

Three Freedoms and an Emergentist's Hope for Social Progress

Charles Lowney

“Too many people are still glaring at each other through the angry masks of obsolete ideologies.”

-Michael Polanyi

The sharp divide in our current political life is not as new as we might think. Michael Polanyi mentions an opposition in his time between the “hysteria of anti-capitalists, who nurse their unchanging resentment of existing society” and “excited anti-socialists, who still keep confusing public life by their hypochondriac fears... of ‘creeping socialism’” (1955, 207).¹ Polanyi concludes, “Too many people are still glaring at each other through the angry masks of obsolete ideologies” (208).

My concern is to discover how Polanyi's understanding of science and value, and of social, economic and political systems might help us in today's political climate in the US, and in free societies more generally. It seems to me that Polanyi's conception of *emergent levels* together with his conception of *public freedom* can shed light on the debate between conservatives who emphasize individual freedom (or national sovereignty) and liberals who emphasize social justice (or cosmopolitanism). These differences can be seen largely as differences in emphasis over values that we share, and differences over which values take precedence in specific social and economic contexts.

Substantive differences (as well as a source of the difference in emphasis of value) sometimes hinge on practical, empirical questions, and should not be determined by ideology. One important substantive divide between current conservatives and liberals is the role of government in regulating economic relations to correct for undesirable or immoral market outcomes. What, for instance, are the effects of government intervention and bureaucracy on a productive economy? Another substantive divide is the extent to which the private market should influence or govern our social and political lives. For instance, should education or healthcare be treated as regular profit-driven commodities in advanced capitalist social systems, or should they be distributed more equitably on a basis independent from an individual's wealth? **Should the government provide strong security against the loss of basic needs by way of a strong safety net, should it do even more by providing a guaranteed minimum income?** And even if we allow that the government should have some role in controlling or regulating the market, and we allow that the values of the market should not dominate all outcomes important to society, we can ask what role the government should have in shaping socially desirable outcomes.

I will argue that Polanyi can help us navigate a way through contentious ground to something that is more than a mere compromise. His notions of public liberty and emergence can provide a basis for a generally formal but also a positive understanding of Rousseau's general will, and a relatively “neutral” Political Liberalism that values both tradition and social progress. By encouraging both conservatives and progressives to look closer at the values they actually share, and at the actual exigencies of economic and political systems, there may be a way to see past ideological distortions and experiment safely with policies that improve society.

¹ Polanyi adds that these “hypochondriac fears” and the detecting “creeping socialism” everywhere is “an obsession widespread in America” (208).

We will see how the role of social and government organization is to not only to protect private liberty but to support public liberty, which is a *personal freedom* that in turn fosters both *individual freedom* and *social freedom*. So, while there are significant risks to intervening in a complex and emergent systems, there are hopes that careful interventions can have successful outcomes. Polanyi's view can be captured in a notion of "Social Capitalism" or a Liberal Conservatism. Polanyi would present a stern warning against hasty national-level revolutionary changes that ideologically-oriented progressive liberals may desire, but he would also encourage careful experimentation in programs that "canalize" production and institutions towards the goals of social justice. I argue that Polanyi can be considered a "liberal conservative," who would be in favor—to the extent practically possible—of responsibly providing security for our lower-order needs so that our higher-order freedoms can flourish.

I. **Polanyi for the Right: Traditional Wisdom, Opposition to Central Planning, and Individual Freedom**

In many areas we are likely to have shared values, but differ in our conception of how economic, social and political systems work. We all value freedom, we all value tolerance and compassion, we all value equality and justice (though these might mean something different in the context of different levels, as we'll see). We also all want an economy that works. Part of the difference is the trust in our own ability to produce desired outcomes by the imposition of abstract reason from the top-down (via a "constructive rationalism"²), rather than to produce them organically through the evolution of practical reason from the bottom-up (developed via "spontaneous ordering" or in the context of traditional institutions, such Common Law or legal institutions in which property rights developed).

The main political opposition with which Polanyi contended was between the Anglo-European liberal tradition that supported capitalism and reform, and the communist and socialist movements that sought to re-order political and economic systems into a collectivism through revolutions and government control. Both shared Enlightenment values of equality, fraternity, liberty and justice. (Though one side, as we'll see, emphasized individual liberty and a "negative" conception of justice, while the other emphasized social liberty and a "positive" conception of social justice). In this battle, Polanyi came down clearly on the conservative side as a proponent of incremental progress and capitalism, and he opposed "radical liberalism" and the constructivism of collectivist movements.

There are dangers to both the economy and to freedom in forcing conceptions of equality or social justice from the top-down. These were hard lesson learned in the course of the 20th century's bouts with centrally planned totalitarianisms and fascisms. The problems were seen early by Polanyi and F.A. Hayek. Much of that danger came from an intellectualist hubris that aligned with scientism. And much of the solution came from a deeper respect for tradition, real science, and the free market.

² Hayek's term, see Allen BL 129.

1.1 Classical Liberalism, Radical Liberalism and Moral Inversion

“Liberalism” can be defined as “the belief that liberty is the most important political good” (Allen 1998, 31). While the word “Liberal” has taken on a different meaning in US politics today, some strains of the current conservative view align fairly well with classically Liberal views, such as those of J.S. Mill, who emphasized individual freedom and the “no harm” principle. According to Mill, freedom should only be limited to the extent that it harms others in their pursuits. This is a “negative” conception of freedom because it allows whatever does not harm others, but it does not overtly promote particular activities. Hence any “positive” conception, whereby we regulate people’s behavior, even for what we perceive to be their own benefit, is unjustified, and any government imposition on an individual’s freedom for purported social goods has a high bar to pass.

Classical Liberalism emphasized the equality and freedom of individuals. Rooted in the Enlightenment tradition, it came with the overthrow of aristocracy and monarchical power, and with the democratization of the Western world. It also came, not coincidentally, with the end of feudalism and the rise of capitalism.

Classical Liberalism also came to aligned with a form of Utilitarianism;³ the greatest happiness overall appeared to coordinate with allowing individuals to freely choose what brings them happiness, both in their personal and social lives, and also in the marketplace. A free market aligns with a preference utilitarianism, that does not predetermine what will bring particular individuals pleasure or satisfaction, but which allows demand to build and supply to satisfy. These liberal freedoms, of course, were subject to the limitations required to protect citizens from unduly harming each other and the requirements of establishing a common defense. They were also based on legal institution that protected private property and allowed for the pursuit of other non-economic goods.

Classical Liberalism can look like Libertarianism, but whereas Classical Liberalism evolved from forms of custom and tradition, Libertarianism endorses an “individualist form of radical freedom” that “results in suspicion of or antipathy to most or even all forms of custom, tradition, law, and government” (Allen 1998, 43). Libertarianism is thus a more radical branch of Enlightenment thought than Classical Liberalism. Another more radical branch at the other extreme also evolved in the 19th century. This other branch emphasized, at least with regard to economic wealth, an equality of results. These egalitarian views reacted against industrialized capitalist economies that already showed that—left unchecked—they would produce socially undesirable consequences. With the rise of industrialization, by the end of the 19th century, the rich were getting fewer and richer, and the poor were getting more numerous and poorer. This meant effective freedom for the few who become very wealthy, and effective slavery for the many who become very poor. Communist and Socialist ideologies, with commitments to redistribute wealth in a more equitable fashion became the revolutionary “radically liberal” left view, and these contrasted with the conservative “classically liberal” right view. Classical Liberals, like Mill, also saw the damage that industrial capitalism was wreaking and advocated for reforms (child labor laws, woman’s rights, minimum wage, etc.) rather than revolution.

³ See R.T. Allen’s *Beyond Liberalism* for an excellent treatment of the connection between Neoliberalism and Utilitarianism.

Initially, Polanyi reacted against destructive tendencies of the “far left” of his day. He emphasized the evolutionary and tacit wisdom of traditional institutions and saw the emergence of socialist governments with centrally planned economies as disastrous for both individual freedom and for productive economies. Polanyi felt the effects of the communist revolution in Russia and the rise of the National Socialisms of Mussolini and Hitler. Fleeing from one country falling under the sway of this plague (Hungary, behind the Iron Curtain) to another (Germany until the rise of Hitler), he finally settled in England, only to see there Soviet-styled socialist efforts to restrict the freedom of scientific research in the name of achieving socially beneficial goals (See *RS* 9-14).

As Polanyi’s philosophy developed, he saw himself combatting a wave of good-intentioned (in its best light) efforts at social justice that passed through a “moral inversion” to lash out mercilessly against perceived enemies. He saw the dangers of both communist and fascist totalitarianisms as rooted in both a *moral problem* and an *empirical problem*.

The moral problem was that heartfelt moral goals could not be justified in a rationally convincing manner. Both radical liberals and humanists were the victims of a scientism and its underlying nihilism. The new “cosmic imaginary” (as Taylor calls it⁴) provides a sharp distinction between fact and value. Values were considered either subjective and arbitrary—and so neither science nor reason could support them—or they were considered affects of material processes, “mere superstructures” (LL 5) and values would not change until those material conditions changed through the assertion of revolution. In either case a moral skepticism ensued. One could not rationally ground ethical views or debate them on common ground, and so one could not hope to engage others with reasons about value.

Scientism undermined the ground for moral truth but it did not diminish moral passion. Although there was a deep skepticism surrounding reasoning about moral values, there was still a deep conviction of right and wrong. Polanyi saw this moral skepticism coupled with moral passion as the source of a “moral inversion” that justified brutal authoritarian tactics and allowed immoral horrors in the name of the moral progress.

The empirical problem had to do with the fair and effective distribution of goods.

1.2 Conservative Wisdom: Modern Societies and Economies as Emergent and Complex Systems

Polanyi sees a well-functioning society and economy as emergent and complex interdependent systems. Here his scientific views and his political and economic views mutually support each other, and he wrote extensively against the economic central planning of socialist and communist (collectivist) governments.

According to Polanyi, the scientific, intellectualist view put too much faith in our ability to use explicit knowledge to control nature and direct society for the better. Polanyi, as a practicing scientist, recognized himself as part of a tradition and was not fooled by the theoretic

⁴ See Charles Taylor, *A Secular Age* (Cambridge, MA: Belknap Press of Harvard University Press, 2007) and Lowney, C. W., (ed.), Charles Taylor, Michael Polanyi and the Critique of Modernity: Pluralist and Emergentist Directions (London: Palgrave Macmillan, 2017).

allure of scientism. By showing how we must depend on unthematized traditional practices and values—even in acquiring scientific knowledge—he sought to show that we could also affirm the tradition and values into which we were born.

As a scientist, Polanyi recognized limitations in our explicit knowledge of complex systems that evolve over time from the bottom-up. Intellectualist attempts of the radical liberals to order society towards socially desirable moral goals could detach from the complex, tacit background of traditional institutions that were the real material conditions for freedom. Detaching from this conservative wisdom to make radical changes could instead bring disaster.

He regarded the strong legal, social and political institutions of England and America to be important to the development and survival of Classical Liberalism. It was precisely because Russia and France lacked these traditions that their revolutions could take despotic turns (PK 54). Deep traditional institutions in the West were integral to counteracting the tide of moral inversion and bloody revolution in the 20th Century. It was actually an inconsistency between overt social demands (political theory) and strong traditional practices (political practices) that saved England from following through on a logic that destroyed freedom in other European nations (RR 18). Unlike those who seek “regime change” at the uppermost levels in government in order to advance democratic freedom, Polanyi realized that legal, political and social practices and institutions were required in order to sustain freedom. According to Polanyi, “Elective self-government is the final and most difficult achievement of democracy, not its first step” (Allen 1997, 385).

Institutions had evolved, and common and written laws had developed over generations that set conditions for the success of both a free society and a functioning economic system (PK 54). There is a complex tacit background to social and political systems, but an even more mechanical complexity is displayed in a free market economy. Polanyi drew attention to instances of what he called “dynamically stable orders” (PK 40), using examples from mathematics (e.g. probability theory) and science (e.g., behavior of gasses) (PK 39, 40). The economic system displayed a “spontaneous coordination” (RS 2) in which disordered or apparently random activities, at one level, can give rise to an order that allows for efficient functioning as a system at another. Polanyi argued that the modern free market was emergent, and complex economic systems relied on the activities of too many individual actors, operating on too many tacit background conditions, to be efficiently controlled from the top down. Such an organic system could not be re-ordered in the light of an abstract plan.

The economy, according to Polanyi, was a system of “polycentric” controls that included individual providers of capital seeking to make a profit (DSA). This was an essential part of what made the system work well on a scale needed to support modern populations. Take away investors seeking out opportunities (apparently “random” lower-level activities from the perspective of higher order results) or take away consumers signaling desires with purchases (as Hayek saw), and the economy would collapse.

Polanyi saw an example of this collapse after the Russian Revolution. The newly formed communist government seized possession of the means of production. It went about planning what needed to be produced in order to equitably and successfully feed, clothe and provide for the population (to support their utilitarian freedom). The result was a famine that killed about

5.5. million people (LL 129). According to Polanyi, after this experience in the early 1920s, even Trotsky realized that central planning was an impossible task (LL 130), and Lenin reintroduced some basic features of the free market into its economy as early as 1921 (LL 132). Later, a form of the profit motive was even re-introduced by way of “directors’ funds” (DSA 194).

A centrally planned economy was a failed experiment. Polanyi argues that the USSR was a fully collectivist “planned” economy only in name. Out of necessity, it quickly became an example of “state capitalism,” rather than a state planned socialist or communist economy. It functioned, but it was still burdened and slowed by government ownership and control, and it was “clumsy” compared with free market capitalisms that allowed individuals to possess and invest capital (DSA 195). **Polanyi also believed that government regulations on trade were too restrictive (Biro), much like many of his Neoliberal contemporaries.**

1.3 Hayek, Neoliberalism and the Dangers of Government Involvement

In advocating free market capitalism over the government planning of the economy, Polanyi was in accord with his friend F.A. Hayek and the Mont Pelerin Society. These Neoliberal economists developed the ideas of the Austrian school of economics and Adam Smith. They defended and promoted capitalism and attacked communist and socialist models of economic organization as unworkable. Hayek, independently from Polanyi, had seen the nature of the economy as a complex system. He was happy to enlist Polanyi’s scientific defense of the notion of spontaneous order, along with Polanyi’s conception of polycentric controls.

While many current Neoliberals seemed to lean, ideologically at least, toward laissez-faire capitalism, Hayek did not believe in an “invisible hand” that somehow steered all self-interested activity towards the common good. Like Polanyi, he recognized the importance and power of laws and institutions as a part of the complex economic system that allowed it to function and helped steer an economy towards the common good. One needed laws to, e.g., protect property and its transference and to enforce contracts. One also needed institutions of banking and lending, etc. (Boettke? & Allen BL)

Many unthematized practices and customs also dictated how those laws and institutions came to be coordinated and how they operated efficiently. These institutions and customs supported a spontaneous order that emerged from the activity of individuals responding to prices, creating demand, and affecting supply.

Hayek showed that a complex economic system needed the near immediate feedback of free exchange and pricing to function; central planning could never be responsive enough, nor knowledgeable enough. Local decisions made the economic system efficient. The free choices of individuals—supported by good institutions and laws—encouraged the system to be productive and mutually beneficial to all. The free market, according to Hayek, also disciplines its participants so that they are properly incentivized to be productive members of the economic society. While a morality of the market might seem crass to moral and religious philosophers, it was essential for our survival (Hayek 1986).

The Neoliberals were well aware that capitalism could have socially undesirable results, but they would suggest that we be careful in recognizing the source of those results. For them, a

lack of market competition is what produced the ill effects of immense income disparity at the end of the 19th century. Good laws and institutions were needed to help discipline the market by breaking monopolies and trusts. If, instead, one attempted to correct great income disparities from the top-down by redistributing wealth, one could potentially damage a complex system that relied on local actors who are motivated to invest for profit. Government's role here was primary to ensure and support a free market, not to limit it.

The dangers of direct government involvement—even without central planning—include inefficiency, creation perverse incentives, and cronyism, all of which lead to undesirable social and economic consequences.⁵ But in addition to these dangers, Neoliberals like Hayek saw socialist interventions as having their own set of dangers that are even more dire. Any wide-ranging socialist reform was seen as a slippery slope to a Soviet-styled totalitarianism. According to Hayek in *The Road to Serfdom* (1944), the government makes promises upon which it cannot deliver, e.g. expensive universal services or a guaranteed income. Since the exigencies of a free market economy are required to produce wealth, these promised benefits are unsustainable. The “best” people admit as much, but the “worst” rise to the top riding upon utopian dreams. The exercise of totalitarian power appears necessary to deliver on (empty) promises and what happens next is the breakdown of individual wealth and freedom.

The ideology coming from Hayek's book is that—inevitably—rather than fostering our freedom, socialist politicians become complicit in political and economic oppression. We then seem faced with a choice between an imperfect capitalist system, in which crony capitalism and complicit politicians create market inefficiencies, and a totalitarian socialist system, in which politician control the market in efforts to deliver on the undeliverable, and then use techniques of political and social control in efforts to sustain the unsustainable.

Hayek did recognize that sometimes the government would need to step in to help the indigent (1944 147ff), but the role of the government was primarily to support the freedom and free enterprise of its citizens. Hence it is the preferred Neoliberal position that, if the government is to help, it should do so by supporting the private efforts of freely associated citizens, rather than by distributing aid or providing those services itself.

1.4 Polanyi against Government Control

Polanyi, as we will see, did not go as far as Hayek and the Neoliberals, but he sided with Hayek against central planning of the economy, and also in defending individual and institutional

⁵ A government bureaucracy (aiming for good goals) typically acts from the top-down, and without the proper attention to background knowledge and subsidiary conditions. It is thus likely to design or implement **an inefficient program** (e.g. providing equipment for public schools but not the support to use or maintain them—one of many examples in Shipler, 249, 250). The government might (also with good intentions) set up programs that **inadvertently produce a perverse incentive structures** that undermine its own (or broader) social goals (e.g. the way that AFDC (Aid to Families with Dependent Children) could promote a culture of dependency instead of providing a basic security and promoting capability). Government involvement can also facilitate market manipulation **when particular companies seek to influence the laws in order to gain an unfair market advantage**, e.g., when they engage in “rent seeking” (Boettke). This happens, for instance, when big tech and drug companies seek advantages by exert influence on lawmakers via political donations and lobbyists (e.g., insurance companies were able to write into the ACA (Affordable Care Act) administration fees of 20%, while other countries limit fees to less than 5%).

freedom against government-imposed directives. Polanyi's model for this was the academic freedom of the institutions of science. Science required independence from the steering directives of a central government agency. Like economists trusting the free choices of the consumers, Polanyi believed that progress in the sciences is best achieved by allowing individual scientists to pursue their own passions (RS 4).

Polanyi demonstrates how science in the USSR was set back immensely as it was forced to comply with the communist party directives, rather than proceed according to the self-coordinating review of the community of scientists itself. The USSR had removed their scientists from the international community of science in order to unduly direct their efforts. Polanyi gives the examples of how for political reasons the Soviets promoted I. V. Michurin's theory of "vegetative hybridization" even though it was "decisively discredited by the formulation of Mendel's laws and the discoveries of cytogenetics" (LL 60). This government interference halted the progress of research in genetics in the USSR for 25 years (RS 10). Polanyi describes how such noble progressive intentions could cast whole branches of science into confusion (LL 62).⁶

Seeing what top-down, centralized direction had done to science in the USSR, Polanyi vigorously opposed the implementation of a planned science initiative when it became a threat in Great Britain in the 1940s (see *RS*). Polanyi argued that academic science would be hamstrung if it were restricted to research that was dedicated solely to the public welfare or the Party's interests rather than the discovery of truth. The individual freedom and passion of the scientists to follow their own interests in their fields is what drives scientific discovery. Also, the advance of scientific knowledge was valuable for its own sake and not just for its pragmatic applications or any subsequent technological innovations. Polanyi showed that technological innovations did not advance science very much (LL75). Science flourished when it was not geared to technological benefit, and even future indirect benefit of invention could be lost if the government controlled the direction of research.⁷

For Polanyi, the scientific tradition could act as model of free society and in that analogy individual rights and personal choices are valued above socially determined directives toward public welfare. The institutions of science formed system that vetted scholarly publications, organized peer reviews, and set procedures for hiring and promotion. This was all part of a non-coercive, self-governing community (LL 26, 27). It had both conservative forces that supported the procedures and theories of the status quo, but it also had progressive forces, that promoted new discoveries and sometimes even revolutionary theories. Older scientists may sometimes be blinkered, but discovery was highly valued, so individual scientists would also take risks.

In summary, we see Polanyi for the right in his respect for tradition, traditional institutions, and individual freedom. His understanding of how spontaneous order worked in a complex system, and the sources of scientific advance, supported a free market economy and opposed central planning and government control. Polanyi captured this need for local control

⁶ We can see similar dangers today. A progressive ideology could stunt research into genetic or medical research involving differences in body types, because it would be considered racist or sexist to even discover such differences. Political ideologies could also exaggerate a legitimate scientific consensus regarding climate change to the point that further objective research into it is suppressed or distorted.

⁷ One might say just as virtue for its own sake brings happiness, scientific research for its own sake brings technological invention.

and freedom when he said that “a centrally directed industrial system is administratively impossible: it is like asking “a cat to swim the Atlantic” (LL 126). But Polanyi also understood that higher-order values could appropriately organize lower-level activities. So allowing the (lower-level) economic interests to direct the outcomes of social systems would be like letting the tail wag the dog.

II. Polanyi For the Left: Emergent levels, Government Interventions, and Social Freedom

Polanyi shared much with the Neoliberal conservatives, however, there were also important differences, some—I believe—also came out of his background in science and his growing understanding of complex, emergent systems, which encouraged him to see more room for intelligent government intervention; it also encouraged recognition that economic and social relations needed to serve values higher than material prosperity. Polanyi’s understanding of emergentism would sanction a social level to reality, that sanctions a notion of social freedom and justice above the arbitrating between self-regarding individuals.

2.1 Emergent Systems and Levels of Study

Polanyi well-understood the emergence of complex systems, their limitations, and their possibilities. The notion of intractable spontaneous order on its own might lead one to the idea of an “invisible hand” that we cannot fathom but must merely trust. Government interference in the economy, or its controlling of important institutions, could unwittingly bind or break the guiding hand. For Polanyi, however, while an emergent system could not be reduced down to and explained merely by reference its constituents that did not mean that we could not understand more about how it worked via higher-level descriptions. Understanding more can allow us to know what might make a system work better, and also how it can be adjusted to work in ways that better align with our values.

To illustrate a scientific approach to emergent systems, we can look at how Polanyi saw general divisions in science as generally examining different emergent levels. For example, living things were emergent upon the physical and the chemical levels, so biology, and the features it studies, is not reducible to physics and chemistry. In an emergent system, the whole has properties and features that the parts do not have. Physical and chemical processes are thus subsidiary to, and support, the emergent level of living systems but are themselves insufficient to explain it. So while physical elements and chemical reactions do not have the property of being alive, living beings constituted with complex physical and chemical processes do have this property.

An emergent system can be studied at its own level. In studying biological systems, we discover biological laws and principles that govern this emergent level of existence (e.g., rules that govern a metabolic system) that are different than laws of physics and chemistry that govern the lower-level subsidiary entities/parts. Similarly, the biological level itself is subsidiary to an individual’s mental and emotional life, so psychology studies another emergent level that the biological body supports and sustains. The mind, for Polanyi, cannot be reduced to the brain and

its functions, though we can also look at what subsidiary brain/biological processes need to be in place for good mental health, and what chemical and physical subsidiaries need to be in place for the brain to function.

According to Polanyi, the relation between the entities of one level and the next higher level is one of dual control (KB 233). The lower level has its laws and exercises its control, limiting the possibilities for the higher, but the higher level can have its laws and control as well. These do not violate the laws of the lower level, but organize the lower order parts and use them in various ways. The higher level, says Polanyi, acts on the “boundary conditions” left open by the lower level (KB 226). Thus my mind can to some extent affect my body. I can decide to lift my hand, and I raise my hand, but that does not violate any of the biological laws that govern my body, nor the physical laws that govern its parts. I commandeer or canalize the lower level to my purposes, but I rely on those subsidiaries to be able to function; if I have a stroke, for example, I might not be able to raise my hand. Emergent complex systems call for study, this is why we have different sciences with different laws: Physics, chemistry, biology, psychology, sociology, political science, and ultimately, for Polanyi, the *personal* domain in which we act freely and responsibly.

As a scientist, Polanyi did not let the complexity of an economic system build to an ideology that barred the sort of understanding that could allow for intelligent action. We can examine and better understand systems—even economic systems with polycentric controls—and we can thus intervene to correct a system that, on its own, would break down or produce harmful or immoral effects.

2.2 Government Intervention and Support

We saw that Neoliberal economists recognized that a well-functioning economy needed laws—not only to secure property and its transference, but also anti-trust and anti-monopoly laws that insured competition and market efficiency. Neoliberals, however, were generally opposed to government intervention in the economic system. Polanyi, early on, disagreed with Hayek’s group and sided with John Maynard Keynes on a need for the government to intervene in order to prevent painful downturns in the economic cycle. Polanyi advanced these ideas in media and in print. He made a film, which he converted to a textbook in 1945 titled, *Full Employment and Free Trade*. In simplified terms, Polanyi conveyed the exigencies of a market system and showed how the government’s ability to regulate the flow of money during economic downturns could preempt or break a downward spiral. His preferred tool to stimulate the economy was to print more money. Today, printing more money, borrowing it, and adjusting interest rates, are common techniques for effecting the same results.⁸

Polanyi saw the actions of FDR after the Great Depression as an implementation of this policy of government intervention (CP 139-140). While this brought the US out of depression, in other countries, where the more “hands off” policies regarding government intervention

⁸ Effectively, Polanyi’s was the top strategy to prevent unemployment and bankruptcy during the Covid-19 pandemic, e.g., “Setting aside traditional worries about printing too much money the Fed has moved ‘immediately and creatively’ to do what’s needed in an emergency” (The Week, April 3, 2020).

prevailed—such as Germany— the economic systems completely collapsed, or recovery was painfully sluggish. Polanyi believed if Germany had followed the US example, things would have turned out much differently both economically and politically (CP 140).

Polanyi also recognized market externalities, or “diffuse costs and benefits,” as social costs that individual beneficiaries did not pay for (DSA 196). Social costs needed to be taken into consideration “and it falls to the public authorities to assess them and to act accordingly, either by making restrictive regulations to which manufacturers have to conform or, in some cases, by imposing special taxes” (DSA 196). Government regulation or taxation were needed to correct negative communal effects such as “noise and smoke, the pollution of rivers, the defacing of the landscape,” etc. (195). Polanyi also recognized the need to foster positive communal effects through government subsidies (196), which served us all both in gaining the benefits of a well-educated society and in advancing knowledge for its own sake.

Polanyi wanted the institutions of higher education and science to be independent from government control, but he also wanted the government to fund them (LL 41). A main problem Polanyi saw in government planning was that scientists and researchers would be supported only in so far as they were working toward the public welfare. This pulled against the value of knowledge for its own sake and brought academic freedom into the utilitarian domain. Just as certainly as he did not want the government directing the goals of science, he did not want the free market directing its goals either. To privatize educational institutions and make them subject to market forces would corrupt their values and goals just as surely as centralized planning would.⁹

Polanyi was in favor of subsidizing education by having government pay the difference between what students could pay and the university’s costs (DSA 196). Polanyi also endorsed tenure for life (LL 43) in order to insulate academics (and judges) from both government and market forces and to allow academics to freely pursue their research interests and speak their findings without fear of political or economic retaliation. “Academic freedom consists in the right to choose one’s own problem for investigation, to conduct research free from any outside control, and to teach one’s subject in the light of one’s own opinions.” (LL 33).¹⁰

In supporting government support of education, Polanyi was also rejecting the notion that the principles of the free market should run independently from our higher-order moral principles (transcendently guided). So while he agreed with Hayek and Mont Pelerin thinkers

⁹ If one buys and sells education as a commodity, the more highly-valued education, and the more costly, would become that which produced the most future income for the students. Education as an institution that exposes us to the higher values of society and culture would be undermined. Education would no longer foster freedom, but be governed by the market and its value. (Consider the relative salaries currently distributed to faculty in the humanities, the sciences, and schools of commerce, which increase directly in accord to their economic applicability).

¹⁰ This makes President Trump’s tweet of July 10, 2020 particularly dangerous: “Too many Universities and School Systems are about Radical Left indoctrination, not education. Therefore, I am telling the Treasury Department to re-examine their Tax-Exempt Status...and or Funding, which will be taken away if this Propaganda or Act Against Public Policy continues. Our children must be Educated, not Indoctrinated.” Polanyi would not want the government deciding what is really knowledge and what is merely ideological propaganda. We continue to see “hypochondriac fears...of ‘creeping socialism’” today, especially with the President’s notion we’ll become another Venezuela rather than a Netherlands or Norway if progressive agendas like “Medicare for All” are implemented.

that the free market is a complex system that produces a spontaneous order, and that top-down control for social benefit can actually be counterproductive, Polanyi was not averse to government intervention and support. He says, “It is true that the market is a machine and an indispensable machine, but this machine need not overrule respect for humanity and social justice” (342).

2.3 Levels of Being, Higher Values, and Social Freedom

As an emergentist, Polanyi came to see different and higher levels of being emerge in nature. He could see the development of new levels and new properties. As such, he could recognize the social as a level of existence emergent on the activities of individuals and as the creation of another dual control system. Hayek, in contrast, denied the reality of the social and derided conceptions of social justice (LB 136, 147 ft#2).

A hierarchical scheme of higher-whole and lower-parts levels can distort complex relations but it can also help to bring across some important dependency relations. Just as a higher emergent physical system operates by rules/laws different than those that govern the lower level, an emergent social system could also operate by different rules than those which might operate at the lower level of an individual human animal seeking its own satisfaction within a community. The lower level of individuals, and their freedom to fulfill their self-interested desires and needs (studied by psychologists); are subsidiary to the society, which emerges from the mutual interdependence of individuals and their desires and needs.¹¹ There are aggregate social goals, e.g. of mutual support and protection, but society can come to form a higher-level holistic order as well, and there are emergent features and values that come with it (studied by sociologists). For the sake of a higher-order social value, such as the freedom and protection of society itself, we may have to sacrifice our individual freedom and self-interest.

In contrast, “Hayek decried ‘the social’ as a term at once mythical, incoherent, and dangerous, falsely anthropomorphizing and drawing on animism too,”¹² as Wendy Brown summarizes in “Neoliberalism’s Frankenstein: Authoritarian Freedom in 21st Century ‘Democracies’” (Brown 13).¹³ While for Polanyi there can be such a thing as the social and it can display justice, for Hayek, justice was primarily a matter of relations between individuals. It was sorted in terms of the particular claims free individuals could make based on the legal institutions that protected, as R.T. Allen puts it, “rights to private property, the freedom of

¹¹ Note that this logical or functional dependency does not require that individuals to exist in isolation before entering into society. A human individual is always already a member of society.

¹² Here Brown cites Hayek’s *The Fatal Conceit: The Errors of Socialism* (Chicago: University of Chicago Press) 1988, 108, 112-113 and *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy* (London: Routledge and Kegan Paul) 1982, 2:75-76.

¹³ Brown continues, “What makes belief in the realm of the social so nefarious for Hayek is that it inevitably leads to attempts to make justice and order by design. This in turn undermines the dynamic order delivered by the combination of markets and morals, neither of which emanate from reason or intention; rather, both spontaneously evolve.” (13,14). Note however that, for Polanyi, just because these do not evolve from explicit reason, does not mean they cannot be examined and reasoned about.

movement and occupation, plus access to certain public facilities such as highways”¹⁴ (Allen BL 65).

What Hayek conceived as individual liberty, for Polanyi, was still something that typically aligned with lower-order values connected with Utilitarianism. Allen explains that Hayek’s conception of social good did indeed go beyond von Mises Act Utilitarianism. It was not only “polytelic” (Allen, BL 121), it incorporated a version of Rule Utilitarianism in which the rules were not just “productive generalizations” but were *constitutive* of freedom (BL 117-119). As Allen notes, rules thus don’t devolve into the most useful acts, but, contra Allen, the ultimate the goal is still utility here. The exigencies just work a bit more indirectly—just as the pursuit of virtue indirectly causes happiness (1998, 123). Rules were to be universally obeyed, primarily because they supported and were constitutive of an individual’s freedom, which primarily for Hayek was a negative “freedom from” infringement, so that individuals could pursue their individual desires.

Brown continues: for Hayek “...since justice pertains to conduct comporting with universal rules, it is a misnomer when applied to the condition or state of a people, as in the term ‘social justice.’ Social justice, then, is misguided, assaults freedom in spirit and in fact, and assaults traditional morality as it inevitably attempts to replace it with one group’s idea of the Good” (14).

Hayek does not believe in the existence of the social nor in values that it might possess. In contrast, Polanyi writes, “The ideal of a free society is in the first place to be a *good* society; a body of men who respect truth, desire justice and love their fellows (LL 29)...the free society is a true end in itself, which may rightly demand the services of its members in upholding its institutions and defending them” LL 30).

Polanyi recognizes values that are higher and more important than an individual’s satisfactions, and he also recognizes that the emergent social level may have its own values. While Hayek is right that society is formed for the good of individuals, and that freedom is intimately related to the institutions that are subsidiary to it, higher-level social values are holistic and can override lower level values. A society can call on individuals to protect *it* and insure *its* happiness. It has its own properties and identity.¹⁵

Society is often described in terms of a complex organism (e.g. Hobbes’ *Leviathan*) that is built up of many organs with different functions essential for its survival. The mutual interdependence of functions may have evolved over time and include elements of spontaneous order, but those too can be studied. Like Hayek, Polanyi worried about efforts to control and order from the top-down, even towards specific, well-intentioned goals. The exigencies of the

¹⁴ Allen adds, “access to the courts and some maximum amount or proportion of taxation, plus a general lack of regulations beyond what is necessary for the effective carrying out of the ordinary business life,” which he sees implicit in Hayek’s view (BL 65). Allen also describes the conservative view and freedom as going beyond negative freedom (42) and so relying on competencies as well as immunities (protections) (BL79).

¹⁵ This need to prescind from the higher level of the social when discussing justice can be seen in Plato. When defining “justice” Plato did not talk about individuals, he first needed to set the stage by discussing what an ideal state/republic would look like. Similarly, when talking about human telos and justice, Aristotle also talked about the happy polis or city, because it is within a happy city that an individual human obtained the capability of flourishing, and the study of ethics was subordinate to the study of politics (*Nicomachean Ethics*).

system must be respected, and we must be aware of our limitations. But just as a good doctor or surgeon can learn more about a human organism and effect changes that can help the body heal, we can understand society better and help it achieve its higher goal, that of being a “good society,” which might also align with the better goals of our higher self.

While Utilitarians treat satisfaction as a transcendent value, Polanyi talks about Truth, Justice, Beauty, and Freedom as transcendent values, and these are more important than the utilitarian values. But these transcendentals are mainly formal ideals. How we understand each is conditioned by which level of reality and understanding we are thinking *from*, i.e., the context/system in terms of which we are thinking. We can identify with ourselves as individuals with self-regarding interests or as citizens with society’s interests at heart. If it is an emergent value and force in me, I can understand and experience from the perspective of my/our social will and its/my social values. *So, whereas from the perspective of my individual interests, I might see following the general or social will as a sacrifice, that sacrifice could very well be an expression of my social will, as I identify as a moral citizen of the body politic.*

Mark Sagoff captures this dichotomy well in “At the Shrine of Our Lady of Fatima or Why Political Questions are Not All Economic.” He describes one’s role as a consumer vs. a citizen, and notes that they are often at odds. As an individual consumer, he was happy to have a crooked judge fix his speeding ticket, but as a citizen he was also happy to vote out the crooked judge at the next election (621). The higher order freedom (that involved the laws of the road) emerged in order to protect individual freedoms (and individual’s ability to safely drive on the road) but it can also call for the sacrifice of the individual (don’t speed or else).

Higher level values are also capable of giving higher-order moral satisfactions, and we are often happy to sacrifice lower order needs, such as individual safety for the good of our community or a loved one. Conscience might motivate us to be responsible, and to act in accord with higher-order values. With the call of conscience, we are subsidiarily aware of the higher-order value that *we should be acting from*, when we tempted to act in the habitual context that a lower level has produced.

Society is often described in terms of a complex organism (e.g. Hobbes’ *Leviathan*) that is built up of many organs with different functions essential for its survival. The *parts/individuals, however, can called upon to perform different functions in service of the interests of the whole. Also, the mutual interdependence of functions may have evolved over time and include elements of spontaneous order, but those too can be studied.* Like Hayek, Polanyi worried about efforts to control and order from the top-down, even towards specific, well-intentioned goals. The exigencies of the system must be respected, and we must be aware of our limitations. But just as a good doctor or surgeon can learn more about a human organism and effect changes that can help the body heal, we can understand society better and help it achieve its higher goal, that of being a “good society,” which might also align with the better goals of our higher self.

In summary, Polanyi departs from strictures against government intervention, by (1) giving it a role in controlling the monetary system, (2) by issuing regulations and taxations on companies to reduce communal harms and promote communal goods, and (3) by subsidizing institutions, such as higher education and science, that contribute to higher values and the social

good. Polanyi believes free market laissez-faire is “barbarous” and the engine of economic production must be brought in line with our higher values. He recognizes a higher-order social freedom and justice that can properly call for the sacrifice of individual freedom and privilege.

III. Polanyi for the Emergent Middle: Support, Supervision, Progress and Public Freedom

Polanyi saw a false dichotomy in the political views that emphasized either personal freedom, or the self-surrender to a collectivist or holistic understanding of equality and social justice. Rather than one or the other, he saw a *personal* freedom in the form of “public liberty” that was neither geared towards individualistic self-satisfaction nor (utilitarian or otherwise) self-surrender to the impersonal goals of society. He also saw that this public freedom supported and enriched both individual freedom and social freedom as it supported and enriched our higher personal values and projects (Yeager, 195,196). The model for this third way, and for a free society more generally, was the institution of science itself as a non-coercive, cooperative, self-regulating tradition that served the higher value of Truth. For Polanyi, science presents a paradigmatic instance of public freedom in operation and gives a clue to the proper character of government authority and intervention.¹⁶

3.1 Public Freedom & the Logic of Liberty

As Polanyi expresses it in *The Logic of Liberty*, there is an *opposition* between being “free from external constraint... [an] individualist or self-assertive conception of freedom” and a freedom that is a “submission to impersonal obligations” (LL 33). These two freedoms come into conflict, but for Polanyi they come to resolution in a further emergent development that Polanyi called public liberty. This public freedom seems to be a Hegelian supersession of individual freedom and its negation in social sacrifice.

Polanyi begins by criticizing the sort of individual liberty and goals that both free-market and collectivist economic systems seem to prize. The individual liberty that Mill praised was being “freed from external constraint” (LL 33) but this for Polanyi was concomitant with a lower-order conception, and reflected Utilitarian values and Utilitarian social goals. Polanyi, prefiguring elements of John Rawls’ argument against Utilitarianism in “Justice as Fairness” (Rawls, 1958), noted that this notion of freedom is dangerous and can be made “consistent with

¹⁶ The higher-order freedom (that involved the laws of the road) emerged in order to protect individual freedoms but it can also call for the sacrifice of the individual as it enables new individual freedoms (to be more mobile). **These 2 freedoms** come into conflict, but they come to resolution in the further emergent development that Polanyi called public freedom. The *individual* (self-centered) **private freedom** (of the individual will) gives way to the *collective* (called to moral sacrifice) **social freedom** of the general will. According to Polanyi the resolution of this opposition is in the *personal* (persons called by conscience to positive projects) **public freedom**. The economic system and economic freedom were subsidiary to our higher-order political and *personal* freedoms, and this provided more of a role for government than to act solely as the protector of individual self-interests, or for the government to act to enforce social justice as it is conceived to belong to the general will of the collective. It was to act as a subsidiary support for public liberty and pursuit of our higher values.

keeping slaves” (LL 32).¹⁷ And this freedom in “its fundamental opposition to all restraint can easily be turned into nihilism” (32).¹⁸

He contrasts individual freedom with a social freedom “almost its opposite,” which “regards freedom as liberation from personal ends by submission to impersonal obligations” (32, 33). But this has dangers, too. It can encourage totalitarianism, by which individual freedom is negated in order to advance the goods of society. “...if you regard the State as the supreme guardian of the public good... then it follows that the individual is made free by surrendering completely to the State” (LL 33).

For Polanyi, the goal is neither to promote utilitarian satisfaction nor to sacrifice individual interests to the social good. He instead points to a “missing principle” which binds them in combination and provides a true balance (33). He, again, looks to academic freedom and the notion a self-adjusting, spontaneous coordination to find this balance, and to provide an example of public freedom. As Hegel might put it, (1) individual freedom, and its negation in (2) social freedom, find their supersession in (3) public freedom.

The systematic growth of scientific knowledge is fostered by a coordinating principle: the mutual adjustment of individual scientists and their research. Scientists are free to pursue their own research projects, yet here we see “the co-ordination of individual activities without the intervention of coordinating authority” (LL 35). To show how this works, Polanyi uses the example of a giant jigsaw puzzle (LL 35, RS 2). The puzzle is finished most efficiently if those working on it each take up their own section and follow their own initiative: “the joint effort would form a closely organized whole, even though each helper would follow entirely his own independent judgment” (35).

Polanyi recognizes in the “self-co-ordination of scientists in the pursuit of discovery” there is no guarantee of the existence of a coherent big picture, i.e., “an intelligible ground-plan” (36), that we are destined to discover. There is, however, a coherence in the tradition of science that guides it forward toward a contact with reality and discovery of truth. Polanyi shows the existence of a “closely knit professional tradition” that informs and supports the assertion of “personal passion” (39). He relates the existence of a core set of practices and beliefs in science to a constitution (LL 26), as they provide the framing principles by which the pursuit of knowledge is constrained, but which is also the basis for progress.

The public liberty of the individual scientist or citizen is not a freedom to do as one pleases, but a freedom to be responsible to one’s conscience and to pursue one’s calling in service of higher personally affirmed values (TD 79).

“The general foundations of coherence and freedom in society may be regarded as secure to the extent to which men uphold their belief in the reality of truth, justice, charity and tolerance, and accept dedication to the service of these realities; while society may be expected to disintegrate and fall into servitude when men deny,

¹⁷ E.g., if one freely chooses slavery for the utilitarian benefit of material security.

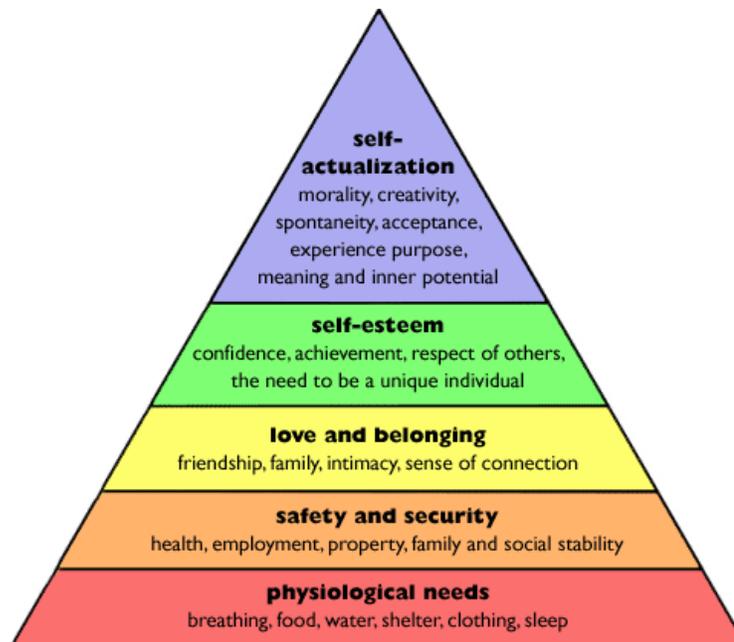
¹⁸ Presumably, since a utilitarian skepticism about the existence any values higher than pleasure and pain encourages nihilism.

explain away, or simply disregard these realities and transcendent obligations.” (LL 47)

3.2 From Dialectic to Hierarchy: The Emergent, Higher Middle

The reality of the constituents is changed in the environment in which they become a system. The part, at least in part, gets its identity from the whole. The individual comes into existence in the context of a community and culture, but the individual becomes a citizen in the context of being a responsible member of collective, and the citizen becomes a responsible person by pursuing intelligent and moral goals that serve both the individual and the social.

We see an advance from lower order, utilitarian values to higher values. We see a somewhat correlative advance from the individual, to the social, to the political, to the personal. If we think of morality as emergent we can see a hierarchy somewhat similar to Maslow’s “hierarchy of needs.”



While the simplification into hierarchy can distort complex relations between levels, it can also bring across some general dependency relationships that hold true. In Maslow’s pyramid, certain lower-level needs must be filled in order for higher-level psychological and social capacities to emerge and function properly. One must eat and sustain one’s body in order to come together in association, and then one needs physical safety and security before one can look to higher and better ways of being together in relationship and community. Similarly, Aristotle saw the animal needs of pleasure satisfaction as lower than the social needs of a moral community, and these, in his scheme, were lower than the higher level activities of the intellect and contemplation (Nicomachean Ethics).

The lower levels are subsidiary and necessary for the emergence of the higher, e.g., it’s difficult to carry on a conversation or to concentrate on a good journal article if one is starving. But when higher-order values emerge, they can re-order how we go about fulfilling our lower-

order needs and enrich them; a higher-order need/value can adjust or even override our lower-level need/value. For instance, one might satisfy sexual needs in ways that honor and support relationship rather than in ways that randomly fulfill sexual urges, or one might shift to a vegetarian diet if one finds it morally reprehensible to kill animals. This adjustment would be like the exercise of a higher-level control in a dual control system, in which the boundary conditions of a lower level are constrained and directed by a higher level. Once the higher-level value is established it can even override the lower level needs and its primary values. One might renounce sex entirely for higher spiritual goals, or one might go on a hunger strike and die to support a moral cause.

Higher level values are also capable of giving higher-order moral satisfactions, and we are often happy to sacrifice lower order needs, such as individual safety for the good of our community or a loved one. Conscience might motivate us to be responsible, and to act in accord with higher-order values. With the call of conscience, we are subsidiarily aware of the higher-order value that we should be acting *from*, when we tempted to act in the habitual context that a lower level has produced. Conscience is the higher-order system and its values acting as the tacit background knowledge influencing behavior; temptation is a lower-order system acting as that tacit background.

In different emergentist theories of ethics, slightly different hierarchies are constructed depending on which way of living and values are recognized as the highest order. Kohlberg, has constructed a moral progression that runs from lower-level utilitarian individual concerns up to Kantian universal concerns and values.¹⁹

¹⁹ For a different understanding of how different major moral theories come together in an emergentist view see my ““Morality: Emergentist Ethics and Virtue for Itself” TAD

Kohlberg's Moral Stages

Level and Age	Stage	What determines right and wrong?
Preconventional: Up to the Age of 9	Punishment & Obedience	Right and wrong defined by what they get punished for. If you get told off for stealing then obviously stealing is wrong.
	Instrumental - Relativist	Similar, but right and wrong is now determined by what we are rewarded for, and by doing what others want. Any concern for others is motivated by selfishness.
Conventional: Most adolescents and adults	Interpersonal concordance	Being good is whatever pleases others. The child adopts a conformist attitude to morality. Right and wrong are determined by the majority
	Law and order	Being good now means doing your duty to society. To this end we obey laws without question and show a respect for authority. Most adults do not progress past this stage.
Postconventional:1 0 to 15% of the over 20s.	Social contract	Right and wrong now determined by personal values, although these can be over-ridden by democratically agreed laws. When laws infringe our own sense of justice we can choose to ignore them.
	Universal ethical principle	We now live in accordance with deeply held moral principles which are seen as more important than the laws of the land.

Polanyi would generally agree with Kohlberg here, and he would see the psychological development as a recognition of progressively higher moral truths. The highest level for Polanyi is similar indeed to Kant's, though Polanyi puts the personal above an impersonal rational. For Kant's, the autonomous individual acts morally by acting in accord with the demand of a universal law of reason. For Polanyi, the moral person acts in accord with a personal commitment to a self-set standard that is affirmed with universal intent. One is motivated by "universal intent" in that one acts on what one recognizes as truth, and one sees it as a universal truth that all *should* agree with, i.e., a personally affirmed universal law. The lower order value of doing whatever one wants, and, Kohlberg would add, the value of making and honoring contracts and commitments with others in political societies, can be overridden by the freedom to do as one must and to be responsible to a higher-level of truth and reality. The moral person stands as Luther stood "when obeying the dictates of his own conscience... [he declared], 'Here I stand and cannot do otherwise'" (PK 308).

Kohlberg's hierarchy catches the commitment to ethical principles, but something is missing. Kohlberg believed that women tend to revert back to lower stages by often emphasizing interpersonal relations over universal ethical principles. Rather than see this as a reversion to an earlier, lower stage we can see it, like Carol Gilligan, as a yet higher stage that takes the personal more seriously and sees a truth coming from interpersonal relations that fold in commitments to ethical principles.²⁰ The interpersonal here helps to rank-order ethical laws in particular contexts

²⁰ See Carol Gilligan, *In a Different Voice*,

and to produce a new law, bearing universal intent, for a particular situation. Here the emotional is re-organized at a higher level with deeper meaning. Polanyi prized passion, but, as a higher order motivation, he emphasized it as “intellectual passion” (PK). Gilligan and Care Ethics can add balance and a richer understanding of personal passion and its ability to uncover moral as well as intellectual truth.

When a higher level emerges, it gives new meaning and provides a richer satisfaction than the lower level can provide on its own. The lower level is also molded into being a constitutive part of the higher order reality; it which becomes (as Dewey might say) an integral part of a “consummation” of the higher level satisfaction rather than merely a random instrumental product. Thus operating on the higher level can enrich the meanings of lower-level satisfactions. Such dependency relations are abstractly represented in the hierarchical triads of Hegel, wherein the lower levels (thesis/individual freedom and anti-thesis/social freedom, in our case) gets better understood and finds their true meaning in the higher-level synthesis (public freedom). The emergent, higher middle is more than a compromise.

3.3 Government Support and Supervision

In Polanyi’s model, in order to advance public freedom, the public authority protects and (to varying extents) supports professional traditions or institutions with their own emergent standards of excellence. Polanyi mentions some specific institutions that need to be upheld in order to preserve liberty. He says, the “privileges under which Universities, Law Courts, Churches, and the Press are upholding their ideals” must be protected, also protected should be “the rights of individual enterprises under which trade is conducted (CP129).

For Polanyi the government not only protects but is to support particular institutions that support public freedom. It is to indirectly support the endeavors within them, while allowing the sort of the autonomy and self-governance that, e.g., academic science should enjoy. This support is sometime a tax-exempt status, but sometimes it involves more, e.g., grants and subsidies distributed with the help of professionals in the field, as in is done by the National Endowment for the Humanities. The support of public freedom, in turn, supports social and individual freedoms.²¹

Polanyi is well aware that traditions and institutions are dynamic and changing, and not all of those changes are for the better. Polanyi displays a respect for traditions and their tacit wisdom, but this did not make *all* traditions good for the promotion of social justice.²² He notes that in the sciences cliques can develop that can act for their individual benefits or unduly restrict

²¹ Affirmative action, for example, such as a support for the advancement of historically suppressed underprivileged groups, can act in a manner consistent with the support of public liberty, e.g., by the policy of giving government contracts only to companies committed to hiring an amount of minorities proportional to the general population. This can be seen as a move that does not mandate change at the level of the social, but encourages it at the level of the public support of employers who promote social justice. This support of social responsibility, in turn, supports the freedom of those who would otherwise have fewer job opportunities and would thus have more difficulty exercising their utilitarian freedoms through the market.

²² Similarly, Hayek also respected but did not revere tradition and believed they must adapt and change in cultural evolution (Horowitz “Hayek...

the advance of knowledge. Polanyi warns that the protections of an institution can sometimes act as a shield for corrupt practices (LL 43).

While most of the supervision and correction ought to take place at the level of the self-organizing institutions, Polanyi also sees a supervisory role for public authorities. Just as the pancreas might produce too much insulin and that production might need to be regulated for the benefit of an organism, some lower-level activities might need to be inhibited or encouraged for proper higher-level functioning. The economic system relied on many traditional institutions for its proper working, but not every spontaneously emerging traditional institution or subsystem in an economy or society would always add to market efficiency or contribute to the common good. Like science, the institutions of a free society respect the liberal tradition's core tacit principles, even as it seeks to advance them. We should not wholesale, therefore, seek to preserve all aspects of all traditions but seek to understand which could support our higher values, be it in the sciences, the arts, the press, or religion, and we should seek to foster those that do.

This creates a role for government to exercise "supervisory authority" but not a "corporate authority" (126-129). Government should not act as a central planner, in which decisions were made at the top by individuals or committees and then carried out (Polanyi uses the military as an example of corporate authority in "Collectivist Planning" (124)), but as a supervising body with concern for the public interests that, through the support of public freedom and mutual self-coordination, still allows individuals and institutions to be the creative source of action. "Under supervision, individual action springs forth from direct communion with the social heritage, and its outcome returns directly to the social fund" (CP, 128).

Polanyi says the "social aspect of freedom" is "surrender to the service of impersonal principles" (LL 43) but in public liberty that surrender becomes transformed into a positive pursuit of personal passion for a calling that enacts higher values and in so doing advances the public good.

Society is like a complex organism and the economy is like a complex machine, but we can make corrections to help an organism achieve health and we can also tinker with and direct our productive machines. Not only was the economic system one that sometimes called for government intervention, through taxation and regulation, it was a system that was subsidiary to our higher social and political life. A system we needed to "canalize, correct and supplement" (LL 138).

3.4 The General Will: Dangers and Safeguards

Like Polanyi, for Rousseau we have a private or "natural freedom," to pursue individual satisfactions; a social or "civil freedom" built upon the interdependence of individuals in a social compact, and also a "moral freedom" that emerges and supervenes on the level of the political/social compact. Rousseau says,

"...it is necessary to draw a careful distinction between natural liberty (which is limited solely by the force of the individuals involved) [our level 1] and civil liberty (which is limited by the general will) [our level 2], and between possession (which

is limited solely by the force of the right of first occupant) [level 1] and proprietary ownership (which is based solely on a positive title) [level 2]...To the proceeding acquisitions could be added the acquisition in the civil state of moral liberties [level 3], which alone makes man truly master of himself. For to be driven by appetite alone is slavery, and obedience to the law one has prescribed for oneself is liberty [level 3].” (Rousseau, CH VIII, 151)

We can see that Rousseau’s notion of a “general will” also comports well with an emergentist perspective. In Polanyi’s terminology, the “joint comprehension” of the parts is greater than, and different from, the subsidiary parts and has its own properties. For Rousseau, the general will is a holistic manifestation at the social and civil level and is not the mere sum of individual wills. Also, the general will, according to Rousseau is the rightful sovereign power of the State.

There is a notorious danger in the notion of a general will, since it is not merely the sum of the individual wills, it not always expressed in the will of the majority—in fact “there is often a great difference” (Rousseau, 155). If it cannot be determined by a simple majority vote of individual citizens or their representatives, who speaks for the general will? If the general will can only manifest in individual voices, how do we recognize and distinguish an individual’s or faction’s will from the general will? The danger is that a part/faction tradition within a free society/republic will commandeer the notion of a general will for its own purposes, resulting in either a tyranny of the majority (in a true democracy) or a tyranny of the minority (in e.g., a republic or, e.g., an oligarchy).

Rousseau’s safeguard for this problem comports well with Polanyi’s view, but lacks a positive personal dimension that Polanyi emphasizes. Rousseau believed the dangers in the notion of the general will were tamed because the general will should not be framed in terms of partisan agendas that the State possessed or pursued, but in terms of a constitution and laws that were universal in nature. “Just as a private will cannot represent the general will, the general will, for its part, alters its nature when it has a particular object; as general, it is unable to render a decision on either a man or a state of affairs” (Rousseau 157).

While the social-political has a negative aspect in protecting individuals in their natural freedom from each other, according to Polanyi, it also expresses and should promote our higher communal values by supporting public liberty. Polanyi observes positive role for government in both supervising (rather than controlling) and supporting (rather than directly mandating) institutions that align with our higher values. The government is seen as a subsidiary support for a public freedom that supersedes individual and social freedom. The political structure, as the instrument of a general will, thus has the role of supporting social institutions and their personally endorsed “public” projects.

This positive role, however, might also seem dangerous, and it can be to the extent that the government may work to promote individual or partisan interests rather than provide a general support for institutions that support higher personal values and those we cherish as a liberal political society. This is why, in economic contexts, though Polanyi endorsed government spending on projects to make up for deficiencies in private spending (Biro 79), Polanyi shied

away from the endorsement of government spending that too specifically earmarked particular projects that would preference some contingents over others (Biro p.). And why Polanyi endorsed the printing and loaning of money, in times of downturn, as a mechanism that would be more likely to allow distribution to various parties in a fair manner (Biro ?). Similarly, in political rather than economic contexts, the government was not called upon to initiate and execute projects, but to supervise them to make sure they were consistent with our common social values (even as these common social values changed in the light of “discoveries,” e.g. expansion of “man” in constitution to include protections for all people regardless of race, sex, and—in the recent by the Supreme Court in June 2020—gender) so as to allow as much as possible to be initiated and performed by persons working responsibly in the context of traditional institutions.

General will is expressed in the constitution and its interpretation in light of changing circumstances and moral development. As we saw, Polanyi uses the institution and tradition of science as the model of a properly functioning republic. There are independent projects leading to discoveries that contribute to the collective benefit of science and society, but there is also a common communal character that guides the vetting of projects and the validation of scientific knowledge. In Polanyi’s example, in order for the jigsaw puzzle to be solved by individuals working separately on their own initiative, there needed to be a background of beliefs communally held. This “joint acceptance of the same fundamental scientific beliefs...”

“... may be said to form a constitution of the scientific community and to embody its ultimate sovereign general will. The freedom of science consists in the right to pursue the exploration of these beliefs and to uphold under their guidance the standards of the scientific community. For this purpose a measure of self-government is required, by virtue of which scientists will maintain a framework of institutions, granting independent positions... to mature scientists; the candidates for these posts being selected under the direction of scientific opinion.” (LL 26,27).

This self-governing body progresses by relying on the conservative forces of its established body of knowledge and customary interpretive frameworks, but it also values the novel: the unexpected result, the scientific discovery, and new ways of understanding old information. These counters the inertia of the scientific tradition towards the status quo; it allows and supports progress towards a better and better understanding of truth.

A political society also requires self-governing institutions and traditions under a common constitution that embodies its sovereign will. It, too, offers supervision, rather than direct control, to help canalize functioning towards our higher values. In politics as well as science there needs to be a balance between the stable/conservative and the novel/progressive that work together to guide progress toward Truth, Justice, Equality and Freedom.

3.5 Political Liberalism: Prospects

In an emergentist scheme, a Political Liberalism can be seen as an emergent form of government that allows for a variety of particular traditions to thrive within it. Following Polanyi's pattern, we can see, first the rule of law, then the emergence of a constitutional democracy and the institutions that support it, as a joint comprehension and supersession of the diverse and competing individual traditions in Western society.²³ We can call them "traditions" or call them "comprehensive moral doctrines" as John Rawls does, since different practices give them as least slightly different conceptions of what it means to live the good life. Generally, the competing free interests of people in various social and political contingents produced a democratic form of government by which these various ways of life with their various interests and moral goals could coexist peacefully and prosper individually in a system of fair cooperation.²⁴ Together these traditions brought about and supported higher-level values that we share, such as Freedom, Equality, Justice and Autonomy, which issue in common goals that can freely elicit personal commitments.

Polanyi's free society can be seen as a form of political liberalism that acts as an emergent structure. Rousseau says the primary common interest of the individuals in a society best constitutes the general will (Rousseau 158). As the primary common interest, this peaceful co-existence and mutual advancement of common values through cooperation appears to be the essence of general will in a free society. The general will is expressed in political structures that are supported by what Rawls would call an "overlapping consensus."

Just as, for Polanyi, the government is not to exercise corporate or controlling authority, but a supervisory authority that allows science to use its own internal standards and judgment, so, along the lines of Rawls, the political institutions that embody the general will ought to be "neutral" with regard to the values of particular traditions with their diverse comprehensive moral doctrines.

Polanyi, of course, would recognize that no political beliefs were truly neutral, just as no scientific facts could truly be impersonally objective. All beliefs are *personal* commitments. But we can see that the particular beliefs we espouse that constitute the liberal political society are "neutral" *with respect to* the particular traditions that can safely fit beneath its umbrella. Rawls, too, recognizes that the political is not quite truly neutral, because it relies on the "overlapping consensus" of its constituents (1993, 14, 15). An overlapping consensus that supports a free society constitutes the personally endorsed beliefs specific to the overarching political structure. In their "overlap" they form, what can be considered the higher-level *political* joint comprehension of meaning that has its own rules (rationality) and is partially independent from the subsidiary traditions but is also expressive of them and can require their supplementation for more particular content.

We can thus also agree with Rawls that reasons provided for particular policies in the public forum should aim to be "freestanding" in a way that does not rely solely on dwelling in

²³ [From Morality to Spirituality](#)? but also in my (1996) IWM paper "The Decline of the West: An Introduction to Epistemology" in Lowney, ed. *Identities* (Vienna: Institute for the Human Sciences, 1998) especially p.26 Footnote 65).

²⁴ As Karl Polanyi and others note, these democratic values are also deeply connected with the rise of free market capitalism ().

the particularities of a tradition (1993, 12). This is because the level of the *political*—best conceived above the social, but still below the personal—has its own emergent rationality, and to promote agendas in the political domain one needs to advance reasons that appeal to the *political rationality* of “Public reason,” as well as reasons specific to one’s tradition (Rawls 1993, 10). This, in Polanyi’s analogy of a republic of science, just as scientists appeal to the overarching rationality of their common heritage in the advancement of reasons for accepting or rejecting new proposals for research and in validating or dismissing purported discoveries.

Liberal Political values are not themselves neutral: the beliefs in liberty, equality, fraternity that we endorse are not endorsed as political truths in very different social-political cultures. Our higher-level political rationality is thus constituted by an overlapping consensus within the society, and amongst the individuals and their commitments to particular traditions. Rawls speaks of an overlapping consensus, similarly, for Polanyi, there is an overlap of all the fields of science that helps it constitute a coherent tradition; the fields form “*chains of overlapping neighborhoods* extending over the entire range of science” (TD 72). Rawls warns that there needs to be enough overlapping consensus in comprehensive doctrines to provide the acceptance and legitimation of the political system. Polanyi also warns that liberalism requires having a strong common tradition, and there is a real danger in becoming too divided (LL 42).

What Rawls calls an “overlapping” Polanyi can see as a higher-order level with values that are universal/common to many traditions. When we see calls of conscience and a process of definite self-co-ordination, we “may feel it all comes from being rooted in the same national tradition; but this tradition may well be merely a national variant of a universal human tradition. For a similar coherence will be found between different nations when each follows a rational tradition of this type. They will form a community of free peoples.”²⁵ Free societies are thus “rooted in the same transcendent ground” (LL 46).

The government is meant to be “neutral” or “freestanding” with regard to individual traditions, but it can support them, and in doing so support the persons in them, in the way that the state is to support the research of scientists by generally subsidizing the institution of academic science. It also guides them by exercising supervisory rather than corporate control.²⁶ Also, lower level utilitarian interests are not the most important causes that a free society should support. The government was to support science and the freedom of the Academy to pursue its own moral goals, with the guidance of their own internal standards, because it was of *more than* utilitarian value to society. But lower-order needs are not unimportant and do need to be supported in order to facilitate and sustain higher-order activities.

3.6 Political Liberalism: Dangers

Rawls’ conception of Political Liberalism *prima facie* seems to coordinate well with Polanyi’s understanding of government’s role in facilitating public freedom. It provides structure to an emergent level of common political values that act not to repress individual freedom but to

²⁵ Sounds very much like Louis Pojman: values *mediated* rather than *constructed* by cultural traditions; also Kantian in Kant’s political writings in the move to cosmopolitanism and a league of nations.

²⁶ Polanyi warns that the protections of an institution can sometimes act as a shield for corrupt practices (LL 43).

support public freedom and the projects in line with our moral powers and higher communal values.

There is, however, a real danger that Hayek saw, when he worried that a focus on “social justice” would elevate a *particular conception* of the good, i.e., rather than genuinely support the good of all individuals by maximizing freedom, it “assaults traditional morality as it inevitably attempts to replace it with one group’s idea of the Good” (Brown 14). The names for higher-level values are mostly formal and can thus be filled with the conceptions from comprehensive moral doctrines. Hence, a particular comprehensive moral doctrine can masquerade as a neutral overlapping consensus at the political level. This is a perennial threat from right and left. It is basically amounts to a faction claiming to represent the general will.²⁷

The commandeering of the general will can happen when one groups’ understanding of common higher values (freedom, equality, justice, truth) are aligned with a particular moral doctrine or ideology that is not truly part of the emergent overlapping consensus of a higher middle ground. Hayek’s worry amounts to a criticism of Rawls, i.e., that his Liberalism is itself a comprehensive moral doctrine and is thus neither freestanding nor neutral. This criticism can be formulated in terms of MacIntyre’s charge that liberalism is one among several competing traditions, and, for MacIntyre—contrary to Polanyi’s suggestions—it is not the one that best serves the interests of diverse traditions that come to be subordinate to it.

MacIntyre would see Political Liberalism as product and heir of the “encyclopaedic tradition” of the Enlightenment, which has some precedent precursors in “certain sophists” (WJWR 392). This tradition, according to MacIntyre, claims a universality but basically distorts rival traditions and their histories. It can subtly appropriate the indigenous languages of particular traditions into the cosmopolitan “internationalized languages” of everywhere and nowhere (WJWR 384, 388). In this appropriation, the rationality internal to a tradition and its practices undermined and the very words used by that tradition are emptied out of their original fund of meaning. The encyclopaedic tradition, and its enlightenment rationality, thus claim a false sort of objectivity, via the pretense of a neutral position and universality, when it in fact illegitimately appropriates other fertile and diverse traditions and robs them of their content.²⁸

Polanyi recognizes that liberalism is based on specific traditions and practices. He notes that without these practices a liberal-sounding constitution might actually be repressive. Polanyi says “‘freedom’ and ‘servitude’ can carry their true connotations only when uttered in a free country.” And more important than “the explicit content of their constitutional rules” are the “tacit practices of interpreting these rules” (203).

²⁷ Wendy Brown shows the dangers in Neo-liberalism’s advocacy of an anti-democratic authoritarianism; less does she see the left’s own impetus to an authoritarianism that is just as destructive of personal freedom, although she seems to acknowledge this toward the end of her essay.

²⁸ According to MacIntyre, this liberal tradition has influenced an academic culture, which now that displays an “intellectual poverty” (1990, *Three Rival Versions of Moral Inquiry*, 235). The university should be a place of “constrained disagreement” where students are initiated into conflict in order to advance inquiry (231) rather than a place of “unconstrained agreements” that prevents “systematic challenges to ... beliefs and presuppositions” (230). Compare Lukioff and Haidt’s similar criticism of the university and advocacy of free speech over safetyism in *The Coddling of the American Mind*.

Like MacIntyre, Polanyi recognizes that Liberalism relies on a tradition that is potentially dangerous in several ways. One fundamental way Polanyi notes is that, because Liberalism is a tradition that involved overturning traditions and authoritarian political institutions, it might tend to undermine the very traditions and institutions that support it itself (citation LL or RS?). By extension Polanyi might recognize that liberalism might also attack and undermine diverse traditions under its political umbrella in the manner MacIntyre suggests. Polanyi, however, like MacIntyre, also recognizes that traditions are not static; there is debate within a tradition, and there is adaptation, and growth. Polanyi recognized that Liberalism needed to develop in order to not self-destruct. He might also recognize that it needs to guard against the more subtle threats to a true pluralism that MacIntyre makes manifest.

It may indeed be that the development of the modern democratic republic and the structures of political liberalism are the product of the encyclopedic tradition, but it still may have generated an emergent system that, functioning at its best, brings about higher-order values that allow for the flourishing, rather than the emptying out, of particular traditions under its political umbrella.

A higher level, as we've seen, does reorder and adjust values in terms of its own emergent rules/rationality. So there is certainly a danger that a higher level may empty out a lower level of its meanings (we see this also in mass culture that is concomitant with mass markets and consumerism), and there is also the danger that the genealogical tradition sees in liberalism, whereby it can reduce and level people to their lowest common denominator (i.e., the fear of Nietzsche, who saw in democracy the sickly cough of the last man). While these dark sides are possible, there is also the possibility that we can distinguish the *political*, higher middle from particular comprehensive doctrines or ideologies (including those that appropriate and redefine) and encourage political liberalism to operate in the way that Polanyi suggests, as a guard, as well as a guide, for the flourishing of particular traditions. Rather than destroying or hollowing particular traditions, the political is itself subsidiary to the public, personal achievement that takes place in thriving traditions, and it can encourage creativity rather than force individuals into conformity.²⁹

Political Liberalism as emergent & “neutral” relative to moral traditions with different conceptions of the good life, needs to guide governance away from the authoritarianism of either a reactionary conservatism that may attempt to press one conception/comprehensive doctrine of the good to pre-eminence (distorted nationalism) and away from a dogmatic radical liberalism that would empty out values by forcing the “neutral” values of the political on the moral values of a tradition in a way that restricts the development of individual traditions (distorted cosmopolitanism).

There are dangers, but, along the lines of Rousseau, the general will should provide only the most general rules/laws, and along the lines of Polanyi (for the right), it should protect individuals, institutions and economies from central control. This encourages the political, along the lines of Rawls, to be neutral towards comprehensive moral doctrine that individuals or

²⁹ Perhaps the best Liberal heritage is the product of both the encyclopedic tradition that respects the universal law and seeks to sustain a pluralism, and the Aristotelian tradition that respects particularity and the need to exercise practical wisdom (phronesis) in order to implement moral laws correctly

groups within the collective may possess, but also, along the lines of Polanyi (for the left), allows political society to support those institutions/traditions and to advance interests that sustain and support our higher values.

IV. **Prospects for Intelligent Interventions: Common Values, Social Capitalism, and the *Vita Activa***

4.1 Common Values and Different Levels

In “Polanyi for the Right” we saw Polanyi’s Aristotelian conservatism, his respect for traditions and his wariness at intervening in complex systems, such as the economic. In “Polanyi for the Left” we saw Polanyi’s willingness to intervene with a better knowledge of the system at the proper level of understanding. We saw the existence of higher social values that should guide a free society and constrain individual freedom. In “Polanyi for the higher middle” we saw the conservative tendencies and the liberal tendencies in a dynamic tension: we see emergent systems of values in which the higher can both constrain, affirm and enrich the lower.

Right and left share in the overlapping consensus that supports a liberal constitutional democracy. Both believe in the liberal values of political equality for all citizens regardless of race, sex or gender (I stress political equality), both believe in equal opportunity, and in transcendent values of freedom, truth and justice (though each may question the opposite side’s commitment to the same through the lens of their own comprehensive doctrines). Identifying levels helps to clarify, at least somewhat, which values (whether utilitarian/materialistic, those endemic to a tradition, social, political, or personal/moral) should be prioritized in what contexts.

We noted that utilitarian views often tend to prioritize material satisfactions, but preference utilitarianisms are amenable to enabling our higher values as well (though they are not capable of grounding them). So while it might look like Neoliberals, with utilitarian sensibilities and a recognition of important market mechanisms, are merely supporting lower level values of individual freedom, that is not necessarily the case. Freedom is often generalized to include both the pursuit of individual satisfactions or the personal pursuit of public goods (if that’s your choice).

It is not the case that the right focusses solely on lower values (individual-centered) and left on higher values (social justice). Often the right focusses on the even higher *personal* values (e.g. justice through NGOs) while the left on the relatively lower *social* (utilitarian) values. The right and left (in different ways) both recognize that if some important individual freedoms are not respected in ordinary (private or social) contexts, then something has gone wrong with the political system whose job it is to support important manifestations of those freedoms. (Polanyi’s “public” integrates the social and private together as personal, but in a customary private-public division it would be better to count the social in the public). Also, moral psychology is not a one size fits all affair. While some get more satisfaction acting from higher-level values, other get more satisfaction from lower-level values, which higher order freedoms also can enrich. Like Plato recognized in distinguishing the (businessmen/craftsmen-market virtues) bronze, silver

(military & social virtues) and gold (academic and political leaders), there is a plurality of personality types, and each are needed for a functioning republic.

If, in a pluralistic society, we are interested in allowing independent traditions to continue, there must be freedom to practice one's own tradition's customs, and to teach those arrangements to one's children before they reach an age where they can decide for themselves. This, so long as tolerance for other ways of life and respect for individuals in other traditions to engage in the political process are also taught (via teaching the overlapping social-political consensus in schools), and those children are raised within guiding parameters acceptable to the overlapping consensus, constitution/general will (e.g., parents aren't torturing their kids—but what that means might change with developing interpretations of the constitution or manifestations of the general will). It seems also that freedom of sexual preference and some corresponding or complimentary gender should also be allowed, recognizing that these practices are also as part of an emergent tradition in LGBTQ+ communities rather than ways of life that must be accepted by all at the private level.

Recognizing levels we see a political freedom, e.g., of all to vote; social freedom promote one's traditions and to tolerate others, and private freedom to practice one's own tradition and ignore or even be repulsed by (as a vegetarian may be repulsed by the thought of eating meat) those ways of life with which your tradition disagrees. These are all part of a healthy political liberalism that sustains a pluralism. We should all expect respect at the political level, tolerance at the social level, but celebration only within our own traditions (though it is nice when others can celebrate with us). And we should all have the freedom to make our case in the public forum, and garner support for the causes that we in good conscience believe support or advance social goods of justice, freedom, truth, beauty and spirituality.

Polanyi says, “The principle belief—or I should rather say the main truth—underlying a free society, is that man is amenable to reason and susceptible to the claims of his conscience” (LL 29). His point here is that, just as scientists exercise a mutual authority by employing reason and evidence substantiated by their tradition, citizens in a free society work together with an eye towards discovery and progress in the context of the liberal tradition: “whatever dissention may exist among them to-day or may arise in the future... they [citizens in a free society] see an inexhaustible scope for the better adjustment of social institutions and are resolved to achieve this peacefully and by agreement” (LL 29).

While Libertarian values might be geared more to supporting individual lower freedoms (sometimes at the expense of social and public freedom), and liberal Democratic values are often geared to support social freedoms (sometimes at the expense of individual and public freedoms), conservative Republican values often bypass government and work to support the institutions and cultures that go beyond social freedom and into public freedom. This is the sort of *Conservativism* that Polanyi and Allen see as a safeguard against the radical extremes of Libertarianism and Collectivism (Allen BL 41). But I argue that Polanyi would not bypass government action in promoting social goods or public freedom, and with his notion of continuous progress, he better fits the label of a *liberal conservative*.

Fortunately, whether a far right libertarian or a far left collectivist, we in Western culture all to a large extent share a common liberal tradition on which we draw our values, and there is a

larger overlapping consensus than we don't explicitly notice. This, too, is something Polanyi emphasized by seeking common ground between Socialism and Capitalism. {[Skipping to Conclusion here saves 1,850 words](#)}

4.2 From Social Capitalism to Liberal Conservatism

Neoliberal advocacy of a wealth-generating market and traditional institutions can appear (and sometimes be) crass and protectionist, but progressive agendas are often what Polanyi would call “perfectionist” (TD 85) and can have a disregard for proper attention to subsidiary institutions and mechanisms upon which any effective progress must be made. Recognizing levels, we recognize the need for a free market motor in large-scale modern societies.

“Society, as an organization of power and profit, forms one level, while its moral principles lie on a level above it. The higher level is rooted in the lower one: moral progress can be achieved only within the medium of a society operating by the exercise of power aiming at material advantage.” (TD 86)

For Polanyi, higher values and freedoms are sustained by market forces that are subsidiary to, but necessary for, those higher freedoms. But lower motors ought also to be directed towards higher social values as much as practically possible. Also those motors evolve and can be subject to different modes of canalization; it may be that some possibilities for alignment with our values that didn't exist 100 or 50 years ago, now exist today.

We can agree that the exigencies of lower, economic motors of society are sometimes better run by the lower-level values of market morality that includes the pursuit of profit as a good, and the allegiance the managers to their shareholders. Directly imposing the values appropriate to higher level contexts can inadvertently impair the operation of the system as a whole and undermine the higher-order good it can produce. Milton Friedman, for instance, shows how efforts of corporate executives to make companies more “socially responsible” (Friedman) can be short-sighted (318) with respect to larger scale effects. He says that such actions usurp decisions that properly should be made through the political process by the imposition of laws and taxes (315, 316).³⁰

But while Friedman acknowledges that the rules of the game can be intelligently tweaked to bring about social goods, he fears that “the doctrine of ‘social responsibility’³¹ taken seriously would extend the scope of the political mechanism to every human activity...That is why, in my book *Capitalism and Freedom*, I have called it a ‘fundamentally subversive doctrine’

³⁰ Though, ignoring any other legitimate expression of the general will, Friedman believes that such government intervention is a form of tyranny unless decisions are unanimously supported (318).

³¹ The “doctrine,” according to Friedman, “involves the acceptance of the socialist view that political mechanisms, not market mechanism, are the appropriate way to determine the allocation of scarce resources to alternative uses” (315)

in a free society” (318). Here we see Friedman lean towards an ideology that Polanyi would reject as short-sighted.

Far from the “barbarous anarchy” of laissez faire that Polanyi called “crude Liberalism,” Polanyi believed the market and businesses needed to be regulated toward socially desirable goals (CP 139). Polanyi saw that capitalism was an emergent system that had already adjusted itself from the time of Marx to correct for some of its worst tendencies, presumably such as the tendency to enrich the very few and impoverish the many (SC). He also saw that by pushing laissez-faire and the notion that the market “takes revenge on society for any interference with its mechanism” some Neoliberals were constructing an ideology that makes the radical Liberalism of collectivism seem “the only rational alternative.” They inadvertently promoted the false belief that “none of the evils of the market can be alleviated except by destroying the whole institution root and branch” (CP 140,141).

Whereas Hayek and Friedman worry about socialism destroying liberty, and putting us on the road to serfdom, Polanyi believed that socialist and capitalist structures might be productively integrated. He presented the notion a “Social Capitalism” (Polanyi, SC) and endeavored to see commonalities between free-market and socialist approaches (an idea that was “risible to Hayek” according to Jacobs and Mullins, 125).

A liberal constitutional democracy, like the scientific tradition, affirms “that the process of continuous social improvement forms part of the tradition of a free society” (203). In Polanyi’s view, we make progress towards realizing our higher values via socially and personally beneficial goals, just as we make progress towards contact with reality and truth in science. Conservative forces work together with novel/progressive forces to produce productive and moral change for the better. So while recognizing the importance of traditional institutions, and market mechanisms, a Polanyian conservative should be open to programs that can support social justice and public freedom—so long as those are sensitive enough to the exigencies of the system, so that a free society can maintain and advance social goods without breaking the subsidiary mechanisms and collapsing. Polanyi’s notion of seeking continual progress, which made him advocate “social capitalism,” would also see him advocate a liberal (or even progressive) conservatism.

4.3 Toward Intelligent Interventions

While Neoliberals set up a dichotomy between the free-market and socialist serfdom, Polanyi says, in the modern State, “Wherever a comprehensive interest of society can be demonstrated, which is distinct from the sum of satisfactions given by the exchanges made through the market, there is a recognized obligation for the public authorities to safeguard it; this, in general, will involve public expenditures and thus imply a certain amount of central economic functions “(CP 135). This public provision is not only for “roads, town halls, and armaments”

but, in the modern state, “care of children, for the sick, the old, and the unemployed is a public concern and it provides services for these from public funds” (CP 135).³²³³

Aside from “comprehensive interests of society,” such as healthcare coverage, Polanyi still would see plenty of room for the market and its productive machinery. He continues, “The great majority of human satisfactions are, however, of distinctly individual character, and are parceled out through the market to individual consumers on commercial basis” (135).

The open question is the pragmatic one of how to satisfy lower comprehensive interests of society in the right way, so that higher level values can flourish. The right way includes providing the proper mechanism for production as well as the proper respect for justice. In advancing the higher, we must be careful not to undermine the functioning of the lower that allows for the flourishing of the higher. As a system, motivations matter—even if we are not conceiving basic human nature as basically individualistic and selfish (Hobbes), but as communal and benevolent (Hutcheson).

The extent to which the economic system can be changed to adapt towards higher social values is often a pragmatic one and should not be answered by ideologies left or right. Would scale of eight times, rather than 400 times, their ordinary worker’s salary be sufficient to motivate executives to be good CEOs? Would a reasonable profit margin over costs (perhaps with the satisfaction they are serving the public good) rather than a windfall of billions, be enough to motivate drug companies and their scientist to find, produce and distribute a vaccine for Covid-19? Is free college education for all who qualify, subsidized by government or future employers via the government, really unworkable?³⁴ None of these questions can be answered without a wider understanding of the dynamics of the systems in which they are a part, but there are *prima facie* moral reasons for pursuing the inquiry.

³² Hayek himself also advocated a role for government in helping to provide security for its citizens “There is no reason why, in a society which has reached the general level of wealth ours has, the first kind of security should not be guaranteed to all without endangering general freedom; that is: some minimum of food, shelter and clothing, sufficient to preserve health. Nor is there any reason why the state should not help to organize a comprehensive system of social insurance in providing for those common hazards of life against which few can make adequate provision.” (*Abridged Road to Serfdom*, pp 66-67). It is the security of insuring the privileges of some over others that Hayek opposed: “the security of a given standard of life, of the relative position which one person or group enjoys compared with others.” (66) But this meant an aversion to unions as well as to corporate rent-seeking. [Is this connected with his “Why I am not a Conservative”?]

³³ This would indicate a willingness to take, for instance, **healthcare** out of the domain of market exchange to the extent that it is possible. There has been much experimentation and research done to test the effects of introducing this into free societies in different ways. Different European countries, and different states within the US, provide models for how universal healthcare can be achieved, ranging from the promotion and regulation of private insurances as many payers and many service providers (in Germany) to a fully government run healthcare with one payer and one server (in Britain), with combinations of both a one-payer and many server systems (in Canada). The practical question is how to get all US citizens insured in an efficient way with quality care, and how to discipline the current system through mechanisms that restrain run-away costs. *Prima facie*—fear of creeping socialism aside—a universal Medicare option would seem to be a good pragmatic step in this direction worthy of investigation and implementation in at least some states.

³⁴ Shouldn’t the way colleges have acted as businesses be scaled back for moral reasons, as it adds to a cycle of inequality? E.g., you need lots of money to go to a good school so that you can earn lots of money; if you are poor, it’s harder to go to a good school, then it is harder to earn a good income, etc.

But like traditions, capitalism itself is evolving and changing. The market can sustain different sorts of manipulations and controls now than it could 100 years ago—such as the support of a universal health insurance, as evidenced by its successful introduction in many free societies. With increases in technologies of scale, there may also be new ways to gear the market towards broader social justice goals rather than the enrichment of a few billionaires and multi-millionaires who own the majority of stock in companies with patents and protections.

But like traditions, capitalism itself is evolving and changing. The market can sustain different sorts of manipulations and controls now than it could 100 years ago, such as the support of a universal health insurance, as evidenced by its successful introduction in many free societies. With increases in technologies of scale, there may also be ways to gear the market towards broader social justice goals rather than the enrichment of a few billionaires and multi-millionaires who own the majority of stock in companies with patents and protections.

4.4 Are We Ready for the *Vita Activa*?

Panning back to a wider view, capitalism seems to be changing as machines more and more replace human labor, which can reduce jobs available or salaries in an economic sector. While it might be that the increased production wrought by the machines might create new jobs in different sectors, we would also need to consider the quality of those jobs and even whether more production and labor for the sake of more production and labor is desirable. Some have suggested that a universal basic income ought to be negotiated to broaden the benefits of increased mechanization. Would that be a good idea if it becomes feasible? Could Polanyi be in favor of something like a guaranteed basic income?

I think he would also want to make sure that if we are *freed from* something it is in the service of being *free for* something of higher value. As Rawls said, “all citizens are to do their part in society’s cooperative work” (White 86), so also for Polanyi reducing the need for an income should come together with more opportunities for public liberty. We would also need to be sure that in efforts to actualize our higher values, we do not compromise them. As Iris Murdoch and Matt Crawford have emphasized, it is often through work that we encounter the real and develop our sense of values. Engaging in the skills we learn in labor can enrich and sustain moral values, so we also must be careful that we do not—in the process of freeing ourselves from labor—make too abstract, undermine, or pervert our higher values.

In Polanyi’s emergent understanding, in which we advance from a negative individual freedom, to a self-sacrifice in social freedom, and on to a self-fulfillment in public freedom, the primary locus of human activity and freedom returns to what Arendt Hannah called the *vita activa*, which is expressed in political activity.³⁵

As Arendt recognized, we are political animals but the values of the market tend to overrun the higher values of personkind. She saw irony in the notion that, with technological advances, we had finally come to the point where we could take care of our material needs and satisfactions efficiently, but, at the same time, we had lost the conception of any higher goals.

³⁵ See her 1958, *On the Human Condition*,

“It is a society of laborers which is about to be liberated from the fetters of labor, and this society does no longer know of those other higher and more meaningful activities for the sake of which this freedom deserves to be won” (5).

The higher goals of *vita activa* were in the *bios politikos* for Arendt. Free market Neoliberals might argue that Arendt is wrong, that we need people to be part of the machine; that we need “homo-economicus” and we need to live the life of the *animal laborans* or everything else falls apart.³⁶ But whether or not we will continue to be enslaved to lower-level needs and their values or whether we can make the sort of adjustments in the system that can both satisfy our basic needs and allow and encourage us to be full human persons in community ought to be a practical question: How much can we intervene and adjust the exigencies of the economic system, so that we can have the freedom to exercise higher-order values, without debilitating the production of wealth we require to sustain and support individual, social and moral capabilities?

Polanyi helps us recognize once again the political life in his notion of public liberty. He also encourages us to pursue a route of investigation that would allow us, as much as practically possible, to canalize the market towards higher goals.

Conclusion: A Liberal Conservatism

Polanyi was among the first thinkers at the first meeting of the Mt. Pelerin Society in 1947 (Biro), but he broke with them by 1955, expressing some of his misgivings to Hayek in a letter (Jacobs & Mullins 146). This is due to growing recognition of some basic differences between himself and the Neoliberals. First, a difference in his understanding of higher values and their importance: Neoliberals emphasized utilitarian & market values, Polanyi emphasized universal transcendent and social values; Second, a difference in understanding what the real threat to a free society were: Neoliberals saw it as socialist policies, Polanyi saw it as the undermining of the reality of higher values and subsequent moral inversions. And third, a difference in understand the possibilities for combining socialist and capitalist ideas: Neoliberals promoted a dichotomy, while Polanyi sought a way to combine them as he sought practical ways to subordinate economic exigencies so that they could align with and sustain our higher social values.

For Polanyi the danger of totalitarianism or serfdom was misconceived as a struggle between the individual and the social-collective; that division was a “false guide” (LL 46).

³⁶ There is a fear that unless we are working and sleeping most of our lives, we will just cause trouble for each other. Just as we might be underestimating CEOs by assuming they won't be motivated to excellence for (merely) eight times a median salary, we underestimate the ordinary person by assuming they will lapse into indolence or revolt if their basic needs are provided for.

Totalitarianism was a real danger when higher values were denied, explained away or ignored (LL 47) and when the knowledge and practices that support those values were undermined.³⁷

The *individual* (self-centered) private freedom (of the individual will) gives way to the *collective* (called to moral sacrifice) social freedom of the general will. The resolution of this opposition is the *personal* (persons called by conscience to positive projects) public freedom. The domain of public liberty is the domain of the personal that functions as a yet-higher level above the social, and whereas we find negative freedom at the lower level, and the government's role is to restrict an individual's wants, we find a positive freedom at the higher level. Here the government acts to enable public freedom via supporting institutions that serve higher value, and to supervise—but not control, let alone micromanage—these traditions so that they do not violate the overlapping consensus of the public good.

Polanyi sees public liberty as part of our cooperative work as a free society that advances toward a better understanding and better actualization of our values of truth, justice, equality, freedom and spirituality. For progress we need the stability of traditional institutions and a conservative respect for the exigencies of systems, but we also need a progressive impetus that seeks a new understanding and experiments with novel techniques. To actualize our potential as a free society, we need both sides in agonistic relation; we need a liberal conservatism. The devil, of course, is in the details of how we work together to work out workable policies that enact our common higher values.

³⁷ As Allen aptly notes, utilitarianism can lead to a totalitarian control and central planning, since the ends of individuals need to be coordinated to maximize their happiness--and to avoid conflict in a world where my freedom to act will always reduce your possibilities for acting (BL 40,41).