say, “since society was made to conform to the needs of the market mechanism, imperfections in the functioning of that mechanism created cumulative strains in the body social” (Polanyi 1944: 201). In other words, the process of double movement will tend to break the institutional separation of the economic and political upon which the market system is built. The result of such a process would be the dissolution of the social fabric and the attempt to reestablish this institutional separation require eradication of every form of social opposition against the market, by any necessary means, including the use of force as the fascist period has shown.²

From this brief sketch, we can infer three basic conclusions. First, Polanyi’s argument is that market society is inherently unstable; in other words, his critique is directed to the invisible hand paradigm of the social order. What makes market society unstable is the antagonistic elements and conflicts between social classes or groups, and since the market operates on the basis of the principle of self-interest, not on solidarity, “the group cannot long survive intact” (Hechter 1981: 411)³ However, as the second point to be stressed, the double movement should be taken to mean a clash between the two institutional spheres, as the embodiment of the two opposing principles characterizing the human condition. While the “fear of hunger and hope of gain” govern the extension of the market, the countermovement is induced by the fact that human beings are basically “political animals”. In other words, the protective countermovement against the extension of the market sphere represents a moral resistance against “dehumanization” created by the commodity fictions, rather than representing simply a class movement driven by “economic” interests. Last, but not least, even if this protective countermovement can be seen as a form of “reclaiming humanity”, it may not always create desirable outcome for the humanity. The paradigmatic example for this, is of course, the rise of fascism. Out of the

² Polanyi’s own views on fascism are given in Polanyi (1935).

³ However, Hechter does not consider this as a critique of utilitarianism because he argues that invisible hand argument is not consistent with utilitarianism; according to him, utilitarianism based on the idea of self-interest, necessarily leads to conflict between individuals in the society and to the intervention of state as “the only institution capable of preventing social unrest by intervening in the market place.” (Hechter 1981: 414).

clash between the market and the “rest” of the society, there may arise either “socialism or barbarism”. That is to say, even if the process of double movement can explain the structural instability or the process of “social breakdown” that the market system suffers, the specific outcome could not be certain. The morale that can be inferred from this fact is that the protective countermovement can also have disastrous consequences, if we do not consider the ethical importance of it for the whole humanity.⁴ For the basic problem of the market economy is not just economic, but it is basically social and moral. Market economy was doomed to failure because “since its purpose was to create profits and welfare, not peace and freedom” (Polanyi 1944: 255). So, we should never forget that

Liberal economy gave a false direction to our ideals. ... It was an illusion to assume a society shaped by man’s will and wish alone. Yet this was the result of a market-view of society which equated economics with contractual relationships, and contractual relations with freedom. The radical illusion was fostered that there is nothing in human society that is not derived from the volition of individuals and that could not, therefore, be removed again by their volition. Vision was limited by the market which “fragmented” life into the producer’s sector that ended when his product reached the market, and the sector of the consumer for whom all goods sprang from the market. The one derived his income “freely” from the market, the other spent it “freely” there. Society as a whole remained invisible. The power of the State was of no account, since the less its power, the smoother the market mechanism would function. ... (Polanyi 1944: 257-58)

2. Economistic Fallacy and the Substantive Definition of Economic

Once the fictitious commodities were created, the desire of gain and the fear of hunger have automatically become the universal motives, for the subordination of the social to the economic has been completed. As a consequence of this process “the delusion of economic determinism” (Polanyi 1947: 114) has be

⁴ One can see the growing emphasis on “multiculturalism” and the promotion of “communitarian” values (ethnic, religious, etc.), especially in these days of “globalization” as embodiments of protective countermovement. Although these (pseudo) communities can function as “havens in a heartless world” (Marx 1975: 243-57), the definition of the “community” at the expense of the species nature of humanity, or on the basis of the distinction between “us” and “them”, may also result in the denial of humanity. As Polanyi warns, in such communities, “solidarity here, enmity there, rule the day. ‘They’ are the objects of hostility, degradation, and enslavement, ‘we’ belong together” (Polanyi 1977: 59).

gun to dominate our minds. In this system, not only are the social classes identical with “supply” and “demand” for the markets for labor, land and capital (Polanyi 1947: 114), but all institutions existing in the society, including family, organization of science and education, and of religion and arts, in short every aspect of life, must conform to the requirements of the market (*BED*, 100). And worse than this is the new outlook of man himself; from this time onwards,

man was believed to consist of two components, one more akin to hunger and gain, the other to honor and power. the one was “material”, the other “ideal”; the one “economic”, the other “non-economic”; the one “rational”, the other “non-rational”. the utilitarians went so far as to identify the two sets of terms., thus endowing the “economic” side of man’s character with the aura of rationality. He who would have refused to imagine that he was acting for gain alone was thus considered not only immoral, but also mad. (Polanyi 1944: 114)

This view of man itself is a product of the market system; never before capitalism, when man’s economy was submerged in his social relations, did man appear as mainly as an “economic animal” as in the nineteenth century “civilization”. Associated with this, of course, is the *economistic fallacy*, i.e., identification of “economic phenomena” with “market phenomena” (Polanyi 1957b: 270 and 1977: 20), or the extrapolation of the categories that are prevalent in capitalism to other societies and/or other times. In other words, we should distinguish between the two meaning of “*economic*”; distinction between the *formal* definition and the *substantive* definitions of economic (Polanyi, 1957: 245-50; 1977: 19-21) According to Polanyi, the formal, mainly Neoclassical, definition of economic considers means-end relationship. On the other hand, the substantive definition “points to the elemental fact that human beings, like all other living things, cannot exist for any length of time without a physical environment that sustains them.” (Polanyi 1977: 19). In this regard, the term “material” refers to man’s dependence for his “livelihood” upon nature in the context of social relations, and hence “so long as the wants depend for their fulfillment on material objects the reference is economic. *Economic* here denotes nothing else than ‘bearing reference to the process of satisfying material wants’. (Polanyi 1977: 20). These two definitions are radically distinct and different from each other, even to such a degree that

The cogency that is in play in the one case and in the other differs as the power of syllogism differs from the force of gravitation. The laws of the one are those of the mind; the laws of the other are those of nature. The two meanings could not be further apart; semantically they lie in opposite directions of the compass. (Polanyi 1957b: 244)

Since the term “material” refers to the process of satisfying wants, it is important to understand how these wants are satisfied; for Polanyi satisfaction of wants can be carried on within an “instituted process”. That is,

[economy] can be briefly (if not engagingly) defined as an instituted process of interaction between man and his environment, which results in a continuous supply of want satisfying material means. (Polanyi 1957b: 248)

Here, first, economy is instituted in the sense of “a sequence of functional movements that are embedded in social relations” (Polanyi (1960, p. 329), and second, the word “process”

suggests analysis in terms of motion. The movements refer either to changes in location, or in appropriation, or both. In other words, the material elements may alter their position either by changing place or by changing “hands”. ... Between them, these two kinds of movements may be said to exhaust the possibilities comprised in the economic process as a natural and social phenomenon.

Locational movements include production, alongside of transportations, to which the spatial shifting of objects is equally essential. ...

The appropriative movement governs both what is usually referred to as circulation of goods and their administration. In the first case, the appropriative movement results from transactions, in the second case, from dispositions. (Polanyi 1957b: 248)

In short, we can see the “institutedness” as the integration of both, from an operational point of view, as “things in movement” and, from a sociological point of view, as the “persons in situations” (Polanyi 1971: 19-20). In this conception, the problem of how empirical economies are instituted can be solved by considering the four “forms of integration”, namely, householding, reciprocity, redistribution and exchange, each of which is dominant in one society at a time.⁵ These forms or patterns of integration are accompanied by the institutions through which the economy is organized. In this regard, the institutional patterns corresponding to each form are Autarchy, Symmetry, Centricity and Market pattern, respectively (Sievers 1991: 64). These four (or three) forms of integration, which constitute the “substantivist” approach, can be employed to analyze “all the empirical economies of the past and present” (Polanyi 1957b: 244). Here, however, one thing should be emphasized: these forms of

⁵ Although Polanyi (1944:54) includes householding as a form of integration, Polanyi (1957:250) mentions only the three and excludes householding. On the other hand, Polanyi (1960: 330) argues that householding “is actually redistribution on a smaller scale.” However, for my purposes, this is not of considerable importance.

integrations refer to neither individual, nor aggregative behavior: Integrative effect is conditioned by the presence of definite institutional arrangements. Although these arrangements appear as “mere aggregates of the same personal patterns” , “the significant fact is that mere aggregates of the personal behaviors in question do not by themselves produce such structures”:

We merely insist that if, in any given case, the societal effects of individual behavior depend on the presence of definite institutional conditions, these conditions do not for this reason result from the personal behavior in question. Superficially, the supporting pattern may seem to result from a cumulation of a corresponding kind of personal behavior, but the vital elements of organization and validation are necessarily contributed by an altogether different type of behavior. (Polanyi 1957b: 251-52)

Polanyi’s formal-substantive economy distinction and especially his concept of economic fallacy have created much debate in anthropology, though they have not been considered as novel or controversial by sociologists (Humphrey 1969: 178). This distinction has immediately started the “formalist”-“substantivist” debate in economic anthropology.

First of all, economic fallacy has been criticized, by the formalists, on the basis of Rational Choice Theory, and it has been argued that the principle of rationality, in the sense of optimizing behavior, can be used to explain the whole history, and even it can be extended to the realm of nature (Rottenberg 1958; Le Clair 1962; Burling 1962; Cook 1966; Rutten 1990)⁶. On the other hand, according to Manning Nash, who commented on Dalton (1971a), argues that “The institutionalist analysis of Polanyi’s is rather crude and *ad hoc*. His principles of exchange are descriptive of some societies, but have little analytical value. ... The principles lead to mechanical, schematic, and static understanding at a superficial level” (p. 87), whereas R. F. Salisbury believes that Polanyi’s classification of economies on the basis of “forms of integration” is useful, but “only to help beginning students appreciate the different repertoires of superficial economic forms found in different societies.” (p. 89) Along the same lines,

⁶ It is interesting to observe that two of the critics, Rottenberg, an economist, and Cook, an anthropologist, employs M. Friedman’s “positive economics” argument to criticize Polanyi, namely, according to them assumptions do not matter, all matters is the predictions. On the other hand, Scott Cook distinguishes between “Formalist” and “Romanticists”, and places Polanyi into Romanticist camp. His definition of Romanticism, in this respect, is quite instructive: The Romanticists are “those who focus on situations limited in time and space, and who are prone to retrospection or are diachronically oriented; they are humanistic in outlook and non-mathematical in inclination, favor the inductive mode of inquiry, and are basically synthetic in methodology (i.e., lean toward the belief that the whole determines its parts)”, whereas the Formalist are “those who focus on abstractions unlimited by time and place; and who are prone to introspection or are synchronically oriented; they are scientific in outlook and mathematical in inclination, favor the deductive mode of inquiry, and are basically analytic in methodology (i.e., lean toward the belief that parts determine the whole).” (Cook 1966: 327).

Maurice Godelier, a Marxist anthropologist, in his comment to Dalton (1981) argues that Polanyi never gives an explanation about why a particular structure prevails and why “embeddedness” occur in a certain way. (p. 65) Similarly, Godelier thinks that Polanyi “never sought to find out whether the hierarchy of causes which determine the reproduction of a social system is the same as the hierarchy of the institutions which obviously dominate its functioning.” (p. 67). According to him, Polanyi takes these two distinct sets of causes as identical⁷.

As a reply to this group of criticisms, namely that the categories of the substantivist approach are not analytically adequate to study actual economies, we can cite what Humphrey argues; according to her, Polanyi “wanted to proceed from a substantive definition of the economy to an *empirical* study of the place of the economy in society, without any theoretical presupposition about the function of the economy. It may therefore be a mistake to judge his substantive definition of the economy as an attempt at a complete and exhaustive definition.” (Humphrey 1969, p. 199) Although she is right about that in Polanyi, the substantivist definition is not intended as an exhaustive one, and it must be enriched empirically, the substantive definition itself is a “theoretical presupposition” through which the empirical level is examined. In this regard, in the “Introductory Note” to Polanyi *et al.* (1957), we read:

...the main task of the book is *conceptual*: it argues that *only a small number of alternative patterns for organizing man's livelihood exist* and it provides us with tools for the examination of nonmarket economies. These tools are applied in a series of empirical researches, although the underlying theory transcends them. (pp. xvii-xviii, emphases added)

Again,

Technological progress is cumulative and unbounded, but economic organization is not. *There are only a few general ways in which the economy may be organized.* It is this limitation of the possible patterns of economic organization and their effective combinations which gives to the thoughts and

⁷ Godelier also thinks that “what Polanyi calls integrative mechanisms” are what the Marxists call, on the one hand, relations of production and, on the other hand, forms of circulation of the social product.” (p. 66) That is, according to Godelier, Polanyi confuses these two distinct levels. Another Marxist critic, Meillassoux (1972) criticizes Polanyi in that Polanyi’s analysis, according to him, is “restricted to the phenomenon of circulation, without ever entering the sphere of production.” (p. 96) However, this is a superficial criticism, both for Polanyi’s *Great Transformation* and for his anthropological views. Another problem with Meillassoux is that he believes that primitive formations “rely less on the control of the *means of material production* than on the *means of human reproduction*, subsistence and women. Their end is reproduction of life as a precondition to production.” (Meillassoux 1972: 101). Yet, such a crude materialistic outlook in which human beings are seen as “means” for production, seems closer to the “vulgar” Marxist interpretation.

data offered here some topicality. (p. xviii, emphasis added)

In these passages, the emphasized claims are not simply empirical findings; they are in a sense, theoretical claims, which have some independence of the empirical analyses.

But this discussion raises the question of the distinction between “general” and “particular”, or “transhistorical” and “historical” categories. In this regard, Polanyi, especially in his project in anthropology, seems to have emphasized the particular aspect at the expense of the general or universal aspect of human societies. Yet, to appreciate the necessity of this general aspect is of considerable importance especially in Polanyi’s critique of capitalism, for this critique works only if we specify the “human condition” or the “human essence” on which the argument is based. In this regard, although Dalton (1971a: 186n) argues that “Polanyi was not arguing against generalization, but against the universal applicability of conventional economics”, the comment made to Dalton’s paper by Carol F. Swartwart, who distinguishes between two questions, is worth citing:

- (1) Can conceptual models developed to fit modern Western Institutional arrangements be usefully, or validly, applied to primitive Non-Western cultures?
 - (2) Can a universalistic theory be developed which can adequately deal with the variability of the phenomena cross-culturally? A negative answer to the first question does not necessarily imply a negative answer to the second question.
- (p. 94)

However, the answer to such a question may not be given merely by using anthropological data; what we also need may be a philosophical argument, which specifies the general human condition and the underlying social theory, for only such a general conception can be helpful in understanding the capitalist reality and more importantly, in transcending it. In this regard, what Sievers (1949: p. 339-40) said about Polanyi’s position in *The Great Transformation*, sometime before his anthropological project has been initiated, seems to me significant: “Polanyi is not sufficiently explicit or complete in his elaboration of the philosophical position he maintains, and ... he resorts more to anthropological illustration than philosophical demonstration.”⁸ But unfortunately, this point seems to have been omitted in Polanyi’s economic anthropology project. But still, we believe, it is possible to devise such an outlook about the

⁸ Likewise, Sievers (1949), with respect to Polanyi’s criticisms of the philosophy of Townsend and the classical economists characterized by “utilitarianism, economic determinism, psychological dualism, ‘biologicalism’, and natural law mechanism” (p. 332), argues that “He attacks these philosophical doctrines not on the philosophical level, but on the pragmatic and scientific levels. ... [Yet] Polanyi’s scientific account is inadequate in its coverage of human societies, and in the evidence brought in support of his generalizations; moreover, the scientific approach of comparative anthropology can never be an adequate substitute for the philosophic method in the solution of essentially philosophic problems.” (pp. 332-33) It seems to me that this a general problem of Polanyi: using anthropology in solving essentially philosophical problems.

general human nature upon which a more adequate theory can be developed. In this regard, what I would suggest is the need of a close co-operation between Marx and Polanyi, rather than a hostility between them, a problem to which I would like to turn now.

3. Are Marx and Polanyi Incompatible?

One of the claims that some of the followers of Polanyi, above all George Dalton,⁹ frequently raise is that Marx was committed to economic determinism and, therefore, to economic fallacy in his framework of “historical materialism”. (e.g., Dalton 1981; Dalton and Köcke 1983; Block and Summers 1984: 48; Schroyer 1991). Especially in economic anthropology, the differences between Marx and Polanyi has been subjected to intensive debate. For example, according to Dalton, although “there are definite affinities (agreements, similarities) between Marx and Polanyi in both paradigm and commitment to socialism...”, “...*the differences between Marx and Polanyi are much more important than their similarities. Marx and Polanyi definitely represent rival (alternative, disagreeing, contradictory) paradigms or theoretical systems.*” (Dalton 1981: 75) With respect to the similarities, Dalton (1981: 75-76) argues that both Marx and Polanyi regarded all precapitalist societies and economies as comprising a single field for investigation; that is, economic anthropology begins with early economic history; and also both differed from “conventional economics”, representing the tradition from Ricardo to Samuelson. However, when we look at the differences, he argues that, first, whereas Marx was right about economic determinism of the nineteenth and twentieth century industrial capitalism, he was wrong to assume that the primacy of the economic is also true for the precapitalist societies; he was also wrong about what must inevitably follow capitalism. Second, Polanyi has nothing to say about the deep causes of the sequential change; his thought presupposed “no stage, no evolution, no propelling mechanisms transforming one epoch into another” (Dalton 1981: 77), whereas Marx had such a conception. In addition, Polanyi was not a Marxist because “*there is no such thing as a Marxian employing in his analysis a set of conceptual terms different from Marx’s.*” (Dalton 1981: 77). And finally, in Marxian analysis there is no counterpart to Polanyi’s concern with early foreign trade and early money wages. (p. 78) Likewise, Dalton and Köcke (1983) maintains that the claim that Polanyi is a member of Marxist family and his theory could be incorporated in historical materialism is “utter nonsense” (p. 37). For them, although for both Marx and Polanyi capitalism is a unique occurrence in the history and Polanyi’s “substantive” meaning of economic and Marx’s “mode of production” appear to be similar, “the conclusions each drew were utterly different.” (Dalton and Köcke 1983: 37) Secondly, “Polanyi’s use of much more ethnographic data

⁹ Dalton “has made every effort to disassociate Polanyi’s thought from that of Marx’s” (Halperin 1984: 247).

distinguishes his work from Marx's" (p. 39); thirdly, Marx's main focus was capitalism whereas Polanyi has a general account for "all the empirical economies, past and present." And lastly, in terms of the distinction between substantivist and Marxist "paradigms", Marxist anthropologists "wind up utter disagreement among themselves" (p. 39); that is, Marxists have no shared paradigm whereas substantivists do.

On the other hand, however, anthropologist Lucette Valensi (1981: 9) believes that "Karl Polanyi never told he was in disagreement with Marxism. ... What Polanyi explicitly rejected, however, was the unilinear schema of evolution, defended by the Marxists of the early XX. century."¹⁰ Likewise, J.R. Stanfield says, "I would include Marx and Polanyi in the compatibility category" (1980: 594), but he believes that Polanyi "detected a fatalistic determinism in Marxism", although he immediately adds that "Polanyi ... often distinguished Marx from his followers." (Stanfield 1986: 14).

We believe that this point is important: Polanyi usually distinguishes Marx from his followers. Nevertheless, unfortunately, he is not very clear about Marx himself, his treatment of Marx is always "tangential" (Sievers 1949: 307). According to Sievers, one reason "might be found for this choice in the difficulties in engaging in Marxist polemics while attempting constructive work along independent lines." (1949: 307)¹¹

On the other hand, Polanyi in the *Great Transformation* says, in passing, that "...the essential philosophy of Marx centered on the totality of society and noneconomic nature of man" (Polanyi 1944: 151); but he also writes: "from this time [the arrival of capitalism] onward naturalism haunted the science of man, and the reintegration of society into the human world became the persistently sought aim of the evolution of social thought. Marxian economics --in this line of argument-- was an essentially unsuccessful attempt to achieve that aim, a failure due to Marx's close adherence to Ricardo and the traditions of liberal economics." (Polanyi 1944: 126) Likewise, in a classnote written by himself (Dalton 1968: pp. 121-38), he argues that Marx represents a return to the "societal" approach, as opposed to "economistic" one, but "at the same time he also involuntarily strengthened the economistic position" (p. 134); and also :

¹⁰ Valensi also quotes this passage from Marx's *Grundrisse* : "The ancient conception, in which the human being appears as the aim of production, ... seems to be very lofty when contrasted to the modern world where production appears as the aim of mankind and wealth as the aim of production", and asks: "who could tell whether this passage was written by Karl Polanyi or by Karl Marx?" (Valensi 1981: 9)

¹¹ But he thinks that Marx was "a determinist to a degree which denies the essential free character of human nature" (Sievers 1949: 311), and "neither Owen nor Marx offer a humanistic basis for a socialist reconstruction of society" (p. 359) Yet, when he is discussing the role of classes in Polanyi's account in the *Great Transformation*, he says that "Polanyi may not be as far from Marx as he perhaps deems himself." (Sievers 1949: 341). He too, recognizes Polanyi's distinguishing between Marx himself and his followers (p. 358)

Capitalist society, Marx argued, was economic society, and therefore it was ruled by the laws governing the economic system, i.e., the laws of the market. Marx, however, failed to emphasize (to put it at the least) that such a state of affairs existed only in capitalist society. The discovery of the importance of the “economic” under a market economy induced him to overstress the influence of the economic factor generally, at all times and places. This proved a grave mistake. Although Marx himself insisted on the influence of non-economic factors in history, especially in early history, nevertheless Marxists made a veritable creed of the economic interpretation of history. This amounted to an assertion not only of the predominance of economic factors, but also of economic motives. This enormously strengthened the classics. The societal approach personified in Marx was sapped by the economistic element inherited from the classics. (Dalton 1968: 134)

Here, it is not very clear that whether Marx’s “grave mistake” was his being committed to “economistic fallacy” or his failure to emphasize the uniqueness of capitalism, so that his followers could not generalize what he said about capitalism to other societies. But what is clear is the distinction between Marx and his followers. Again, when he is discussing the importance of economic in capitalism, he argues that:

As regards *man*, we were made to accept the heresy that his motives can be described as “material” and “ideal”, and that the incentives on which everyday life is organized spring from the “material” motives. Both utilitarian liberalism and popular Marxism favored such views.

As regard *society*, the kindred doctrine was propounded that its institutions were “determined” by the economic system. this opinion was even more popular with Marxists than with liberals.

Under a market economy both assertions were, of course, true. *But only under such an economy.* (Polanyi 1947: 110)

As regards to the importance of classes in capitalism, Polanyi seems to reject the definition of classes in merely economic terms (Sievers 1991: 58), on the basis of the concept of “class interest”. For him,

...mere class interests cannot offer ... a satisfactory explanation for any long-run social process. First, because the process in question may decide about the existence of the class itself; second because the interests of given classes determine only the aims and purposes toward which those classes are striving, not also the success or failure of such endeavors. There is no magic in class

interest which would secure members of one class the support of members of other classes. (Polanyi 1944: 152-53);

And he goes on saying that

there is equally mistaken doctrine of the essentially economic nature of class interests. Though human society is naturally conditioned by economic factors, the motives of human individuals are only exceptionally determined by the needs of material want satisfaction. That nineteenth century society was organized on the assumption that such a motivation could be made universal was a peculiarity of that age. (Polanyi 1944: 153)

....

Once we get rid of the obsession that only sectional, never general, interest can become effective, as well as of the twin prejudice of the restricting the interests of human groups to their monetary income, the breadth and comprehensiveness of the protectionist movement lose their mystery. (Polanyi 1944: 154)

However, we believe that Marx would not necessarily disagree with these views, for it is not clear that Marx explained any “long-run social process” on the basis of class “interest”. It is not clear also that Marx defined the motives of human individuals on the basis of want-satisfaction in a narrow sense as in capitalism; and it is not clear that Marx was obsessed by the “sectional” interests. It seems that Polanyi does not actually accuse Marx of being an economic determinist and of committing to economic fallacy, but definitely he accuses, we believe correctly, what he calls “popular Marxism” of being guilty of both of these “sins”. That is to say, the accusation that Marx was an economic determinist, on the part of the critics of Marx, stems from a failure to distinguish Marx from his “popular” version.

On the other hand, Rhoda Halperin (1984; 1988; 1994), argues that, Polanyi was, far from rejecting Marx, actually a Marxist, but because of the political climate in the forties and fifties in the U.S., he had to mask his Marxism (1984: 249). In effect, Polanyi belongs to the “institutional” paradigm¹² which encompasses “those models which take institutions to be the key units of analysis”, and this paradigm was “originated with Marx and was elaborated by Polanyi and others, most notably by Max Weber.” (Halperin 1984: 246). According to her, Polanyi’s “substantivist” definition of the economy and Marx’s historical materialism are different ways to say same thing. For example, she quotes from Polanyi

¹² Whereas for Dalton, there are three essential paradigms in economic anthropology: formalist, substantivist and Marxist (Dalton 1975: 73-74), though Marxist has not achieved a “paradigm” status yet, for Halperin (1988; 1994), on the other hand, these three are just “schools of thought”; the “paradigms” are “formalist” and “institutionalist” paradigms. Marx and Polanyi, or the substantivist and Marxist schools for that matter, belongs to the institutionalist paradigm.

this passage:

The substantive economy must be understood as being constituted on two levels: one is the interaction between man and his surroundings; the other is the institutionalization of that process. In actuality, the two are inseparable; we will, however, treat of them separately. (Polanyi 1977: 31)

and she argues that the first level, the “ecological” level, corresponds exactly to the forces of production and the second, the “institutional level, to the relations of production in Marx; or more generally, in Polanyi’s overall system, component corresponds to forces of production (Halperin 1988: 36; also 1984: 253).

The above passage also suggests that none of these two levels has any causal primacy over the other; that is, one should study both in order to get a clear picture of the particular society at hand. As we will argue below, this position, the inseparability of the “base” and “superstructure” is one of the essential points of historical materialism. In this regard, and maybe to Halperin’s benefit, we can cite Polanyi’s own words:

Process and institutions together form the economy. Some students stress the material resources and equipment --the ecology and technology-- which make up the process; others, like myself, prefer to point to the institutions through which the economy is organized. Again, in inquiring into the institutions one can choose between values and motives on the one hand and physical operations on the other, either of which can be regarded as linking the social relations with the process. Perhaps because I happen to be more familiar with the institutional and operational aspect of man’s livelihood, I prefer to deal with the economy primarily as a matter of organization and to define organization in terms of the operations characteristic of the working of the institutions. Polanyi (1960: 329-30).

That is, Polanyi’s emphasis on institutional aspects of human “livelihood” is a matter of choice; He decides to stress this aspect not because it is the essential one, but because he has more data dealing with this aspect.¹³

However, this discussion would still be insufficient without examining some of the views of

¹³ Perhaps Halperin’s comments that “Polanyi had access to anthropological data which did not exist in Marx’s time” and “Polanyi ... used ethnographic data to modify and elaborate Marx’s concepts” (both in Halperin 1984: 247) can be thought to support this interpretation.

Marx himself. For our purposes, two aspects of Marx's overall system are of considerable importance: Marx's views of human nature and his "historical materialism", for these two aspects are crucial in assessing the relations between Marx and Polanyi.

4. Marx's Concept of Human Nature and "Historical Materialism"

In a letter to Jacob Marshak dated 1943, Polanyi says that *The Great Transformation* is concerned with "a socialism focused on the ultimate convictions about the nature of man" (his emphasis; quoted in Mendell 1989: 477). And it is easy to understand why it must be so; in order to talk about "dehumanizing" aspects of capitalism, one should have a conception about the nature of man; otherwise, Polanyi's whole critique of capitalism does not make any sense, for if what we call human nature depends exclusively upon the social context, then it is not very difficult to defend capitalism on the basis of human nature. In this regard, we believe that Marx's concept of human nature perfectly fits into Polanyi's overall framework, for the uniting element between the two frameworks is the sharing of the Aristotelian proposition that man is essentially a "political animal".

We can approach the problem of the human nature concept in Marx by following his own distinction between "human nature in general" and "human nature as historically modified in each epoch" (Marx 1976: 759n). This distinction between the general, or universal, aspect of human nature and its historically particular form is of crucial importance. In general, the essence of man in Marx refers to "the inherent development potential of every human being when that development proceeded in the natural or proper way" (Hunt 1986: 97) In this sense, for Marx a human being is a unity of both particular and the general; or in 1844 *Manuscripts'* language, a *species-being*:

Man is a species-being, not only because he practically and theoretically makes the species --both his own and those of other things--his object, but also --and this is simply another way of saying the same thing --because he looks upon himself as the present, living species, because he looks upon himself as a *universal* and therefore free being. (Marx 1975: 327)

A person is a species-being in two senses, though these two senses are in effect, identical (Hunt 1986: 97); a person is a species-being, first "because of the nature of human perceptual and conceptual faculties and human life-activity", and, second, "because of the social nature of human activity." (Hunt 1986: 97,98) That is, a person is a unity of individuality and sociality, or more appropriately, the individual is a social being; even his very existence is social activity:

I am still *socially* active because I am active as a *man*. It is not only the material of my activity ... which I receive as a social product. My *own* existence *is* social

activity. Therefore what I create from myself I create for society, conscious of myself as a social being. (Marx 1975: 350)

...

It is above all necessary to avoid once more establishing 'society' as an abstraction over against the individual. The individual *is* the *social being*. His vital expression --even when it does not appear in the direct form of a *communal* expression, conceived in association with other men-- is therefore an expression and confirmation of *social life*. Man's individual and species-life are not two *distinct things*, however much --and this is necessarily so-- the mode of existence of individual life is a more *particular* or a more *general* mode of the species-life, or species-life a more particular or more *general* individual life. (Marx 1975: 350)¹⁴

¹⁴ This a point of avoiding "reifications", i.e. converting human properties into abstract entities, like regarding society as something completely independent from or above the individuals, is also an important concern of Polanyi. Although he emphasizes the non-individual aspects of institutions, just like Marx, he also criticizes the attempts to overlook individuals. For example, in his critique of fascism, Polanyi writes;

How is a society conceivable which is not a relationship of persons? This implies a society which would not have the individual as its unit. But in such a society, how can economic life be possible if neither co-operation nor exchange --both personal relationships between individuals-- can take place in it? How can power emerge, be controlled, and directed to useful ends, if there exists no individuals to express their wills or wishes? And what kind of human being is supposed to populate this society if this being is to possess no consciousness of itself and if its consciousness is not to have the effect of relating him to his fellows? In human beings endowed with the type of consciousness we know such a thing seems frankly impossible. (Polanyi 1935: 371)

Again, he criticizes the concept of 'totality' as follows:

The Mind is the chief actor in producing that other plane of existence in which there is society which is not personal relationship. Society which is the realm of Totality has not persons for its units. The Political, the Economic, the Cultural, the Artistic, the Religious, etc., are the units; persons are not related to one another except through the medium of that sphere of Totality which comprises them both. If they exchange their goods they are fulfilling an adjustment Totality, i.e., the Whole; if they co-operate in producing them, they are relating themselves not to one another, but to the product. Nothing personal has here substance unless it be objectified, i.e. has become impersonal. Even friendship is not an immediate relationship of two persons, but a relation of both to their common Friendship. What the individual person is supposed to contain as a subjective experience in himself, he thus encounters as colourless semi-translucent objectivity outside himself. Society is a vast mechanism of intangible entities, of Mind-stuff; the substance of personal existence is merely the shadow of a shadow. We are in a world of spectres in which everything seems to possess life except human beings. (Polanyi 1935: 374-75)

Or, again in *Grundrisse*, he says “the human being is in the most literal sense a [political animal], not merely a gregarious animal, but an animal which can individuate itself only in the midst of society.” (Marx 1973: 84) Therefore, man’s own activity, his interaction with nature, is also a social activity which is mediated through his labor, and in this activity, or in his *praxis*¹⁵ through which he transforms both nature and himself. In other words, this activity is

an activity in which humanity, individually and collectively, creates itself by socially transforming nature. This activity can be seen as either a society-mediated interchange with nature or a nature-mediated interchange between individuals within the society. These are simply two ways of viewing human life-activity: ‘man’s relation to nature is immediately his relation to man, just as his relation to man is immediately his relation to nature’ [Marx, 1844 *Manuscripts*] (quoted in Hunt 1986, p. 99)

This conception of *praxis*, or the free purposeful activity of man to transform nature and himself, is essential in Marx’s thinking. In this activity, man “objectifies” his essence: “The object of labour is therefore the *objectification of the species-life of man*: for man reproduces himself not only intellectually, in his consciousness, but actively and actually, and he can therefore contemplate himself in a world he himself has created” (Marx 1975: 329). Again, in *German Ideology* Marx and Engels argues that “consciousness can never be anything else than conscious existence, and the existence of men is their actual life-process” (Marx and Engels 1970: 47). According to them, The production of life ... appears to be a double relationship: on the one hand as a natural, on the other, as a social relationship” (Marx and Engels 1970: 50). Likewise, in *Capital*, chapter 7, Marx argues that labor is process that takes the form of an interaction with nature in a social setting. In this process, man “acts upon external nature and changes it, and in this way he simultaneously changes his own nature. He develops the potentialities slumbering within nature, and subjects the play of its forces to his own sovereign power” (Marx 1976: 283-84).

These quotations indicate that unlike the infamous “epistemic break” interpretation, there is a continuity of thought in Marx. In this continuity, three aspects of the human condition can be emphasized: First, human beings are social beings, who appropriates nature in a social setting; second the terms “labor” and “production” refer to a general activity, what we have here is “production of lives” rather than merely material goods production; and above all, this activity, or the “labor process” is a general condition: it is the universal condition for the interaction between man and nature, and therefore it is independent of every form of human existence; that is, it is common to all forms of society. In this analysis, we have two interrelated claims; first, labor process as a conscious activity is an essential feature

¹⁵ For the concept of *praxis*, see Petrovic (1968; 1991); also Margolis (1989).

of human life, independent of any peculiar specific historical conditions. But on the other hand, second, this does not imply that the forms of organization of this activity remain the same throughout history. On the contrary, it is the peculiarity of these forms of organizations, or modes of production, which gives a particular society its historically specific characteristic.

We have already in the realm of Marx's conception of "historical materialism"¹⁶; historical materialism, above all, emphasizes these general aspects, but it never overlooks the historically specific forms of organization of this activity, or "the mode of production". In this regard, it is easy to show that Marx never committed to "economistic fallacy", that is, he always insistence on distinguishing between what is historically specific and what is not. Also, we should emphasize that Marx's conception of historical materialism is neither a technological determinist, nor an economic determinist position which is flawed with a kind of "fatalism".

First of all, Marx's conception should be taken as emphasizing the inseparability of the "base" and "superstructure" not the causal primacy of the "base"¹⁷ over superstructure. Or, to put the matter in terms of the forces and relations of production, we should emphasize that their connection is not in the form of *before* and *after*, as Colletti (1972: 19) argues, when he is criticizing the "historical materialism" of Kautsky and Plekhanov, two influential figures of the Second International. For Colletti, both the material and the ideological levels should be taken together; exclusion of the material relations of production leads to the abstraction of "society in general," whereas exclusion of the "ideological" sphere leads to a relation between individual and nature which is *presocial* or *asocial*. (Colletti 1972: 6-7) In other words, in order to understand the practical activity of human beings we should regard this unity of mental and material aspects of the reality. In this regard, an important point, which already must have appeared, to be emphasized is that Marx's historical materialism is actually a "fusion" between the (material) causality and teleology; that is, teleology in the sense of purposive human action, is encompassed in the causal framework (Colletti 1973: 212). That is, although every human being is a free creator of himself and of his world in a social setting, at the same time he is partly unfree, passive, inert effect of his environment. For this reason, "human activity must be understood in terms of both material causation and conscious, purposive (or teleological) causation, not in the sense of the "inevitable unfolding of history" but in the sense of purposive action of a particular person (Hunt 1979b: 115).

¹⁶ Incidentally, Marx himself never used the term historical materialism; both the terms "historical materialism" and "materialist conception of history" are not found in Marx's writing at all. Engels first used the latter expression in 1859 and the former in 1892. (Manicas 1987: 100). Nevertheless, the term can be used as a convenient shorthand for Marx's account.

¹⁷ In this regard, one should emphasize that the terms "base" and "superstructure" should be taken as "metaphors" which shows that human activity is a unity of different aspects; economic, political etc.

Therefore, we should regard human activity as “both causality and finalism, material causality and ideal causality; it is ... man’s action and effect on nature and at the same time nature’s action and effect on man” (Colletti 1973: 228). That is to say, once again, we have the inseparability of the material and the ideal.

Along these lines, Marx, in *Capital, vol. III* explains the social production process as “both a production process of the material conditions of existence for human life, and a process, proceeding in specific economic and historical relations of production, that produces and reproduces these relations of production themselves, and with them the bearers of this process, their material conditions of existence, and their mutual relationships, i.e. the specific economic form of their society” (Marx 1981: 957). Again, we should emphasize that this account of historical materialism is concerned with the general aspects of human activity; the metaphors “base” and “superstructure” is crude first approximation to this activity, including the material and mental, emotional and aesthetic aspects of that process (Hunt 1979a: 291-92) In other words, this account gives us a method of integrating man’s historical activities, or a “skeleton” of history . In this regard, the categories of historical materialism should be used as questions, or queries to understand the recognizable pattern in history; they should not be taken as “canons” or strict “laws” which explain everything, irrespective of the specific aspects. (Krieger 1962: 375) On this problem, it is worth citing Marx himself, in his reply to one of his critics who maintains that Marx gives a “historico-philosophic theory of the *marche générale* imposed by fate upon every people, whatever the historic circumstances in which it finds itself”:

Events strikingly analogous but taking place in different historic surroundings led to totally different results. By studying each of these forms of evolution separately and then comparing them one can find the clue to this phenomenon, but one will never arrive there by the universal passport of a general historico-philosophical theory, the supreme virtue of which consists in being superhistorical. [M&E, *Selected Correspondences*, pp. 353-5] (quoted in Manicas 1987: 115)

This quotation, we believe, is also a powerful refutation of the claim that Marx was being committed to “economistic fallacy”. In addition to this, in the introduction to *Grundrisse*, Marx emphasizes the necessity to distinguish general and particular aspects of history, for “some determinations belong to all epochs, others only to a few” (Marx 1973: 85); for example, when he criticizes political economy of Smith and Ricardo, he argues that the eighteenth century individual “appears as an ideal, whose existence they project into the past. Not as a historic result but as history’s point of departure. As the Natural Individual appropriate to their notion of human nature, not arising historically, but posited by nature. This illusion has been common to each new epoch to this day” (Marx 1973: 83). Likewise, he

rejects money's being a universal relation, a passage which is difficult to distinguish Polanyi's own views on money:

It may be said ... that there are very developed but nevertheless historically less mature forms of society, in which the highest forms of economy, e.g. cooperation, a developed division of labour, etc. are found, even though there is no kind of money, e.g.. Peru. Among the Slav communities also, money and the exchange which determines it play little or no role within the individual communities, but only on their boundaries, in traffic with others; it is simply wrong to place exchange at the centre of communal society as the original, constituent element. ... And even in the most advanced parts of the ancient world, among the Greeks and Romans, the full development of money, which is presupposed in modern bourgeois society, appears only in the period of their dissolution. (pp. 102-103)

In other words, the claim that Marx was generalizing the categories of capitalism to other societies is, to say the least, an unfortunate one, a claim which is due to, we believe, the failure to distinguish between general and particular aspects of human societies. In this context, we can also mention that such a failure also leads to the claims that Marx had a "stage" or evolutionary theory for historical change, an evolution necessarily follows the same pattern everywhere and at all times. Such an interpretation forgets the fact that for Marx, capitalism was of primary importance in his analyses; that is, "Marx's study of history was a study of the historical prerequisites of capital" (Hunt 1984: 7); and this study always emphasizes the distinction between general and historically specific relations, i.e. the relations specific to capitalism¹⁸. In *Capital III*, ch. 51 Marx summarizes this position well:

The scientific analysis of the capitalist mode of production proves ... that this is a mode of production of a particular kind and a specific historical determinacy; that like any other particular mode of production it assumes a given level of social productive forces and of their forms of development as its historical precondition, a condition that is itself the historical result and product of a previous process and from which the new mode of production proceeds as its given foundation; that the relations of production corresponding to this specific and historically determined mode of production --relations into which men enter in their social life process, in the production of their social life-- have a specific, historical and transitory character; and that finally the relations of distribution are essentially identical with these relations of production, the reverse side of the same coin, so that the two things share the same historically transitory character. (Marx 1981: 1018)

¹⁸ For these relations and concepts, from the most general to the most specific, see (Hunt 1984).

A last point to be added might be that this conception of “materialist” interpretation does not seem to be terribly different from Polanyi’s “substantivist” position which refers to this general character of human “livelihood”.

5. The Concept of Human Nature in Polanyi

Now, it should be obvious by now that the concept of human nature in Marx may not be utterly different from that of Polanyi. In this regard, for example, Congdon (1976) and Polanyi-Lewitt and Mendell (1987) reports some connections between Marx and Polanyi. First, in his youth (in 1913) Polanyi rejects the “fatalism” of historical materialism on the basis of its giving no role to human purposeful activity: “To be sure, scientific knowledge could aid in diagnosing social and political problems, but it could not project goals, much less guarantee their realization. In order to transform society, *men* must establish moral goals and employ political means in the service of their attainment.” (Congdon 1976: 175); likewise, he argues (in 1919) “that the bird soars despite rather than because of the law of gravity” and “that society soars to stages embodying ever loftier ideals despite rather than because of material interest” (Congdon 1976: 178). In these criticisms, Polanyi emphasizes the free will and moral individual responsibility, for according to Congdon “Polanyi ... had become convinced that the central issue for twentieth century man ... was that between determinism and the free moral will” (Congdon 1976: 178). Later, in 1920s, according to Polanyi-Lewitt and Mendell (1987: 27-28) he returned to Marx, this time to his commodity fetishism in *Capital*, he says “The theory of the fetish character of commodities is rightly regarded as the key to Marx’s analysis of capitalist society” (quoted in Polanyi-Lewitt and Mendell 1987: 27). This would be at the center of Polanyi’s critique of capitalism: Marx’s “fetish theory of commodity values is but an application of the principle of self-estrangement to economic phenomena under capitalism.” (quoted in Polanyi-Lewitt and Mendell 1987: 27-28). But the most significant was his third encounter with Marx: after the publication of Marx’s *1844 Manuscripts*: According to Polanyi-Lewitt and Mendell (1987: 28); Polanyi

did not agree with those who set the late Marx against the early Marx. There is only one Marx he insisted. But in the *Economic and Philosophic Manuscripts of 1844* Marx elaborated precisely those aspects of commodity fetishism, objectification and alienation which Polanyi had long considered to be central, and which he later explored in their historical dimension in the *Great Transformation* his abhorrence to capitalism --which he shared with Marx-- was not primarily due to the fact that workers were exploited, but rather because they were humanized, degraded, decultured, reduced to toilers in William Blake’s “dark satanic mills” .

Likewise, Polanyi-Lewitt and Mendell (1987; 27) summarize a paper entitled “Christianity and Economic Life”:

“According to Marx, the history of human society is a process of the self-realization of the true nature of man. In our present society, the urge of our nature towards direct, personal, i.e., human relationships is being thwarted”, and thus society does not conform to its essence. Man depends upon these human relations for survival. He also depends upon nature: thus, the importance of the material organization of society. Man’s interaction with man is the basis for Christian community, which must not be seen as synonymous with society. This is a distinction important to the Christian definition of community, which regards society as a functional set of institutions. It is the dialectic between community and society that becomes significant. This is well expressed in the early writings of Marx, says Polanyi...

In this respect, it is worth considering his arguments at some length in another essay (Polanyi 1935), which was written when he was associated with the Christian Left movement. As regards the similarity between understanding of human nature in Christianity and in Marx, Polanyi writes: “At the present juncture ... the Churches, though predominantly reactionary, are unconsciously bearing witness to that Christian content which they have in common with Socialism. Thus, not in spite of its antagonism to Marxian Socialism, but in consequence of it, is National-Socialism attacking them. This, however, is precisely our contention. (Polanyi 1935: 361) For him, Christianity’s individualism, which is essentially same with socialist individualism,

is the doctrine of the Brotherhood of Man. That man have souls is only another way of stating that they have infinite value as individuals. To say that they are equals is only restating that they have souls. The doctrine of Brotherhood implies that personality is not real outside community. The reality of community *is* the relationship of persons. It is the Will of God that community shall be real. (Polanyi 1935: 370)

... the discovery of the individual *is* the discovery of mankind. The discovery of the individual soul *is* the discovery of community. The discovery of equality is the discovery of society. Each is implied in the other. The discovery of the person *is* the discovery that society is the relationship of person. (Polanyi 1935: 370)

On the other hand, Fascism just denies the individuality of man:

Thus Fascist philosophy is an effort to produce a vision of the world in which society is *not* a relationship of persons. A society, in fact, in which there are either no conscious human beings or their consciousness has no reference to the existence and functioning of society.¹⁹

His interpretation of Marx, on the other hand, is as follows:

In a developed market society distribution of labor intervenes. Human relationships become indirect; instead of immediate co-operation there is indirect co-operation by the medium of exchange of commodities. The reality of the relationships persists; the producers continue to produce for one another. But this relationship is now hidden behind the exchange of goods; it is impersonal: it expresses itself in the objective guise of the exchange value of commodities; it is objective, thing-like. Commodities, on the other hand, take on a semblance of life. They follow their own laws; rush in and out of the market; change places; seem to be masters of their own destiny. We are in a spectral world, but in a world in which *spectres are real*. For the pseudo-life of the commodity, the objective character of exchange value, are *not* illusion. ...

But the true nature of man rebels against Capitalism. Human relationships are the reality of society. In spite of the division of labour they must be immediate, i.e. personal. The means of production must be controlled by the community. The human society will be real, for it will be humane: a relationship of persons. (Polanyi 1935: 375-76)

This last passage shows that Polanyi had a clear understanding of Marx's concept of alienation, a concept which is crucial in Marx.²⁰ Interestingly, the argument of this article, namely, fascism is essentially a "solution" for capitalism to function smoothly, seems to be based on this (Marx's) conception of human nature, for the inevitable consequence of capitalism is deprivation of humanity, that is, individuality which also reflects the sociality inherent in human beings. In other words, capitalism, and fascism, is the "violation" of human's "species' life".

Also, later in *The Great Transformation*, the idea of "fictitious commodities" seems to have definite affinities with Marx's analysis of commodity fetishism, although Polanyi argues that "Marx's assertion of the fetish character of the value of commodities refers to the exchange value of genuine commodities and has nothing in common with the fictitious commodities" (Polanyi 1944: 72n). Yet, we

¹⁹ This point is very similar to Erich Fromm's interpretation of Marx's concept of man, who emphasizes the continuity of the concept of man from Judae-Christian tradition to Marx (Fromm 1961; 1962). Also, in a letter written to Fromm in 1962, Polanyi says: "By reclaiming Marxism for the West' you have infused a life-saving ingredient into both." (quoted in Polanyi-Lewitt and Mendell 1987: 12).

²⁰ The similarity of this passage with Marx's explanations about labor in the "trinity formula" is striking; especially calling labor a "mere spectre" (Marx 1981: 954).

think it is the process of fetishism and alienation which results from commodity fictions. The ‘commodification’, or one could say ‘fetishization’, process characterizes capitalist societies, for within this process man will be “alienated” from both his natural surrounding, nature, and from his own conscious activity. If such an interpretation of Polanyi is correct, then the similarities between Marx’s and Polanyi’s analyses of capitalism are striking, though there are some, we believe, minor terminological differences between them.²¹

For Marx, capitalism is characterized by labor-power’s becoming a commodity, which requires the category of “free” labor.²² In Marx, it is this commodification of labor power that underlies the labor theory of value and the whole analysis. For this commodification process characterizes commodity fetishism: The commodity form, and the value-relation of the products of labor is a definite social relation between men themselves which seems to be a relation between things. This fetishism attaches itself to the products of labor as soon as they are produced as commodities, and is therefore inseparable from the production of commodities. This fetishism of the world of commodities arises from the peculiar social, abstract character of the labor which produces them. (Marx 1976: 165)

Therefore, it is this fetishism (and alienation behind it), through labor power’s becoming a commodity, which gives capitalism its essential characteristic.²³ That is to say, in capitalism “we are in a spectral

²¹ One of the differences is that Polanyi talks about labor whereas Marx’s main concern is labor-power, as “the aggregate of those mental and physical capabilities existing in the physical form, the living personality, of a human being, capabilities which he sets in motion whenever he produces a use value of any kind.” (Marx 1976: 270). But still Polanyi’s use of labor does not seem terribly different from what Marx means by “labor-process”. For Polanyi too, what is being reduced to the commodity status here is not really this activity, namely, *labor*, itself, but man’s abilities which he uses in engaging this life activity, namely, *labor power*. Cf. *BED*, 98: “the price of the use of labor power is called wages...”; *GT*, 162: “The competitive labor market hit the bearer of labor power, namely, man”; *GT*, 176: “They [methods of social protection] achieved what had been intended: the disruption of the market for that factor of production known as labor power”.

²² There are two essential conditions for labor-power to become a commodity. First, its possessor must sell it as a commodity, and to do so, she must be the free proprietor of her own labor-power. Secondly, she must not possess any means of production, and hence she must be compelled to offer her labor for sale as a commodity. In other words, the worker must be ‘free’ in the double sense; on the one hand he must be free to dispose his labor-power, and, on the other, he must be free of all the objects needed for the realization of her labor-power (pp. 270-73).

²³ In this regard, it should be emphasized that the concept of alienation is the direct link between commodity fetishism and Marx’s labor theory of value See Hunt (1986) and Colletti (1972: 77-92), for the links between labor power’s being a commodity, labor theory of value and alienation and commodity fetishism. Yet, Polanyi does not seem to endorse such a link, because he refrains from discussing labor theory of value. According to Humphrey (1969: 200) his “failure to discuss value may be connected with his reluctance to recognize the existence of economic competition in primitive societies”, whereas for Stanfield (1980: 601) “for Polanyi the most important issue was not the orthodox question of analyzing how prices are determined, but the Aristotelian question of deciding at what levels”. However, both of these comments seem to me somewhat irrelevant. Polanyi-Lewitt’s

world, but in a world in which *spectres are real*. For the pseudo-life of the commodity, the objective character of exchange value, are *not* illusion.” (Polanyi 1935: 375-76) In other words, in capitalism the very reality is “*inverted*” (Colletti 1973: 232-33). Commodity fetishism is the process which characterizes the inversion of the subject (human being) into its predicate (labor power) and the predicate to subject. Human labor-power, a predicate, becomes an “alien” entity, a thing, which transforms real subjects, human beings, into “things”. In other words, the “trinity” that capital profit (interest), land-ground rent, labor-wages

completes the mystification of the capitalist mode of production, the reification of social relations, and the immediate coalescence of the material relations of production with their historical and social specificity: the bewitched, distorted and upside-down world haunted by Monsieur le Capital and Madame la Terre, who are at the same time social characters and mere things.” (Marx 1981: 969)

In other words, “the point is no less than the *demystification* of the social forces” (Stanfield 1986: 610). What we have to do is to transcend capitalism in order to regain our humanity; but in this effort, we should not forget to try to transcend the theory which reflects this inhumanity too. In other words, a critique of capitalism could not be completed without a critique of the theory that reflects it, i.e., “mystifies” the real relations between human beings.

Nevertheless, whereas Polanyi emphasizes the importance of both land and money, to be treated as commodity, Marx confines his analysis with labor power only. Yet, Marx’s own idea of alienation/fetishism could not be restricted to the labor power only. If commodities govern individuals’ lives, it should be treated as an all-pervasive process.²⁴ Whereas Marx focuses on the accumulation of capital that is dependent mainly on the capital-labor relationship, Polanyi focuses on the dehumanizing aspects of capitalism, which are by no means simply economic problems. Yet, the two talks about more or less the same problem, no matter what one would like to call it. In this regard, we are tempted to say that Marxists should pay some attention to this dehumanization process that stems from the creation of the fictitious commodities, not necessarily limited to the labor power only.

comment on the other hand seems closer to the truth: Polanyi “favored the Vienna school over the more mechanistic labor theory of value because it introduced volition in the form of choices by consumers and producers” (Polanyi-Lewit: 1994: 116). That is, Polanyi’s critique of Marx is that Marx has overlooked the importance of free will and hence purposeful behavior of the individual.

²⁴ Besides, there is a whole chapter (27) in *Capital*, titled as “The Expropriation of the Agricultural Population from the Land” showing the commodification of land in England.

Conclusion

If we are to summarize the possible connections between Polanyi and Marx, we see that Polanyi's notion of the "fictitious commodities" which is essential in the emergence of the "disembedded" economy, has a direct counterpart in Marx's notion of commodity fetishism. It is this aspect of capitalism which converts human beings into mere "things" that we should be opposed to. In other words, reclaiming our own humanity requires to transcend capitalism. This "humanistic socialism" is crucial in both Marx and Polanyi, even if it was eclipsed by the heavier emphasis on science. In this attempt, what we have to do is to reassert the "reality of society" rather than to deny it. This paper, on the other hand, tries to emphasize the "noneconomic nature of man". This is the critical position which underlies both Marx's historical materialism and Polanyi's substantive definition of the economy.

However, in this regard, we should always distinguish between the general, universal character of man's nature and his activity, and historically specific forms this activity. A failure to distinguish between the two necessarily leads to overemphasizing one aspect at the expense of the other. In this regard, although the argument of "economistic fallacy" emphasizes the specific aspect, it should not be forgotten that in Polanyi, just like in Marx, the universal character of human life activity is never overlooked; on the contrary, Polanyi's own critique of capitalism rests on this general aspects of the "human condition", although Polanyi's main emphasis is anthropological.

On the other hand, however, another point to be stressed is that Marx's notion of alienation, which is the unifying theme of all works of Marx, and which also is the strongest argument for the necessity of socialism, is a critique of the market system. Yet, Polanyi's analysis of commodity fictions and the resulting dehumanization process caused by the system needs to be incorporated into this framework. This is not only possible, we believe, but even necessary, because it would extend the critique of capitalism into the realm of ethics as well.

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