

deeply uncomfortable, regarding it as an ‘aberration’ from business-as-usual in a capitalist economy. Yet, as Tooze shows, understanding the processes and tensions involved in the production of armaments, preparation for war and the management of war require comprehensive political economic analysis. His book combines admirable scholarship, careful analysis and fine historical narrative. Niall Ferguson has described it as ‘a tour de force ... the best book I have read on the Nazi economy’ and John Cornwall as ‘unputdownable epic history’. One can but concur.

A Marxian-Polanyian Synthesis?

Karl Polanyi: The Limits of the Market

Gareth Dale

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Reviewed by Tom Barnes

During his address for the third annual Ted Wheelwright Memorial Lecture at the University of Sydney last October, Professor Fred Block drew a sharp distinction between Polanyi’s and Marx’s approaches to radical social change. In making the case for a renewed Social Democracy, he argued that the Marxist emphasis on the ‘primacy of property relations’ was inferior to the Polanyian ‘primacy of politics’, in which democratic states and societies subordinated markets to achieve socially progressive goals (Block, 2010). A quite different argument can be found in a recent book on Polanyi. Gareth Dale’s *Karl Polanyi* offers a sophisticated Marxist critique of Polanyi’s vast body of work. In considering the breadth of Polanyi’s ideas, Dale suggests that a synthesis of Marxist and Polanyian approaches is possible.

Dale makes an interesting and compelling case. He argues that most followers of Marxist and Polanyian thought share similar concerns that movements for radical social change need to be revived. As Dale notes, other scholars have attempted to bring Marx and Polanyi together. For example, Arrighi’s analysis of long waves of accumulation is compared

to Polanyi's economic history (Arrighi, 1994). In Arrighi's hands, Dale argues, the 'great transformation' becomes a 'great oscillation' between the forces of marketisation and social protection. From this vantage point, the Great Recession may be interpreted as the pendular movement of marketisation reaching its 'point of return' as free market economics begins to crack under the weight of its own contradictions (p. 230).

Dale argues that a more explicit attempt to synthesise Polanyi's approach with Marxism can be found in Burawoy's treatment of 'sociological Marxism'. According to Burawoy, Polanyi (along with Gramsci) helped to transcend the problems of historical materialism by treating an 'active/civil society' as the contested outcome of capitalism, not socialist revolution or, indeed, class struggle (Burawoy, 2003). Dale is critical of this interpretation, suggesting that Burawoy is guilty of a sleight of hand in which Marxism is reconstructed as 'as an essentially Polanyian research program' (p. 243).

Dale's alternative is to take a 'scorecard' approach, in which he identifies 'the areas of convergence between Polanyi and Marxism while recognizing the considerable differences' (p. 243). In doing so, Dale is often very critical of Polanyi's approach. Despite the criticisms, Dale's book is not an anti-Polanyian polemic. On the contrary, Dale appears to be locating a route for critical scholars, particularly Marxists, who want to engage with Polanyian perspectives. Much of his writing comes across as a spirited defense of Polanyi from his detractors from across the political spectrum.

The book is organised into six chapters, as well as an introduction and a concluding section. The introduction surveys the contemporary appeal of Polanyi to scholars and activists alike. Part of this appeal, Dale suggests, is Polanyi's ability to turn the tables on the neo-liberal right: 'In his schema economic liberals are the utopian extremists while their opponents express a "spontaneous reaction of social protection"' (p. 4). Chapter 1 deals with the early development of Polanyi's socialist ideas, including his religious beliefs. Dale emphasizes his engagement with Marxism, particularly his association with the intellectuals of Austrian Social Democracy following his move to Vienna in 1919.

Chapter 2 deals with Polanyi's most famous work, *The Great Transformation (TGT)*. Dale's treatment of *TGT* is discussed in more detail below.

Chapter 3 explores Polanyi's postwar foray into 'primitive economics' or, later, economic anthropology. Although Dale here expresses frustration with Polanyi's lack of engagement with post-war interpretations of *TGT*, he acknowledges that the transition of Polanyi's work into economic anthropology after the publication of *TGT* was based upon a continued desire to counter liberal economic myths about the role of markets in society. Polanyi clashed with classical and neoclassical economic views that pre-capitalist societies were 'rudimentary forms of market society' (p. 90).

Chapter 4 deepens this exploration, starting with Polanyi's response to the claim that ancient economies were organized around self-sufficient estates or households (*oikoi*). Here Dale emphasises Polanyi's distinction between market places, price-making markets and market systems in different historical epochs. Polanyi's followers, Paul Bohannon and George Dalton, coined the term, 'peripheral markets', to describe social systems, such as Ancient Greece or some medieval European societies, in which market existed but in which prices 'exerted little or no feedback on production decisions' (p. 146). The price mechanism could not be said to exist in these societies since most people did not produce for markets. When market interaction occurred, it was an incidental function of surplus production.

Chapter 5 pursues a discussion of Polanyi's concept of 'embeddedness'. Dale rounds off his book, in Chapter 6 and a concluding section, with a commentary on the state of neo-liberalism and the counter-movements today.

Dale's views on contemporary counter-movements are linked to his critique of *TGT* in Chapter 2. *TGT*, first published in 1944, epitomized Polanyi's belief that the root cause of liberal civilization's corrosion in the twentieth century was the notion of the 'market society'. It hammered home Polanyi's critique of the self-regulating market (SRM) as a utopian and, ultimately, destructive vision for society. As Dale recounts, *TGT* was originally to be called, 'The Liberal Utopia: Origins of the Cataclysm'. Polanyi also initially intended to pen a second volume, considering titles such as 'The Common Man's Master Plan', 'Freedom from Economics' and 'Tame Empires'. For Polanyi, the 'Great Transformation' referred to the great changes that had occurred between 1914 and 1939, not to the emergence of Western civilization.

In general, Dale is quite critical of *TGT*. For instance, he suggests that there are two ‘voices’ in Polanyi’s explanation of the liberal order’s origins. The first voice, he argues, is familiar to historical materialists, in which markets gradually developed within the confines of feudal and mercantilist England. The second (dominant) voice presents ‘the transition from mercantilist capitalism to its free market liberal successor as a sudden and traumatic rupture’ (p. 51). Here Polanyi emphasizes the transformation of the poor laws and the breaking-up of guilds and municipal organizations in the 1830s. Although Dale acknowledges that Polanyi’s case partially rests upon the rapid adoption of liberal economic ideas by the ‘governing classes’, he is highly critical of this narrative.

Dale is similarly critical of Polanyi’s concept of the double movement, i.e. the clash between the attempt to unleash the SRM upon society and the backlash of social groups attempting to protect themselves. He suggests that the double movement can be reduced to virtually any interest group that has been disadvantaged, in some way, by markets. His point seems to be that the concept reflects an under-developed theorization of social movements. For instance, the sheer breadth of groups agitating against the abolition of wage subsidies (the ‘Speenhamland’ system) in the 1830s – sections of the capitalist class, landowners, labourers, peasants, etc – is considered problematic. In other part of *TGT*, Polanyi includes financial institutions as part of the counter-movement. For instance, he drew upon Keynes’ critique of the Gold Standard to bolster his case against market liberalism: ‘[He] phrases the contradiction as one between central banks as protective national institutions and the gold standard as a liberal international institution based upon a fictitious commodity’ (p. 66).

Dale rounds-off this criticism, in Chapter 6, by casting a critical eye over contemporary interpretations of the double movement. He argues that the concept has been used to lump together quite different alternatives as part of the ‘counter-movement’ to neo-liberalism, e.g. the Grameen Bank, the movement for ‘fair trade’ or the vast informal economies of the Global South (Dale, 2010: 213). Others, he argues, have incorporated states as part of the counter-movement. Robert Cox, for example, has assimilated Gramscian ideas in order to distinguish movements from below (civil society organizations, e.g. peace, democracy, environment, faith-based, labour, feminist, indigenous organizations) and movements from above which are based upon the interaction of rival capitalist states:

That Polanyian social scientists can assemble this sprawling smorgasbord of policies, movements and institutions under the rubric of the 'protective response', with some cheering the alter-globalisation movement for attempting to reassert social control over the market economy while others applaud its adversaries – imperialist states, capitalist corporations and stockbrokers – on exactly the same grounds, must give pause for reflection (p. 219).

In essence, Dale is suggesting that Polanyi's insights need a firmer theoretical basis on which to differentiate, and discriminate between, different social movements. He offers this view for several reasons. Firstly, he argues that Polanyi does not theorise the relationship between states and markets. Consequently, state policy can be seen as either pro-market or pro-protection without clear guidelines for explaining why this is. For example, welfare states can play a role in mitigating the negative effects of free markets on the unemployed or disadvantaged. But they can also play a role in exerting social control and forcing people to adapt their behavior to the needs of capital accumulation. Dale suggests that Polanyi acknowledged such distinctions but did not bother to conceptually order them in the way that Marxist theorists of the state have.

Secondly, Dale suggests that the under-theorisation of power relations led Polanyi to mis-characterise some movements. For example, while Polanyi saw the Speenhamland system as a form of community protection against the onset of the SRM, it could also be interpreted as the collective efforts of rural employers to maintain a rural reserve army of labour by preventing them from absconding to urban factories: 'This yoking of utterly dissimilar policies and motives under the single heading of 'protection' is not limited to Speenhamland but is endemic in *TGT*' (p. 86).

Although Dale does not use the phrase, he seems to be suggesting that class analysis is necessary in order to differentiate different kinds of 'protection', e.g. business protection against imports versus trade union struggles for higher wages. The argument, made at several points in the book, is that Polanyi's approach lacks a theorization of power. It is this dimension, Dale implies, that Marxism can bring to the table, via its conceptual emphasis on class relations. It is largely on this basis that he suggests the possibility of a Marxian-Polanyian synthesis. In doing so, he points to works by Arrighi (1994) and Silver (2003).

Silver's *Forces of Labor* is a useful example in which Polanyian and Marxist approaches to labour movements are synthesized (Silver, 2003). Silver argues that Polanyi treated labour movements as a historical 'pendulum' in which struggles oscillated between commodification and social protection. However, she argues that Polanyi did not develop a concept of power. For Silver, like Dale, Marx is a necessary rejoinder to Polanyi. This interpretation underpins Silver's distinction between 'Marx-type' and 'Polanyi-type' labour unrest. The latter is defined as 'the backlash resistances to the spread of a global self-regulating market', emphasising those established working classes who 'had benefited from established social compacts that are being abandoned from above' (Silver, 2003: 20). The former refers to 'the struggles of newly emerging working classes' thrown up by the development of capitalism in different parts of the world (Silver, 2003: 20).

This is an interesting way of approaching the issue highlighted by Dale. Dale's concern, too, is with the potential for contemporary social and labour movements to revive in the face of the neo-liberal juggernaut. In this context, he sees Marx and Polanyi as offering distinct through complementary approaches. He has written what could best be described as a critical defence of Polanyi's work: a defence of Polanyi from his detractors and a sophisticated attempt to draw a balance sheet of the flaws in his analysis. The outcome is a book that should be rich enough to satisfy scholarly experts in the field, written in a style that is open and relevant enough for critical thinkers and activists from a variety of backgrounds.

References

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