

# QUAESTIONES DISPUTATAE

MICHAEL POLANYI'S  
SOCIAL AND POLITICAL PHILOSOPHY  
AND THE FUTURE OF LIBERALISM

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2022

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*Quaestiones Disputatae*

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Vol. 11, No. 1

Spring 2022

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# Polanyi and Rawls on Higher Autonomy as the Basis for a Stable Liberal Society

*Eric S. Howard<sup>1</sup>*

“Recall that a society in which a moral conception is both public and consistently acted upon is said to be well-ordered by that conception. Thus the problem of stability is whether the well-ordered society corresponding to a particular conception is stable, or relatively more or less stable, than certain other conceptions. The comparative study of the well-ordered societies is, I believe, the central theoretical endeavor of moral theory: it presupposes a grasp of the various moral structures and their relation to our moral sensibility and natural inclinations.”<sup>2</sup>

— John Rawls (1921-2002)

“No, at our present level of consciousness we cannot build safely on the metaphysical presuppositions of a free society, while holding fast to principles of free thought and free individualism which refuse any commitment to such presuppositions. The modern mind must continue to work its own destruction, and to work it most vigorously when it is at its most incisive and most generous, so long as it fails to reach a vision of itself—and of the universe around itself—within which the unlimited demands of the modern mind can be seen to require their own framework of intrinsic limitations. Towards such a vision and framework many are striving today on different paths.”<sup>3</sup>

— Michael Polanyi (1891-1976)

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<sup>1</sup> Special thanks to Charles Lowney for very helpful comments and editorial suggestions on an earlier draft of this paper.

<sup>2</sup> John Rawls, “The Independence of Moral Theory,” *Proceedings and Addresses of the American Philosophical Association* 48 (1974): 5-22; 13.

<sup>3</sup> Michael Polanyi, “History and Hope: An Analysis of Our Age,” *Virginia Quarterly Review* 38, no. 2 (1962): 177-195; 195.

In a recent book by 2001 Nobel prize winning economist Joseph Stiglitz, he states: “We need a new social contract, a new balance between government, markets, and civil society.”<sup>4</sup> Stiglitz contends that markets, of course, do not “exist in a vacuum” but “are shaped by the rules and regulations made through the political system,” which leads often to economic and political inequalities that are unfortunately perpetuated by the market system itself.<sup>5</sup> Which factors will minimize such inequities while fostering liberal institutions and promoting a healthy civil society? A recent survey of the literature found that “economic growth and strong state institutions that can ensure a robust rule of law, free and fair elections, and the protection of individual rights” are the key variables to modern democratic stability.<sup>6</sup> The challenge, or the “central problem” according to 1986 Nobel laureate James Buchanan, is how do we translate our individualized valuations of these factors or goods (economic well-being, fair elections, peace, etc.) onto the larger society:

it is only when I am forced to acknowledge that these values cannot differentially or discriminatorily be made available to me, individually, that I shift my attention to the generalisation of these values to all persons involved with me in the institutions of social interaction.<sup>7</sup>

The tension here is between the social values of a liberal society, which would enforce stability, and individuals’ autonomy and their ability to freely realize their values, and the values of their parochial community, which can disrupt social stability. Two influential scholars, the

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<sup>4</sup> Joseph E. Stiglitz, *People, Power, and Profits: Progressive Capitalism for an Age of Discontent* (New York: W. W. Norton & Company, 2019), xii.

<sup>5</sup> *Ibid.*, xvii.

<sup>6</sup> Federica Carugati, “Democratic Stability: A Long View,” *Annual Review of Political Science* 23, no. 1 (2020): 59-75; 63. See also Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Propensity, and Poverty* (New York: Currency, 2012), especially their discussion of “extractive and inclusive economic institutions” (73-95).

<sup>7</sup> James M. Buchanan, “The Potential and the Limits of Socially Organised Humankind,” *Interdisciplinary Science Reviews* 16, no. 2 (1991): 168-174; 170.

Hungarian chemist turned philosopher Michael Polanyi,<sup>8</sup> and the American political philosopher John Rawls,<sup>9</sup> spent much of their academic and professional lives seeking to understand the institutional structure necessary to overcome this “central problem” identified by Buchanan and what would lead to the flourishing of a liberal society. Indeed, as the late Peter Drucker noted in his autobiography, the entire Polanyi family sought “to find a new society that would be free and yet not ‘bourgeois’ or ‘liberal’; prosperous and yet not dominated by economics; communal and yet not a Marxist collectivism.”<sup>10</sup> One might say the same of Rawls, whose scholarship, according to his former doctoral student and University of Pennsylvania philosopher Samuel Freeman, has over the past fifty years “come to define a substantial portion of the agenda for Anglo-American political philosophy.”<sup>11</sup> For Rawls, “the serious problem is” when faced with “a pluralism of incompatible yet reasonable comprehensive doctrines” how are we to design liberal institutions such that the comprehensive doctrines held by citizens do not “undermine the unity and justice of society.”<sup>12</sup>

Surprisingly there is very little literature exploring the affinities and differences in Polanyi’s and Rawls’ political thought generally or on their specific views of liberalism.<sup>13</sup> This paper seeks

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<sup>8</sup> For overviews of the life and social, economic, and political thought of Polanyi: William Taussig Scott and Martin X. Moleski, S.J., *Michael Polanyi: Scientist and Philosopher* (Oxford and New York: Oxford University Press, 2005); Mary Jo Nye, *Michael Polanyi and His Generation: Origins of the Social Construction of Science* (Chicago and London: University of Chicago Press, 2011); Struan Jacobs and R.T. Allen, *Emotion, Reason and Tradition: Essays on the Social, Political and Economic Thought of Michael Polanyi* (London and New York: Routledge, 2005); R.T. Allen, *Beyond Liberalism: The Political Thought of F.A. Hayek & Michael Polanyi* (New Brunswick, NJ: Transaction Publishers, 1998); and Gabor Bíró, *The Economic Thought of Michael Polanyi* (London and New York: Routledge, 2020).

<sup>9</sup> For overviews of the life and thought of Rawls: Samuel Freeman, ed., *The Cambridge Companion to Rawls* (Cambridge, U.K.: Cambridge University Press, 2003); Samuel Freeman, *Rawls* (London and New York: Routledge, 2007); Jon Mandle and David A Reidy, eds., *A Companion to Rawls* (Chichester, UK: Wiley-Blackwell, 2014); Thomas Pogge, *John Rawls: His Life and Theory of Justice*, trans. Michelle Kosch (Oxford and New York: Oxford University Press, 2007); Michael J. Sandel, *Justice: What’s the Right Thing to Do?* (New York: Farrar, Straus and Giroux, 2009); and Amartya Sen, *The Idea of Justice* (Cambridge, MA: Belknap Press of Harvard University Press, 2009).

<sup>10</sup> Peter F. Drucker, *Adventures of a Bystander* (New York: Harper & Row, Publishers, 1979), 127.

<sup>11</sup> Samuel Freeman, “Introduction: John Rawls – An Overview,” in *The Cambridge Companion to Rawls*, edited by Samuel Freeman (Cambridge, U.K.: Cambridge University Press, 2003): 1-61; 1.

<sup>12</sup> John Rawls, *Political Liberalism*, expanded ed. (New York: Columbia University Press, 2005), xvi-xvii.

<sup>13</sup> [Editor’s note: Another of these rare comparisons between Polanyi and Rawls can be found in Charles Lowney, “Three Freedoms and An Emergentist’s Hope for Social Progress,” in this issue of *Quaestiones Disputatae*.]

to begin to fill that void by exploring one of their affinities: their mutual critique of the Enlightenment conception of individualism, which, they argue, leads to a radical autonomy that destabilizes liberal societies. We will see that both Polanyi and Rawls provide solutions to the problem, and Polanyi's conception of "public liberty" provides a potentially compatible solution to Rawls' "political autonomy," but we also find a tension between the two: Polanyi appeals to citizens' submission to a moral regime, while Rawls rejects the incorporation of any explicit "comprehensive" moral doctrine as a scaffolding to a just liberal society. The discussion proceeds in two parts: The first begins with a review of John Stuart Mill's concept of individualism and his contribution to the development of modern liberalism and contrast his views of autonomy with that of Rawls. We then see Rawls and Polanyi both bring developments that take us in the direction of a "high liberalism" that places greater emphasis on the justice of economic distribution. In the second part we take a closer look at Polanyi's view of liberalism and his concept of "public liberty," and contrast his more metaphysical view with Rawls more political view of freedom.

### 1. Mill, Polanyi and Rawls on Individual Autonomy and the Birth of High Liberalism

The crucial element in understanding both the emergence of diverse liberal visions for society and, in particular, the critical role of the autonomy of the individual in a modern pluralistic society—especially for Polanyi and Rawls—requires understanding English political economist John Stuart Mill's articulation of liberty and autonomous individualism, and his bifurcation of economic production and distribution. Mill is typically seen as primarily emphasizing autonomy, but in fact, Brown University political philosopher John Tomasi describes Mill as the "central figure" in initiating "a great fissure in the history of liberal thought."<sup>14</sup> Mill reduced the significance of the economic liberties, as emphasized by traditional classical liberals and

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<sup>14</sup> John Tomasi, *Free Market Fairness* (Princeton, NJ: Princeton University Press, 2012), 29, 31. "A crucial division within the liberal tradition begins with Mill's ambivalent treatment of economic liberty," in John Tomasi, "Democratic Legitimacy and Economic Liberty," *Social Philosophy & Policy* 29, no. 1 (2012): 50-80; 58. See also Gerald Gaus, "Mill's Normative Economics," in *A Companion to Mill*, ed. Christopher Macleod and Dale E. Miller (Malden, MA; Chichester, UK: John Wiley & Sons, 2017), 488-503.

libertarians, and introduced the distinction between production and distribution, and with the latter “society could and should adjust those distributive institutions to desired ends.”<sup>15</sup> We will see that Rawls will come to reject the former and accept the latter, and while Polanyi will share Rawls’ critique of Millian autonomy he will see no place for the collectivization of productive goods.

Mill sets out his vision for the individual in a liberal society in his influential 1859 essay *On Liberty*. There he outlines three principles of liberty, including, first, “liberty of conscience” and, third, “freedom to unite,”<sup>16</sup> but it is the second element which helps to inform our current discussion:

Secondly, the principle requires liberty of tastes and pursuits; of framing the plan of our life to suit our own character; of doing as we like, subject to such consequences as may follow: without impediment from our fellow-creatures, so long as what we do does not harm them, even though they should think our conduct foolish, perverse, or wrong.<sup>17</sup>

As Tomasi notes, “Mill sees *individuality* as capturing something close to the moral essence of personhood.”<sup>18</sup> Indeed, turning to “Chapter 3: Of Individuality, As One of the Elements of Well-Being” of Mill’s *On Liberty*, he notes that “[h]uman nature is not a machine to be built after a model ... but a tree, which requires to grow and develop itself on all sides, according to the tendency of the inward forces which make it a living thing.”<sup>19</sup> Prohibitions on an individual “from gratifying his inclinations to the injury of others” is only “at the expense of the development of other people.”<sup>20</sup> Further, no period of history has been “noteworthy to posterity” that has interfered with citizens’ individuality, “[e]ven despotism does not produce its worse effects, so long as individuality exists under it”; and because “individuality” and “development” are to be

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<sup>15</sup> Ibid., 31.

<sup>16</sup> John Stuart Mill, *Utilitarianism, On Liberty, Essay On Bentham*, ed. Mary Warnock (New York: New American Library, 1974), 137, 138.

<sup>17</sup> Ibid., 138.

<sup>18</sup> Tomasi, *Free Market Fairness*, 29, emphasis original.

<sup>19</sup> Mill, *Utilitarianism, On Liberty, Essay On Bentham*, 188.

<sup>20</sup> Ibid., 192.

considered synonyms, “it is only the cultivation of individuality which produces, or can produce, well-developed human beings ...”<sup>21</sup>

Mill draws out the implications of his argument by contending “that it is important to give the freest scope possible to uncustomary things”<sup>22</sup> and arrives at his principle of autonomy as the crucial element for individuality:

There is no reason that all human existence should be constructed on some one or some small number of patterns. If a person possesses any tolerable amount of common sense and experience, his own mode of laying out his existence is the best, not because it is the best in itself, but because it is his own mode.... But different persons also require different conditions for their spiritual development; and can no more exist healthily in the same moral, than all the variety of plants can in the same physical, atmosphere and climate. The same things which are helps to one person towards the cultivation of his higher nature are hindrances to another.<sup>23</sup>

In one of his last published articles, “The Idea of Public Reason Revisited,” Rawls explores and further refines his arguments on behalf of public reason by examining four different “political principles and values” as they relate to “the criterion of reciprocity” and begins with the example of “the value of autonomy.”<sup>24</sup> Rawls distinguishes between “political autonomy, the legal independence and assured integrity of citizens” in their shared exercise of political power, and autonomy that “is purely moral and characterizes a certain way of life and reflection,

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<sup>21</sup> Ibid., 193.

<sup>22</sup> Ibid., 197.

<sup>23</sup> Ibid., 197.

<sup>24</sup> John Rawls, “The Idea of Public Reason Revisited,” *University of Chicago Law Review* 64, no. 3 (1997): 765-807; 778. The other three examples include: (1) “the familiar story of the Good Samaritan,” where Rawls claims our appeals should be grounded in political values as opposed to “simply religious or philosophical values” (778); (2) “appeals to desert in discussing the fair distribution of income,” where Rawls contends that appeals to “moral desert” meaning one’s “moral worth of character” is not a “feasible political and social aim” for redistribution of incomes (778-779); and (3) “the state’s interest in the family and human life,” where the government’s interest is in fostering “the institutions needed to reproduce political society over time” (779).

critically examining our deepest ends and ideals, as in Mill's ideal of individuality."<sup>25</sup> Here Rawls cites Mill's Chapter 3 from *On Liberty* on individuality, but then goes on to conclude:

Whatever we may think of autonomy as a purely moral value, it fails to satisfy, given reasonable pluralism, the constraint of reciprocity, as many citizens, for example, those holding certainly religious doctrines, may reject it. Thus moral autonomy is not a political value, whereas political autonomy is.<sup>26</sup>

Rawls' rejection of the moral form of autonomy in favor of "political autonomy" is a function of his formulation of the "Kantian interpretation of justice as fairness,"<sup>27</sup> where Rawls means "a principle of conduct that applies to a person in virtue of his nature as a free and equal rational being."<sup>28</sup> Irrespective of the particular goals we seek to achieve in society, and of "being a rational

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<sup>25</sup> Ibid., 778.

<sup>26</sup> Ibid., 778. By "reasonable pluralism" Rawls means "the fact that a plurality of conflicting reasonable comprehensive doctrines, religious, philosophical, and moral, is the normal result of its culture of free institutions" (ibid., 765-766). Citizens often "cannot reach agreement" due to "their irreconcilable comprehensive doctrines" (766), so citizens must "consider what kinds of reasons" they may offer each other when confronting "fundamental political questions," with Rawls proposes that their "comprehensive doctrines of truth and right" be replaced with "an idea of the politically reasonable" (766). "Citizens are reasonable" when they view each other "as free and equal" over time, and will "offer one another fair terms of cooperation" relative to "what they consider the most reasonable conception of political justice" (770). The "criterion of reciprocity" is that citizens offer each other "the most reasonable terms of fair cooperation" and these are reasonable to accept because the recipients are viewed "as free and equal citizens, and not as dominated or manipulated, or under the pressure of an inferior political or social position" (770).

<sup>27</sup> John Rawls, *A Theory of Justice*, revised edition (Cambridge, MA: Belknap Press, 1999), 452. See also John Rawls, "Kantian Constructivism in Moral Theory," *Journal of Philosophy* 77, no. 9 (1980): 515 – 572; for a critical perspective of Rawls' position on Kant see Brian Kogelmann, "Kant, Rawls, and the Possibility of Autonomy," *Social Theory and Practice* 45, no. 4 (2019): 613-635. For a Kantian perspective arguing in favor of a broader moral autonomy see Gerald F. Gaus, "The Place of Autonomy within Liberalism," in *Autonomy and the Challenges to Liberalism: New Essays*, edited by John Christman and Joel Anderson. (Cambridge and New York: Cambridge University Press, 2005), 272 – 306.

<sup>28</sup> Rawls, *A Theory of Justice*, 222. Later, in *Political Liberalism*, Rawls discusses a distinction between "rational autonomy" and Political Autonomy which is "full autonomy," (*Political Liberalism*, 28). In *Political Liberalism*, Rawls' "main aim" is "to say how the well-ordered society of *justice as fairness*," as outlined in *A Theory of Justice*, "is to be understood once it is adjusted to the fact of reasonable pluralism" (Rawls, *Political Liberalism*, xxxv, xxxvi). Lectures I-III in *Political Liberalism*, where this distinction between rational and full autonomy is made (72-81), is a reproduction of Rawls' 1980 article, "Kantian Constructivism in Moral Theory." Here rational autonomy represents

human individual,” we can agree on “certain primary goods”: “To act from the principles of justice is to act from categorical imperatives in the sense that they apply to us whatever in particular our aims are.”<sup>29</sup> Regarding autonomy, Rawls concludes:

From the standpoint of justice as fairness it is not true that the conscientious judgments of each person ought absolutely to be respected: nor is it true that individuals are completely free to form their moral convictions.... How do we ascertain that their conscience and not ours is mistaken, and under what circumstances can they be compelled to desist? Now the answer to these questions is found by ascending to the original position: a person’s conscience is misguided when he seeks to impose on us conditions that violate the principles to which we would each consent in that situation.... The essential point here is that the principles that best conform to our nature as free and equal rational beings themselves establish our accountability. Otherwise autonomy is likely to lead to a mere collision of self-righteous wills, and objectively to the adherence to a consistent yet idiosyncratic system.<sup>30</sup>

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what individuals would pursue within the limits of justice in the original position, while full autonomy can be represented in two forms, “political” and “ethical” versions (Rawls, *Political Liberalism*, 77-81). Citizens exercise their full autonomy in a political sense “when they act from principles of justice that specify the fair terms of cooperation they would give to themselves when fairly represented as free and equal persons” (Ibid., 77). In contrast, “the ethical values of autonomy and individuality, which may apply to the whole of life, both social and individual, as expressed by the comprehensive liberalism of Kant and Mill” (Ibid., 78). Rawls contends that justice as fairness “affirms political autonomy for all but leaves the weight of ethical autonomy to be decided by citizens severally in light of their comprehensive doctrines” (Ibid., 78). This ethical version of full autonomy is what Rawls came to label as “moral autonomy” discussed above. See also Brian Barry, “John Rawls and the Search for Stability,” *Ethics* 105, no. 4 (1995): 874-915.

<sup>29</sup> John Rawls, *A Theory of Justice*, 223. Recall that Rawls’ “two principles” of justice include: “First: each person is to have an equal right to the most extensive scheme of equal basic liberties compatible with a similar scheme of liberties for others. Second: social and economic inequalities are to be arranged so that they are both (a) reasonably expected to be to everyone’s advantage, and (b) attached to positions and offices open to all” (Ibid., 53).

<sup>30</sup> Ibid., 454-455. “The other form [political autonomy was the first] is moral autonomy expressed in a certain mode of life and reflection that critically examines our deepest ends and ideals, as in Mill’s ideal of individuality, or by following as best one can Kant’s doctrine of autonomy. While autonomy as a moral value has had an importance [sic] place in the history of democratic thought, it fails to satisfy the criterion of reciprocity required of reasonable political principles and cannot be part of a political conception of justice” (Rawls, *Political Liberalism*, xlii-xliii).

Returning to our discussion of Mill, he not only provides the template from which modern liberalism views individual autonomy but moves liberalism in a new direction that deemphasizes economic liberties. Freeman contends that Mill represents the “transitional figure who laid the foundation for the high liberal tradition,” in distinction to the classical liberalism Mill had inherited, which tended to emphasize “the doctrine laissez-faire economic rights and liberties, and self-regulating markets.”<sup>31</sup> In particular, the transition comes with Mill’s distinction between the production of goods and distribution of income,<sup>32</sup> which first appeared in Mill’s *Principles of Political Economy*. With regards to production of goods, Mill notes:

The laws and conditions of the production of wealth partake of the character of physical truths. There is nothing optional or arbitrary in them, whatever mankind produce, must be produced in the modes, and under the conditions, imposed by the constitution of external things, and by the inherent properties of their own bodily and mental structure.<sup>33</sup>

However, in contrast to the production of goods, Mill contends that the distribution of income or wealth is not fixed by nature, nor is it at the discretion of the individual:

It is not so with the Distribution of Wealth. That is a matter of human institution solely. The things once there, mankind, individually or collectively, can do with them as they like. They can place them at the disposal of whomever they please, and on whatever terms. Further, in the social state, in every state except total solitude, any disposal whatever of them can only take place by the consent of society, or rather of those who dispose of its active force. Even

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<sup>31</sup> Samuel Freeman, “Liberalism,” in *Oxford Research Encyclopedia of Politics* (Oxford University Press, April 26, 2017), <https://doi.org/10.1093/acrefore/9780190228637.013.236>.

<sup>32</sup> Tomasi refers to this distinction as “Mills most famous contribution to economics,” *Free Market Fairness*, 31; while English political philosopher John Gray refers to it as the “error that Mill makes in his disastrous dichotomy between production and distribution.” John Gray, *Hayek on Liberty*, second edition (Oxford and New York: Basil Blackwell, 1986), 102.

<sup>33</sup> John Stuart Mill, *Principles of Political Economy* (Indianapolis, IN: Liberty Fund, 2006), Book II, chap. I, sec. 1, 199. This book was originally published in 1849, but underwent multiple revisions up to shortly before Mill’s death with the seventh edition in 1871.

what a person has produced by his individual toil, unaided by any one [sic], he cannot keep, unless by the permission of society.... The distribution of wealth, therefore, depends on the laws and customs of society. The rules by which it is determined, are what the opinions and feelings of the ruling portion of the community make them, and are very different in different ages and countries; and might be still more different, if mankind so chose.<sup>34</sup>

It is from these innovations of Mill's that led Freeman to distinguish between more traditional classical liberalism, which is characterized by a robust conception of property rights and economic liberties, and the "high liberal tradition" which entails modified applications of property rights and economic liberties, but also promotes distributive justice, i.e., it is not exclusively centered around a capitalistic market structure for the distribution of income and wealth.<sup>35</sup> Freeman regards "Mill and Rawls as the paradigmatic representatives of the high liberal tradition" and identifies "four significant common features of Mill's and Rawls's views regarding economic justice":<sup>36</sup> (1) Property rights and economic liberties are not among those rights protected by their conceptions of liberty; (2) in the dual function of markets in allocating production of goods and in the distribution of income and wealth, Mill and Rawls only acknowledge the former as properly determined by markets; (3) they both endorse a broader conception of equality beyond mere equality before the law; and (4), since the concentration of the "control over capital and productive resources and the distribution of income and wealth" tends to be "a relatively small class," Mill and Rawls advocate for alternative "private property

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<sup>34</sup> Ibid., 199-200. See also Tomasi, *Free Market Fairness*, 29-31; Samuel Freeman, "Capitalism in the Classical and High Liberal Traditions," *Social Philosophy and Policy* 28, no. 2 (2011): 19-55, 35-42; and Rawls, *A Theory of Justice*, 239-242.

<sup>35</sup> Freeman, "Capitalism," 27. The late political philosopher Gerald Gaus (1952-2020) made a similar distinction between classical liberals and "'revisionist' or 'new liberals', who sought to move liberalism closer to socialism ... Though individual liberty remains at the core, their favored conception of liberty harmonizes with an extensive democratic welfare state pursuing social justice and regulating market relations.... We shall see that classical and revisionist liberals defend markedly different conceptions of liberty, equality, and justice, yet their common stress on liberty and their Millian heritage firmly identify them both as parts of the liberal tradition." Gerald F. Gaus, *Political Concepts and Political Theories* (Boulder, CO: Westview Press, 2000), 49.

<sup>36</sup> Ibid., 29.

market systems” that are not limited to expressions of laissez-faire capitalism, and allow for some public ownership of productive goods.<sup>37</sup>

Polanyi does not explicitly address Mill’s distinction between the production of goods and the distribution of income. However, in Polanyi’s 1941 article “The Growth of Thought in Society”<sup>38</sup> he distinguishes between “corporate orders,” “dynamic orders” and “consumers’ orders.” Corporations fall under dynamic orders in that their “specific operative aims” are “co-ordinated [sic] between themselves by the dynamic order of competitive production.”<sup>39</sup> In “consumers’ orders,” consumers in the competitive market system engage in purchases that affect market prices, which leads to a “dynamic system of distribution.”<sup>40</sup> It seems here that Polanyi is simply stating the traditional microeconomic view of consumer behavior and not making a broader comment similar to that of Mill and Rawls that might unshackle production and distribution.

But in Polanyi’s 1945 book *Full Employment and Free Trade*, he does address the issue of income distribution and moves a bit closer to the position held by Mill and Rawls regarding the distribution of wealth. After confronting the case for central planning and socialism, and acknowledging that “capitalism, however imperfect, however needful of urgent reform” is “not replaceable by any fundamentally different system,” Polanyi identifies an “error of the followers” of the classical economists.<sup>41</sup> Specifically, the resistance to “social reform” and a tendency to underestimate the negative impact of unemployment. Polanyi criticized the common economists’ assumption that “[t]here was no iniquity in the distribution of incomes, no arbitrariness of the employers’ rule over the workers, no irresponsibility regarding the social repercussions of the factory system” and their denial that “redistributive taxation can modify income distribution in

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<sup>37</sup> Ibid., 29-30. See also Thomas Nagel, “Rawls and Liberalism,” in *The Cambridge Companion to Rawls*, ed. Samuel Freeman (New York and Cambridge: Cambridge University Press, 2003), 62-85; 66-68.

<sup>38</sup> On the development and publication of Polanyi’s essay see Struan Jacobs and Phil Mullins, “Michael Polanyi and Karl Popper: The Fraying of a Long-Standing Acquaintance,” *Tradition and Discovery* 38, no. 2 (2011-12): 61-93; and Eric S. Howard, “A Joint Pursuit: The Unique Epistemic Project of Friedrich Hayek and Michael Polanyi,” (paper presented at Polanyi Society Conference, Chicago, IL, June 13-15, 2008).

<sup>39</sup> Michael Polanyi, “The Growth of Thought in Society,” *Economica*, new series 8, no. 32 (1941): 428-456; 439.

<sup>40</sup> Ibid., 440.

<sup>41</sup> Michael Polanyi, *Full Employment and Free Trade* (Cambridge, UK: Cambridge University Press, 1945), 144.

favour [sic] of the poorer classes.”<sup>42</sup> Polanyi acknowledges inequalities of income and wealth arising in capitalist systems, and allows that “redistributive taxation” can rectify the situation “without any harm to the efficiency of the economic machinery.” Polanyi goes on to note an obstacle in a more equitable distribution of wealth: “[t]he obstacle, however, is not in the economic machinery which can be operated in conformity to any standards of economic justice ...” but “the present institution of inheritance.” If owners’ shares were dispersed upon death, this could potentially lead to “equalising [sic] opportunities completely” and “provide an ideal field of free competition for all talents.”<sup>43</sup>

Similarly, Rawls advocated for the use of “a number of inheritance and gift taxes, and sets [of] restrictions on the rights of bequest” that would operate “gradually and continually to correct the distribution of wealth and to prevent concentrations of power detrimental to the fair value of political liberty and fair equality of opportunity.”<sup>44</sup> Continuing in a similar vein to Polanyi, Rawls contends that a “wide dispersal of property” “is a necessary condition ... if the fair value of the equal liberties is to be maintained” and that “unequal inheritance of wealth is no more inherently unjust than the unequal inheritance of intelligence” but “that as far as possible inequalities founded on either should satisfy the difference principle,” that is: “the resulting inequalities [are permissible if they] are to the advantage of the least fortunate and compatible with liberty and fair equality of opportunity.”<sup>45</sup>

In his advocacy of government intervention in the economy to create employment and, at least somewhat, to redistribute production and wealth, Polanyi stops short of questioning the right of private ownership of the means of production. Rawls, in contrast is more open to different forms of ownership. Private property is in no way sacred, because such rights, contends Rawls, “cannot, I think, be accounted for as necessary for the development and exercise of the moral powers.”<sup>46</sup> For Rawls, more important than determining ownership rules in advance from the armchair of philosophy is that economic relations work effectively to raise up the least well-off.

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<sup>42</sup> Ibid., 145.

<sup>43</sup> Ibid., 145, 146. See also Bíró, *The Economic Thought of Michael Polanyi*, 56-58, 134-149.

<sup>44</sup> Rawls, *A Theory of Justice*, 245.

<sup>45</sup> Ibid., 245. See also Rawls, *Political Liberalism*, 298.

<sup>46</sup> Rawls, *Political Liberalism*, 298. See also *A Theory of Justice*, 234-242.

## 2. Incommensurate Visions? Polanyi and Rawls on Liberalism, Public Liberty, and Autonomy

At the outset of the discussion we saw that Polanyi was skeptical of the West's ability to construct a truly liberal society without acknowledging a commitment to "the metaphysical presuppositions of a free society."<sup>47</sup> Earlier in that same article Polanyi asks if "the internal contradiction in the ideas which first generated modern liberty, have actually caused in our days a widespread collapse of liberty?"<sup>48</sup> Polanyi answers in the affirmative and explains this contradiction with his description of "modern nihilism" and his concept of "moral inversion":

It is a fierce moral skepticism fired by moral indignation. Its structure is exactly the same as that of the moral inversion underlying modern totalitarianism. Herein lies, in great part, the susceptibility of the modern Western intellectual to the ideas of totalitarianism.<sup>49</sup>

Polanyi's solution to this challenge to provide a more stable base for modern liberalism was to develop the concept of "public liberty"<sup>50</sup> as a complement to the more traditional understanding of private freedom, as explicated by Mill in *On Liberty*<sup>51</sup> and discussed by the English philosopher Isaiah Berlin as "negative freedom."<sup>52</sup>

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<sup>47</sup> Polanyi, "History and Hope," 195.

<sup>48</sup> Ibid., 185.

<sup>49</sup> Ibid., 186. [Editor's note: For more on "moral inversion" see Richard Moodey's "Confronting or Denying the Minotaur: 'Moral Inversion' Today," in this issue of *Quaestiones Disputatae*.]

<sup>50</sup> Readers should also see the excellent discussion of Polanyi's development of public liberty in Phil Mullins, "Michael Polanyi's Early Liberal Vision: Society as a Network of Dynamic Orders Reliant on Public Liberty," *Perspectives on Political Science* 42, no. 3 (2013): 162 – 171. The discussion that follows is informed in part by Mullins' argument for public liberty and Polanyi's vision for a reformed liberal order. See also Allen, *Beyond Liberalism*, 78-79, 153-156.

<sup>51</sup> "The only freedom which deserves the name, is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs, or impede their efforts to obtain it." Mill, *Utilitarianism*, 138.

<sup>52</sup> See Isaiah Berlin, "Two Concepts of Liberty," in *The Proper Study of Mankind: An Anthology of Essays*, edited by Henry Hardy and Roger Hausheer (New York: Farrar, Straus and Giroux, 1998): 191-241; 194-203.

From Polanyi's earliest writings, as philosopher Phil Mullins has argued, there has been an intimate connection of discussions surrounding "the problem of nurturing science"... "to the larger problem of how to organize and govern a modern society."<sup>53</sup> Indeed, in Polanyi's 1939 essay "Rights and Duties of Science" he contends that, for the Liberal, "the position of science in society is a significant example of the principle of liberty."<sup>54</sup> Any "systems of ideas, which possess independent existence of their own ... can grow only in accordance with their fundamental principles."<sup>55</sup> Polanyi then goes on to foreshadow his concept of public liberty in his discussion of the role of freedom in society:

If ... it is admitted that the realm of thought possesses its own life, then freedom is not only made possible but its institution becomes a social necessity. Freedom is made *possible* by this doctrine because it implies that truth, justice, humaneness will stand above society, and hence the institutions which exist to cultivate these ideals, such as the Press, the law, the religions, will be safely established and available to receive complaints of all men against the State and, if need be, to oppose it. Freedom also becomes *necessary* because the State cannot maintain and augment the sphere of thought which can only live in pursuit of its own internal necessities, unless it refrains from all attempts to dominate it, and further undertakes to protect all men and women who would devote themselves to the service of thought, from interference by their fellow citizens, private or official—whether prompted by prejudice or guided by enlightened plans.<sup>56</sup>

Here we see in outline the panoramic view of Polanyi's argument for the transcendental and comprehensive role played by thought in guiding human action and providing stability for a free

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<sup>53</sup> Mullins, "Michael Polanyi's Early Liberal Vision," 163. [*Editor's note*: See also Phil Mullins, "The Growth of Thought in Society as a Major Motif in Polanyi's Philosophy" in this issue of *Quaestiones Disputatae*.]

<sup>54</sup> Michael Polanyi, "Rights and Duties of Science," *The Manchester School of Economic and Social Studies* 10, no. 2 (1939): 175-193; 181.

<sup>55</sup> *Ibid.*, 182. [*Editor's note*: Edwardo Beira, also emphasizes the relationship between freedom, progress, and the adherence to principles in Polanyi's thought in "Liberty and Tradition: Michael Polanyi and the Idea of Progress," in this issue of *Quaestiones Disputatae*.]

<sup>56</sup> *Ibid.*, 182, emphasis original.

society. This marks a strong distinction between Polanyi's vision of a reformed liberalism and Rawls' vision. Rawls sought to ground liberalism and his "justice as fairness" in strictly political terms, rejecting metaphysical appeals that he saw as being grounded in comprehensive moral doctrines: "The essential point is this: as a practical matter no general moral conception can provide a publicly recognized basis for a conception of justice in a modern democratic state."<sup>57</sup> Any "workable conception of political justice," according to Rawls, "must allow for a diversity of doctrines and the plurality of conflicting, and indeed incommensurable, conceptions of the good."<sup>58</sup>

Polanyi had a different approach to allowing for a stable pluralism, this had to do with a system of dynamic orders organized towards metaphysical principles, but it could not function with either the private freedom of Mill or the collectivist control of the state; it required "public liberty."

With Polanyi's publication of "The Growth of Thought in Society" in 1941 we arrive at the formal distinction, as Mullins notes, between "private" freedom or liberty and "public liberty" for the first time.<sup>59</sup> Polanyi defines "public liberty" and contrasts its relationship to "private freedom":

[t]he freedom with which we are concerned here is not for the sake of the individual at all, but for the benefit of the community in which dynamic systems of order are to be maintained. It is freedom with a responsible purpose; a privilege combined with duties, as exacting as any that are shouldered by man. It may well be called, therefore, Public Liberty—as opposed to Private Freedom.<sup>60</sup>

Recall that for Polanyi a "dynamic order" is "an ordered arrangement resulting by spontaneous mutual adjustment of the elements," and is exemplified by such institutions as the

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<sup>57</sup> John Rawls, "Justice as Fairness: Political not Metaphysical," *Philosophy and Public Affairs* 14, no. 3 (1985): 223-251; 225.

<sup>58</sup> *Ibid.*, 225.

<sup>59</sup> Mullins, "Michael Polanyi's Early Liberal Vision," 166.

<sup>60</sup> Polanyi, "The Growth of Thought in Society," 438.

market economy, law (particularly the English Common Law), science, etc.<sup>61</sup> For Polanyi, then, liberal society was itself a dynamic order. The “pursuit of various forms and aspects of truth—artistic, scientific, religious, legal, etc.—by a number of autonomous circles, each devoted to one of them, is the essential idea of a Liberal Society.”<sup>62</sup> Polanyi’s essay, “The Manageability of Social Tasks,” integrates all of the elements of his argument:

A free society is characterized by the range of public liberties through which individualism performs a social function, and not by the scope of socially ineffective personal liberties. Conversely, totalitarianism is not intent on destroying private freedom, but denies all justification to public liberties. In the totalitarian conception, independent personal actions can never perform a social function, but can only satisfy a private desire; while all public responsibility falls to the state. The liberal conception of society which attributes a decisive part to the operation of individual freedom in the public life of nations, must recognize that this entails a distinction between two aspects of freedom: public and private. Both deserve protection; but it is damaging to the first that it should be demanded and its justification sought—as often happens—on the grounds of the second.<sup>63</sup>

Another theme which runs throughout Polanyi’s writings from 1940 onwards is the oftentimes implicit critique of the Enlightenment project and, in particular, radical forms of individualism and autonomy. Mullins notes this as well when he comments that by the early 1950s Polanyi had become critical “of the heritage of the Enlightenment” in its rejection of tradition, its emphasis on “objective” knowledge and skepticism, and its “adulation of individual autonomy justified under a narrowly individualistic understanding of liberty as ‘private’.”<sup>64</sup> We see this theme, for example, in Polanyi’s 1955 article “On Liberalism and Liberty,” where he argues that political and cultural freedom “in the absolute sense, is incompatible with the existence of fixed

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<sup>61</sup> Ibid., 435, 436-438.

<sup>62</sup> Ibid., 448.

<sup>63</sup> Michael Polanyi, *The Logic of Liberty: Reflections and Rejoinders* (Chicago: University of Chicago Press, 1951), 158-159.

<sup>64</sup> Mullins, “Michael Polanyi’s Early Liberal Vision,” 167.

social relations.” He contrasts Thomas Hobbes, John Locke, and Jean-Jacques Rousseau with Edmund Burke, and argues, along the lines of Burke, that authority is predicated on “the tacit practice of interpreting [constitutional] rules,” and where that authority is lacking “a malaise spreads through civic life.”<sup>65</sup>

Rawls shares this critique of autonomy, especially moral autonomy as discussed earlier, and in the various Enlightenment portrayals of individualism as exemplified in Mill and Immanuel Kant. In Rawls’ 1985 article “Justice as Fairness: Political not Metaphysical,” he argues that while Kant’s and Mill’s formulations of individualism are important to liberal thought generally, they “are extended too far when presented as the only appropriate foundation for a constitutional regime.”<sup>66</sup> Instead, Rawls sought to develop “justice as fairness” as “a conception of political justice rooted in the basic intuitive ideas found in the public culture of a constitutional democracy,” which identified “an overlapping consensus” around “shared intuitive ideas” of justice that would “be sufficient to underwrite a just constitutional regime.”<sup>67</sup>

This is the most we can expect, nor do we need more. We must note, however, that when justice as fairness is fully realized in a well-ordered society, the value of full autonomy is likewise realized. In this way justice as fairness is indeed similar to the liberalisms of Kant and Mill; but in contrast with them, the value of full autonomy is here specified by a political conception of justice, and not a comprehensive moral doctrine.<sup>68</sup>

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<sup>65</sup> Michael Polanyi, “On Liberalism and Liberty,” *Encounter* 4, no. 3 (1955): 30, 31. See also William N. Butos and Thomas J. McQuade, “Polanyi, Hayek, and Adaptive Systems Theory,” *Cosmos + Taxis* 4, no. 1 (2017): 1-22; 4-5.

<sup>66</sup> Rawls, “Justice as Fairness,” 246. [Editor’s note: Straun Jacobs, in “Polanyi’s New Liberalism and the Question of Democracy” (in this issue of *Quaestiones Disputatae*) expresses the view that Polanyi believed forms of constitutional arrangements other than those of modern democracy were consistent with Polanyi’s notion of Liberalism.

<sup>67</sup> *Ibid.*, 246-247. Buchanan describes Rawls’ approach as combining “elements of both moral and constitutional constructivism, still within the contractarian framework;” James M. Buchanan, “The Gauthier Enterprise,” *Social Philosophy & Policy* 5, no. 2 (1988): 75-94; 92.

<sup>68</sup> *Ibid.*, 247.

### 3. Conclusion

Neither Polanyi nor Rawls cite one another in any of their published writing, despite both having explored very similar lines of thought regarding their views of modern Liberalism and even economics more broadly. Interestingly, both Polanyi and Rawls were members of the Mont Pelerin Society (MPS), but their membership did not overlap and they both withdrew from the Society, which was dominated by neoliberal thinkers like F.A. Hayek and Milton Friedman.<sup>69</sup> There are some striking similarities between the two scholars in regard to their critique of laissez-faire capitalism, especially their shared criticism of excessive reliance on private liberty and individual autonomy, and their mutual concerns for achieving some measure of social justice through amending the market system, particularly in the use of progressive taxation and redistribution of incomes to reduce wealth inequalities. Polanyi, however, never explored alternatives to private ownership of the means of production in his reforms, while Rawls did with his version of high liberalism that includes alternative conceptions of “property-owning democracy.”<sup>70</sup> Both Polanyi and Rawls rely on a conception of freedom and autonomy as an answer to the “central problem” of unifying individual and social values. Polanyi’s overt appeals to transcendental morality in his conception of public liberty, however, stands in stark contrast to Rawls deliberate secularization and excoriation of anything “metaphysical” in his political autonomy. Regardless, especially in their critique of individual autonomy and private freedom, there remains much shared intellectual territory to be mined between these two seminal thinkers.

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<sup>69</sup> On Polanyi and the MPS see Howard, “A Joint Pursuit,” 19-21; and Struan Jacobs and Phil Mullins, “Friedrich Hayek and Michael Polanyi in Correspondence,” *History of European Ideas* 42, no. 1 (2016), 120-125. Polanyi was a charter member of the MPS, but withdrew by the mid to late 1950s, with MPS records indicating that Polanyi did not pay dues beyond 1956-57; Michael Polanyi MPS Dues, Mont Pelerin Society, Box 56, Folder 9, Hoover Institution Library & Archives. Apparently, Rawls “was put forward for membership by Milton Friedman in 1968, and withdrew from the society three years later”; Avner Offer and Gabriel Söderberg, *The Nobel Factor: The Prize in Economics, Social Democracy, and the Market Turn* (Princeton, NJ: Princeton University Press, 2016), 272. See also Martin Beddeleem, “Michael Polanyi and Early Neoliberalism,” *Tradition & Discovery: The Journal of the Polanyi Society* 45, no. 3 (2019): 31-44. [Editor’s note: Charles Lowney, “Three Freedoms” (in this issue of *Quaestiones Disputatae*) also discusses the relationship between neoliberals, such as Hayek and Friedman, and Polanyi.]

<sup>70</sup> Rawls, *A Theory of Justice*, 242; Rawls, *Justice as Fairness: A Restatement*, ed. Erin Kelly (Cambridge, MA: Belknap Press, 2001), 136-140. See also Samuel Freeman, “Congruence and the Good of Justice,” in Samuel Freeman, ed., *The Cambridge Companion to Rawls* (Cambridge: Cambridge University Press, 2003), 277-315.