

BABYLON TO BREXIT: GARETH DALE'S POLANYI

Gareth Dale, *Reconstructing Karl Polanyi: Excavation and Critique* (London: Pluto, 2016), 288 p. ISBN 9780745335186.

Gareth Dale's *Reconstructing Karl Polanyi* opens with a survey of recent political developments and cites the Polish-American journalist Anne Applebaum's anxious prediction that we may be "two or three bad elections away from the end of NATO, the end of the European Union and maybe the end of the liberal world order" (p. 2). The same phenomena that are panicking Anne Applebaum (a Corbyn government is one of her nightmares) are driving others to revisit more serious alternatives to neoliberalism than have been on offer from mainstream social democracy in recent years. In a book that simultaneously makes interventions into debates about Ancient Mesopotamian trade and the current crisis of the European Union, Gareth Dale shows that a critical, properly contextualised reading of Karl Polanyi's work can provide resources for such a quest.

Interpretations of Karl Polanyi's thought vary wildly, from those who see him as essentially a liberal thinker to those who see him as a radical anti-capitalist. Dale argues (p. 10) that this is for three key reasons. Firstly, the existing literature has tended to concentrate on Polanyi's English-language writings from the 1940s and 1950s without taking into account his earlier writings or his later interventions and correspondence in other languages. Secondly, the intellectual and political contexts with which Polanyi was engaging need to be better understood. Thirdly, Polanyi's tendency to draw on ideas from different intellectual traditions, to splice sometimes incompatible concepts and theories together, leaves him open to misinterpretation.

Dale has set out to address all of these problems across a wide range of publications including, in 2016 alone, a new biography of Polanyi and an edited volume of texts by Polanyi never previously published in English.¹ The latter presents articles, lectures,

¹ Gareth Dale, *Karl Polanyi: A Life on the Left* (New York, N.Y.: Columbia University Press, 2016); Gareth Dale (ed.), *Karl Polanyi: The Hungarian Writings* (Manchester: Manchester University Press, 2016).

and letters, largely from Polanyi's early life in Budapest and the first years of his exile in Vienna, as well as samples of his continued engagement with Hungarian émigré politics, all translated from the Hungarian by Adam Fabry. In *Reconstructing*, Dale focuses his critical attention on a series of issues, such as European integration, that Polanyi addressed or inspired others to address. This enables Dale to foreground the contemporary relevance of his discussions. At the same time, Dale is also evidently keen to minimise the overlap between this and his other publications, in particular his biography of Polanyi. Readers should therefore be encouraged to read *A Life on the Left* alongside *Reconstructing*. However, there are moments when the odd extra date or biographical detail in parentheses would provide helpful preliminary orientation too.

As an example, chapters two and three of *Reconstructing* draw on an earlier article, "Karl Polanyi in Vienna."² The new structure partially obscures arguments Dale made there and in the biography regarding the intellectual relationship between Karl Polanyi and his wife, the communist revolutionary Ilona Duczyńska. In the original article, Dale dedicated a special section to Duczyńska's view of Austrian Social Democracy, which was much more critical than that of Polanyi. This discussion is folded into the new book without making the contrast so explicit, and without mentioning until much later (p. 139) the fact that the two were married. In this book Dale also makes no mention of Ilona when considering the reasons why Polanyi's attitude to Marxism "rapidly thawed" in the course of the 1920s. The issue is addressed explicitly in the biography. There, Dale cites their daughter, Kari, who excludes the possibility of mutual influence between her theorist father and activist mother (whom she heard talk about "Lenin or the Communist Party, yes. Training workers to fight in Spain, yes. But not Marxism."). Dale argues that this must be an exaggeration ("Ilona's writings include incisive and theoretically informed discussion of the Marxist terrain"), but has "little doubt" that the "ambient political culture of Red Vienna" had a greater influence on Polanyi's engagement with Marxism than Duczyńska.³ This issue would have been worth at least a passing mention in *Reconstructing* too.

However, the reworking of the earlier article also allows Dale to build on its arguments in important ways. Dale had previously showed Polanyi's relationship to four different trends within Marxist thought and reiterates the argument here. Polanyi was hostile to Kautsky's determinism and, like his mentor Oszkár Jászi, was sympathetic to Bernstein's "liberal socialism." However, despite his hostility to Bolshevik political practice, he also engaged with the alternative "revolutionary humanist" tradition of Luxemburg, Lenin, and Trotsky, in particular through his friendship with Lukács.

² Gareth Dale, "Karl Polanyi in Vienna: Guild Socialism, Austro-Marxism and Duczynska's Alternative," *Historical Materialism* 22 (2014), no. 1, pp. 34–66.

³ Dale, *Karl Polanyi: Life*, p. 98.

The latter's *History and Class Consciousness* was the most thumbed book in Polanyi's personal library (p. 208, n. 40).⁴ Polanyi was especially impressed by a fourth trend, represented by Austro-Marxists such as Otto Bauer. In the current book, Dale additionally spells out the weaknesses of Polanyi's critique of Marx's value theory. Here he also points to a paradox in Polanyi's intellectual development in 1920s Vienna: as Polanyi began to elaborate a theory of the sociology of capitalism influenced by Marx and Lukacs's theories of commodity fetishism, he simultaneously adopted the ideas of Austrian marginalist economics.

The relationship between capitalism and democracy formed the basis of a crucial tension in Polanyi's work. Dale charts Polanyi's own intellectual development alongside changes in wider social democratic attitudes. He shows that the assumption of mainstream social democrats after WWII, that democracy could be used to tame the capitalist beast, was not necessarily shared by interwar social democrats. In Red Vienna, Polanyi was influenced by the practice and theory of the SDAP. The latter's leadership worked from the premise that the expansion of democracy would ultimately mean a transformation to socialism, not simply the reform of capitalism. However, it also took the view, shared by Polanyi but not Duczynska, that the balance of forces in Austria made a direct challenge to capitalist power futile at that time.

If Polanyi rejected what he saw as revolutionary adventurism, he was also clear about the hostility of traditional elites to democracy. In *The Great Transformation*, Polanyi pointed to how capital flight could be used as a weapon against democratisation. Dale shows how the sharpness of Polanyi's sense of the incompatibility of capitalism and democracy, developed in the interwar period, resonates with the demand of recent social movements for "real democracy." In this context, Dale responds to Wolfgang Streeck's writing about a "*capitalist-democratic crisis*," which he sees as a partial revival of the earlier social democratic thesis although stripped of its optimism about the socialist future.

A chapter on the EU also takes up the issue of the clash between capitalism and democracy. In the 1940s, Polanyi had speculated on whether post-war Britain would help Washington establish a universal capitalist order (as it in fact, did, at Bretton Woods) or whether it would aid in the construction of a regionalist social-democratic counterweight. Although Polanyi did not devote much attention to the early stages of Western European integration himself, some of his followers have subsequently argued that the EU represented the potential to construct a "regionalised world order" that Polanyi had envisioned could be a counterweight to Washington-led liberal capitalist universalism. However, Dale shows how Polanyi's own political economy can be used to challenge rosy pictures of a "social Europe."

⁴ Dale presents an interesting selection of Polanyi's letters to Lukács, spanning from 1908 to 1964 in *Karl Polanyi: The Hungarian Writings*.

Central to the reconstruction of Karl Polanyi's wider thought is, of course, a reconstruction of his major work, *The Great Transformation*. With admirable clarity, Dale presents its central thesis, namely that the multiple crises of the 1930s were all ultimately related to "the utopian liberal attempt, in Britain initially, to construct a self-regulating market system" (p. 96). Polanyi saw the "disembedding" of the economy from a wider set of non-economic values and institutions as a peculiar, and peculiarly corrosive, feature of modernity. In the 1930s, he saw fascist regimes, Stalin's Russia, and Roosevelt's New Deal as alternative attempts to restore social unity. Polanyi was clear about the "trick" purveyed by fascist regimes by identifying liberalism with capitalism, and then attacking liberalism while leaving capitalism "unscathed under a new alias" (cited p. 122). However, Dale suggests that Polanyi often fell into the very trap that he had identified: the centrality of the liberal market economy to his conception of capitalism undermined his ability to see the range of "new aliases" under which capitalism could develop and survive. This undermined his ability to understand the post-war boom, but it also inflected his approach to Stalin's Russia, to which Dale dedicates a special chapter.

If Dale sees a weakness in Polanyi's tendency to identify the liberal market economy with capitalism in general (in spite of his critique of the fascist "trick"), he also shows the power of Polanyi's conception of the historical specificity of the economy as a separate sphere of human activity. Dale has written elsewhere about the flattening out of Polanyi's conception of "embeddedness" in subsequent social theory with the idea that "all economies are 'embedded.'" This has obscured the political motivation behind the original argument. As Dale puts it here, Polanyi "sees all economies as 'instituted' but only some as 'embedded'" (p. 135). In *The Great Transformation*, Polanyi discusses the institutional process through which the objective of establishing a self-regulating market system had been pursued in Britain and around the world from the mid-nineteenth century. He distinguished institutional arrangements to stabilise that system, which left the economy disembedded from counter-movements designed to re-embed the economy in a more fundamental way.

Polanyi's sense of the specificity of the modern conception of the economy motivated his researches into ancient economic history. The two final chapters of *Reconstructing*, the last of which was co-written with Matthijs Krul, discuss Polanyi's theory of trade, markets, and money in Ancient Mesopotamia and Ancient Greece. These chapters give a balanced assessment of how well Polanyi's arguments stand up in the light of subsequent empirical research, but they also tell a story once again of the subsequent political trajectory of Polanyi's original arguments. The chapter on Mesopotamia concludes with a discussion of Polanyi's influence on members of the Mundial Upheaval Society, set up by colleagues and graduate students at Columbia in 1950. To a greater degree than Polanyi, many of these emphasised social stratification and conflict within ancient societies, but they also saw the political significance of Polanyi's intellectual assault on the "economistic fallacy" of assuming the universal applicability of modern economic concepts. As Polanyi's mentee Marshall Sahlins put it in the introduction to

his *Stone Age Economics* (1972), “formal economics flourishes as ideology at home and ethnocentrism abroad” (pp. xiii–xiv).

In subsequent decades, the New Institutional Economic History (NIEH) developed by Douglass North has claimed to supplant the debates between formalists and substantivists through the application of adapted neoclassical theory to the study of the whole range of social institutions. Given the current hegemony of this approach in ancient economic history, Dale and Krul’s critique is especially welcome. They show that the treatment of institutions in NIEH is predicated upon rational-choice models of individual behaviour that simply return the debate to its original modernist-formalist position. In this field as well, *Reconstructing Karl Polanyi* argues that Karl Polanyi’s work can continue to offer a powerful challenge to complacent neoliberal ideas. Gareth Dale has excavated Karl Polanyi with pressing relevance for our times.

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